ENGLISH

COMPLETING THE INTERNAL MARKET

CURRENT STATUS 1 JANUARY 1992

THE ELIMINATION OF FRONTIER CONTROLS

Control of goods

Control of individuals

Value-added tax

Excise duties

COMMISSION OF THE EUROPEAN COMMUNITIES

Volume 2

JANUARY 1992

In June 1985, the Commission of the European Communities issued a White Paper on 'Completing the internal market', setting out a target for establishing a single European market in goods, services, people and capital by 1992.

The White Paper included a detailed legislative timetable containing over 300 measures and proposals.

In June 1991, the Commission issued its 'Sixth report on the implementation of the White Paper on completing the internal market'. This updated and modified the original legislative timetable contained in the White Paper.

This booklet is one of a series of six publications.

The complete series of booklets covers

A common market for services

The elimination of frontier controls

Conditions for business cooperation
Public procurement

A new Community standards policy

Veterinary and plant health controls

Community social policy

These booklets will be updated and reissued at regular intervals. Details of availability are given on the inside back cover.

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THE ELIMINATION OF FRONTIER CONTROLS

How to use this booklet

This series of booklets sets out:

(i) to inform the interested European public about the steps which are being taken to bring about the single market;

(ii) to summarize the approach which is being taken in individual business sectors;

(iii) to provide an initial guide to the content and current status of each proposal which the Commission has drafted with a view to completing the internal market in 1992.

This booklet contains:

(i) a brief description of how the Community makes laws;

(ii) a general introduction to the issues and problems involved in eliminating frontier controls;

(iii) specific introductions to the approach being taken;

(iv) a brief summary of each measure which has been adopted or proposed with a view to establishing an internal market without frontier controls. Where a measure has been proposed but not yet adopted, the summary also gives details of the European Parliament's opinion and of the current status of the proposal. Where the measure has been adopted, the summary gives the deadline for implementing the legislation in the Member States, together with details of any follow-up work and of the implementing measures taken by the Commission.

The reader should:

(i) ensure he is familiar with how the Community makes laws and recommendations; if this is not the case, he should turn to page iii;

(ii) read the general introduction to services for an overview of the issues (page 1);

(iii) select from the contents (page vii) the section(s) which cover the sector(s) of interest.

The summaries provide references to the appropriate copies of the *Official Journal of the European Communities* for those readers wishing to examine measures in more detail. Copies of the Official Journal can be obtained from the sales offices listed inside the back cover.

Note to the reader

This publication provides a snapshot, as at 1 January 1992, of a situation which is evolving all the time.

The reader should understand that the text is provisional, also from a linguistic and terminological point of view. It will be revised and consolidated as and when measures are adopted in their definitive form.

HOW THE EUROPEAN COMMUNITY MAKES LAWS
AN OUTLINE

It is necessary to be familiar with the procedures by which the Community passes laws in order to understand the detail contained in the summaries. Each summary relates to a specific measure intended to facilitate the creation of the single market. In broad terms:

(i) the Commission (which has both executive and administrative roles) initiates and drafts a proposal which it submits to the Council;

(ii) the European Parliament (which is elected by the citizens of the Community) and the Economic and Social Committee (which consists of representatives from employer organizations, trade unions and other interest groups) consider and comment on the proposal;

(iii) the Council (whose members represent the governments of the Member States, normally at ministerial level) adopts the proposal which then becomes law. In some cases, this power can be exercised by the Commission.

This booklet contains summaries of different types of measures; their consideration and adoption can follow different procedures. These are discussed below.

1. LAWS AND OTHER MEASURES

Regulations

A regulation is a law which is binding and directly applicable in all Member States without any implementing national legislation. Both the Council and the Commission can adopt regulations.

Directives

A directive is an EEC law binding on the Member States as to the result to be achieved, but the choice of method is their own. In practice, national implementing legislation in the form deemed appropriate in each Member State is necessary in most cases. This is an important point as businesses affected by a directive have to take account of the national implementing legislation as well as the directive.

Decisions

A decision is binding entirely on those to whom it is addressed. No national implementing legislation is required. The decisions summarized in this booklet are Council Decisions although in certain cases the Commission has the power to adopt Commission Decisions.

Recommendations

A recommendation has no binding effect (it is not a law). Recommendations can be adopted by both the Council and the Commission.

The majority of the measures included in this booklet are Council Directives.

EEC legislation from start to finish (directives and regulations)

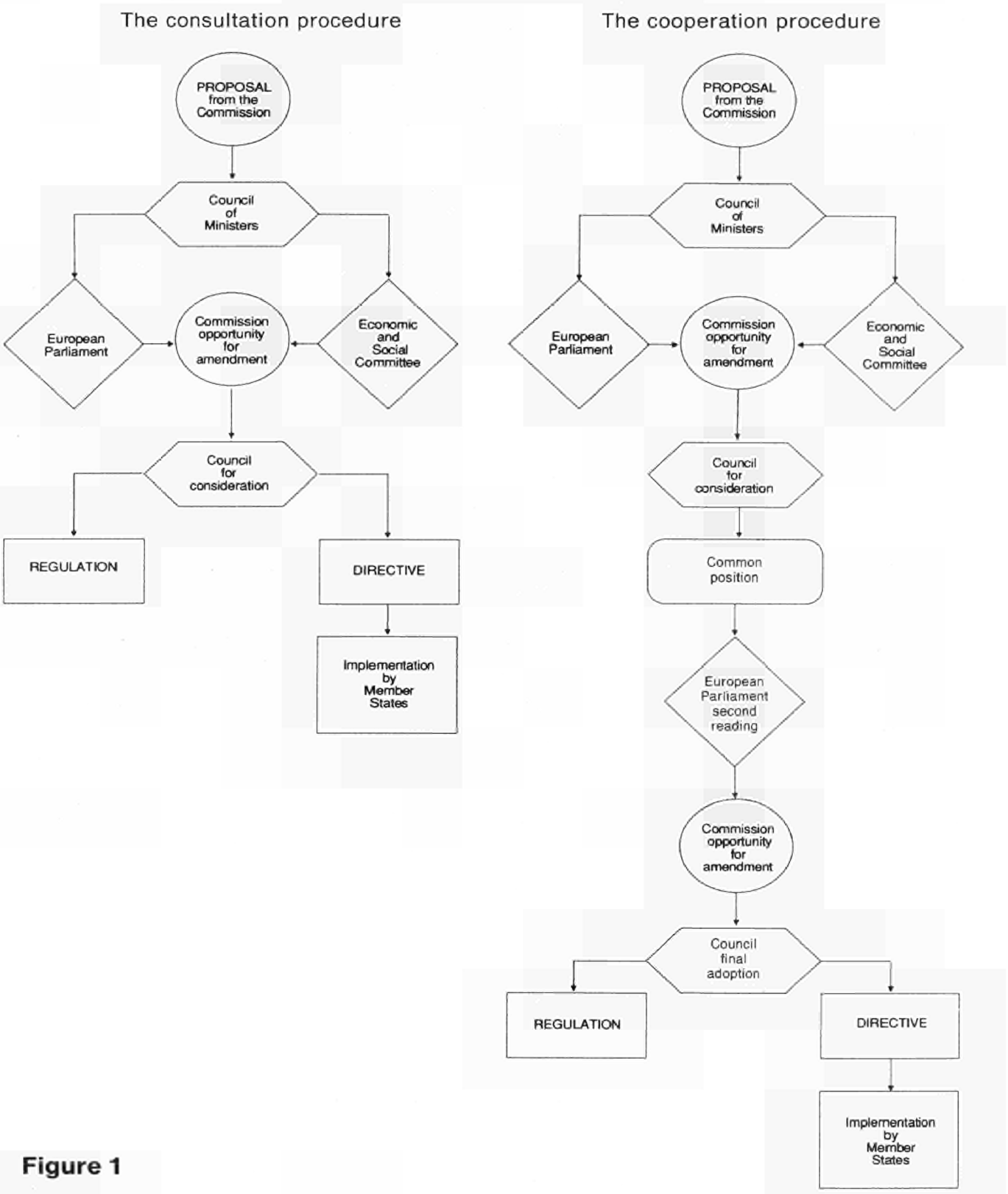

Figure 1

2. PROCEDURES FOR MAKING LAWS

The Community's decision-making procedures are best illustrated by tracing the progress of a directive. The following text should be read in conjunction with the flow chart in Figure 1.

Since the entry into force of the Single European Act on 1 July 1987 there are two distinct procedures for the adoption of a directive: the consultation procedure and the cooperation procedure. The EEC Treaty article upon which a proposal is based dictates which procedure is followed.

In both cases a directive begins with a proposal from the Commission to the Council.

Under the consultation procedure, the Council requests an opinion from the European Parliament and, in most cases, from the Economic and Social Committee. Once these have been given, the Commission then has the opportunity to amend the proposal if it so wishes. The proposal is then examined by the Council which may adopt it as proposed, adopt it in an amended form, or fail to reach agreement in which case the proposal remains 'on the table'.

Under the cooperation procedure, the Council requests opinions from the Parliament and the Economic and Social Committee in the same way. Once these opinions have been received the Council has to adopt what is called a common position, although it seems that the proposal will again remain on the table failing any common position being reached. On a common position being reached, this is transmitted to the Parliament which has three months to accept, reject, or propose amendments to it, on its second reading.

At this stage the Commission may again amend the proposal if it wishes. The proposal is then returned to the Council which has three months to take a final decision. In the absence of a decision, the proposal lapses.

Whether the Council can adopt a proposal by a qualified majority or has to reach a unanimous decision depends in the first instance upon the article of the Treaty which is the basis for the measure. However, there are certain situations where unanimity must be reached by the Council:

(i) to introduce amendments of its own initiative to a proposal;

(ii) to adopt amendments proposed by the Parliament but not taken up by the Commission;

(iii) to adopt a measure when the Parliament has rejected the Council common position under the cooperation procedure.

The question of whether a directive or a regulation is subject to the cooperation procedure, the consultation procedure or neither of these depends on its legal basis.

There are a limited number of decisions summarized in this booklet. The European Parliament and the Economic and Social Committee are consulted on some of these.

There are also a limited number of recommendations in this booklet. Some Council recommendations are submitted to the European Parliament and the Economic and Social Committee for their opinion before adoption.

3. PUBLICATION OF TEXTS

At certain stages in the Community decision-making procedure, texts are published in the *Official Journal of the European Communities.* There is an 'L' series which contains legislation and a 'C' series which contains other information, such as communications issued by the Commission.

This booklet contains summaries of both adopted legislation and proposals for legislation. In the case of adopted legislation, the summary gives the reference to the Official Journal 'L' series in which the text has been published. Readers interested in the legislative history of a measure will find in the text the Official Journal 'C' series references for the corresponding Commission proposal(s) and the opinions of the European Parliament and the Economic and Social Committee.

In the case of proposals for legislation, the summary gives the Offical Journal 'C' series references for the Commission proposal(s) and the opinions of the European Parliament and the Economic and Social Committee, if published by 31 December 1991.

THE ELIMINATION OF FRONTIER CONTROLS

INTRODUCTION

WHY THE ELIMINATION OF FRONTIER CONTROLS?

1957 — Treaty of Rome

This was intended to create a single market throughout the European Community, based on the principle of the free movement of goods, persons, services and capital.

Although a customs union was very quickly established and significant progress made with regard to the free movement of goods and persons, a number of administrative barriers to the establishment of a genuine single market continued to exist, although some measures were taken to simplify border formalities.

1985 — White Paper

Customs posts at the frontiers between Member States continued to exist because they were a convenient point to exercise the tax, commercial, economic, health, statistical and police controls and formalities still required. However, the cost to industry alone of complying with frontier-crossing formalities is variously estimated at between 5 and 7% of the volume of intra-Community trade or ECU 12 billion.

The Commission's White Paper 'Completing the internal market' set the ambitious target of creating the requisite conditions for the abolition of all existing controls and formalities.

1987 — Single European Act

This Act, which entered into force on 1 July 1987 and amended the EEC Treaty, confirmed the objective of completing a single European market by 1992 according to the timetable set out in the 1985 White Paper. It adapted the Community's decision-making procedures and increased the scope for qualified majority (as opposed to unanimous) voting in the Council of Ministers. It should facilitate the adoption of the measures put forward in the White Paper within the proposed time frame. But the major decisions relating to border controls still require unanimity in the Council (tax controls and controls on individuals).

1991 — Current situation

All the provisions necessary for the abolition of the basic customs formalities affecting the movement of products and services in the Community — including tax and statistical formalities and the single administrative document hitherto required for all intra-Community transactions — have been adopted. The Community is now concentrating on eliminating formalities affecting certain categories of products. For example, veterinary and phytosanitary controls on agricultural products have been abolished.

Work on the free movement of persons is progressing more slowly. None of the necessary provisions is yet in place.

1992 — Single market

1992 is the deadline set by the 1987 Single European Act for the complete elimination of internal frontier barriers and controls.

Physical barriers

The physical barriers at the frontiers between Member States hold up both goods and individuals.

In the case of goods, checks and controls are carried out for a number of purposes, including the gathering of trade statistics, the implementation of quantitative restrictions on imports and the administration of transport policy. Because of these checks and controls, commercial vehicle drivers have to carry extensive documentation and have to wait their turn in queues at customs posts. Many of the controls and checks can be transferred to other locations in Member States; this reduces but does not eliminate the rest of border-related controls. Nevertheless, there has undoubtedly been progress in this field. For example, the Council has abolished the obligation on carriers to lodge a transit advice note when transporting goods across internal frontiers under the transit procedure. This measure, which will make cross-border transport much easier, is to be completed by a reorganization of Community transit arrangements with effect from 1 January 1993 involving the abolition of the transit procedure for intra-Community trade.

The single administrative document which forms the basis of all customs procedures will also be abolished from 1 January 1993. This proposal is based on the assumption that all products on the Community market have 'Community status' and that there is therefore no need for the checks on the place of origin in intra-Community trade; proof that a product originates in the Community is now supplied solely by the invoice and not by any administrative documents, which have therefore been abolished.

