

Excise duty: structure and rates applied on manufactured tobacco

2001/0063(CNS) - 05/02/2002 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 325 to 151 with 50 abstentions, the report by Mr Giorgos KATIFORIS (PES, GR). In a second consideration of a Commission proposal to set a minimum excise duty of 57% of the retail sale price and EUR 70 for 1000 cigarettes, MEPs voted to recommend a rate of 57% of the retail sale price and a reduced rate of EUR 60 for 1000, or an alternative option of allowing the Member States to charge 71% of the retail sale price. Parliament's non-binding amendment seeks to introduce an element of flexibility and allow the Member States to choose the most appropriate method suited to their needs. Another non-binding amendment approved seeks to reduce the impact of the on East European candidate countries by providing for a EUR 85 excise duty per 1000 cigarettes under which countries would not have to impose the maximum 57% of retail price figure rather than the EUR 100 proposed by the Commission. Other non-binding amendments approved concern the definition of cigars and cigarillos and emphasise the need for the Commission to come up with proposals to tackle cigarette smuggling. Proposed amendments taking up health issues were rejected. Furthermore, Commissioner Fritz BOLKESTEIN stated that he could not however accept the amendments, arguing that the Parliament's approach would lead to less rather than more harmonisation of tobacco taxes and that this would even make it possible for a number of Member States, including Member States applying relatively low tax levels to lower their rates. The Commission, he added, was now proposing a limited number transitional period to allow candidate countries to reach the minimum rate of taxation.