



HM Treasury

The European Union Finances Statement 2025

Statement on the implementation of the Withdrawal Agreement



HM Treasury

The European Union Finances Statement: Statement on the Implementation of the Withdrawal Agreement

Presented to Parliament
by the Chief Secretary to the Treasury
by Command of His Majesty

March 2026



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Chapter 1

Financial Settlement Overview

- 1.1 The United Kingdom (UK) left the European Union (EU) on 31 January 2020, following the Agreement on the Withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (WA). This was followed by a transition period until 31 December 2020 in which the UK was no longer a member of the EU but remained a member of the Single Market and Customs Union. During that time, it continued to be subject to EU rules and obligations to contribute to the EU Budget as agreed in the WA.
- 1.2 The European Union Finances Statement (EUFS) reports on the implementation of the financial elements of the Withdrawal Agreement (WA) (the 'Financial Settlement'), in which the UK and EU agreed to settle liabilities to each other arising from the period of the UK's membership. This paper focuses on the period 1 January to 31 December 2025. It gives a breakdown of the invoices received from the EU, setting out payments made in 2025. The document also provides a forecast of the UK's outstanding liabilities and explanations of differences with alternative estimates in the public realm.
- 1.3 Previous editions of the EUFS have provided exhaustive descriptions of the liabilities and assets related to the EU Financial Settlement. The nature of the liabilities and assets under the Financial Settlement, and the assurance arrangements utilised to verify them, remain consistent with prior years. Therefore, this edition of the EUFS seeks to provide an accurate reflection of the pertinent information relating to UK payments to and from the EU, improving clarity of the statement, while streamlining information which remains unchanged year on year.
- 1.4 The EUFS focuses on payments due under the WA. It does not therefore cover other payments made to the EU, for instance under the Trade and Cooperation Agreement. These are reported in the relevant departments' annual report and accounts and as part of normal budgetary disclosures. This includes payments relating to UK association to EU programmes Horizon Europe and Copernicus, and UK payments relating to the Peace Plus programme.

- 1.5 The WA sets out the UK's rights and obligations under the Financial Settlement. This is based on three agreed principles that ensure a fair deal for UK taxpayers.
- The UK will not finance any commitments that it would not have funded if it had remained a Member State and will receive a share of any financial benefits that would have fallen to it had it remained a Member State.
 - The WA establishes the UK's share of EU obligations in the settlement. From 2021 onwards this is the average of its share of the EU budget (taking into account the rebate) over 2014 to 2020.
 - The UK will not be required to incur expenditure earlier than would have been the case had it remained a Member State, although the WA allows for exceptions to be made in a number of specific cases where it might be in both sides' interests to settle costs early. For example, for pensions under Article 142, where costs will decline steadily over a long period of time, the UK has the option of early settlement of its outstanding liabilities.
- 1.6 The European Union (Withdrawal Agreement) Act 2020 (WAA) implemented the WA into domestic law. Section 20 allows the government to meet the financial obligations set out in the WA. The majority of net liabilities arising under the WA going forward will be met from HM Treasury's Supply Estimates and recorded in the department's annual report and accounts. The exception to this is payments related to Traditional Own Resources (TOR), which must be paid separately from the Consolidated Fund using a standing service provision maintained for that purpose. This is because TOR payments consist of customs duties historically collected by the UK acting as an agent for the EU.
- 1.7 The UK has developed a comprehensive assurance framework for ensuring that the amounts payable and receivable are correct and in accordance with the Withdrawal Agreement. A risk-based approach has been taken where reliance is placed on established reporting processes. Where existing reporting and assurance does not address specific reporting risks to the UK, HM Treasury has requested specific additional procedures are performed. Full details covering the assurance process, which remains unchanged, are available in previous editions of the EUFS.

Chapter 2

Payments in 2025

- 2.1 Under the WA, the EU issues two invoices each year - one in April and the other in September. The April invoice is paid in four equal monthly instalments from June to September. The September invoice is paid in eight monthly instalments from October to May. Liabilities are settled in Euros at the exchange rate prevailing on the date of each monthly payment.
- 2.2 Table 1 provides the schedule of monthly payments of net liabilities made by the UK in 2025. From January to May 2025 the UK fulfilled the 5 remaining monthly payments from the September 2024 invoice on time and in full, totalling €1,119,737,691 (£938,616,937.19).

