Excise duty and VSS: application by France of a reduced rate on ‘traditional' rum produced in Guadeloupe, French Guiana, Martinique and Réunion in 2014-2020

2013/0413(CNS) - 08/01/2014 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development – within the framework of a special legislative procedure (consultation of Parliament) – a report by Danuta Maria HÜBNER (PPE, PL) on the proposal for a Council decision authorising France to apply a reduced rate of certain indirect taxes on ‘traditional’ rum produced in Guadeloupe, French Guiana, Martinique and Réunion and amending Decision 2007/659/EC.

It recalled that Council Decision 2007/659/EC of 9 October 2007 authorised France to apply to 'traditional' rum produced in its overseas departments and sold on the French mainland a reduced rate of excise duty which may be lower than the minimum rate of excise duty set by Directive 92/84/EEC but not more than 50% lower than the standard national excise duty on alcohol. The reduction in excise duty is limited to an annual quota of 120 000 hl of pure alcohol. This derogation expired on 31 December 2013.

On 12 March 2013, the French authorities asked the Commission to submit a proposal for a Council Decision extending Council Decision 2007/659/EC under the same conditions, for a further seven years until 31 December 2020. This request was supplemented and modified on 3 July and 2 August 2013.

On the basis of these requests, the Commission proposed that for 2014-2020 France be allowed to apply a reduced rate of excise duty and the “Vignette Sécurité Sociale” (VSS) of up to 50% of the respective standard rates but that the cumulative reduction in both excise duty and VSS is not higher than 50% of the full rate for alcohol set in application of Directive 92/84/EEC.

Given the urgency in adopting this measure and that it aims at stimulating the economy of outermost regions, the Committee recommended that this proposal be adopted without amendment.