In the case of individuals, the passport controls, the occasional searches of baggage and vehicles and the customs checks on purchases are a constant reminder that the Community is divided into 12 distinct sovereign States. In a true Community characterized by the ever-closer union to which the Member States committed themselves when signing the Treaty of Rome, such frontier formalities have no place. Community citizens should not have to produce documents proving their identity or nationality or have to have goods in their baggage cleared by customs when passing from one Member State to another. On this front, the Council has made progress as regards objects transported by persons, the purchase and possession of arms, tax relief and baggage checks. Of course, certain national protective measures, such as those aimed at combating terrorism, drug trafficking and other forms of crime, will continue to be necessary in a single market. On 19 June 1990, Belgium, France, Germany, the Netherlands and Luxembourg signed the Schengen Agreement. They were joined by Italy in November 1990 and by Spain and Portugal in June 1991, while Greece has observer status. Under the Agreement, controls at common borders between the Member States concerned will be abolished in 1992.

The abolition of border controls on individuals raises the question of the extent to which Member States' policies and laws have to be harmonized and of what action should be taken by means of Community measures through intergovernmental cooperation. It also raises the question of the reinforcement of the controls at external borders in order to prevent, for example, drug trafficking, illegal immigration, terrorism and organized crime. The Commission believes that Community legislation should be the preferred method only where the uniformity and legal security it brings constitutes the best means of attaining the objective of an area without frontiers. Otherwise intergovernmental cooperation, already in operation in a number of areas, can be the most efficient and cost-effective method.

There can be no doubt that progress has been made in the organization of work on abolishing controls on individuals. Fresh stimulus has been provided by the ongoing monitoring by a group of coordinators of all the various aspects of the work in progress. Among other things, this led to the Dublin Agreement designating the Member State responsible for examining a given application for asylum. The setting-up of an area with no internal frontiers, irrespective of the means of transport used and the nationality of the traveller, is partially based on an interpretation of Article 8a of the Treaty. In its communication to the Council of 2 October 1991, the Commission announced its intention of clarifying this interpretation.

Tax controls

Tax controls are among the most important functions performed at or in connection with frontiers. Linked to the crossing of frontiers, they are based on different treatment for national transactions and for intra-Community transactions. They constitute a major barrier to the movement of individuals and goods within the Community. Moreover, this compartmentalization has perpetuated very wide differences in indirect tax rates.

In December 1991, the Council adopted a transitional VAT system, which will enter into force on 1 January 1993. From that date on, the standard VAT rate will be 15% or above. The Member States will have the option of applying one or two reduced rates at 5% or above, and of retaining, for a transitional period, existing super-reduced and zero rates.

The success of the transitional VAT system, and indeed the final system itself, hinges on the implementation of the mechanism for administrative cooperation between tax authorities.

The Commission has also put the finishing touches to the system of excise duties, submitting new proposals to the Council not on the rates of duty but on the general rules governing the movement and control of dutiable goods after 1992 and on a new structure of excise duties. The proposal relating to the general rules seeks to establish a definitive system of excise duties with no transitional period such as the one proposed for VAT.

In December 1991, the Council reached agreement on a compromise put forward by the Presidency concerning the general rules governing the possession, movement and control of dutiable goods.

When the White Paper measures on VAT and excise duties enter into force, one of the main obstacles to the abolition of frontiers will have been eliminated.

1. CONTROL OF GOODS

Current problems and 1992 objectives

Since its establishment in 1958, the European Community has made efforts to alleviate internal frontier formalities and thus simplify the free movement of goods.

Article 30 of the Treaty, which prohibits all measures having an effect equivalent to quantitative restrictions on imports, and Article 95, which prohibits discriminatory taxation of products imported from other Member States, have been used extensively by the Commission, as guardian of the Treaty, and by the European Court of Justice to remove administrative obstacles at internal frontiers (i.e. excessive formalities linked with double taxation).

1. Simplification of checks and formalities at frontiers

It should be stressed that completion of the internal market will result in the total abolition of controls and formalities for all goods at internal frontiers and for Community goods as far as trade between Member States is concerned.

The Community has taken the following measures in this field:

— abolition of the Single Administrative Document (summaries 1.1 and 1.2);
— Community transit (summaries 1.3 to 1.5);
— abolition of customs formalities (summaries 1.6 to 1.8);
— duty-free admission of fuel contained in standard tanks of coaches (summary 1.9);
— abolition of postal charges for customs presentations (summary 1.10);
— abolition of controls performed at frontiers relating to driving licences, roadworthiness certificates for motor vehicles and trailers (summary 1.12);
— abolition of the lodging of a transit advice note to facilitate frontier controls for economic operators (summary 1.13);
— elimination, as of 1 January 1993, of controls and formalities applicable to the baggage of passengers taking an intra-Community flight or making an intra-Community sea-crossing (summary 1.15);
— arrangements for movement within the Community of goods sent from one Member State for temporary use in the Community (summaries 1.20 and 1.21).

2. Administrative cooperation

The Commission has taken the following measures in this field:

— collection of statistics relating to the trading of goods between Member States after the abolition of import formalities and controls on goods (summary 1.11);
— mutual assistance for the recovery of claims (summary 1.18);
— Community action programme on vocational training of customs officials (Matthaeus programme — summary 1.19).

Once the internal market has been completed, national administrations will share responsibility for joint management of the area without frontiers. This will be achieved by means of increased contact between national administrations and Community institutions and by means of more regular exchanges of persons and information. Trans-European information systems need to be set up so that these exchanges can be carried out promptly and efficiently.

For several years the Caddia and Insis programmes have helped to develop the use of data processing in relations between national and Community institutions. Caddia was designed as a tool for the customs union and the common agricultural policy and for statistical purposes. The Scent information exchange system was developed within

Caddia to combat fraud and as a basis for the development of the customs information system (SID) in the context of the work of the Mutual Assistance Group.

In its communication on requirements in respect of exchange of information between administrations in order to boost the efficiency of the internal market, the Commission called for these operations to be stepped up and for the implementation of new priority projects. Priority actions in the customs field include the setting-up of a database for the integrated tariff (Taric), the exchange and monitoring of the tariff classifications of goods issued by national administrations ('binding tariff information'), goods subject to special arrangements, transit arrangements for goods under customs control, the monitoring of Community exports of strategic goods and works of art.

Common systems will also be needed for computerizing customs clearance with a view to monitoring classification and value for customs purposes and to ensure compliance with verification parameters when goods are imported or exported. A mutual assistance system will be set up in respect of anti-fraud measures for specific products (drugs, strategic goods, works of art).

The main action being undertaken in the field of statistics (summary 1.11) is to promote a data-exchange system on intra-Community trade (Intrastat), which will act as a back-up for indirect taxation and customs projects.

3. Drug abuse control

The Community has taken action regarding surveillance of the manufacture and placing on the Community market of drug precursors and psychotropic substances (summary 1.17).

The Commission will also present a proposal for a Regulation laying down measures to be taken to discourage the diversion of certain substances to the illicit manufacture of narcotic drugs and psychotropic substances.

On 27 November 1991 the Commission presented a proposal for a Council Regulation setting up a European drugs monitoring centre and the European information network of drugs and drug addicts (Reitox). The basic aim of the proposal is to provide the Member States with reliable, comparable information about drug-related issues and with a scientific and technical basis for the preparation and subsequent implementation of the European campaign against drug abuse.

4. Waste

The Community has taken action to ensure the supervision and control of shipments of radioactive waste within, into and out of the Community (summary 1.14).

5. Protection of national treasures

In November 1988, the Commission presented a communication on the protection of national treasures possessing artistic, historic and archaeological value following the abolition of internal frontiers in 1992, with a view to opening up a discussion on this subject with the Member States and those concerned (COM(89) 594 final).

In early 1992 the Commission will present two proposals on the return of cultural objects illegally exported to other Member States and on the export of cultural objects.

1. CONTROL OF GOODS

1.1. Single Administrative Document: situation until 31 December 1992

(1) Objective

The original Council Regulation which introduced the Single Administrative Document (SAD) applied only to intra-Community trade in Community-produced goods. Use of the SAD was subsequently extended to imports of non-Community goods and exports to non-member countries. It is also used for Community transit and certification of Community status.

(2) Community measures

Council Regulation (EEC) No 678/85 of 18 February 1985 simplifying formalities in trade in goods within the Community.

Council Regulation (EEC) No 679/85 of 18 February 1985 introducing a specimen declaration form to be used in trade in goods within the Community.

Council Regulation (EEC) No 1900/85 of 8 July 1985 introducing Community import and export declaration forms.

Council Regulation (EEC) No 1901/85 of 8 July 1985 amending Regulation (EEC) No 222/77 on Community transit.

(3) Contents

1. Regulation (EEC) No 678/85 provides for the SAD form to be used for intra-Community trade in Community goods. Pursuant to Council Regulations (EEC) No 1900/85 and 1901/85, a declaration for import, export or any other customs procedure, including Community transit, must be made using a SAD form.
2. The circumstances in which Member States may require administrative documents other than the SAD are described in point 1.
3. Declarations must be accompanied by the documents necessary for the admission of the goods under the procedure requested. The lodging with a customs office of a signed declaration indicates that the person concerned is declaring the goods. An undertaking must also be given in respect of:
— the accuracy of the information given in the declaration,
— the authenticity of the documents attached,
— observance of all the obligations inherent in the entry of the goods in question for the procedure concerned.
4. Regulation (EEC) No 678/85 sets up a Committee on the Movement of Goods, responsible for, among other things, any question relating to the application of the Regulation in question.
5. Regulation (EEC) No 1900/85 applies in trade with non-member countries on intra-Community trade to goods neither of Member State origin nor in free circulation within the Community for which a written import or export declaration is made out.
6. Form EX is to be used for permanent or temporary export or re-export of goods from the European Community, and for the dispatch from one Member State to another under a customs procedure of goods which neither originate in a Member State nor are in free circulation within the Community.
7. Form IM is to be used for:
— placing goods imported into the customs territory of the European Community under customs procedure, or in trade between two Member States,

	— placing goods which neither originate in a Member State nor are in free circulation in the Community under a customs procedure at destination. 8. Regulation (EEC) No 1901/85 provides for use of the SAD form for the movement of goods carried under the internal (T2) and external (T1) Community transit procedure, and for the certification of Community status (T2L). 9. The right of free movement applies to goods whose Community status is certified on a SAD form. 10. Goods carried under the external Community transit procedure must be covered by a SAD and bear the symbol T1. 11. Goods carried under the procedure for internal Community transit must be covered by a SAD and bear the symbol T2.
(4) Deadline for implementation of the legislation in the Member States	None required.
(5) Date of entry into force (if different from the above)	1.1.1988
(6) References	Official Journal L 79, 21.3.1985 Official Journal L 179, 11.7.1985
(7) Follow-up work	Regulation (EEC) No 1059/86 (Official Journal L 97, 12.4.1986) Council Regulation of 8 April 1986 amending Regulation (EEC) No 1900/85 introducing Community export and import declaration forms.
(8) Commission implementing measures	The codes to be used in the forms, the quality of paper, format and colour of the forms, and instructions for their use, are laid down in the following implementing provisions: — Regulation (EEC) No 2855/85 (Official Journal L 274, 15.10.1985) Commission Regulation of 18 September 1985 laying down implementing provisions for Council Regulations (EEC) Nos 678/85 and 679/85. — Regulation (EEC) No 2793/86 (Official Journal L 263, 15.9.1986) Commission Regulation of 22 July 1986 laying down the codes to be used in the forms laid down in Council Regulations (EEC) Nos 678/85, 1900/85 and 222/77.

1. CONTROL OF GOODS

1.2. Single Administrative Document: reduction of scope (from 1 January 1993)

(1) Objective

To take action, as far as documentation is concerned, consequent upon the abolition of all controls and all formalities in regard to Community goods traded within the Community. The scope of the legislation governing the SAD has to be modified substantially to take account of the situation created by Article 8a of the Treaty.

(2) Community measures

Council Regulation (EEC) No 717/91 of 21 March 1991 concerning the Single Administrative Document.

(3) Contents

1. The Regulation provides for the abolition of the SAD for trade within the Community in Community products. The SAD will continue to be used for trade with non-member countries and, on a temporary basis, for some trade between the Community of Ten and Spain or Portugal, and between those two countries.
2. The Regulation sets out the circumstances in which Member States may require administrative documents other than that referred to in point 1.
3. Declarations must be accompanied by the documents necessary to place the goods in question under the procedure requested. Lodging a signed declaration with a customs office indicates that the person concerned wishes to declare the goods in question. It also makes him liable for:
— the accuracy of the information given in the declaration,
— the authenticity of the documents attached,
— observance of all the obligations inherent in placing the goods in question under the procedure concerned.
4. The Regulation provides for the setting-up of a Single Administrative Document Committee empowered to examine any question relating to the implementation of the Regulation.
5. It also lays down a procedure for the adoption of the provisions necessary for applying the Regulation, in particular those relating to:
— the form,
— the codes to be used on the form,
— the quality of the paper, the size of the form and the colour of the copies,
— the explanatory notes on the use of the form.

(4) Deadline for implementation of the legislation in the Member States

Not applicable.

(5) Date of entry into force (if different from the above)

29.3.1991. The Regulation will apply from 1 January 1993.

(6) References

Official Journal L 78, 26.3.1991

(7) Follow-up work	Before 1 October 1992 the Council will review this Regulation on the basis of a Commission report on the progress made in harmonizing the necessary provisions on the completion of the single market for the proper application of this Regulation. The report may also include proposals.
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.3. Community transit procedure: guarantees

(1) Objective	A major step towards achieving free movement of goods, this Regulation abolishes the requirement for a guarantee in respect of duties and charges arising from internal transit operations within the Community. However, it does not apply to high-value goods or those subject to high levels of charges. The method used to determine whether or not a guarantee is required is intended to reduce the risk of non-recovery of charges that may be payable.
(2) Community measures	Council Regulation (EEC) No 1674/87 of 11 June 1987 amending Regulation (EEC) No 222/77 on Community transit.
(3) Contents	1. A guarantee waiver may be granted to persons who: — are resident in the Member State where the waiver is granted; — are regular users of the Community transit system; — are in a sound financial situation; — have not committed any serious infringement of customs or tax laws; — undertake to pay, upon the first application in writing by the competent authorities, any sums claimed in respect of their transit operations. 2. The guarantee waiver does not apply to operations involving goods whose total value exceeds ECU 50 000, or which present increased risks on account of the level of duties or charges to which they are subject in one or more Member States. 3. A certificate is issued with every waiver granted. 4. The customs authorities have the right to cancel the waiver if the beneficiary: — fails to pay any sums for which he is liable; — commits a serious irregularity as the principal in a Community transit operation; — no longer meets the requirements mentioned above.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	1.7.1988
(6) References	Official Journal L 157, 17.6.1987
(7) Follow-up work	
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.4. Community transit

(1) Objective

Substantially to adapt Community transit procedure in terms both of its scope and of its operating rules in order to take account of the completion of the internal market.

