Dock dues in the French outermost regions

2014/0308(CNS) - 29/10/2014 - Legislative proposal

PURPOSE: to authorise France to apply exemptions or reductions to the ‘dock dues’ tax for certain products produced locally in the French outermost regions of Guadeloupe, French Guiana, Martinique, Mayotte and Réunion.

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: in principle, the provisions of the Treaty, which apply to the outermost regions of the Union, of which the French overseas departments (DOM) form part, do not authorise any difference in taxation between local products and those from metropolitan France or the other Member States. However, **Article 349 of the treaty** envisages the possibility of introducing special measures for those regions because of the existence of permanent handicaps affecting the economic and social situation of the outermost regions.

The 'dock dues' tax is an indirect tax applied to deliveries and exports of goods in the French outermost regions. In principle, it is applied in the same way to products produced locally and those that are not (products of metropolitan France, other Member States or non-member countries).

Council Decision 2004/162/EC authorises France, until 31 December 2014, in order to restore the competitiveness of products produced locally, to apply exemptions or reductions to the dock dues for certain products produced in the outermost regions of Guadeloupe, French Guiana, Martinique, Réunion and, from 1 January 2014, Mayotte (excluding Saint Martin).

France has requested that a system similar to that contained in Decision 2004/162/EC be maintained until 1 January 2015.

CONTENT: the proposal for a Council Decision provides for **authorising France, until 31 December 2020, to apply exemptions or reductions to the dock dues** for certain products produced in the French outermost regions (excluding Saint Martin).

The Annex to that Decision contains the list of products to which tax exemptions and reductions may be applied. The difference between the taxation of locally manufactured products and the taxation of other products may not exceed 10, 20 or 30 percentage points, depending on the product.

In order to simplify the obligations of small enterprises, **tax exemptions or reductions will affect all operators with an annual turnover of at least EUR 300 000**. Operators whose annual turnover is under that threshold are not subject to dock dues.

The proposal envisages **extending the period of application of Decision 2004/162/EC for a further six months to 30 June 2015**. This measure will give France the necessary time to transpose the provisions of the new Council Decision into its national law.

Lastly, the new arrangement will apply for five years and six months. It will nevertheless be necessary to evaluate its results. The French authorities must therefore present a **report to the Commission by 31 December 2017 on the application of the tax arrangements introduced**, in order to assess the impact

of the measures taken and their contribution to promoting or maintaining local economic activities and ascertaining whether the tax benefits granted by France to products produced locally are still necessary and proportional.