Table 2.A: Monthly payments of net liability under Article 148

Date	Amount (€)	Amount (£) ¹
31st January 2025	223,947,538	187,599,800
28th February 2025	223,947,538	185,821,589
31st March 2025	223,947,538	186,750,036
30th April 2025	223,947,538	190,523,386
30th May 2025	223,947,539	187,922,126
30th June 2025	53,570,866	45,702,377
31st July 2025	53,570,866	46,472,780
29th August 2025	53,570,866	46,207,550
30th September 2025	53,570,865	46,842,900
31st October 2025	67,578,335	59,547,326
28th November 2025	67,578,335	59,356,755
31st December 2025	67,578,336	59,425,010
Total Payment under the Financial Settlement of the WA in 2025	1,536,756,160	1,302,171,635

¹ The payments to the EU are euro-denominated, these values are the amounts of Sterling purchased for the required Euros to settle monthly instalments.

- 2.3 The April 2025 invoice represented a liability for the UK to the EU of €214,283,463 (£185,225,607.56). All instalments of the invoice were received in full and on schedule. The September 2025 invoice provided a single net liability for the UK to the EU of €540,626,686. Three instalments totalling €202,735,006 (£178,329,090.19) were due during 2025 and were paid in full and on schedule. The remaining payments are due in 2026 and will be reported on next year.
- 2.4 Article 134 of the Withdrawal Agreement (WA) gives the UK the right to request and inspect information and underlying controls relating to the implementation of the financial provisions, supported by administrative arrangements. HM Treasury uses this and other information as the basis for extensive assurance work over invoices received. This ensures that the government and Parliament can be confident that amounts paid and received are in accordance with the WA. The European Commission (EC) must also provide detailed annual financial reporting each March on net liabilities and assets recorded at the end of the preceding year. We have worked with the EC to ensure this reporting supports the UK's assurance requirements. The March 2025 reports were received in line with WA requirements.
- 2.5 HM Treasury maintains a wide range of technical engagement on financial reporting with the EC's Directorate-General for Budget, and other parts of the EC and its partners.
- 2.6 The UK's assurance framework over the Financial Settlement remains unchanged. Further information relating to the framework can be found in previous editions of the EUFS.

UK receipt of paid-in European Investment Bank (EIB) capital

- 2.7 In addition to the bi-annual invoice cycle, the UK is owed the repayment of its share (€3.5bn) of the paid-in capital of the EIB over 12 annual instalments payable on 15 October. In 2025 the UK received its sixth payment of €300mn.
- 2.8 Under the terms of the WAA, the return of the UK's EIB paid-in capital is an asset of the Consolidated Fund unless due to HM Treasury. The sixth instalment was paid to HM Treasury by the EIB and disclosed in the departmental accounts.²
- 2.9 The UK will maintain a contingent liability in respect of the stock of outstanding EIB operations as at 31 December 2020, which will decrease as the underlying loans and investments are completed.

² [HM Treasury Annual Report and Accounts 2024-2025](#)

Payments in 2025 by WA Article

2.10 Previous editions of the EUFS provided exhaustive details relating to the Articles under which UK payments to and from the EU under the Financial Settlement were made. Noting that the Articles remain unchanged from their definitions as in the WA, table 2.B presents the key information relating to the UK's payments to and from the EU in 2025 under each relevant article of the WA, and what each article represents. Further details relating to each Article under the WA can be found in previous editions of the EUFS, and in Part 5 of the WA.

Table 2.B: UK Financial Settlement payments in 2025 by Article

WA Article	Description	Payments by the UK to the EU in 2025 ³	
		(€mn)	(£mn)
136	Traditional Own Resources and VAT and GNI adjustments	-107.3	-93.0
140	Reste à Liquider (RAL)	1962.6	1670.9
141	Fines revenue	-430.7	-372.4
142	Pensions Liabilities	333.9	288.3
143	Loans for financial assistance and budgetary guarantees	-190.6	-164.8
144	Financial Instruments financed by the programmes of the 2014 to 2020 Multiannual Financial Framework	-57.9	-50.1
145	Assets of the European Coal and Steel Community (ECSC), in liquidation	-36.9	-31.9
146	Assets of the European Investment Fund	-6.6	-5.7
147	Contingent liabilities from legal cases	69.0	59.6
34.2	Other (Databases + Equipment)	1.4	1.2
Invoiced Financial Settlement payments in 2025⁴		1536.8	1302.2

³ Payments made to the EU from the UK in 2025 include remaining UK liabilities under the September 2024 invoice, as well as those incurred under the April and September 2025 invoice. Further details including the usual invoice under which certain Articles are invoiced can be found in previous editions of the EUFS, and will remain unchanged in line with the WA.