(2) Community measures

Council Regulation (EEC) No 2726/90 of 17 September 1990 on Community transit.

(3) Contents

1. From 1 January 1993 the Community transit procedure will apply in the main to non-Community goods (external Community transit) and it will apply to Community goods (internal Community transit) only in quite specific cases: when goods are dispatched via the EFTA countries, or in trade between the Community of Ten and Spain and Portugal, or between those two countries, in goods to which the special measures laid down by the Act of Accession will continue to apply on a transitional basis.
2. In principal, Community goods moving within the Community will no longer be subject to customs controls and formalities. Such goods will move freely, as they do at present within any one Member State.
3. External Community transit: the external Community transit procedure will apply to the movement of goods other than those originating in a Member State, products from third countries, goods coming under the Treaty establishing the European Coal and Steel Community not in free circulation in the Community, and goods that are subject to a Community measure entailing their export to a third country and for which the corresponding customs export formalities have been completed.
4. The external Community transit procedure will remain applicable in full; goods that are to be carried under that procedure must be the subject of a declaration.
5. The office of departure (i.e. the office where the Community transit operation begins) accepts and registers the declaration, and prescribes the period within which the goods must be produced at the office of destination.
6. The principal (i.e. the person responsible to the competent authorities for complying with all the obligations inherent in placing goods under the Community transit procedure) must produce the goods intact at the office of destination within the period prescribed. The carrier or the consignee of the goods who accepts them knowing that they have been placed under the Community transit procedure must likewise produce them intact at the office of destination within the period prescribed.
7. Identification of the goods is ensured by sealing. In order to ensure collection of the duties and other charges which a Member State is authorized to collect in respect of goods passing through its territory, the principal must furnish a guarantee. This may take the form of a comprehensive guarantee covering a number of Community transit operations or it may be a single guarantee covering one Community transit operation only.
8. Internal Community transit: all goods to be carried under the internal Community transit procedure must be the subject of a declaration. In a wide variety of cases, a guarantee may be waived.

	The internal Community transit procedure will continue to apply only in quite specific circumstances (e.g. where goods pass through an EFTA country — see above). 9. Special provisions applying to carriage by air or sea. 10. Special provisions applying to postal consignments.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	29.9.1990. The Regulation is applicable from 1 January 1993.
(6) References	Official Journal L 262, 26.9.1990
(7) Follow-up work	See summary 1.6.
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.5. Community transit: use of TIR and ATA carnets

(1) Objective

The abolition, after 1992, of all checks and formalities at the Community's internal frontiers on transport operations under cover of TIR or ATA Convention arrangements since, from that date, the Community will be considered as a single territory.

(2) Community measures

Council Regulation (EEC) No 719/91 of 21 March 1991 on the use in the Community of TIR carnets and ATA carnets as transit documents.

(3) Contents

1. When goods are carried in, or pass in transit through, Community territory under TIR or ATA Convention arrangements, the Community is regarded as forming a single territory for the purposes of the transport or transit operation.
2. The terms 'customs office *en route*' and 'transit' are defined.
3. Where, in the course of transport from one point in the Community to another, goods pass through the territory of a third country, the checks and formalities associated with the TIR or ATA procedures have to be carried out at the points where the goods temporarily leave the customs territory of the Community and then re-enter it.
4. Where the application of the TIR Convention is concerned, when a consignment enters, or carriage thereof begins within, the customs territory of the Community, the guaranteeing association becomes — or is — responsible to the authorities of each Member State whose territory the TIR consignment enters, until it leaves the customs territory of the Community or arrives at the customs office of destination in that territory.
5. When goods are transported under cover of TIR or ATA carnets within the customs territory of the Community, they are regarded as non-Community goods, unless their Community status is duly established.
6. Where offences or irregularities are committed during a transport operation under cover of a TIR or ATA carnet in a given Member State, the latter is regarded as the Member State competent to recover any duties or charges and impose penalties. Where it is not possible to determine in which territory the offence or irregularity was committed, the latter is deemed to have been committed in the Member State where it was noted unless proof to the contrary is furnished.
7. Findings made by the competent authorities of one Member State in applying this Regulation have the same force in other Member States. Where necessary, the competent authorities are required to communicate to one another all information relating to TIR or ATA consignments and to any offences or irregularities noted.
8. Any matter concerning the application of this Regulation may be examined by the Committee on Community Transit provided for in Article 42 of Regulation (EEC) No 2726/90 (summary 1.4). The Commission adopts whatever provisions are necessary for the implementation of this Regulation, after consulting the Committee.

(4) Deadline for implementation of the legislation in the Member States

Not applicable.

(5) Date of entry into force (if different from the above)	29.3.1991. The Regulation is applicable from 1 January 1992.
(6) References	Official Journal L 78, 26.3.1991
(7) Follow-up work	See summary 1.6.
(8) Commission implementing measures	Commission Regulation (EEC) No 1593/91 of 12 June 1991 providing for the implementation of Council Regulation (EEC) No 719/91 on the use in the Community of TIR carnets and ATA carnets as transit documents (Official Journal L 148, 13.6.1991).

1. CONTROL OF GOODS

1.6. Abolition of exit customs formalities: TIR

(1) Objective	To avoid the duplication of checks on both sides of the frontiers in the context of the TIR procedure. A single check will be carried out at the office of entry into the Member State importing the goods.
(2) Community measures	Council Regulation (EEC) No 3690/86 of 1 December 1986 concerning the abolition within the framework of the TIR Convention of customs formalities on exit from a Member State at a frontier between two Member States.
(3) Contents	1. The Regulation applies to all formalities and checks on the transport of goods under cover of TIR carnets commencing or terminating in or passing through Community territory. 2. The TIR Convention is the customs convention on the international transport of goods under cover of TIR carnets, signed in Geneva on 14 November 1975. This Convention established that: — 'internal frontier' (for the purposes of transport of goods under TIR carnets) is defined as a land frontier between Member States; — 'office of departure' is any customs office in a Member State at which the international transport of all or part of a consignment under the TIR procedure commences; — 'office of exit' is the customs office by which a TIR consignment leaves the territory of the Member State through which it has passed; — 'office of entry' is the customs office by which a TIR consignment enters the territory of the Member State through which it is to pass. 3. Where a TIR consignment (i.e. one travelling under a TIR carnet) crosses an internal frontier, it need normally only be presented, and formalities completed, at the office of entry. 4. The competent authorities of the Member States communicate to one another all findings, documents, reports, records of proceedings and information relating to TIR consignments and to irregularities discovered. 5. Questions relating to the implementation of this Regulation may be put to the Committee on the Movement of Goods.
(4) Deadline for implementation of the legislation in the Member States	None required.
(5) Date of entry into force (if different from the above)	7.12.1986. The Regulation is applicable from 1 July 1987.
(6) References	Official Journal L 341, 4.12.1986
(7) Follow-up work	See summary 1.8.
(8) Commission implementing measures	Regulation (EEC) No 1544/87 (Official Journal L 144, 5.6.1987) Commission Regulation of 3 June 1987 laying down detailed rules for the application of Council Regulation (EEC) No 3690/86.

1. CONTROL OF GOODS

1.7. Abolition of exit customs formalities: common border posts

(1) Objective	To reduce significantly customs formalities at the Community's internal frontiers by requiring only a single customs check (instead of one on exit and one on entry), and enabling officials of one Member State to act on behalf of officials of an adjoining Member State with no loss of probative force. The single check will take place at the office of entry into the Member State of entry.
(2) Community measures	Council Regulation (EEC) No 4283/88 of 21 December 1988 on the abolition of certain exit formalities at internal Community frontiers — introduction of common border posts.
(3) Contents	1. The Regulation lays down the controls and formalities to be carried out at Community internal frontiers on goods crossing under cover of an ATA carnet, a Community movement carnet or Form 302 provided for under the convention between the parties to the North Atlantic Treaty on the status of their forces, signed in 1951. It does not apply to goods which arrive at the customs office of exit and have to be placed under a dispatch or transit procedure. 2. The 'office of exit' is the customs office by which the goods leave the territory of the Member State; the 'office of entry' is the customs office by which the goods enter the territory of the Member State. 3. Goods crossing an internal frontier are presented to the office of entry where all formalities and controls will be carried out on behalf of both the office of exit and the office of entry. 4. The office of entry must immediately inform the office of exit of the formalities and controls incumbent upon it. 5. Questions relating to the implementation of this Regulation may be put to the Committee on the Movement of Goods.
(4) Deadline for implementation of the legislation in the Member States	None required.
(5) Date of entry into force (if different from the above)	3.1.1989. This Regulation is applicable from 1 July 1989.
(6) References	Official Journal L 382, 31.12.1988
(7) Follow-up work	See summary 1.6.
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.8. Abolition of customs formalities at internal frontier crossings

(1) Objective	Abolition of customs formalities at internal frontier crossings for goods belonging to or intended for NATO armed forces (Form 302).
(2) Community measures	Council Regulation (EEC) No 3648/91 of 13 December 1991 laying down the procedures governing the use of Form 302 and repealing Regulation (EEC) No 3690/86 concerning the abolition within the framework of the TIR Convention of customs formalities on exit from a Member State at a frontier between two Member States, and Regulation (EEC) No 4283/88 on the abolition of certain exit formalities at internal Community frontiers — introduction of common border posts.
(3) Contents	1. This Regulation repeals Regulations (EEC) Nos 3690/86 (summary 1.6) and 4283/88 (summary 1.7). 2. Where goods are transported within the Community under cover of Form 302 (established under the convention between the parties to the North Atlantic Treaty on the status of their forces) the Community shall be considered, for the purposes of the rules governing the use of the said form for such transport, to form a single territory. 3. Where, in the course of a transport operation, goods pass through the territory of a third country, the checks and formalities inherent in Form 302 shall be applied at the points where the goods temporarily leave the customs territory of the Community and where they re-enter that territory. 4. The Regulation lays down the steps to be followed where it is found that, in the course of or in connection with a transport operation carried out under cover of Form 302, an offence or an irregularity has been committed. The Member States shall take the necessary measures to deal with any offence or irregularity and to impose effective penalties. 5. However, the provisions of Regulation (EEC) No 4283/88 concerning the Community movement carnet shall continue to apply until 1 January 1993, the date of application of Regulation (EEC) No 2726/90 on Community transit (summary 1.4).
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	The Regulation is applicable from 1 January 1992.
(6) References	Official Journal L 348, 17.12.1991
(7) Follow-up work	
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.9. Duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles

(1) Objective	To facilitate the crossing of internal Community frontiers by increasing the duty-free fuel allowance for commercial motor vehicles.
(2) Community measures	Council Directive 85/347/EEC of 8 July 1985 amending Directive 68/297/EEC on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles.
(3) Contents	1. A 'commercial motor vehicle' is defined as any motorized road vehicle designed to carry either more than nine people, including the driver, or goods. A 'standard fuel tank' is one which is permanently fitted by the manufacturer to all motor vehicles of the same type as the vehicle in question. 2. Member States will admit duty-free the following quantities of fuel: — 600 litres per vehicle per journey in the case of commercial passenger vehicles; — 200 litres per vehicle per journey in the case of commercial goods vehicles. The Council will decide before 1 July 1986 whether to increase the 200 litre allowance.
(4) Deadline for implementation of the legislation in the Member States	1.10.1985
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 183, 16.7.1985
(7) Follow-up work	This will remove controls on standard fuel tanks, but problems will still arise when additional tanks are carried. Only the part of the Directive concerning coaches has been adopted. The Council is still considering whether to increase the allowance for commercial goods vehicles to 600 litres and extend the Directive to cover lorries.
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.10. Postal fees for customs presentations

(1) Objective	As a further step towards the abolition of formalities and fees which apply to intra-Community trade, this Regulation removes postal fees for customs presentation in respect of consignments of Community goods sent from one Member State to another.
(2) Community measures	Council Regulation (EEC) No 1797/86 of 9 June 1986 abolishing certain postal fees for customs presentation.
(3) Contents	1. Postal fees for presentation to customs can no longer be levied on consignments of goods sent from a Member State to another, where the goods either: — originate in a Member State; or — come from a third country and are in free circulation in the Community. 2. Spain and Portugal may apply the provisions in force as regards postal fees for customs presentation in respect of trade with third countries to trade within the Community on the same conditions, for as long as customs duties are levied in respect of such trade.
(4) Deadline for implementation of the legislation in the Member States	Not required.
(5) Date of entry into force (if different from the above)	1.1.1988. Derogations for Spain and Portugal.
(6) References	Official Journal L 157, 12.6.1986
(7) Follow-up work	
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.11. Statistics relating to the trading of goods between Member States

(1) Objective

The current formalities relating to the crossing of internal borders and the documentation and controls connected with these formalities enable the necessary data to be collected for statistical returns on movements of goods on the one hand among Member States and on the other between Member States and non-Community countries. After these formalities have been abolished, a new information collection system is needed to ensure that statistical returns on movements of goods among Member States can still be compiled.

(2) Community measures

Council Regulation (EEC) No 3330/91 of 7 November 1991 on the statistics relating to the trading of goods between Member States.

