Canary Islands: exemptions from or reductions in the AIEM tax, period of application

2013/0387(CNS) - 12/11/2013 - Legislative proposal

PURPOSE: to extend the period of application of Decision 2002/546/EC.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: Council Decision 2002/546/EC authorises Spain, up to 31 December 2011, to apply exemptions from or reductions in the 'Arbitrio sobre Importaciones y Entregas de Mercancías en las Islas Canarias' ('AIEM') to certain products produced locally in the Canary Islands. Council Decision 895/2011 /EU amended Decision 2002/546/EC, extending its period of application up to 31 December 2013.

The exemptions from and reductions in the AIEM establish differentiated taxation, benefiting the local production of some products. This constitutes state aid that requires the approval of the Commission.

On 28 June 2013 the Commission has adopted its Guidelines on regional State aid for 2014-2020. Given that these Guidelines will enter into force on 1 July 2014, the Commission considers it necessary to extend the period of application of Decision 2002/546/EC, as amended by Decision 895/2011/EU, for **six months** , so that its expiry date coincides with the date of entry into force of the Guidelines.

IMPACT ASSESSMENT: no impact assessment was undertaken.

LEGAL BASIS: Article 349 of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the proposal seeks to extend to **30 June 2014** the period of application of Decision 2002/546 /EC (as amended by Decision 895/2011/EU) for six months, so that its expiry date coincides with the date of entry into force of the Guidelines on regional State aid for 2014-2020.

BUDGETARY IMPLICATION: the proposal has no impact on the budget of the European Union.