⁴ Gross amount invoiced in 2025 includes both the April and September 2025 invoices. The September 2025 invoice includes eight payments for the UK to the EU, three of which were due in 2025, and five of which will be due for payment from January to May 2026

Chapter 3

Historic payments and estimated remaining net liabilities

- 3.1 This chapter covers the UK's total net payments under the Financial Settlement, and the UK's estimated outstanding liabilities. It also presents HM Treasury's current estimate of the total net value of the Financial Settlement.
- 3.2 Table 3.A summarises the net payments under the Financial Settlement in each year. From February to December 2020, the Transition Period meant that the UK continued to pay into the EU budget as if it were an EU Member State.

Table 3.A Annual Breakdown of Financial Settlement Payments from 2020 to 2025

Year	Gross €bn (£bn ⁵)	Receipts ⁶ €bn (£bn)	Net €bn (£bn)
2020 ⁷	17.5 (15.5)	-6.8 (-6.1)	10.7 (9.4)
2021	6.8 (5.8)	-4.6 (-4.0)	2.2 (1.8)
2022	10.9 (9.3)	-3.4 (-2.9)	7.5 (6.4)
2023	9.5 (8.2)	-2.3 (-2.0)	7.2 (6.3)
2024	2.4 (2.1)	-1.2 (-1.0)	1.2 (1.0)
2025	1.5 (1.3)	-0.7 (-0.6)	0.9 (0.7)
Total	48.6 (42.2)	-19.0 (-16.5)	29.6 (25.7)

⁵ The Financial Settlement is a Euro-denominated liability. Outturn payments are based on the exchange rate used at point of transaction.

⁶ Figures reflect estimated EU programme receipts to UK public & private beneficiaries and the return of the UK's paid-in capital at the European Investment Bank.

⁷ The UK left the EU on 31 January 2020. Therefore, payments and receipts for the month of January 2020 are not included in the 2020 estimates or in HM Treasury's overall estimate of the Financial Settlement

- 3.3 Table 3.B shows HM Treasury's current estimate of the total net value of the Financial Settlement as at 31 December 2025. As well as the past payments set out in table 3.A, it sets out the expected future payments. Together these constitute HM Treasury's latest estimate of the total Financial Settlement payment of £30.9bn (€35.6bn).
- 3.4 Following the publication of the Joint Report from the Negotiators of the European Union and the United Kingdom (UK) government in December 2017, the then government provided a reasonable central estimate of the size of the Financial Settlement of €40 to 45 billion, or £35 to 39 billion, based on the exchange rate and assumptions at the time.
- 3.5 This estimate is not directly comparable to the estimate above because of the April 2019 extension of the Article 50 period. Table 3.B shows how adding payments made during this period provides an updated point estimate of £37.9bn (€43.5bn) when calculated on the same basis as the original range.
- 3.6 The final value of the settlement, by its nature, cannot be known with certainty at present, since it requires the UK and EU to pay amounts as they fall due. The total net Financial Settlement Treasury point estimate is highly sensitive to financial assumptions and economic variables and will necessarily increase and decrease depending on these.