(3) Contents

1. This Regulation is to apply during the transitional period from 1 January 1993 until the change-over to a unified system of taxation in the Member State of origin.
2. Definitions of the concepts of 'trading of goods between Member States', 'goods', 'Community goods', 'non-Community goods', 'statistical territory of a Member State', 'goods in free movement on the internal market of the Community', etc.
3. Definitions of the general scope of statistics on the trading of goods between Member States and of the general scope of each type of statistics (transit, storage, trade) in relation to the others.
4. Provisions relating to exemption from statistical obligations.
5. Provisions relating to a statistical collection system (Intrastat). Conditions under which this system applies in the Member States, and to particular goods and statistics. The collection of data relating to goods to which the Intrastat system does not apply will be laid down by the Commission.
6. Provisions relating to the party responsible for providing the information required by the Intrastat system. General definition of that party and conditions for transferring the task of providing the information.
7. Provisions relating to the compilation and updating by the Member States of registers of intra-Community operators for the Intrastat system by the departments in the Member States which are responsible for compiling statistics on the trading of goods between Member States.
8. Provisions relating to the assistance to be given by the tax authorities in a Member State to the departments responsible in that Member State for compiling statistics on the trading of goods between Member States.
9. Series of provisions under the Intrastat system concerning the statistical data media, the transmission of data by the parties responsible to the relevant national departments by means of periodical declarations, the responsibilities of the Member States as regards penalties, the periodic surveys to be organized by the Commission and the Commission's report to the European Parliament and the Council on the functioning of the Intrastat system.
10. Amongst the statistics relating to the trading of goods, priority has been given to regulating statistics of trade between Member States. Definitions of the subject matter of these statistics, of the Member

States of dispatch and arrival, and of the application of the Intrastat system to these statistics. Provisions relating to the classification of goods, i.e. the Combined Nomenclature, and of countries. Fixing of the list of data items to be recorded in the statistical declaration and definitions of those items. Provisions relating to the compilation of such statistics, the transmission of data by Member States, confidential data and possible simplification of the statistical information.
11. Definitions of the various statistical thresholds (exclusion, assimilation and simplification thresholds) allowing reliable results to be obtained despite a considerable reduction in the burden on those responsible for supplying statistical information; the main rules of application to be followed by the Member States and the responsibilities of the Commission, particularly with regard to fixing the quality criteria to be met by the results compiled by the Member States.
12. Establishment of a management committee on the statistics relating to the trading of goods between Member States, comprising Member States' representatives and chaired by a Commission representative.
13. Final provisions relating to transit and storage statistics, to the conditions governing the confidential nature of statistical data and special movements of goods. Furthermore, the Commission will be responsible for simplified procedures and will promote the use of automatic processing and electronic data transmission.
14. In order to take account of their individual administrative arrangements, Member States may establish simplified procedures differing from those laid down by the Commission, provided that those responsible for providing information are free to choose which procedures they will use. Member States exercising this option shall inform the Commission accordingly.

(4) Deadline for implementation of the legislation in the Member States

(5) Date of entry into force (if different from the above)

19.11.1991
1.1.1993: Articles 1 to 9, 11, 13(1), 14 to 27.

(6) References

Official Journal L 316, 16.11.1991

(7) Follow-up work

(8) Commission implementing measures

1. CONTROL OF GOODS

1.12. Abolition of frontier controls relating to means of transport

(1) Objective	To abolish frontier checks and formalities related to road vehicles, their drivers, inland waterway vessels and the corresponding documentation.
(2) Community measures	Council Regulation (EEC) No 4060/89 of 21 December 1989 on the elimination of controls of Member States performed at the frontiers of Member States in the field of road and inland waterway transport.
(3) Contents	1. Controls under Community or national law in the fields of road and inland waterway transport between Member States shall no longer be performed at the frontiers between Member States. 2. The Regulation defines: — 'frontier' as either an internal frontier within the Community or an external frontier, where carriage between Member States involves crossing a third country; — 'controls' as any check, inspection, verification or formality performed at the frontier of Member States, which involves a stop or a restriction on the free movement of the vehicles or vessels concerned. 3. Annexes containing details of Community and national legislation which at present give rise to checks and inspections, e.g. controls on driving licences, roadworthiness certificates for motor vehicles and their trailers, technical requirements for inland waterway vessels, weights and dimensions of road vehicles, inspection of passenger lists for road services, checks on social provisions relating to transport.
(4) Deadline for implementation of the legislation in the Member States	Six months.
(5) Date of entry into force (if different from the above)	1.7.1990
(6) References	Official Journal L 390, 30.12.1989
(7) Follow-up work	On 7 November 1991 the Council adopted a Regulation amending Regulation (EEC) No 4060/89. The Regulation provides for the Commission to be able to put forward proposals, as from 1 January 1992, to amend the national methods of checking means of transport and documentation relating to the carriage of dangerous goods and perishable foodstuffs so as to take technological advances into account.
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.13. Abolition of the transit advice note

(1) Objective	Abolition of the requirement to lodge a transit advice note will mean further simplification for traders of the checks carried out at internal frontiers and the removal of a constraint, the result of which will be to facilitate and speed up the intra-Community movement of goods and streamline litigation procedures.
(2) Community measures	Council Regulation (EEC) No 474/90 of 22 February 1990 amending Regulation (EEC) No 222/77 in respect of the abolition of lodgement of the transit advice note on crossing an internal frontier of the Community.
(3) Contents	Abolition of the transit advice note on crossing an intra-Community frontier and adaptation of the existing legal framework to that end: 1. The carrier will give a transit advice note only to the customs office at the point of entry into, and at the point of exit from, the Community where the goods have passed through the territory of a third country. 2. Where the consignment has not been produced at the office of destination and the place of the offence or irregularity is not known, that offence or irregularity will be deemed to have been committed: — in the Member State of the office of departure, or — in the Member State of the office of transit which is situated at the point of entry into the Community and to which a transit advice note has been given, unless, within a period to be determined, proof is furnished of the regularity of the transit operation or of the place where the offence or irregularity was actually committed. 3. Where, in the absence of such proof, such offence or irregularity is deemed to have been committed in the Member State of departure or in the Member State of entry, duties and other taxes will be charged by that Member State in accordance with its laws, regulations and administrative provisions. 4. If, before expiry of a period of three years counting from the date of registration of the declaration, the Member State where the offence or irregularity was actually committed should be determined, that Member State will recover the duties and other taxes (with the exception of those accruing to the Community as own resources). In such cases, as soon as proof of such recovery is furnished, the duties and other taxes initially charged (with the exception of those accruing to the Community as own resources) will be refunded. 5. The guarantee under cover of which the transit operation has taken place will be discharged only on expiry of three years or, where appropriate, following payment of the duties and other taxes applicable in the Member States in which the offence or irregularity was actually committed. 6. Member States will take the necessary steps to combat any offences or irregularities and impose effective penalties in respect of any offences or irregularities which may occur.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.

(5) Date of entry into force (if different from the above)	1.7.1990
(6) References	Official Journal L 51, 27.2.1990
(7) Follow-up work	
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.14. Protection against the dangers of ionizing radiation: transfer of radioactive waste

(1) Objective

To lay down a system of prior authorization for all movements of radioactive waste to increase protection against the dangers of ionizing radiation. To ensure the monitoring of and checks on the movement of radioactive waste in the Community and on importation and exportation.

(2) Proposal

Proposal for a Council Directive amending Directive 80/836/Euratom laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation as regards prior authorization for transfers of radioactive waste.

(3) Contents

1. The proposal concerns the application by the Member States of a system of prior authorization for transfers of radioactive waste.
2. It provides for a common, mandatory system of notification and a uniform control document for the transfer of radioactive waste.
3. The proposed system covers all transfers of radioactive waste within the Community, including transfers within a Member State and the importation and exportation of radioactive waste.
4. The owner of the radioactive waste is required to notify the competent authorities in the Member State of the destination of all transfers of radioactive waste. In the case of a transfer from a Member State to a non-member country, the owner must obtain written authorization from the non-member country of destination via the competent authority in the Member State of dispatch.
5. The proposal states that the transfer may not take place until the competent authorities have received the notification authorizing the transfer.
6. The proposal lays down that the competent authorities may not authorize a transfer unless there is sufficient proof that the recipient of the radioactive waste is technically able to manage the waste in a suitable manner.
7. The general notification procedure may in particular be applied to transfers of radioactive waste generated in medical practice.
8. The proposed system also contains several features of the Basle Convention of 22 March 1989 on the control of transboundary movements of hazardous waste and its disposal.
9. The proposal prohibits the export of radioactive waste to the ACP countries, in accordance with the Lomé IV Convention signed on 15 December 1989.
10. The proposal provides for the possibility of using the most advanced means of communication in maintaining links with the competent authorities.

(4) Opinion of the European Parliament

Not yet delivered.

(5) Current status

The proposal has not yet been examined by either the European Parliament or the Council.

(6) References	Commission proposal COM(89) 559 final	Official Journal C 5, 10.1.1990
	Amended proposal COM(90) 328 final	Official Journal C 210, 23.8.1990
	Economic and Social Committee opinion	Official Journal C 168, 7.10.1990

1. CONTROL OF GOODS

1.15. Elimination of controls and formalities applicable to baggage

(1) Objective

To ensure the free movement of goods in the internal market by eliminating controls on the cabin and checked baggage of persons taking an intra-Community flight and the baggage of persons making an intra-Community sea-crossing.

(2) Community measures

Council Regulation (EEC) No 3925/91 of 19 December 1991 concerning the abolition of controls and formalities applicable to the cabin and checked baggage of persons taking an intra-Community flight and the baggage of persons making an intra-Community sea-crossing.

(3) Contents

1. The Regulation prohibits the carrying-out of controls and formalities in respect of:
— the cabin and checked baggage of persons taking an intra-Community flight;
— the baggage of persons making an intra-Community sea-crossing.
2. Definitions of the following terms: 'Community airport', 'international Community airport', 'Community flight', 'Community port', 'intra-Community sea-crossing', 'pleasure craft', 'private or business aircraft'.
3. Any control and any formality in respect of the hand and checked baggage of persons taking a flight aboard an aircraft:
— which began at a non-Community airport and continues between two Community airports shall be carried out at the last airport, provided that it is an international Community airport;
— which, following a stopover at a Community airport, has to continue this flight to a non-Community airport shall be carried out at the airport of departure provided that it is an international Community airport.
4. Any control and any formality in respect of the baggage of persons using a shipping service carried out by the same ship and comprising successive legs which begins, terminates or calls at a non-Community port is to be carried out in the port where the baggage in question is loaded or unloaded.
5. The baggage of persons using:
— pleasure craft is to be controlled in any Community port;
— private or business aircraft is to be contolled at the first airport of arrival which must be an international Community airport where the flights in question began at a non-Community airport and continue between two Community airports. The baggage in question is to be controlled at the last international Community airport when the flights in question began at a Community airport and continue, after a stop, to a non-Community airport.
6. Checked baggage coming from a non-Community airport which is transferred at a Community airport to another aircraft proceeding on an intra-Community flight, would be controlled at the airport of destination of the intra-Community flight.
7. Baggage loaded on to an aircraft proceeding on an intra-Community flight for transfer at another Community airport, would be controlled at the airport of departure of the intra-Community flight.

	8. Baggage arriving at a non-Community airport on a scheduled or charter aircraft and transferred, at a Community airport, to a private or business aircraft making an intra-Community flight, shall be controlled at the airport of arrival of the scheduled or charter aircraft. 9. Baggage on board a private or business aircraft making an intra-Community flight in order to be transferred, at another Community airport, to a scheduled or charter aircraft leaving for a non-Community airport shall be controlled at the airport of departure of the scheduled or charter aircraft.
(4) Deadline for implementation of the legislation in the Member States	
(5) Date of entry into force (if different from the above)	3.1.1992. The Regulation is applicable from 1 January 1993.
(6) References	Official Journal L 374, 31.12.1991
(7) Follow-up work	The Council intend to re-examine the Regulation before 1 October 1992.
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.16. Inspections and formalities on the carriage of goods between Member States

(1) Objective	To cut down the delays affecting traffic flow, which increase transport costs (and thus the final price of goods), by easing controls and formalities carried out at internal Community frontiers.
(2) Community measures	Council Directive 91/342/EEC of 20 June 1991 amending Directive 83/643/EEC on the facilitation of physical inspections and administrative formalities in respect of the carriage of goods between Member States.
(3) Contents	1. Definitions of the terms 'control' and 'formality'. 2. Member States must ensure that in the course of any carriage operation the various inspections and formalities are carried out as far as possible in one place, preferably the place of departure and/or destination of the goods. 3. Inspections are by means of spot checks. The sample base is defined. 4. The opening hours and staffing of the various departments (customs, veterinary, plant health, quality control, etc.) and inland customs offices must be such as to enable inspections and formalities to be carried out throughout a stipulated period of the day, uninterruptedly. 5. This Directive will be repealed with effect from 1 January 1993, the date on which Council Regulation (EEC) No 2726/90 becomes applicable (summary 1.4).
(4) Deadline for implementation of the legislation in the Member States	1.9.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 187, 13.7.1991
(7) Follow-up work	
(8) Commission implementing measures	

1. CONTROL OF GOODS

1.17. Narcotic drugs and psychotropic substances

(1) Objective

To lay down measures to monitor the manufacture and placing on the Community market of precursors of narcotic drugs and psychotropic substances, as required under the 1988 UN Convention against illicit trafficking in narcotic drugs and psychotropic substances. To ensure that precursor chemicals are not diverted to the illicit manufacture of drugs and that there are no distortions of competition in the licit manufacture and placing on the Community market of these chemicals.

(2) Proposal

Proposal for a Council Directive on the manufacture and placing on the market of certain substances used in the illicit manufacture of narcotic drugs and psychotropic substances.

(3) Contents

1. The Directive distinguishes two types of precursor: those with limited use for licit purposes, and those of essential importance for legitimate commercial use.
2. Definitions of 'scheduled substances', 'placing on the market', 'operator', 'UN Convention' and 'International Narcotics Control Board'.
3. The Directive lays down requirements in respect of documentation, records and labelling. It guarantees the competent authorities access to documents and records for verification purposes.
4. Member States must designate a competent authority in order to ensure proper application of the Directive. The Directive also requires intra-Community cooperation between the competent authorities.
5. Member States are to take all appropriate measures to encourage operators to notify the competent authorities of:
— any unusual orders or transactions involving scheduled substances, which indicate that such substances to be placed on the market or manufactured are intended to be diverted for the illicit manufacture of narcotic drugs or psychotropic substances;
— any persons who, as a result of information obtained by virtue of their professional activities, suspect that scheduled substances which have been or are to be placed on the market or manufactured are intended to be diverted for the illicit manufacture of narcotic drugs or psychotropic substances.
6. With regard to the control measures, the Directive confers on the competent authorities powers of inspection, search and seizure. The competent authorities may prohibit the placing on the market or manufacture of scheduled substances if they believe that these substances are ultimately destined for the illegal manufacture of narcotic drugs or psychotropic substances.
7. An annual report drawn up by the Commission will be submitted to the International Narcotics Control Board. The report will provide information on the amounts of scheduled substances seized; the methods of diversion and illicit manufacture; any substances identified as having being used in illicit manufacture of narcotic drugs or psychotropic substances; the nature and origin of processing equipment seized.

(4) Opinion of the European Parliament

Not yet rendered.

(5) Current status	The proposal is currently being examined by the European Parliament.	
(6) References	Commission proposal COM(90) 597 final	Official Journal C 21, 29.1.1991
	Economic and Social Committee opinion	Official Journal C 159, 17.6.1991

1. CONTROL OF GOODS

1.18. Mutual assistance for the recovery of claims

(1) Objective

To put an end to discriminatory treatment in the recovery of claims.

