

Excisable products: computerised intra-Community movement system

2001/0185(COD) - 19/11/2001 - Legislative proposal

PURPOSE: To establish a computerised system capable of monitoring the movement and surveillance of excisable products. **CONTENT:** The loss of tax revenue through fraud from excise duty on tobacco and alcohol (excluding mineral oils) in EU Member States has been estimated at EUR 4 800 million. A more comprehensive system of monitoring the trading of products subject to excise duty is therefore deemed urgent, necessary and justifiable. Current legislation governing the control of products subject to excise duty, provides that products moving between Member States should be accompanied by a document completed by the consignor. A further Community Regulation outlines the form and content of the accompanying document. Present measures however appear to be failing and Member States are keen to consider alternative, electronic means to curb fraud in this area. In 1998 a study was commissioned to examine whether computerising the excise system would be feasible or not. Following fourteen months of research Alcatel TITN, who were awarded the study contract, concluded that it would be technically possible to computerise the movement and surveillance of all products subject to excise duty. Computer messaging systems would, in other words, replace the current system of sending documents between traders. Messages could be routed through respective national administrations. Such a system would provide Member States with real-time information on current movements and allow them to carry out whatever pre-movement, wayside and/or post-clearance checks deemed necessary. Traders have shown equal enthusiasm for such a scheme and are only too happy to shed paper administration in favour of a quicker electronic system. The new system, however, is not without its complications. Primary obstacles include: - connecting up to 80 000 traders to 15 national administrations; - connecting 15 administrations to each other; - including the applicant countries; - offering 24 hour availability; - up to 365 days a year. Moreover, the setting up phase of the project is expected to take up to five years. Costs are also likely to be high. The Commission estimates that for the period 2002-2006 the entire cost of the project would amount to EUR 35 million. Given it only has a budget of EUR 40 million the budget could become overstretched. Extra sources of funding from the Community budget would therefore be needed if the project were to go ahead. Once the system is up and running annual operating costs are estimated to amount to EUR 4 million. Member State costs are harder to quantify but early projections suggest each Member State would have to find between EUR 5-12 million to cover all phases of setting up the system, followed by some EUR 300 000 per year to cover running costs. In terms of costs for traders, the cost to each would vary. EUR 140 000 per business for development and EUR 15 000 per business a year for running costs are preliminary estimations. This would not apply to SME-s where the start-up costs would be considerably lower. Nevertheless, in light of the considerable amount of lost revenue due to fraud, the Commission estimates that the initial investment and running costs of all parties would pay-off quickly. The Commission recognises that many Member States are politically committed to the establishment of an excise computerised system. The purpose of the proposed Decision therefore is to ensure each Member State gives a binding undertaking with regard to their legal and budgeting obligations vis-à-vis the computerisation of excisable products.