Tax and duty-free allowances: exemption from valued added tax VAT and excise duty of goods imported by travellers from third countries (repeal. Directive 69/169/EEC)

2006/0021(CNS) - 20/12/2007 - Final act

PURPOSE: to review the Community system of tax exemptions in order to adapt it to enlargement and to the new external borders.

LEGISLATIVE ACT: Council Directive 2007/74/EC on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries.

CONTENT: the Council adopted a Directive on tax exemptions for goods imported by persons entering EU territory from third countries. The new Directive revises and replaces Directive 69/169/EEC on tax exemptions, while adapting it to the enlarged EU, and to restructure and simplify certain provisions. It also provides for the monetary threshold for tax exemptions to be raised, particularly in order to take into account the effects of inflation since they were last revised in 1994.

The main elements of the Directive are as follows:

The monetary threshold for exemptions from excise duties increases from EUR 175 to **EUR 430** in the case of air and sea travellers and from EUR 175 to **EUR 300** for those travelling by land (including internal navigation routes). Member States may lower the monetary threshold for travellers under 15 years old, whatever their means of transport. However, the monetary threshold may not be lower than EUR 150.

Member States shall exempt from VAT and excise duty imports of the following types of tobacco product, subject either to the following higher or lower quantitative limits:

(a) 200 cigarettes or 40 cigarettes;

(b) 100 cigarillos or 20 cigarillos;

(c) 50 cigars or 10 cigars;

(d) 250 g smoking tobacco or 50 g smoking tobacco.

Member States may apply **different quantitative limits** on exemptions from excise duties for tobacco products depending on whether they enter the EU by air (higher limit) or by land or sea (lower limit).

Member States shall exempt from VAT and excise duty:

- alcohol and alcoholic beverages other than still wine and beer, subject to the following quantitative limits: (a) a total of 1 litre of alcohol and alcoholic beverages of an alcoholic strength exceeding 22 % vol, or undenatured ethyl alcohol of 80 % vol and over; (b) a total of 2 litres of alcohol and alcoholic beverages of an alcoholic strength not exceeding 22 % vol;
- a total of 4 litres of still wine and 16 litres of beer.

Lastly, Member States may choose not to levy VAT or excise duty on the import of goods by a traveller when the amount of the tax which should be levied is equal to, or less than, EUR 10.

Every four years and for the first time in 2012 the Commission shall forward a report on the implementation of this Directive to the Council, where appropriate accompanied by a proposal for amendment.

ENTRY INTO FORCE: 29/12/2007. The Directive shall apply with effect from 01/12/2008.