(2) Proposal

Proposal for a Council Directive amending Directive 76/308/EEC on mutual assistance for the recovery of claims resulting from operations forming part of the system of financing the European Agricultural Guidance and Guarantee Fund, and of agricultural levies and customs duties and in respect of value-added tax.

(3) Contents

1. To extend the application of Council Directive 76/308/EEC (Official Journal L 73, 19.3.1976) which laid down common rules for mutual assistance in the recovery of claims relating to certain duties.
2. Definitions of the terms 'import duties', 'export duties', 'applicant authority' and 'requested authority'.
3. The common rules on mutual assistance apply to the recovery of claims concerning:
— all measures forming part of the system of financing of the European Agricultural Guidance and Guarantee Fund;
— levies and other duties provided for under the common organization of the market for the sugar sector;
— import duties;
— export duties;
— value-added tax;
— excise duties on manufactured tobacco, alcoholic beverages, alcohol and mineral oils;
— interest and costs incidental to the recovery of the claims referred to above.
4. Claims arising from other Member States are to be accorded the same preferential treatment as similar claims arising in the Member State where the requested authority is situated.
5. Member States are to communicate to the Commission a list of the authorities authorized to make or receive requests for assistance. The Commission is to inform the other Member States.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission proposal, subject to one amendment. The Commission accepted part of the amendment.

(5) Current status

The proposal is currently being examined by the Council with a view to adopting a common position.

(6) References

Commission proposal	
COM(90) 525 final	Official Journal C 306, 6.12.1990
Amended proposal	
COM(91) 235 final	Official Journal C 211, 13.8.1991
European Parliament opinion	
First reading	Official Journal C 158, 17.6.1991
Economic and Social Committee opinion	Official Journal C 102, 18.4.1991

1. CONTROL OF GOODS

1.19. Vocational training of customs officials

(1) Objective	To implement a training programme for customs officials with a view to ensuring uniform application of customs legislations at the Community's external border.
(2) Community measures	Council Decision 91/341/EEC of 20 June 1991 adopting a Community action programme on vocational training of customs officials (Matthaeus programme).
(3) Contents	1. The Decision provides for the setting-up of the 'Matthaeus' action programme on vocational training of customs officers working in national administrations. 2. The Decision defines the terms 'exchange official', 'host service' and 'donor service'. 3. The Decision identifies the objectives of the Matthaeus programme as being: to prepare as many customs officials as possible for the implications of the single market, in which each national administration will be working for the Community as a whole; to improve customs administration by means of greater mobility of customs personnel and intensive and on-going cooperation between all the administrations in question. 4. The Matthaeus programme provides for the following types of training: exchanges of customs officials between national administrations; training seminars; common training programmes in customs schools and language courses. 5. The Member States must take the steps necessary to enable officials to be operational when called upon to carry out their duties in a customs office in another Member State. 6. The financial cost of the Matthaeus programme will be shared between the Member States and the Commission. 7. A management committee composed of representatives of the Member States, will assist the Commission in carrying out the programme. 8. The programme is a multi-annual one. The Commission will present an annual report on the implementation of the programme to Parliament and to the Council. 9. Provisions concerning exchanges of officials, training seminars and the implementation of common programmes in customs schools are contained in the three annexes.
(4) Deadline for implementation of the legislation in the Member States	1.1.1991
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 187, 13.7.1991

(7) Follow-up work

(8) Commission implementing measures

Commission Decision of 13 December 1991, establishing a number of implementing measures for the Council Decision of 20 June 1991 adopting a Community action programme on vocational training of customs officers working in national administrations (Matthaeus programme).
The Decision is designed to ensure that Community law is applied in a uniform manner at the Community's external frontiers, by providing customs officers from the different Member States with the same preliminary training, which will encourage them to recognize the increasingly Community-oriented nature of their work.

1. CONTROL OF GOODS

1.20. Movement of goods within the Community: general application of 'temporary use'

(1) Objective	To introduce arrangements for movement within the Community in order to apply them to the widest possible range of goods, while taking account of the eventual risk of frauds.
(2) Community measures	Council Regulation (EEC) No 3/84 of 19 December 1983 introducing arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more Member States.
(3) Contents	1. The free movement arrangements apply to the goods defined in Article 1. 2. Definitions of the following concepts: 'beneficiary', 'Member State of departure', 'office of departure', 'office of entry', 'office of exit' and 'office of transit'. 3. The Regulation does not preclude the ATA carnet procedure, simpler procedures used for frontier zone traffic, or those employed in particular for the temporary importation of travellers' personal effects and packages, or a national procedure at the request of the person concerned. 4. Only natural or legal persons established in the Member State of departure are eligible for the arrangements. 5. For the purposes of movement under the arrangements goods must be covered by a Community movement carnet issued by the competent authorities of the Member State of departure. 6. The arrangements terminate when the goods have been produced again, with the carnet, before the expiry of its period of validity, at any competent customs office in the Member State of departure. 7. The Regulation lays down the procedure for recovering any charges payable in the event of an irregularity affecting an intra-Community movement operation. 8. The Regulation also sets up a Committee on Arrangements for the temporary movement of goods within the Community and lays down its powers.
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	7.1.1984
(6) References	Official Journal L 2, 4.1.1984
(7) Follow-up work	On 3 May 1988 the Council adopted Regulation (EEC) No 1292/89 (Official Journal L 130, 12.5.1989), which amends Council Regulation (EEC) No 3/84: — by extending the scope of the arrangements so as to cover practically all goods sent from one Member State to another, without distinction in principle as to beneficiary; and

— by simplifying the arrangements (abolition of formalities on exit when internal frontiers are crossed and the introduction of a simplified procedure for certain products).

On 21 March 1991 the Council adopted Council Regulation (EEC) No 718/91 amending Regulation (EEC) No 3/84 introducing arrangements for the movement within the Community of goods sent from one Member State for temporary use in one or more other Member States (summary 1.21).

(8) Commission implementing measures

Regulation (EEC) No 2364/84 (Official Journal L 222, 20.8.1984) Commission Regulation of 31 July 1984 laying down detailed implementing provisions for the arrangements for movement within the Community of goods sent from one Member State for temporary use in one or more other Member States.

1. CONTROL OF GOODS

1.21. Movement of goods within the Community: application of 'temporary use' to works of art and carpets

(1) Objective	To reinstate the Community carnet procedure for works of art not accompanied by the authors or their representatives, and to carpets constituting commercial samples. With regard to the completion of the internal market, to make provision for the rescinding of Regulation (EEC) No 3/84 (summary 1.20).
(2) Community measures	Council Regulation (EEC) No 718/91 of 21 March 1991 amending Regulation (EEC) No 3/84 introducing arrangements for movement in the Community of goods sent from one Member State for temporary use in one or more other Member States.
(3) Contents	1. Carpets constituting samples and works of art unaccompanied by their authors or agents are allowed to benefit from the Community carnet arrangements. 2. The Regulation is repealed as from the date of application of Council Regulation (EEC) No 2726/90 on Community transit (summary 1.4).
(4) Deadline for implementation of the legislation in the Member States	Not applicable.
(5) Date of entry into force (if different from the above)	29.3.1991
(6) References	Official Journal L 78, 26.3.1991
(7) Follow-up work	
(8) Commission implementing measures	

2. CONTROL OF INDIVIDUALS

Current problems and 1992 objectives

The abolition of all forms of border control on persons travelling within the Community requires the adoption of parallel measures ensuring that the police and the customs authorities are informed. Not much progress has been made on these so far, but the pace is quickening in response to the lead from the European Council.

As regards police checks, the problem is a complex one because the abolition of frontier controls is bound to concern everybody travelling within the Community, irrespective of where they are travelling from or their nationality.

To achieve this objective, a comparable level of protection for Community citizens against terrorism, drugs, illegal immigration and crime in general must be ensured, notably through organized cooperation. The controlling authorities, therefore, must carry out comparable checks at the Community's external frontiers.

To this end, the Community authorities are working to a precise programme, adopted by the European Council in Madrid in June 1989 ('the Palma document'), which identifies the measures essential for the abolition of border controls.

In some cases, the work is strictly confidential, and the Commission itself is involved in part only. In nearly all cases, the work does not involve preparing legislation on harmonization, but the coordination of policies or national procedures; this is why, unlike in other cases, full entries are not being made.

The following examples can, however, be given:

— Terrorism: the aim is to strengthen cooperation between police forces, which is becoming increasingly organized. The Trevi Group (Home Affairs Ministers) is responsible for this work.

— Drug trafficking: here too, the aim is to organize cooperation between the police and the customs authorities of the 12 Member States so as to strengthen controls at external frontiers and exchange information. This work is being carried out by several bodies under the umbrella of the Coordinators Group on Drugs (Celad), set up at the European Council meeting in Strasbourg in December 1989.

— Immigration: in a frontier-free area, each State will have to carry out checks on behalf of the others; some Member States will therefore have to accept the need to tighten up policy so that, for instance, a national of a non-member country who is refused entry by one Member State cannot enter that State on a visa obtained in another Member State. In June 1990, 11 Member States (Denmark, 13 July 1991) signed a convention concerning the procedures for vetting applications for asylum.

— Data protection: in practice, cooperation relies on information technology. There is a fear, given the variety of rules, that data will be used in some Member States in conditions that conflict with the protection of individual rights. In 1990 the Commission presented a set of proposals guaranteeing equivalent protection of individual rights. The Council has set itself the objective of signing by the end of 1990 a convention concerning checks at external frontiers (summary 2.10).

In the customs field, the chief aim is to create the conditions for the abolition of controls on travellers' items and luggage. Unlike police cooperation, this field is covered by regulations, where the Treaty cannot be invoked directly in order to eliminate unwarranted checks (as was the case recently with the carriage of medicine by individuals). The following entries describe the various measures currently applicable:

— Abolition of tax controls: this measure, which relates to individual travellers, involves first raising duty-free allowances and ultimately abolishing them by completely

liberalizing this type of non-commercial traffic. Measures have been taken to adjust the level of duty-free allowances, in particular to increase *ad valorem* limits where duty-free allowances for intra-Community travellers are concerned.

— Carriage of weapons: this measure establishes a number of rules relating to the conditions governing the acquisition and possession of arms and makes it easier for persons engaged in hunting and target-shooting to travel around the Community, provided they hold a European firearms pass (summary 2.1).

On 19 June 1990 France, the Federal Republic of Germany, Belgium, the Netherlands and Luxembourg signed the Schengen Convention, which will enable them to discontinue all border controls at their shared frontiers in 1992. The Convention comprises 142 Articles governing free movement of goods and people, and security.

The Convention was signed pursuant to the agreement reached at Schengen on 14 June 1985 by the five countries, which provided for relaxation of controls at their shared borders. It will allow a dry run with five partners of the 12 member frontier-free Europe the Community hopes to set up by 1993: it provides for border controls at the external frontiers of the 'Schengen territory', and common policies on visas and asylum within the territory. It also establishes a full system of cooperation between national police forces and courts to control criminal activities and illegal immigration.

The Convention, which is the fruit of five years of difficult negotiations, also provides for the measures to be extended throughout German territory.

Acts of accession to the Convention have since been signed by three more Member States, namely Italy (November 1990), Spain and Portugal (June 1991).

2. CONTROL OF INDIVIDUALS

2.1. Arms legislation

(1) Objective

To abolish controls on the possession of weapons at internal Community borders; Member States remain free to take other measures to prevent unlawful trade in weapons. To enable Member States to do away with border controls, in particular by partially harmonizing national legislation and by introducing procedural arrangements for definitive or temporary transfers of firearms from one Member State to another.

(2) Community measures

Council Directive 91/477/EEC on 18 June 1991 on control of the acquisition and possession of weapons.

(3) Contents

1. The Directive defines the terms 'weapon' and 'firearm', which also cover ammunition. The term 'dealer' is used to denote a person whose trade or business consists wholly or partly in the manufacture, trade, exchange, hiring out, repair or conversion of firearms. The Directive does not apply to the acquisition or possession of weapons and ammunition, in accordance with national law, by the armed forces, the police, or the public authorities or by collectors or recognized cultural and historical bodies.

2. Member States may adopt more stringent provisions.

3. To do business dealers require authorization. However, Member States may make the pursuit of the activity of dealers subject to a mere declaration where only firearms classified in categories C or D described below are dealt in. Dealers must keep detailed records of all transactions involving firearms classified in categories A, B or C, giving details which enable the weapon to be identified (type, make, model, calibre and serial number) and the names and addresses of the supplier and the person acquiring the weapon. The records must be kept for five years, even where the dealer stops trading.

4. Basing itself on the progress made in talks on the subject between the Member States party to the Schengen Agreement, the Directive effects a partial harmonization of weapons legislation, with Member States remaining free to maintain or to introduce domestic legislation which is more stringent than the rules in the Directive. The Directive divides firearms into four categories:

A - prohibited firearms: mainly military weapons and those considered particularly dangerous;
B - firearms subject to authorization: these are mainly defensive weapons;
C - firearms subject to declaration: these are mainly hunting guns;
D - unrestricted firearms: these are shotguns of the least dangerous class.

5. Member States are to prohibit the acquisition and possession of weapons and ammunition classified in category A, though they may grant authorization in special cases where this is not contrary to public security or public order. Member States may allow the acquisition and possession of firearms classified in category B only by persons who have good cause and who:

— are 18 years old or more, except for hunting or target-shooting;

— are not likely to be a danger to themselves, to public order or to public safety.

Member States may allow the possession of firearms classified in categories C and D only by persons satisfying the same conditions.

6. Persons are deemed to be residents of the country indicated by the address on any identity document which they submit to the authorities of a Member State or to a dealer when a check is made on possession or on acquisition. If the person concerned is resident in the Member State in which he acquires the weapon, authorization to acquire it is to be a matter for that State alone. If he is resident in another Member State authorization is to require the agreement of both States. Authorization to possess a weapon depends only on the Member State in which the weapon is held, even if the person concerned is resident in another Member State. Member States are to prohibit the handing over of firearms to any person resident in another Member State unless he has authorization to receive them.

7. Firearms may be transferred from one Member State to another only if the transfer is authorized by the Member State of departure, and in certain cases by the Member State of destination too. Where a transfer is authorized, a licence is to be issued showing the names and addresses of the seller and the buyer; details allowing the weapon to be identified; the date of departure and estimated date of arrival of the weapon; the address to which the firearm is to be consigned or transported; the number of firearms to be consigned or transported; and the means of transfer. A copy of this licence is to be sent to the Member State of destination and to any Member State through whose territory the weapon is to pass.

