

# COMMISSION OF THE EUROPEAN COMMUNITIES

COM(80) 308 final

Brussels, 9 June 1980

Amendments to the proposal for a Fifth Council Directive  
on the harmonization of provisions laid down by law, regulation  
or administrative action relating to the rules governing turn-  
over tax and excise duty applicable in international travel

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(Submitted by the Commission to the Council pursuant to the  
second paragraph of Article 149 of the EEC Treaty)

COM(80) 308 final

EXPLANATORY MEMORANDUM

1. On 30 November 1979, the Commission laid before the Council a proposal for a Fifth Directive on the harmonization of provisions laid down by law, regulation or administrative action relating to the rules governing turnover tax and excise duty applicable in international travel.

The Economic and Social Committee and Parliament were consulted on the proposal and gave their opinions on 30 January 1980 and 18 April 1980 respectively.

2. Both gave an opinion in favour, but Parliament proposed the addition of a number of provisions, which the Commission readily endorses, subject to amendment of the arrangements for reducing the derogations granted to Denmark and Ireland.

3. These concern :

- the date of entry into force of the provisions contained in the initial proposal;
- a gradual increase in intra-Community allowances on the basis of a precise timetable;
- a gradual abolition of the quantitative limits applying to tea and coffee in travel within the Community and an increase in the limit for other goods.

4. The Commission proposes that the date by which Member States must implement the provisions of the initial proposal should be 1 July 1980.

The choice of this date, falling just before the start of the summer holidays, will clearly help to attain the psychological and political objective of the Council Directives, namely to make the peoples of the Member States more aware of the tangible benefits of the common market.

5. Like Parliament, the Commission feels that there should be a programme for increasing intra-Community allowances within reasonable limits during the next few years.

The principle of this type of programmes affords not inconsiderable advantages :

- it will ensure an appreciable increase in tax-free allowances while requiring only a gradual effort from Member States;
- it will allow the national authorities to prepare the administrative implementing decisions in good time;
- it is likely to simplify the work of all the Community institutions concerned (Commission, Economic and Social Committee, Parliament) by making it unnecessary for them to express an opinion on each increase, whose effects will be limited. Experience with the proposal, which the Council was prevented from discussing in good time because the Economic and Social Committee and Parliament had not delivered their opinions, shows the advantage of laying down a medium-term programme of increases.

The programme is as follows :

| Date of entry into force | Allowance for travellers of 15 years of age or older | Allowance for travellers of less than 15 years of age | Derogation granted in respect of the unit value of goods |                                    |
|--------------------------|--|---|--|------------------------------------|
|                          |  |   | Denmark  | Ireland                            |
| 1.7.1980                 | 210 ECU  | 60 ECU  | 160 ECU  | 100 ECU                            |
| 1.1.1981                 | 250 ECU  | 70 ECU  | 200 ECU  | 140 ECU                            |
| 1.1.1982                 | 300 ECU  | 85 ECU  | 250 ECU  | 200 ECU<br>(250 ECU from 1.1.1983) |

The Commission believes that the gradual effort thus required of Member States is perfectly feasible in the light of the overall economic situation. In line with the wishes of Parliament, the increase proposed at each stage of the programme (1.7.1980, 1.1.1981 and 1.1.1982) is of the order of 20 % compared with the amount previously in force. Due allowance being made for price rises between 1.1.1979 (the date when the allowances were last increased) and 1.1.1982, the effort required from Member States in real terms would not seem excessive.

In addition, a special effort must be made to gradually align the derogations granted to Denmark and Ireland relating to the unit value of goods with the full tax-free allowance.

6. The quantitative allowances provided for in Article 4(1) of Directive 69/169/EEC are justified by the high level of excise duties applicable to the goods listed in that Article. The Commission notes that only a few Member States charge excise duty on tea and coffee. It takes the view that, in intra-Community travel at least, this allowance can be gradually abolished. Such abolition, which would not entail any real harmful effects for either the economies or the tax revenues of the Member States, would make it possible to simplify the application of national provisions relating to tax-free allowances.

Amendments to the proposal for a Fifth Council Directive on the harmonization of provisions laid down by law, regulation or administrative action relating to the rules governing turnover tax and excise duty applicable in international travel

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(Submitted by the Commission to the Council pursuant to the second paragraph of Article 149 of the EEC Treaty)

The Commission hereby amends its proposal as follows :

- The following recital shall be added :

Whereas the quantitative limits for coffee and tea laid down in Article 4(1)(d) and (e) of the abovementioned Directive 69/169/EEC tend to give rise to formalities at frontiers; whereas any taxes charged can produce only a small amount of tax revenue; whereas provision should therefore be made for the gradual abolition of these quantitative limits in travel between Member States.

- Articles 1 and 2 shall be replaced by the following Articles :

#### Article 1

Article 2 of Directive 69/169/EEC is hereby amended as follows :

- a) In paragraphs 1 and 3, "180 European units of account" shall be replaced by :

- "210 ECU" with effect from 1 July 1980;
- "250 ECU" with effect from 1 January 1981;
- "300 ECU" with effect from 1 January 1982.

- b) In paragraph 2, "50 European units of account" shall be replaced by :

- "60 ECU" with effect from 1 July 1980;
- "70 ECU" with effect from 1 January 1981;
- "85 ECU" with effect from 1 January 1982.

#### Article 2

Article 4 of Directive 69/169/EEC is hereby amended as follows :

- a) With effect from 1 July 1980 :

- in paragraph 1(b), second indent, "to a total of 4 litres" in column headed "Travel between Member States" shall be replaced by "to a total of 5 litres".
- in paragraph 1(d) headed "coffee or coffee extracts and essences", "750 g" and "300 g" in column II headed "Travel between Member States" shall be replaced by "1 000 g" and "400 g" respectively;
- in paragraph 1(e) headed "tea or tea extracts and essences", "150 g" and "60 g" in column II headed "Travel between Member States" shall be replaced by "200 g" and "80 g" respectively.

- b) With effect from 1 January 1982, in paragraph 1 the headings d) "coffee or coffee extracts and essences" and e) "tea or tea extracts and essences"

in column II headed "Travel between Member States" shall be deleted.

Article 3

Directive 78/1032/EEC is amended as follows:

1. Article 5(1) shall be replaced by the following:  
"By way of derogation from Article 2(1) of Directive 69/169/EEC

(a) the Kingdom of Denmark may exclude from tax exemption goods whose unit value exceeds :

- until 31 December 1980, 160 ECU;
- between 1 January 1981 and 31 December 1981, 200 ECU;
- between 1 January 1982 and 31 December 1983, 250 ECU.

(b) Ireland may exclude from tax exemption goods whose unit value exceeds :

- until 31 December 1980, 100 ECU;
- between 1 January 1981 and 31 December 1981, 140 ECU;
- between 1 January 1982 and 31 December 1982, 200 ECU;
- between 1 January 1983 and 31 December 1983, 250 ECU.

2. In Article 5(3), "three litres" shall be replaced by "four litres".

- Article 3 shall become Article 4

- Article 4 shall be renumbered Article 5 and in paragraph 1 thereof the words "with effect from 1 January 1980" shall be deleted.

- Article 5 shall be renumbered Article 6.