



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 10 November 2009

15708/09

**Interinstitutional File:
2008/0150 (CNS)**

FISC 149

OUTCOME OF PROCEEDINGS

of: ECOFIN Council
on: 10 November 2009
Subject: Tobacco Excise Duty

On 10 November 2009, the Council (ECOFIN):

- reached a political agreement on the proposal for a Council Directive amending Directives 92/79/EEC, 92/80/EEC and 95/59/EC on the structure and rates of excise duty applied to manufactured tobacco, on the basis of a Presidency compromise text, set out in 9082/09 FISC 52, as amended by the elements set out in the Annex to this note;
- instructed the General Secretariat to finalise the lawyer linguist version of the legal text for adoption as an A item at one of the future meetings of the Council

I. Cigarettes

- Transitional periods, to reach the proportional minimum requirement of 60% of the weighted average retail selling price of cigarettes released for consumption and the monetary minimum requirement of EUR 90 per 1000 cigarettes, may be applied, until 1 January 2018, by Bulgaria, Poland, Lithuania, Estonia, Latvia, Hungary, Romania and Greece (hereafter: Member States applying a transitional period). From 1 January 2014, any Member State that complies with both the proportional and monetary minimum requirement or that benefits from the escape clause, may impose a quantitative limit of at least 300 cigarettes which may be brought into its territory without further excise duty payment from a Member State applying a transitional period, as long as the latter Member State does not yet comply with both these requirements. A Member State applying a transitional period and whose duty has reached a monetary level of EUR 77 per any 1000 cigarettes may impose a quantitative limit of at least 300 cigarettes which may be brought into its territory without further excise duty payment from another Member State applying a transitional period, as long as the latter Member State has not yet reached an equal monetary level;
- Escape clause: As from 1 January 2014, Member States which levy an excise duty of at least EUR 115 per 1 000 cigarettes need not comply with the 60% requirement;
- Specific component¹: The specific component of the excise duty on cigarettes may not be less than 7,5% and more than 76,5% of the amount of the total tax burden.

¹ Article 8.4 would read: "Where necessary, the excise duty on cigarettes may include a minimum tax component, provided that the Member States strictly respect the mixed structure of taxation and the band of the specific component of the excise duty, according to article 16"

II. Fine-cut smoking tobacco

- As from 1 January 2011 - 40% of the weighted average retail selling price or at least EUR 40 per kilogram;
- As from 1 January 2013 - 43% of the weighted average retail selling price or at least EUR 47 per kilogram;
- As from 1 January 2015 - 46% of the weighted average retail selling price or at least EUR 54 per kilogram;
- As from 1 January 2018 - 48% of the weighted average retail selling price or at least EUR 60 per kilogram;
- As from 1 January 2020 - 50% of the weighted average retail selling price or at least EUR 60 per kilogram.

III. Cigars and cigarillos

- Germany and Hungary shall be authorised a transitional derogation for the new definition by 1 January 2015.

IV. Corsica

- France shall be allowed to apply reduced rates of excise duty to tobacco products released for consumption in Corsica until 31 December 2015.