8. A temporary transfer procedure is laid down to cover travel. Travellers other than hunters and marksmen will have to obtain the authorization of every Member State they propose to visit while in possession of a firearm. But this will be made easier if the traveller holds a European firearms pass, which will represent proof acceptable to all national administrations that the traveller is lawfully in possession, in his country of origin, of the firearm or firearms mentioned on the pass. The pass, on which any changes concerning the firearm or firearms must be indicated (changes in possession or characteristics, loss or theft), will be valid for a maximum of five years, subject to renewal, or 10 years where only firearms classified in category D appear on the pass.

9. Hunters and marksmen will be entitled to travel to other Member States with their weapons without having to seek prior authorization, on condition that they are in possession of a European firearms pass listing the firearm or firearms they have with them and that they can substantiate the purpose of their journey (hunting, competition, etc.) if called upon to do so in the country visited.

10. The Directive does not affect national rules on the carrying of weapons or regulating hunting or target-shooting. It does not apply to the acquisition and possession of weapons by the armed forces, the police, the public authorities or bodies concerned with the cultural and historical aspects of weapons and recognized as such by the Member State in whose territory they are established. Nor does it apply to trade in munitions. It does not prevent controls carried out by Member States or by the carrier at the time of boarding of a means of transport.

	11. Each Member State is to intensify controls on the possession of weapons at external Community frontiers. Member States will be carrying out these controls on behalf of all the Member States. 12. An information exchange network is to be set up between Member States covering all transfers of weapons, whether definitive or not and whether lawful or unlawful, by 1 January 1993. 13. Within five years from the date of transposition of the Directive into national law, the Commission is to submit a report to the European Parliament and to the Council on the situation resulting from the application of the Directive, accompanied, if appropriate, by proposals.	
(4) Deadline for implementation of the legislation in the Member States	1.1.1993	
(5) Date of entry into force (if different from the above)		
(6) References	Amending opinion	Official Journal L 256, 13.9.1991 Official Journal L 299, 30.10.1991
(7) Follow-up work		
(8) Commission implementing measures		

2. CONTROL OF INDIVIDUALS

2.2. Tax exemption: international travel

(1) Objective	To facilitate travel and tourism within the Community by increasing tax exemptions.
(2) Community measures	Council Directive 88/664/EEC of 21 December 1988 amending for the ninth time Directive 69/169/EEC on the harmonization of provisions laid down by law, regulation or administrative action relating to exemption from turnover tax and excise duty on imports in international travel.
(3) Contents	1. The value of goods that may be imported free of tax was increased to ECU 390; for children below the age of 15 years, the allowance was increased to ECU 100 and to ECU 85 in the case of Ireland. 2. The unit allowance which Greece is authorized to apply was increased to ECU 310 and that for Ireland to ECU 85.
(4) Deadline for implementation of the legislation in the Member States	1.7.1989
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 382, 31.12.1988
(7) Follow-up work	See summary 2.4 on the increase in allowances in intra-Community travel.
(8) Commission implementing measures	

2. CONTROL OF INDIVIDUALS

2.3. Tax exemption: allowances in intra-Community travel

(1) Objective	To adjust progressively the tax exemptions applied by Denmark.
(2) Community measures	Council Directive 89/194/EEC of 13 March 1989 amending Directive 69/169/EEC as regards a derogation granted to the Kingdom of Denmark relating to the rules governing travellers' allowances on imports.
(3) Contents	1. Danish unit allowance increased to ECU 340 as from 1 January 1990. 2. Extension until 31 December 1990 of the lower allowances for tobacco and spirits imported by residents of Denmark after a stay of less than 48 hours in another country. 3. Abolition of the lower allowances for still wines.
(4) Deadline for implementation of the legislation in the Member States	1.1.1989
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 73, 17.3.1989
(7) Follow-up work	See summary 2.4 on the increase in allowances in intra-Community travel.
(8) Commission implementing measures	

2. CONTROL OF INDIVIDUALS

2.4. Tax-paid allowances: increase in allowances in intra-Community travel

(1) Objective

To introduce a transitional phase designed to permit a gradual increase between now and 1992 in the tax-paid allowances for individuals travelling within the Community, given that on completion of the internal market on 1 January 1993 purchases made by travellers inclusive of all taxes will have to be completely liberalized.

(2) Community measures

Council Directive 91/191/EEC of 27 March 1991 amending Directive 69/169/EEC on tax-paid allowances in intra-Community travel and as regards a derogation granted to the Kingdom of Denmark and to Ireland relating to the rules governing travellers' allowances on imports.

(3) Contents

1. The value of goods that may be imported free of tax has been increased to ECU 600; for children under 15 years of age the allowance has been increased to ECU 150 and to ECU 95 in the case of Ireland.
2. The unit allowance which Greece is authorized to apply has been increased to ECU 340 and that for Ireland to ECU 95.
3. For travellers resident in Denmark who return there after a stay of less than 36 hours in another country:
— the lower allowances for cigarettes (100) and spirits (nil) are to be extended until 31 December 1991;
— a specific allowance of 12 litres of beer has been introduced up to 31 December 1991 within the overall value limit.
4. Ireland is applying:
— up to 31 December 1991, a quantitative limit of 25 litres of beer within the overall value limit for all travellers to Ireland;
— up to 31 December 1991, the following lower allowances for travellers resident in Ireland who return there after a stay of less than 24 hours outside the country:
  - a value limit of ECU 110 (instead of ECU 620) for travellers arriving from the Community;
  - the following lower quantities:
    — cigarettes: 150;
    — smoking tobacco: 200 g;
    — spirits: 0.75 litres;
    — wine-based products: 1.50 litres;
    — still wines: 1.50 litres;
    — beer: 12 litres (within the overall value limit).

(4) Deadline for implementation of the legislation in the Member States

1.7.1991 for points 1 and 2 of Contents
8.4.1991 for points 3 and 4 of Contents

(5) Date of entry into force (if different from the above)

(6) References

Official Journal L 94, 16.4.1991

(7) Follow-up work	Possible extension of the derogations referred to in points 3 and 4 of Contents as from 1 January 1992 at a higher level pending their total abolition as from 1 January 1993.
(8) Commission implementing measures	

2. CONTROL OF INDIVIDUALS

2.5. Tax exemption: small consignments of goods of a non-commercial character

(1) Objective	To increase the amount of VAT and excise duty relief laid down by Council Directive 74/651/EEC (Official Journal L 354, 30.12.1974) in respect of small private consignments of goods of a non-commercial character within the Community. The Directive below is designed to maintain the real value of the exemption in order to facilitate, for example, postal consignments of products already taxed in the country of dispatch.
(2) Community measures	Council Directive 88/663/EEC of 21 December 1988 amending Directive 74/651/EEC on the tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character within the Community.
(3) Contents	1. The value of the goods that may be exempted from turnover taxes (for example VAT) and excise duties was increased to ECU 110. 2. The unit value of the goods which Ireland is authorized to exclude from the tax exemption was increased to ECU 85.
(4) Deadline for implementation of the legislation in the Member States	1.7.1989
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 382, 31.12.1988
(7) Follow-up work	
(8) Commission implementing measures	

2. CONTROL OF INDIVIDUALS

2.6. Permanent import of goods

(1) Objective

To amend or add to Community tax rules on exemption from VAT for permanent import of goods so as to ensure consistency among Member States.

(2) Community measures

Council Directive 88/331/EEC of 13 June 1988 amending Directive 83/181/EEC determining the scope of Article 14(1)(d) of Directive 77/388/EEC as regards exemption from value-added tax on the final importation of certain goods.

(3) Contents

The following relaxations have been made to the existing system:

1. Goods of a total value not exceeding ECU 10 are exempt from VAT on admission. Member States may grant exemption for imported goods of a total value of more than ECU 10 but not exceeding ECU 22 and may refuse to grant exemption for imports on mail order.
2. Reference substances for quality control of medicinal products, sent by the World Health Organization to consignees certified by the competent authorities of the Member States are exempted.
3. Awards, trophies and souvenirs of a symbolical nature and of limited value distributed free (to persons normally resident in a country other than that of import) at international events (congresses and the like) are exempt provided there is no commercial purpose.
4. Subject to certain conditions, printed advertising matter is exempt from VAT provided it relates to:
   — goods for sale or hire by a person established outside the Member State of import;
   — services offered by a person established in another Member State or transport, commercial insurance or banking services offered by a person established in a third country.
5. Fuel contained in standard tanks of and, up to a maximum of 10 litres per vehicle, portable tanks carried by private and commercial motor vehicles and motor cycles and in special containers is also exempt from VAT. The terms 'commercial motor vehicle', 'private motor vehicle', 'standard tank' and 'special container' are defined in detail.
6. All wedding presents from third countries are also now exempt from VAT provided they do not exceed ECU 200 in value. Member States, however, may grant exemption for up to ECU 1 000.

(4) Deadline for implementation of the legislation in the Member States

1.1.1989

(5) Date of entry into force (if different from the above)

(6) References

(7) Follow-up work

(8) Commission implementing measures

Official Journal L 151, 17.6.1988

2. CONTROL OF INDIVIDUALS

2.7. Permanent import of personal property

(1) Objective	To harmonize and relax the formalities to be completed for obtaining tax exemptions on permanent import of personal property of individuals intending to transfer residence or set up a secondary residence in another Member State, as regards the inventory of the goods and evidence of normal residence, the period of use of imported property and quantitative limits.
(2) Community measures	Council Directive 89/604/EEC of 23 November 1989 amending Directive 83/183/EEC on tax exemptions applicable to permanent imports from a Member State of the personal property of individuals.
(3) Contents	1. Abolition of the requirement that items of personal property must have been in use for three months prior to importation, except in the case of motor-driven vehicles, caravans, mobile homes, pleasure boats and private aircraft, where the Member States may require six months. 2. The requirement that personal property which was imported tax-free has to be used by the person concerned for at least 12 months after permanent importation before it can be disposed of has been abolished, except in the case of means of transport. 3. An inventory of goods must be drawn up on plain paper and accompanied by a declaration if the Member State so requires. No reference to value may be demanded on the inventory of goods. 4. Member States may impose limits on the duty-free importation of goods listed in Article 4(1) of Council Directive 69/169/EEC (Official Journal L 133, 4.6.1969), but the limits may not be less than four times the quantities referred to there, except in the case of tobacco products, duty-free import of which may be limited to those quantities. 5. Duty-free importation of personal property is granted without any period of use in the case of a change of normal residence on the occasion of a marriage. In addition, exemption is granted for imports of presents given on the occasion of a marriage which are received by a person qualifying for such duty-free importations, subject to a limit of ECU 350 per present. Member States may, however, grant an exemption exceeding ECU 350, provided that the value of each present does not exceed ECU 1 400.
(4) Deadline for implementation of the legislation in the Member States	1.7.1990
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 348, 29.11.1989
(7) Follow-up work	
(8) Commission implementing measures	

2. CONTROL OF INDIVIDUALS

2.8. Temporary import of means of transport

(1) Objective

Obstacles to the free movement of private vehicles are one of the problems most directly affecting individuals in the Community. Council Directive 83/182/EEC (Official Journal L 105, 23.4.1983) represented an important initial breakthrough in efforts to settle a large number of practical aspects. The amending proposal is designed to solve problems which could not be settled by the 1983 Directive but which are perceived as being unacceptable.

(2) Proposal

Proposal for a Council Directive amending Directive 83/182/EEC on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another.

(3) Contents

Problems in the following areas, among others, should be settled:

1. Hire-cars in intra-Community travel. A resident of a Member State should be able to drive a 'foreign' hired car, which has been temporarily imported, to any other Member State, and in particular to the Member State in which the car-hire company is established. Re-export must take place within eight days.

2. Extension of the exemption to persons other than the one who imported the vehicle temporarily. Apart from the obvious case in which a resident of the Member State of temporary importation should be able to drive a temporarily imported vehicle if the person who imported it is a passenger, it should also be legally permissible for a resident of the Member State of temporary importation to use the vehicle whenever the person who imported it is in that Member State.

3. Company vehicles. The use of a company car placed, by an employer established in a Member State, at the disposal of an employee resident in the Member State of temporary importation for the purpose of carrying out his occupational duties, and the use of a company car by a frontier-zone worker for travelling between his place of work and his normal residence, and in his free time, may no longer be subject to a time-limit. Private use must also be permitted to cover family use.

4. Students. A person who enters a Member State other than that in which he is normally resident in order to take up studies retains his normal residence in the latter Member State. He is entitled, for the duration of his studies, to temporary exemption in respect of his private vehicle. This right also extends to the student's spouse or to a companion who has a stable relationship with him (provided that the legislation of the Member State applies that concept) where the person is normally resident in the Member State in which the studies are carried out.

5. Immobilization in a foreign country. If his own vehicle breaks down during his stay abroad, a resident of a Member State should be entitled to use in his own country, for a reasonable period of time, a private vehicle registered in another Member State which he has hired or borrowed for the purpose of returning home. Such exemption must be granted for the period during which the vehicle is being repaired; this period may not exceed two months, unless the vehicle is retained in connection with police investigations.

6. Short-term hire in order to be able to return home in unforeseen circumstances. A resident of a Member State should be entitled to import temporarily a vehicle registered in another Member State which has been hired from a car-hire company. The period during which he will be entitled to use the vehicle in the Member State in which he is normally resident may not exceed eight days from the start of the hire.
7. Infringements and sanctions. It will no longer be possible for a vehicle imported temporarily without being covered by one of the provisions of Directive 83/182/EEC to be regarded by the Member States as having been imported permanently. Furthermore, it will not be possible for any administrative sanction to be applied if the person who imported the means of transport or who uses it has acted in good faith and can prove that he clearly had no intention of evading taxation in the Member State of importation.
8. Arbitration. Where two Member States claim that the same person has his normal residence in their respective territories, the authorities of those States must consult each other to decide which should be regarded as the country of normal residence for the purpose of taxing the vehicle.

(4) Opinion of the European Parliament

Parliament made several recommendations for amendments, all of which were incorporated in the amended proposal.

(5) Current status

The proposal is currently before the Council for adoption.

(6) References

Commission proposal COM(87) 14 final	Official Journal C 40, 18.2.1987
Amended proposal COM(88) 297 final	Official Journal C 181, 14.8.1988
European Parliament opinion	Official Journal C 318, 30.11.1987
Economic and Social Committee opinion	Official Journal C 180, 8.7.1987

2. CONTROL OF INDIVIDUALS

2.9. Easing of controls at intra-Community borders

(1) Objective

To ease controls and formalities for Member State nationals when crossing intra-Community borders particularly by abolishing all police and customs formalities.

