

Excise duty: structure and rates applied on manufactured tobacco

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The Committee on Economic and Monetary Affairs adopted the report drawn up by Zsolt László BECSEY (EPP-ED, HU) amending the proposal for a Council directive amending Directives 92/79/EEC, 92/80/EEC and 95/59/EC on the structure and rates of excise duty applied on manufactured tobacco.

The main amendments are as follows:

Cigarettes: MEPs consider that, in the internal market, the minimum level should be specified only as a fixed amount per each unit of tobacco. Therefore, by **1 January 2012**, Member States shall ensure that excise duty shall not be less than **EUR 64 per 1 000 cigarettes** for all types of cigarettes. As from **1 January 2014**, **all the Member States** shall ensure that excise duty on **all categories of cigarettes** shall not be less than EUR 75 per 1 000 cigarettes or EUR 8 more than the level of 1 January 2010.

To avoid any abuse with the abolishment of the minimum excise incidence expressed as a percentage of the retail price, and a more moderate increase in the minimum excise duty rate, and also to avoid further increase in price differences between neighbouring Member States, Member States in which the excise duty applied on 1 January 2009 for any retail selling price category is higher than EUR 64 per 1 000 cigarettes shall not reduce their level of excise duty.

Transparency: according to MEPs, transparency and the interests of the public, the operators and the Member States require that the minimum European taxation level on cigarettes be officially published by the Commission in a clear and simple form.

Fine-cut smoking tobacco: the amended text provides that, as from 1 January 2014, Member States shall apply an excise duty on fine-cut smoking tobacco intended for the rolling of cigarettes of at least EUR 50 per kilogram or 6% more than the level of 1 January 2012. As from 1 January 2012, Member States shall apply an excise duty on fine-cut smoking tobacco intended for the rolling of cigarettes of either at least EUR 43 per kilogram or 20% more than the level of 1 January 2010.

Specific component of the excise duty: according to MEPs, by fixing the minimum and the maximum share of the specific component of the excise duty at 10% and 55% of the amount of the total tax burden, respectively, they can fulfil two objectives: (1) to achieve a moderate convergence of the excise structure; and (2) to maintain the two component excise duty in all the Member States and avoid the change in the competitive situation between cigarette producers.

Legitimate objectives to be taken into account: whilst acknowledging the need to pursue legitimate health objectives in all areas of EU intervention, the report underlines the importance of taking into account, when legislating in the area of excise duties, other equally legitimate objectives of the Union. Therefore, any change in this area of EU legislation must take into account the situation prevailing for each of the various tobacco products and should be complementary to the ban of tobacco advertising and to the launching of education campaigns. Account should also be taken of the need to fight against smuggling from third countries and organised crime, the enlargement of the Schengen-zone and the need to enlarge the Euro-zone.