Tax-free shops situated in the French terminal of the Channel Tunnel

2021/0418(CNS) - 16/12/2021 - Legislative proposal

PURPOSE: to authorise the opening of tax-free shops in the French terminal of the Channel fixed link.

PROPOSED ACT: Council Directive.

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 Directive 2008/118/EC authorises Member States to exempt from payment of excise duty excise goods supplied in tax-free shops located in Union airports and ports for sale to travellers to a third territory.

The Channel Fixed Link is a twin bored tunnel rail link, under the English Channel between Folkestone (Kent, United Kingdom) and Coquelles (Pas-de-Calais, France). It has an associated service tunnel and terminal areas at either end for control of access to, and egress from, the tunnels. It has the characteristics of a maritime link with border controls at the two access terminals. Both infrastructures allow a sea-crossing under the same conditions.

The terminal of the Channel Fixed Link should therefore be considered equivalent to a port within the meaning of Council Directive 2008/118/EC.

On 31 December 2020, following the United Kingdom's withdrawal from the European Union, the Channel Fixed Link became a cross-border link between the Union and a third country.

As allowed by the Excise Directive, ferry companies reintroduced tax-free sales of goods supplied on board their ships during the sea-crossing to the United Kingdom. Tax-free shops have also opened in the ports of Calais and of Dunkirk. Moreover, the United Kingdom has already granted permission for an outlet at their terminal of the Channel Fixed Link in Folkestone. However, the French terminal of the Channel Fixed Link cannot open tax- free shops under the current rules.

CONTENT: following the withdrawal of the United Kingdom from the European Union, this proposal reintroduces into Council Directive 2008/118/EC on the general arrangements for excise duty an earlier provision of Directive 92/12/EEC recognising the specific status of the Channel Fixed Link and the similarity of its situation to that of a port.

The proposal restores a previous provision authorising the reopening of tax-free shops in the French terminal of the Channel Fixed Link at Coquelles, as is the case in the French ports of Calais and Dunkirk and in the UK terminal of the Channel Fixed Link (Folkestone).

To avoid any form of fraud, evasion or abuse, France should take the necessary control measures to ensure the proper application of the tax exemption in the tax-free shops of the French terminal at Coquelles.