AIEM tax applicable in the Canary Islands in 2014-2020

2014/0093(CNS) - 12/06/2014 - Final act

PURPOSE: to authorise Spain 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.

LEGISLATIVE ACT: Council Decision No 377/2014/EU on the AIEM tax applicable in the Canary Islands.

CONTENT: the decision authorises Spain, **until 31 December 2020**, to apply **exemptions from or reductions in** the *'Arbitrio sobre las Importaciones y Entregas de Mercancías en las Islas Canarias'* (AIEM) to certain products produced locally in the Canary Islands.

The application of the total exemptions or the reductions may not lead to differences between the taxation of locally manufactured products and the taxation of other products that exceed 5, 15 or 25 percentage points, depending on the product.

These exemptions are intended to help Canary Islands to **compensate for the natural handicaps** they face, which result in higher production costs, as well as the limited size of the market. As part of the **economic and social development strategy of the Canary Islands**, they should help to maintain, create and develop local production.

The Spanish authorities should present to the Commission by 30 September 2017 at the latest a **report** on the application of the AIEM tax exemptions or reductions, in order to check the impact of the measures taken and their contribution to promoting or maintaining local economic activities, account being taken of the handicaps affecting the outermost regions. On this basis, the scope and the exemptions authorised under Union rules will be revised, if necessary.

ENTRY INTO FORCE: the decision is applicable from 1 July 2014.