


Procedure file

Basic information	
COS - Procedure on a strategy paper (historic) 1995/2244(COS)	Procedure completed
Excise duties: cigarettes, other tobacco, alcohol, alcoholic beverages and mineral oils	
Subject 2.70.02 Indirect taxation, VAT, excise duties 3.40.12 Luxury products industry, cosmetics 3.60.02 Oil industry, motor fuels	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ECON Economic and Monetary Affairs, Industrial Policy		07/05/1996
		PPE VON WOGAU Karl	
	Committee for opinion	Rapporteur for opinion	Appointed
	AGRI Agriculture and Rural Development		11/12/1995
		EDN MARTIN Philippe-Armand	
	TRAN Transport and Tourism		
	ENVI Environment, Public Health and Consumer Protection		
	CONT Budgetary Control	The committee decided not to give an opinion.	
Council of the European Union	Council configuration	Meeting	Date
	Economic and Financial Affairs ECOFIN	1874	23/10/1995

Key events			
13/09/1995	Non-legislative basic document published	COM(1995)0285	Summary
13/10/1995	Committee referral announced in Parliament		
23/10/1995	Debate in Council	1874	
15/07/1996	Vote in committee		Summary
15/07/1996	Committee report tabled for plenary	A4-0253/1996	
18/09/1996	Debate in Parliament		
19/09/1996	Decision by Parliament	T4-0485/1996	Summary
19/09/1996	End of procedure in Parliament		

28/10/1996	Final act published in Official Journal		
------------	---	--	--

Technical information	
Procedure reference	1995/2244(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142
Stage reached in procedure	Procedure completed
Committee dossier	ECON/4/07049

Documentation gateway					
Non-legislative basic document		COM(1995)0285	13/09/1995	EC	Summary
Committee report tabled for plenary, single reading		A4-0253/1996 OJ C 277 23.09.1996, p. 0004	15/07/1996	EP	
Text adopted by Parliament, single reading		T4-0485/1996 OJ C 320 28.10.1996, p. 0135-0205	19/09/1996	EP	Summary

Excise duties: cigarettes, other tobacco, alcohol, alcoholic beverages and mineral oils

OBJECTIVE: this Commission report to the European Parliament and the Council describes changes in the Community excise scheme introduced on 1 January 1993 for cigarettes (Directive 92/79/EEC), manufactured tobacco other than cigarettes (Directive 92/80/EEC), alcohol and alcoholic beverages (Directive 92/84/EEC) and mineral oils (Directive 92/82/EEC). CONTENT: the report starts by describing the obligation to review rates for which provision is made in the directives setting out the minimum excise rates. This examination takes account of the proper working of the internal market, the real value of excise rates and the general objectives of the Treaty. The report points out that the questions which arise relate to highly disparate areas and that a longer-term excise policy needs to be drawn up. Any action therefore needs to be put on hold pending a more in-depth analysis of the questions on the agenda. - Cigarettes: the Commission recommends examining the structure of excise on cigarettes, but considers that no adjustment should be proposed at present; - Manufactured tobacco other than cigarettes: the relationship between manufactured tobacco products need to be examined in greater depth, because health considerations argue in favour of higher tax on hand-rolling tobacco; - Alcohol and alcoholic beverages: wine is zero-rated. The report considers that adjusting the positive rates without any corresponding measure for wine could result in distortions of competition and that introducing a positive rate for wine might be inadvisable, given the current reform of the CAP in this sector. The question of adjusting the minimum rates for alcoholic beverages has therefore been postponed; - Mineral oils: numerous contradictory questions arise, especially in the motor fuel sector, where the absence of excise on certain competing products is causing competition problems similar to those for wine in the alcohol sector. Consequently, any action in this sector has likewise been postponed.?

Excise duties: cigarettes, other tobacco, alcohol, alcoholic beverages and mineral oils

The Economic and Monetary Committee (rapporteur: Mr Von Wogau (PPE, D)) unanimously adopted the proposal for a resolution calling on the Commission to draft an annual report on the increase in excise fraud. The proposal also contains a list of the priorities to be applied and the measures to be implemented in order to satisfy various related requirements: the fight against distortion of competition (for tobacco products and in relation to various alcoholic beverages) and smuggling (mainly cigarettes), harmonization of excise (upward for tobacco), health, agricultural policy (with the Commission urged to maintain the minimum zero rating for wine) and employment (mainly in the alcohol sector but even, indirectly, in relation to mineral oils). Finally, amending current directives on excise in the field of hydrocarbons could solve a whole series of problems relating to transport, energy, environmental and economic policy. With regard, for example, to the new proposed tax on CO₂, the proposal for a resolution sets out a number of solutions and maintains, inter alia, that excise duty on mineral oils could generate indirect tax revenue to compensate for direct taxes on labour.?

Excise duties: cigarettes, other tobacco, alcohol, alcoholic beverages and mineral oils

Parliament adopted the report by Mr Karl von WOGAU (PPE,D) on the approximation of taxes on cigarettes, manufactured tobacco other than cigarettes, alcohol and alcoholic beverages, and mineral oils. As regards taxes on cigarettes and manufactured tobacco, the report calls on the Commission to examine the current system and to amend it only if it should detect serious distortions of competition. For reasons of public health, the Commission was urged to make provision for upward harmonization of tobacco prices (higher duty rates across the European Union). The report also requests the Commission to ensure the reestablishment of the principle of 'neutrality in competition' applicable to VAT and to put forward proposals to stop cigarette smuggling. It also called for a review of the relationship between the excise duty on cigarettes

and the excise duty on hand-rolling tobacco. As regards excise duty on alcohol and alcoholic beverages, the report also calls for the maintenance, expansion or creation of the possibility of small distillers' and brewers' products being subject to excise duty at a lower rate. It takes the view that all new forms and mixtures of alcohol should be subject to excise duty. It calls for excise duties to be paid at purchase point or destination point. It also calls on the Commission to work towards the achievement of an equitable tax system where there is no distortion of competition between alcoholic beverages. Finally, as regards excise duties on mineral oils, the report takes the view that a substantial increase in mineral rates on motor fuels should be contemplated. In the light of difficulties in introducing the CO₂ tax, the report considers that, in relation to tax differentials on petrol, more polluting products should never be treated more favourably than less polluting competing products. The report calls on the Commission to determine to what extent excise duties on mineral oils could generate indirect tax revenue as an offset for direct taxes on labour. ?