Table 3.B Outturn and forecast payments by period and original range comparison

Period	Gross payments ⁸ €bn (£bn)	Receipts ⁹ €bn (£bn)	Net €bn (£bn)
UK payments under the Financial Settlement as at 31 December 2025	48.6 (42.2)	-19.0 (-16.5)	29.6 (25.7)
<i>o/w Transition period (February 2020 to December 2020)</i>	17.5 (15.5)	-6.8 (-6.1)	10.7 (9.4)
<i>o/w Invoices paid, June 2021 to December 2025¹⁰</i>	31.1 (26.7)	-12.2 (-10.5)	18.9 (16.2)
UK payments forecasted under the Financial Settlement as at 31 December 2025	8.3 (7.3)	-2.3 (-2.0)	6.0 (5.3)
<i>o/w Invoices outstanding, January to May 2026 (September 2025 invoice)¹¹</i>	0.3 (0.3)	-0.2 (-0.1)	0.2 (0.2)
<i>o/w Forecasted payments, June 2026 to 2065</i>	7.9 (7.0)	-2.1 (-1.9)	5.8 (5.1)
Total Financial Settlement Payment¹²	56.9 (49.5)	-21.3 (-18.5)	35.6 (30.9)
<i>A50 extension (April 2019 to January 2020)</i>	13.4 (11.8)	-5.5 (-4.8)	7.8 (6.9)
Total net settlement Treasury point estimate (31 December 2025)	70.2 (61.3)	-26.8 (-23.4)	43.5 (37.9)
Original settlement range¹³			€40-45 £35-39

⁸ Gross payments made to the EU over the Transition Period (Feb - Dec 2020) and payments via invoices under Article 148 of WA, which are net of returns to the UK from EU assets.

⁹ Receipts comprise EU Budget programme receipts and EIB Paid-in Capital returns. Forecasted receipts derived from historic trends and subject to potential change.

¹⁰ Outturn of gross payments use exact € and £ payment amounts, whilst outturn receipts use monthly exchange spot rates. Also note that no payments were made between end-2020, the end of the transition period, and June 2021, the first withdrawal agreement invoice

¹¹ Future payments are invoiced or forecasted in € and then in £ based on the €/£ exchange rate as-at 31/12/2025.

¹² The Financial Settlement comprises net payments made during the transition period, and RAL payments and Asset and Liability payments from January 2021 onwards.

¹³ Original range is based on spot rate €/£ exchange rate at the time of the Joint Report in December 2017.

Off-budget funds outside of the Financial Settlement

- 3.7 There are a number of areas where funds, mechanisms and organisations have been established outside the EU Treaties through separate international agreements but are managed by EU institutions or are in close alignment with EU policies. The WA makes provision for these to ensure there is certainty on how they will be treated. These mainly relate to international development funding, where UK contributions are treated as Official Development Assistance (ODA) and count towards the UK's ODA spending target. They are set out in the Foreign Commonwealth & Development Office's Annual Report & Accounts.
- 3.8 The UK has obligations to the European Development Fund (EDF), which are expected to continue until c.2030 as UK project commitments are implemented. Outside of the EDF, the UK has no remaining obligation or outstanding payment to the EU for any off-budget ODA-related instruments, such as the Facility for Refugees in Turkey. The UK's outstanding contributions are detailed in Table 3.C

Table 3.C Outstanding off-budget development contributions, as at 31 December 2024

Outstanding off-budget contributions (as at 31 December 2025)	€mn	£mn¹⁴
European Development Fund ¹⁵	551	481

Treatment of the Financial Settlement in government accounts

- 3.9 Now that the UK is no longer an EU Member State, payments to the EU under the WA are now accounted for in HM Treasury's Accounts.
- 3.10 Payments of receipts from the EU to UK entities are treated in national and government accounts in different ways, depending on whether a government body administers those receipts. Receipts that are administered by a government body are classified as public sector receipts in public expenditure statistics and are typically reported in the administering department's accounts. Although they are classified as 'public sector' receipts, they are in fact typically destined for the private sector (such as the Common Agricultural Policy, paid by managing authorities to the private sector). The remaining receipts received by the UK are paid

¹⁴ Based on the spot rate euro/sterling exchange rate on 31st December 2025. The rate on each day is £1 = €1.15

¹⁵ HM Treasury calculations using EDF internal agreements and EU Commission annual communications forecasting commitments, payments and contributions from Member States

directly from the EU to private sector beneficiaries and these funds do not flow through the public finances. UK central government accounts are prepared in accordance with the HM Treasury Financial Reporting Manual (FReM) and the government Resources and Accounts Act 2000. The accounting standards contained in the FReM apply IFRS as adapted or interpreted for the public sector context.

- 3.11 HM Treasury recognised a provision representing its liability for the amounts it needed to pay to the EU as of 31 March 2021 in the HM Treasury Accounts 2020/21. This included, for example, the UK's share of the EU's outstanding commitments at the end of 2020 (the so-called RAL). This did not reflect the complete Financial Settlement and therefore does not present the 'cost' of the Financial Settlement, as shown above. HM Treasury accounts also disclosed other contingent items relating to EU financial obligations covered by the WA. The return of the UK's paid in capital in the EIB also appears in the HM Treasury Accounts.

