







Procedure file

Basic information	
CNS - Consultation procedure Decision	2020/0118(CNS) Awaiting Parliament's vote
Reduced rate of excise duty on certain alcoholic products produced in the autonomous regions of Madeira and the Azores	
Subject 2.70.02 Indirect taxation, VAT, excise duties 3.10.06.08 Wine, alcoholic and non-alcoholic beverages 4.70.06 Outlying and outermost regions, overseas countries and territories	
Geographical area Portugal	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	 Regional Development	 OMARJEE Younous	23/06/2020
	Committee for opinion	Shadow rapporteur	
	 Economic and Monetary Affairs	 CARVALHAIS Isabel	
	 Agriculture and Rural Development	 ALFONSI François	
		Rapporteur for opinion	Appointed
		The committee decided not to give an opinion.	
		The committee decided not to give an opinion.	
Council of the European Union			

Key events			
18/06/2020	Legislative proposal published	COM(2020)0240	Summary
08/07/2020	Committee referral announced in Parliament, 1st reading/single reading		
16/07/2020	Vote in committee, 1st reading/single reading		
22/07/2020	Committee report tabled for plenary, 1st reading/single reading	A9-0140/2020	Summary

Technical information	
Procedure reference	2020/0118(CNS)
Procedure type	CNS - Consultation procedure
Procedure subtype	Legislation
Legislative instrument	Decision

Legal basis	Treaty on the Functioning of the EU TFEU 349-p1sub1-as1
Modified legal basis	Rules of Procedure EP 159
Stage reached in procedure	Awaiting Parliament's vote
Committee dossier	REGI/9/03355

Documentation gateway

Legislative proposal	COM(2020)0240	18/06/2020	EC	Summary
Document attached to the procedure	SWD(2020)0108	18/06/2020	EC	
Committee draft report	PE654.017	07/07/2020	EP	
Committee report tabled for plenary, 1st reading/single reading	A9-0140/2020	22/07/2020	EP	Summary

2020/0118(CNS) - 18/06/2020 Legislative proposal

PURPOSE: to authorise Portugal to apply a reduced rate of excise duty on certain alcoholic products produced in the autonomous regions of Madeira and the Azores.

PROPOSED ACT: Council Decision.

ROLE OF THE EUROPEAN PARLIAMENT: the Council adopts the act after consulting the European Parliament but without being obliged to follow its opinion.

BACKGROUND: the current decision authorises Portugal to apply excise duty rates reduced by up to 75% of the standard Portuguese rates to rum and liqueurs produced and consumed in Madeira and liqueurs and eaux-de-vie produced and consumed in the Azores.

The objective of this measure is to compensate the producers of the Portuguese outermost regions for their competitive disadvantage triggered by the Portuguese outermost regions remoteness, insularity, small size, difficult topography and climate and economic dependence on a few products, which severely restrain their development.

In view of the fact that the current Decision expires on 31 December 2020, the Commission has launched an external study to evaluate the current regime. The study found that, compared to their counterparts on the mainland, producers in the outermost regions continue to bear higher production costs, which are currently offset by the reduction in the rate of excise duty.

The external study notes rum is now being produced in the Azores, but is not included in the current regime. However, the regime covers rum produced in Madeira, which leads to an uneven playing field amongst rum producers of the two outermost regions.

The study notes that further to the added rum production in the Azores, rum production in Madeira is increasing and due to the limited market in the outermost regions, not all rum can be sold locally.

For reasons of clarity, the Commission considers it necessary to renew the authorisation provided for in Decision No 376/2014/EU and to extend its scope.

CONTENT: the Commission proposes to adopt a new decision authorising Portugal to apply a reduced rate of excise duty in the autonomous regions of Madeira and the Azores.

This proposal entails renewing the derogation until 2027, extending it to cover sales on the Azores of locally produced rum with the rate of reduction maintained at 75%, and also extending it to provide a 50% reduction in the rate of excise duty on sales on the Portuguese mainland of all products covered.

In order to allow the Commission to assess whether the conditions justifying the authorisation continue to be fulfilled Portugal should submit to the Commission a monitoring report by 30 September 2025.

2020/0118(CNS) - 22/07/2020 Committee report tabled for plenary, 1st reading/single reading

The Committee on Regional Development adopted, under the consultation procedure, the report by Younous OMARJEE (GUE/NGL, FR) on the proposal for a Council decision authorising Portugal to apply a reduced rate of excise duty on certain alcoholic products produced in the autonomous regions of Madeira and the Azores.

The committee recommended that the European Parliament approve the proposed decision without amendment.

As a reminder, the current Council Decision No 376/2014/EU authorises Portugal to apply reduced rates of excise duty of up to 75% of the standard national rate to rum and liqueurs produced and consumed in Madeira and to liqueurs and eau-de-vie produced and consumed in the Azores.

The Commission proposes to adopt a new decision authorising Portugal to apply a reduced rate of excise duty in the autonomous regions of Madeira and the Azores.

The proposal:

- extends the current derogation by allowing the Portuguese state to reduce excise duty by up to 75% compared to the normal rate on locally produced rum, liqueurs and eaux-de-vie sold in Madeira and the Azores;
- introduces a new provision allowing the Portuguese state to reduce excise duty by up to 50% compared to the normal rate on rum, liqueur and eau-de-vie produced in Madeira and the Azores but sold in mainland Portugal.

This derogation from taxation rules is justified by its extremely limited scope and by the economic difficulties inherent to production in the outermost regions.