(2) Proposal

Proposal for a Council Directive on the easing of controls and formalities applicable to nationals of the Member States when crossing intra-Community borders.

(3) Contents

1. The Directive lays down a number of conditions for easing controls and formalities for individuals at internal frontiers. It applies to Member State nationals crossing internal borders who comply with all regulations concerning tax-free import of goods, etc. It applies to all controls and formalities relating to individuals and goods carried by them, including currency. It does not apply to commercial carriage of goods.
2. Member States must ensure that internal border controls and formalities are operated according to the principle of free passage so that Member State nationals can cross borders unchecked. However, Member States are permitted to carry out spot checks, and impose temporary border controls in special circumstances, e.g. for security purposes. This Directive does not apply to security checks at airports.
3. Member State nationals who fulfil these conditions shall be permitted merely to drive across borders at reduced speed (or walk across), enabling officials to stop vehicles for spot checks when considered necessary. Vehicles may fix a disc bearing the letter E on a green background to declare that all occupants are Community nationals with nothing to declare. Customs signs should be removed from borders.
4. In ports and airports special channels for citizens of Member States should be set up.
5. No checks shall be made on individuals crossing borders on international trains.
6. Member States shall confer with each other in the implementation of the Directive.

(4) Opinion of the European Parliament

The European Parliament approved the proposal subject to a number of recommendations for amendment. These included a recommendation that simple visual checks of vehicles should be extended to pedestrians crossing a border between Member States. The Commission adopted these in its modified proposal.

(5) Current status

The amended proposal of the Commission is before the Council for adoption.

(6) References

Commission proposal COM(84) 749 final	Official Journal C 47, 19.2.1985
Amended proposal COM(85) 224 final	Official Journal C 131, 30.5.1985
European Parliament opinion	Official Journal C 122, 20.5.1985
Economic and Social Committee opinion	Official Journal C 169, 8.7.1985

2. CONTROL OF INDIVIDUALS

2.10. Processing of personal data

(1) Objective

To establish a high level of equivalent protection in all the Member States of the Community in order to remove the obstacles to the exchange of data which is necessary if the internal market is to function.

(2) Proposal

Proposal for a Council Directive concerning the protection of individuals in relation to the processing of personal data.

Draft resolution of the representatives of the governments of the Member States of the European Communities meeting within the Council.

Recommendation for a Council Decision on the opening of negotiations with a view to the accession of the European Community to the Council of Europe Convention for the protection of individuals with regard to the automatic processing of personal data.

(3) Contents

Proposal for a Council Directive

1. This Directive provides for an equivalent level of protection of individuals in relation to the processing of personal data in accordance with the same principles in all the Member States. The protection of individuals and the flow of data are guaranteed only in respect of the areas covered by this Directive.

2. Definitions of the concepts of 'personal data', 'depersonalized', 'personal data file', 'processing', 'controller of the file, supervisory authority', 'public sector' and 'private sector'.

3. This Directive applies to all data files in the private and public sector with the exception of files in the public sector where the activities of that sector do not fall within the scope of Community law.

4. Each Member State shall apply the provisions of this Directive to:

— all files located in its territory;

— the controller of a file resident in its territory who uses from its territory a file located in a third country whose law does not provide an adequate level of protection, unless such use is only sporadic.

5. Lawfulness of processing in the public sector. The creation of a file in the public sector and any other processing of personal data shall be lawful only in so far as this is necessary for the performance of the tasks of the public authority in control of the file.

The processing of data for a purpose other than that for which the file was created is lawful if:

— the data subject consents thereto;

— it is effected on the basis of Community law, or of a law, or a measure taken pursuant to a law, of a Member State conforming with this Directive which authorizes it and defines the limits thereto;

— the legitimite interests of the data subject do not preclude such change of purpose;

— it is necessary in order to ward off an imminent threat to public order or a serious infringement of the rights of others.

As regards the processing of personal data in the public sector having as its objective the communication of personal data, the Member States require that this communication be lawful only if:

— it is necessary for the performance of the tasks of the public-sector entity communicating or requesting communication of the data or

— it is requested by a natural or legal person in the private sector who invokes a legitimate interest, on condition that the interest of the data subject does not prevail.

6. Lawfulness of processing in the private sector. This can be based on the consent of the data subject or, in its absence, on the existence of a contractual relationship between the controller of the file and the data subject. The lawfulness may also be based on the fact that the data come from sources generally accessible to the public and their processing is intended for correspondence purposes, or on a balance of interests which reveals that the controller of the file is pursuing a legitimate interest and the interest of the data subject does not prevail. The data subject must, with some exceptions, be informed of the communication of data to third parties. Provision has been made for a procedure for notifying data files to a national supervisory authority.

7. The Directive also contains a number of provisions relating to the rights of data subjects, such as:

— informed consent;

— provision of information at the time of collection: Member States guarantee the right to be informed to individuals from whom personal data are collected;

— additional rights of data subjects (right of object, access, rectification, etc.);

— exceptions to the data subject's right of access to public-sector files.

8. On data quality, the Directive makes provision for:

— special categories of data: Member States shall prohibit the automatic processing of data revealing sensitive information. They may, on the basis of a law, grant derogations on important public interest grounds. Data concerning criminal convictions may be held only in public sector files;

— data security: the controller of a file is required to take security measures. In the event of on-line consultation, the hardware and software must be designed in such a way that the consultation takes place within the limits of the authorization granted by the controller of the file. Any person who in the course of his work has access to information controlled in files may not communicate it to third parties without the agreement of the controller of the files.

9. Member States may make provisions specifically relating to certain sectors such as the press and audiovisual media, and encourage business circles to participate in drawing up codes of conduct.

10. Personal data may be transferred to a third country only if this country ensures an adequate level of protection. Derogations are possible under certain conditions.

11. A working party on the protection of personal data is set up, composed of representatives of the national supervisory authorities and chaired by a representative of the Commission.

	Draft resolution The governments of the Member States undertake to apply the principles of the general Directive to public-sector files in those parts of the public sector which do not fall within the scope of Community law. Recommendation for a Council Decision The Commission request the Council to authorize it to negotiate a Protocol enabling the Community to accede to the Council of Europe Convention.
(4) Opinion of the European Parliament	Not yet delivered.
(5) Current status	The proposal for a general Directive is currently before Parliament and the Economic and Social Committee for their opinion.
(6) References	Commission proposal COM(90) 314 final Official Journal C 277, 5.11.1990

3. VALUE-ADDED TAX

Current problems and 1992 objectives

The abolition of tax frontiers will involve the elimination of distortions deriving from VAT systems and rates, and this will oblige Member States to apply between themselves a system whereby tax is remitted on exportation and charged on importation, as in trade with third countries. The fact that, in 1967, Member States replaced their turnover tax systems with a VAT system in accordance with Community rules did not change this situation.

In 1985, the Commission drew up guidelines for dismantling tax frontiers based on:

— discontinuation of the system of travellers' tax-free allowances, which gives rise to most of the tax controls on individuals crossing an intra-Community frontier;

— harmonization of structures;

— harmonization of rates;

— abolition of tax formalities through application of the rate of tax applicable in the country of origin and introduction of a clearing mechanism.

All the proposals were before the Council in 1987 but were not examined by it until 1989, with the first measures not being adopted until 1991. These delays have resulted in the introduction of transitional arrangements to apply from 1993 to 1996, pending the entry into force of the system of taxation in the country of origin.

The guidelines adopted are as follows:

1. From 1 January 1993, the crossing of a frontier will cease to be the event giving rise to the levying of VAT (chargeable event); it is the sale of a product in the country of destination which will result in VAT being charged. This will mean scrapping, from that date, the system of travellers' tax-free allowances, which have been raised gradually since 1985 with that aim in mind. The system of tax-free allowances will remain in force for 'minor' commercial transactions (small postal consignments, temporary imports of vehicles), although it will continue to apply in full in the case of third countries. However, the system of duty-free shops will remain in force at ports and airports until 1999, justifying the application of limits as to value and quantity in intra-Community travel.

2. From 1 January 1993, goods and services will move within the Community without any formalities having to be completed on crossing intra-Community frontiers, in accordance with transitional arrangements applicable until 31 December 1997. Those arrangements provide for the charging of VAT in the country of destination and relief from VAT in the country of origin, on the basis of firms' regular tax returns. This system of collection will create a new need for cooperation between tax authorities via a computerized network permitting the exchange of information required to check transactions. The legal framework for this system has already been established.

Three sets of special arrangements will be implemented in 1993:

— intra-Community distance selling of goods to private individuals, institutional non-taxable persons or exempt taxable persons whose intra-Community purchases of goods do not exceed a given threshold;

— intra-Community sales of new means of transport (boats, aircraft and motorized land vehicles whose technical characteristics are defined);

— the mechanism for taxing intra-Community transactions between taxable persons in the country of destination (intra-Community acquisition of goods).

The Council considered that the introduction, as part of the transitional VAT arrangements, of the three special sets of arrangements described above should prevent

most distortions of competition without hampering the free movement of goods or imposing disproportionate burdens on firms or public administrations.

3. The process of harmonizing the bases of assessment began in 1977. The Directives adopted since then have left untouched a limited number of derogations which will have to be eliminated in the course of 1992; the derogations apply in particular to used goods, works of art, collectors' items and antiques, gold transactions, passenger transport, and stores for vessels, trains and aircraft.

4. Harmonization of rates is the final objective which, when achieved, will permit transition to the definitive system on 1 January 1998. It involves fixing the number of rates and allocating products and services to a particular rate. It has already been decided that Member States will be authorized to apply, in addition to the standard rate (which should be not less than 15%), one or two reduced rates, one of which should be not less than 5% while the other may be zero. The Council has still to adopt the definitive levels of these minimum rates, which would enter into force on 1 January 1993. It must also decide how the existing rates are to be aligned on the minimum rates. Finally, when fixing rate levels, it will draw up the list of products and services subject to each rate.

3. VALUE-ADDED TAX

3.1. Uniform basis of assessment: abolition of derogations (18h VAT Directive)

(1) Objective	To abolish a number of the temporary derogations permitted to Member States. This is necessary to complete arrangements for the uniform basis of assessment and to simplify calculation of the Community's own resources accruing from VAT.
(2) Community measures	Eighteenth Council Directive 89/465/EEC of 18 July 1989 on the harmonization of the laws of the Member States relating to turnover taxes — abolition of certain derogations provided for in Article 28(3) of the sixth Directive 77/388/EEC (common system of value-added tax).
(3) Contents	The Directive abolishes some of the derogations from the common VAT system provided for in Article 28(3) of Council Directive 77/388/EEC (Official Journal L 145, 13.6.1977); the remaining exceptions include: — transactions in gold, other than gold for industrial use; — services supplied by authors, artists and performers; — those derogations provided for in Article 28(3)(c), (d) and (e) of Directive 77/388/EEC.
(4) Deadline for implementation of the legislation in the Member States	1.1.1990: for points 1, 3-6, 8-10 and 12-14 of Annex E; and for points 3, 14 and 18-22 of Annex F 1.1.1991: for points 4, 13, 15 and 24 of Annex F 1.1.1992: for point 9 of Annex F 1.1.1993: for point 11 of Annex F Derogation for Portugal until 1 January 1994 for points 3 and 9 of Annex F.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 226, 3.8.1989
(7) Follow-up work	The Council will review the situation, on the basis of a report and possibly a proposal from the Commission, with a view to completion of the internal market.
(8) Commission implementing measures	

3. VALUE-ADDED TAX

3.2. Non-deductible expenditure (proposal for a 12th VAT Directive)

(1) Objective	To harmonize Member States' value-added tax systems regarding the treatment of business expenditure.
(2) Proposal	Proposal for a 12th Council Directive on the harmonization of the laws of the Member States relating to turnover taxes — common system of value-added tax: expenditure not eligible for deduction of value-added tax.
(3) Contents	1. Value-added tax on expenditure relating to aircraft and pleasure boats will not be deductible. 2. Value-added tax on expenditure relating to passenger cars and motor cycles will be 50% deductible four years after entry into force of the Directive. Within two years of that date, Member States will have to fix the deductible percentage between 25 and 75%. 3. Full deduction will be permitted where such vehicles and craft are used for carriage for hire or reward, for training or instruction, for hiring out or where they form part of the stock-in-trade for a business. 4. Value-added tax on transport expenses of taxable persons (business travel) and their staff will be subject to the same rules and to the same timetable as specified in point 2 above. 5. Value-added tax on expenditure on accommodation, food and drink will not be deductible, except where the supply of these is the taxable person's business or where they are supplied free of charge to security or caretaking staff on business premises. 6. Value-added tax on expenditure on amusements and luxuries will not be deductible.
(4) Opinion of the European Parliament	Parliament proposed several amendments which were accepted by the Commission.
(5) Current status	The Commission's amended proposal is before the Council for examination.
(6) References	Commission proposal COM(82) 870 final — Official Journal C 37, 10.2.1983 Amended proposal COM(84) 84 final — Official Journal C 56, 29.2.1984 European Parliament opinion — Official Journal C 342, 19.12.1983 Economic and Social Committee opinion — Official Journal C 206, 6.8.1984

3. VALUE-ADDED TAX

3.3. Common value-added tax scheme applicable to small and medium-sized businesses (proposal for a 22nd VAT Directive)

(1) Objective

To simplify the operation of the VAT system for small and medium-sized businesses and to bring individual Member State schemes closer into line with each other.

(2) Proposal

Proposal for a Council Directive amending Directive 77/388/EEC on the harmonization of the laws of the Member States relating to turnover taxes in respect of the common value-added tax scheme applicable to small and medium-sized businesses.

(3) Contents

1. Businesses that have an annual turnover of less than ECU 10 000 are to be VAT exempt. Businesses with an annual turnover of less than ECU 35 000 may be eligible for exemption at the option of the individual Member States.
2. A simplified scheme for charging and collecting VAT is to be introduced for businesses having an annual turnover of less than ECU 200 000.
3. These simplified schemes will work on the basis of annual returns and monthly or quarterly advance payments.
4. The ceilings for exemption and eligibility for the simplified schemes will be revised annually by the Commission to maintain their values in real terms.
5. The equivalents in national currencies of the amounts expressed in ecus will be fixed annually by the Commission.