Global Margins for Commitments

- 3.12 The ceilings of the MFF set the limits for how much the EU was able to commit over the 2014 to 2020 period, and therefore ultimately spend. The settlement freezes the ceilings for the UK, and the permissible purposes for which UK monies are paid, so that any changes agreed by Member States after UK withdrawal will not impact on the UK. The UK obligations to the EU's outstanding commitments at end-2020 cannot be larger than the limits agreed by the UK while it was a Member State.
- 3.13 The EU proposed a range of budgetary responses to respond to the pressures of COVID-19, which increased in-year commitment appropriations for the EU annual budget 2020.
- 3.14 Discussions with the EU have continued over an area of special instrument use, the 'Global Margins for Commitments', which the EC deemed the UK liable for. These discussions continue to take place in compliance with the governance structures set out under the WA.

Annex A

Technical annex of Forecast methodologies

A.1 This annex compares HM Treasury's estimates with those produced by the OBR and EC, which are produced using different frameworks and accounting methodologies to reflect their different purposes.

Comparison with the OBR forecast

A.2 Since March 2018 the OBR has produced an estimate of the size of the Financial Settlement in its Economic and Fiscal Outlook (EFO), which is laid before Parliament.

A.3 There are some important differences between the OBR forecast and the Treasury's estimate:

- Modelling and data sources: the Treasury's revised estimate uses more granular and up to date data.
- Exchange rate: the Treasury uses spot exchange rates whereas the OBR uses a forward-looking exchange rate forecast,
- Pensions liability: the OBR does not discount any aspect of the Financial Settlement. In contrast, and in line with the 2017 reasonable central estimate, the Treasury's estimate continues to use a discounted valuation of the UK's EU pensions liability.
- The payment dates considered differ: unlike HM Treasury, the OBR's estimate focuses on the payments to be paid over the fiscal forecast period, rather than the full length of the Financial Settlement.

Table A.1: Reconciliation between HM Treasury's estimate and the OBR Forecast

	Amount, based on 31st January 2020 exit (£bn)
OBR estimate (Payments under Financial Settlement between 24/25 to 30/31) ¹⁶	4
Payments made/forecast outside of 24/25 - 29/30	38.2
Exchange rate differences	0.0
Discounting for Pensions Liability	-11.2
Modelling and data source differences	-0.1
HM Treasury estimate (31st March 2025)¹⁷	30.9

Comparison with the European Commission's published accounts

A.4 In July 2025, the EC published an estimate of the UK's liability under the Financial Settlement of €12.8bn in its annual accounts. There are several important differences which account for the differences between HM Treasury's estimate and that of the EC:

- HM Treasury's figure covers the full liability under the Financial Settlement as at 31 December 2025, including all payments and receipts since the UK's withdrawal on 31 January 2020 – including the Transition Period - and outstanding net liabilities from January 2026 onwards. The EC's figure only refers to UK payments to the EU from 1 January 2021, following the Transition Period.
- The EC's estimate includes only direct payments between the EU and UK Government. This methodology excludes payments made directly to a third party or via a body, legally distinct from the EU budget, also called 'Receipts' in this document. There are two sources of receipts. RAL receipts are payments made to UK recipients for the remaining period of EU Funding programmes which commenced before the end of the Transition period. HM Treasury values RAL receipts at £9.7bn (€11.3bn) for the period of

¹⁶ OBR - [March 2026 Economic and Fiscal Outlook](#): Table A.7

¹⁷ HM Treasury's estimate utilises forecast data which was approved by the National Audit Office (NAO) as at 31 March 2025

2021 to 2029. The UK also receives regular repayments of its €3.5bn of uncalled capital subscription to the EIB, scheduled in instalments between 2020 and 2031.

- The EC does not include a forecast or estimate for all components of the settlement. As well as the indirect payments as mentioned above, this also includes liabilities and assets that have not crystallised. This is because the purpose of the EU's estimate is to provide an accounting estimate of known costs to and from the EU. By contrast, HM Treasury's estimate aims to provide Parliament and the public with a fair and accurate cost estimate of the total Financial Settlement, which includes receipts that are expected to be received. However, in line with the WA, the data used for both estimates is consistent.

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