AIEM tax applicable in the Canary Islands

2020/0163(CNS) - 06/10/2020 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 681 votes to 5, with 3 abstentions, (following a special legislative procedure - consultation), a legislative resolution on the proposal for a Council decision on the AIEM tax applicable in the Canary Islands.

Parliament approved the Commission proposal without amendment.

The proposal authorises the Spanish authorities to provide, until 31 December 2027, for partial or total exemptions for locally manufactured products from the tax known as ‘Arbitrio sobre Importaciones y Entregas de Mercancías en las Islas Canarias’ (AIEM), a tax on goods in the Canary Islands. The special AIEM tax scheme aims to support local producers by reducing the competitiveness gap between local products and products manufactured outside the Canary Islands which results from the additional production costs linked to the permanent constraints affecting these islands.

The categories of products eligible for these exemptions are listed in Annex I, by reference to the EU nomenclature. However, it is for the Spanish authorities to determine the list of specific local products concerned and the level of exemption granted in each case, within the limits of the exemption decision. The proposal sets out the following three selection criteria for the purposes of this Decision:

- the existence of local production with a share of the local market of not less than 5%;

- the existence of significant imports of goods which could jeopardise the maintenance of local production, the share of such imports on the local market being at least 10%;

- and the existence of additional costs of local production that jeopardise the competitiveness of products produced locally.

Limited exceptions from these criteria are possible, for example to ensure local food security and medical supplies.

The proposal obliges Spain to: (i) provide the list of exempted goods to the Commission and inform it of any changes to it; (ii) submit reports on the implementation and impact of the derogation for each category of exempted goods.