

General arrangements for excise duty

2008/0051(CNS) - 14/02/2008 - Legislative proposal

PURPOSE: to replace Council Directive 92/12/EEC on the general arrangements for products subject to excise duty, and on the holding, movement and monitoring of such products, by introducing the legal basis for the use of the Excise Movement and Control System (EMCS) along with some further changes aiming at more transparency for the taxation of excise duty.

PROPOSED ACT: Council Directive.

BACKGROUND: the provisions contained in Council Directive 92/12/EEC on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products need to be reviewed to take into account the introduction of the Excise Movement and Control System, a supervisory system for movements of goods for which duty has not been paid. This system has been put into place following Decision No 1152/2003/EC on computerising the movement and surveillance of excisable products (see [COD/2001/0185](#)).

The provisions relating to movements under suspension of excise duty need to be adapted so as to allow such movements to be covered by procedures under this new system. Changes to this effect would provide a simplified and paperless environment for trade, while permitting more integrated, faster and risk oriented control approaches for excise authorities.

Apart from these new provisions, other amendments of the rules set out in Directive 92/12/EEC are considered to be necessary. In particular, it is necessary to: (i) update the language used in the directive, taking into account new legislative standards; (ii) recast the text and take out those provisions which have lost relevance over time; (iii) take account of legal developments and new legal concepts; (iv) simplify and modernise the excise procedures, with the aim of reducing excise obligations for traders, in particular for traders carrying out cross-border business without compromising excise controls.

Given the nature and reach of such changes, it is appropriate to replace Directive 92/12/EEC in its entirety.

These provisions for the private and commercial movement of excise goods within the EU were already proposed by the Commission in 2004 (see [CNS/2004/0072](#)). However, following discussions in Council, it was decided that they should be suspended until the Commission proposed a complete review of the Directive on the general arrangements for products subject to excise duty, as it has now done.

CONTENT: this proposal is in line with the main policies and objectives of the Union. It seeks to simplify procedures and to increase transparency for intra-Community trade, notably through a procedure in which movements of excise goods under suspension of excise duty take place under EMCS. This new procedure also facilitates risk based monitoring procedures for national administrations.

Once operational, it will replace the paper-based procedures and will be a crucial tool for tackling fraud. Moreover, it will facilitate trade by reducing related costs, as guarantees for duties will be released much more quickly.

The EMCS will introduce electronic processing for declaring, monitoring and discharging movements of excise products under suspension of excise duties within the EU. EMCS will therefore:

- allow both Member States and traders to monitor movements electronically in real-time;
- reduce the time needed for the discharge of tax liability for excise movements;
-

provide excise authorities with the essential tools to effectively address fraud by permitting a more integrated, faster and risk oriented approach to controls.

First movements under EMCS are expected to start in 2009.

The Commission's proposal also includes elements to simplify and liberalise the rules on intra-EU movements of products (mainly alcohol) on which excise duty has already been paid in a Member State :

- for private individuals, the proposal aims to clarify the existing rules and to bring them more into line with the internal market principle that products acquired by private individuals for their own use should be taxed in the Member State in which they are bought;
- for goods moved for commercial purposes, the Commission proposes that the basic principle whereby excise duty is payable in the Member State of destination is maintained, but that the procedures to be followed in that Member State are simplified and harmonised.