

# **Cigarettes and manufactured tobacco: taxes and taxes on consumption**

1998/0189(CNS) - 29/07/1999 - Final act

**PURPOSE** : to ensure a more uniform application of rules in force in the field of taxes on manufactured tobacco, with the aim of facilitating the operation of the internal market. **COMMUNITY MEASURE** : Council Directive 1999/81/EC amending Directive 92/79/EEC on the approximation of taxes on cigarettes, Directive 92/80/EEC on the approximation of taxes on manufactured tobacco other than cigarettes and Directive 95/59/EC on taxes other than turnover taxes which affect the consumption of manufactured tobacco. **CONTENT** : the Directive follows on from a report from the European Commission on the operation of the current excise system on tobacco, which foresees an overall minimum excise rate of 57% of the retail selling price on cigarettes in the most popular price category. The Member States will keep a sufficient margin of manoeuvre in order to determine and implement the policies adapted to the conditions of their national market. They will have some scope in adjusting the incidence of the overall minimum excise rate in the event of changes in the retail price of cigarettes in the most popular price category or in value added tax (VAT). In addition, they will be able to neutralise the impact of changes in the VAT rate on the overall minimum excise rate by ensuring that it does not create competition distortions. Under the terms of the Directive, Sweden can postpone up and until 31.12.2002, the application of the overall minimum excise duty equivalent to 57% of the retail price of cigarettes in the most popular category. Up to and including 31/12/2002, France may apply, for cigarettes sold on the island of Corsica, the same rates as those in force on 31/12/1997. As for Germany, the Directive allows it an additional period to align its national rates for fine-cut tobacco with Community legislation. The Directive provides for the re-examination of the structure and the excise rates every three years and for the first time not later than 31/12/2000. **ENTRY INTO FORCE** : 01/01/1999. **DEADLINE SET FOR THE TRANSPOSITION** : 01/01/1999.