Canary Islands: arrangements concerning the tax on imports and exchanges AIEM

2001/0284(CNS) - 06/12/2001 - Legislative proposal

PURPOSE: To apply an AIEM tax in the Canary Islands. CONTENT: the present proposal aims to authorise the Spanish authorities to apply until 31 December 2011 a tax applicable to products imported into and obtained in the Canary Islands ("Arbitrio sobre las Importaciones y Entregas de Mercancias en las islas Canarias" AIEM). The objective of this measure is to implement Article 299, paragraph 2 of the EC Treaty in tax matters and would follow the tax on production and imports (APIM), due to expire on 31 /12/2000 and extended for 1 year. The proposed AIEM tax is levied on supplies of goods produced in the Canary Islands effected by the producers of these goods and on imports of comparable or similar goods of the same type defined by reference to the Common Customs Tariffs Nomenclature. The taxable base for imported goods will be based on the customs value and that of supplies of goods effected by producers in the Canary Islands will be based on the total amount of the consideration. Like the APIM, the AIEM may be exempted on locally produced goods. The industrial products for which exemption is foreseen include: - agricultural and fisheries products, building material, chemicals, products of the metalworking industries, foodstuffs and beverages, tobacco products, textiles and leather, paper, graphic arts and publishing. Tobacco, being a highly sensitive product is given additional favourable treatment (25%). As regards the rates applicable to these various products, the Spanish authorities have taken as a basis the level of the APIM tax as it resulted in 1996 from the application of Regulation 1911/91/EEC and other special national taxes. The Commission evaluated, on a case by case basis, proposed tax and set the rates by the categories of products. The maximum rates vary from 5% to 15% according to the sensitivity of the sector and the proposed products. Moreover, the objectives of promoting the socio-economic development of the Canary Islands are reflected at national level in the purpose of the tax and allocation of the revenue it generates. The incorporation of the revenue from this tax in the resources of the Canary Islands economic and tax system and its use for an economic and social development strategy involving the promotion of local activities will be a legal obligation. The arrangements are to apply for a period of ten years. it will nevertheless be necessary to evaluate the proposed system after five years. No later than 31 December 2005 the Spanish authorities shall present a report to the European Commission on the application of the AIEM tax. On this basis the Commission will present proposals to the Council for, should it be deemed necessary, the adoption of the current provisions.