(4) Opinion of the European Parliament

Parliament approved the proposal subject to some recommendations for amendment. These included: the ceiling for the simplified scheme to be raised to ECU 200 000 (amendment accepted by the Commission); the optional tax exemption to be reviewed within two years; and the Member States to be able to introduce graduated tax relief for businesses with a turnover of up to ECU 35 000.

(5) Current status

The proposal is currently being examined by the Council.

(6) References

Commission proposal COM(86) 444 final	Official Journal C 272, 28.10.1986
Amended proposal COM(87) 524 final	Official Journal C 310, 20.11.1987
European Parliament opinion	Official Journal C 190, 20.7.1987
Economic and Social Committee opinion	Official Journal C 83, 30.3.1987

3. VALUE-ADDED TAX

3.4. Common value-added tax scheme (proposal for a 19th VAT Directive)

(1) Objective

To bring the Member States' VAT systems closer together by clarifying certain terms and defining certain concepts used in the earlier EEC legislation on the VAT assessment basis.

(2) Proposal

Proposal for a 19th Council Directive on the harmonization of the laws of the Member States relating to turnover taxes, amending Directive 77/388/EEC on the common system of value-added tax.

(3) Contents

1. Clarification of the place of taxation of air and sea transport services.
2. Clarification of the term 'forms of transport'.
3. Definition of the term 'fixed establishment'.
4. Definition of the content of certain VAT exemptions.
5. Use of customs value as the taxable amount for VAT purposes only when VAT is charged on imports from third countries.
6. The supply of sea-going vessels and aircraft intended for breaking-up is added to the list of VAT-exempt products.
7. Rules on refunds to taxable persons and on deductions for purchases by banks.

(4) Opinion of the European Parliament

Parliament approved the proposal subject to a number of suggested amendments. The Commission took up one of these, the effect of which is that supplies of works of art by their creators will remain subject to VAT. However, the temporary derogations for supplies of services by authors and by creative and performing artists is maintained.

(5) Current status

The proposal is currently before the Council for adoption.

(6) References

Commission proposal COM(84) 648 final	Official Journal C 347, 29.12.1984
Amended proposal COM(87) 315 final	Not yet published in the Official Journal
European Parliament opinion	Official Journal C 125, 11.5.1987
Economic and Social Committee opinion	Official Journal C 218, 29.8.1985

3. VALUE-ADDED TAX

3.5. Refunds to non-EEC taxable persons (13th VAT Directive)

(1) Objective	To harmonize further Member State legislation concerning VAT refunds to taxable persons outside the EEC. This will develop harmonious trade relations with non-EEC countries and prevent certain forms of tax evasion and avoidance.
(2) Community measures	Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover tax arrangements for the refund of value-added tax to taxable persons not established in Community territory.
(3) Contents	1. A taxable person not established in the territory of the Community is defined as someone who has not had a business address, or a permanent place of residence in a Member State during a period of time to be determined by the Member State, and has not supplied any goods or services in that Member State with the exception of transport services or those on which tax is payable by the customer alone. 2. In general, Member States will refund any VAT paid by a non-EC taxable person on goods or services supplied by a taxable individual in the territory of the Community. Such refunds may be made conditional on third countries agreeing to take comparable measures (reciprocity). 3. Refunds have to be applied for by the non-EC taxable person. Member States will determine the practical arrangements for claiming these refunds, e.g. time-limits or minimum amounts. They may also require the appointment of a tax representative. They will take all necessary steps to prevent fraud. 4. These refunds must not be made on more favourable conditions than those made to taxable persons established in the EEC. 5. Eligibility for refunds will be determined according to the domestic rules of the Member States for VAT deductions, although certain expenditures may be excluded or certain conditions imposed.
(4) Deadline for implementation of the legislation in the Member States	1.1.1988
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 326, 21.11.1986
(7) Follow-up work	
(8) Commission implementing measures	

3. VALUE-ADDED TAX

3.6. Temporary importation of goods (17th VAT Directive)

(1) Objective

To reduce tax barriers to the movement of goods within the Community by introducing the widest possible exemption from value-added tax for goods temporarily imported from one Member State to another. To achieve maximum uniformity between exemption arrangements for customs duty and value-added tax in the case of imports from third countries.

(2) Community measures

Seventeenth Council Directive 85/362/EEC of 16 July 1985 on the harmonization of the laws of the Member States relating to turnover taxes and exemption from value-added tax on the temporary importation of goods other than means of transport.

(3) Contents

1. Goods temporarily imported into one Member State from another shall be VAT exempt provided they:
— are intended to be re-exported without alteration;
— are in free circulation;
— have been acquired in the Member State of exportation subject to the rules governing the application of VAT, with VAT not having been refunded on export;
— belong to someone resident outside the Member State into which they have been imported;
— are not consumable goods.
This Directive does not apply to means of transport, containers or pallets.
2. The following are examples of goods which shall be exempt from VAT when they are temporarily imported into the Community from a third country: professional equipment; commercial samples; goods used for display at exhibitions, fairs, etc; teaching aids; scientific equipment; medical, surgical and laboratory equipment; holders for goods; and travellers' personal effects.
3. Goods temporarily imported from one Member State into another which do not fulfil the conditions at point 1 may qualify for one of the exemptions at point 2 provided they are not goods in free circulation which, firstly, were not acquired in accordance with the rules governing the application of VAT in the Member State of exportation or, by virtue of being exported, benefited from exemption from VAT and, secondly, were imported by a non-taxable person not entitled to deduct tax in full.
4. In some cases security may be required for goods that are granted VAT exemption on temporary importation. If it is required it must not be greater than the amount of VAT that would be due if the goods had been declared for home use when they were imported. It may be in the form of cash or a guarantee.
5. Member States will fix a time-limit for the period that goods granted VAT exemption on temporary importation may remain in their territory. The maximum period will normally be 24 months but reasonable extensions may be granted in exceptional circumstances.
6. The benefits of VAT exemption on temporary importation cease when the goods are: re-exported; destroyed as a result of unforeseeable circumstances; or declared for home use. In the latter case VAT becomes payable. For certain special cases the temporary

	importation can be terminated and the goods can remain without payment of tax. 7. In some cases, goods imported for possible sale may be granted a temporary importation VAT exemption. These include: second-hand goods imported with a possibility of auction; works of art for exhibitions and possible sale and goods imported under a contract of sale but subject to acceptance tests.
(4) Deadline for implementation of the legislation in the Member States	1.1.1986 The Federal Republic of Germany and Greece were allowed to delay implementation of certain provisions until 1 January 1987 and 1 January 1989 respectively.
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 192, 24.7.1985
(7) Follow-up work	Commission Directive 90/237/EEC of 4 May 1990 amending the 17th Council Directive 85/362/EEC of 16 July 1985 on the harmonization of the laws of the Member States relating to turnover taxes exemption from value-added tax on the temporary importation of goods other than means of transport (Official Journal L 133, 24.5.1990). This Directive amends Directive 85/362/EEC following the entry into force of the Combined Nomenclature on 1 January 1988.
(8) Commission implementing measures	

3. VALUE-ADDED TAX

3.7. Stores of vessels, aircraft and international trains

(1) Objective	Introduction of a specific Community procedure for the application of VAT and excise duties to stores for vessels, aircraft and trains engaged in international traffic.
(2) Proposal	Proposal for a Council Directive on the Community value-added tax and excise duty procedure applicable to the stores of vessels, aircraft and international trains.
(3) Contents	1. Definition of 'stores'. 2. Stores are to be exempt from VAT and excise duties on imports until the final destination is reached. 3. Specific rules for stores of international trains, e.g. no exemption for tobacco and alcoholic beverages other than beer and wine. 4. Exemptions from the rules to the extent necessary to prevent fraud and abuse.
(4) Opinion of the European Parliament	Parliament approved the proposal but requested that the stores of vessels and aircraft of the armed forces and of private vessels and aircraft be excluded from the scope of the Directive.
(5) Current status	The proposal is before the Council for adoption.
(6) References	Commission proposal COM(79) 794 final — Official Journal C 31, 8.2.1980 European Parliament opinion — Official Journal C 147, 16.6.1980 Economic and Social Committee opinion — Official Journal C 205, 11.8.1980

3. VALUE-ADDED TAX

3.8. Special arrangements applicable to second-hand goods, works of art, antiques and collectors' items (proposal for a seventh VAT Directive)

(1) Objective

To supplement the common system of VAT with a Community definition of the specific definitive arrangements applicable to the resale of second-hand goods, works of art, antiques and collector's items, as defined for the purposes of the Directive.

(2) Proposal

Proposal for a Council Directive supplementing the common system of value-added tax and amending Articles 28 and 32 of Directive 77/388/EEC (sixth VAT Directive) — special arrangements for second-hand goods, works of art, antiques and collector's items.

(3) Contents

1. Precious metals and stones are not covered by this Directive except where their value represents less than 50% of the selling price of the objects of which they form part. These arrangements are special in that they are substituted for the normal VAT scheme in order to eliminate the double taxation which, in the absence of specific provisions, occurs when such goods, after attracting non-deductible VAT at the final consumption stage, are resold by a dealer who must charge tax again (particularly where goods purchased from private individuals are resold in the course of business). Furthermore, the introduction of harmonized special arrangements in this area should make it possible to close a legal gap which has existed since 1977 and to create conditions conducive to establishment of the internal market.
2. The taxable amount in respect of each transaction is the margin of the dealer wishing to resell, i.e. the value which he adds to the goods in question on reselling them. This margin is defined as the difference between the selling price, exclusive of VAT, charged by the taxable dealer and the purchase price, inclusive of tax, which he paid for the goods. In such a case, the taxable dealer no longer has the right to deduct input tax under the conditions provided for by the normal VAT scheme. Such right will, in fact, be taken into account automatically by taxing the margin alone, instead of the total selling price.
3. Provision is made for the treatment of intra-Community transactions involving goods covered by the Directive to apply both before and after the abolition of tax frontiers: the Member State of departure will tax the margin earned by taxable dealers on consignments to another Member State while the Member State of destination will exempt goods brought into its territory by a taxable dealer from that Member State.
4. Transactions with third countries will continue to qualify for remission of tax on exportation and to be taxed on importation. However, in order to promote the conservation and enrichment of the Community's cultural heritage, works of art, antiques and collector's items will be liable to tax on exportation to third countries, with the margin still serving as the taxable amount.

(4) Opinion of the European Parliament

Parliament approved the proposal in its entirety subject to certain amendments currently before the Commission.

(5) Current status

Since the principle of taxing the margin has been approved by Parliament, the Commission will present an amended proposal only if it considers that certain amendments are likely to be accepted.

(6) References	Commission proposal COM(88) 846 final	Official Journal C 76, 28.3.1989
	European Parliament opinion	Official Journal C 323, 27.12.1989
	Economic and Social Committee opinion	Official Journal C 201, 7.8.1989

3. VALUE-ADDED TAX

3.9. Transitional taxation arrangements

(1) Objective

To promote the abolition of intra-Community tax frontiers through the introduction of a transitional period of taxation in the Member State of destination of the goods.

(2) Community measures

Council Directive 91/680/EEC of 16 December 1991 supplementing the system of value-added tax and amending Directive 77/388/EEC with a view to abolishing tax frontiers.

(3) Contents

The Directive lays down transitional VAT arrangements applicable from 1 January 1993 to intra-Community transactions. Those arrangements are, in principle, for four years but they will automatically be extended until such time as the definitive arrangements come into force. The Directive comprises the following rules:

1. Division between taxation in the country of origin and in the country of destination. Taxation in the country of destination, i.e. the Member State of arrival of the goods, will apply:

— to trade between taxable persons and persons ranking as such, provided that the seller is not a small business. More specifically, purchases by exempt taxable persons, flat-rate farmers and non-taxable legal persons will be taxed at the place of destination once they exceed a threshold of ECU 10 000;

— to transfers of goods carried out by one firm between two Member States other than transfers for the purpose of contract processing, miscellaneous work, hire or temporary use in the Member State of arrival;

— to all transactions involving new motor vehicles, irrespective of the VAT status of the parties concerned;

— to mail-order sales (sales on 'arrival' conditions, i.e. those where the goods are transported by, or for the account of, the seller) to final consumers or similar persons provided that the total amount of those sales exceeds a threshold fixed, in principle, at ECU 100 000 per Member State of arrival;

— in any event, products subject to excise duty will automatically be subject to VAT in the Member State of destination, irrespective of the purchaser or of any threshold.

Consequently, the scope of taxation in the country of origin will be quite significant since it will cover:

— all purchases by intra-Community travellers (in practice, that will put an end to intra-Community travellers' allowances);

— all purchases from small businesses, whose intra-Community trade is subject to the same exemptions as their domestic trade;

— all purchases of second-hand motor vehicles (over 3 months, over 3 000 kilometres) from taxable dealers;

— purchases by final consumers and similar persons who are not covered by the arrangements for mail-order selling or by those for trade between persons ranking as taxable persons.

Taxed once and for all in the Member State of departure, all those purchases will help to exercise pressure towards the convergence of rates, the integration of economies and, therefore, the complete abolition of tax frontiers.

It should also be noted that the restrictions on allowances for private citizens (removals, marriages, etc) will be abolished *ipso facto*.

2. Introduction of new machinery for taxation in the country of destination, accompanied by an easing of the obligation to make a tax return. The concept of importation will disappear completely from intra-Community trade on 1 January 1993. For intra-Community transactions in which the customer is a taxable person or a person ranking as such and intra-Community transactions involving new motor vehicles, VAT in the country of destination, i.e. in the Member State of arrival of the goods sold and transported, will be charged on the basis of a new taxable transaction, known as an intra-Community acquisition. The purchaser will thus be liable to pay the tax in the Member State of arrival. If he is not established there, he may be authorized to designate another person as the person liable to pay tax. Operators will use the normal regular returns to pay the VAT for which they are liable in respect of intra-Community trade and, at the same time, to deduct input tax. There will, therefore, no longer be any prefinancing of VAT by firms under the intra-Community scheme. As regards sellers of goods, sales will be exempt in the Member State of departure as long as the goods sold are transported outside the Member State of departure but within the Community and the customer is a taxable person or a person ranking as such, i.e. a person with a VAT registration number in a Member State other than the country of departure of the goods sold.

In the case of intra-Community mail-order sales taxable in the country of destination and by definition intended for private individuals or persons ranking as final consumers, taxation at the place of destination will involve shifting the place of supply to the Member State of arrival of the goods sold, where the seller (or his tax representative) will accordingly be liable to pay tax at the rates and on the conditions prevailing there.

3. Abolition of customs procedures and tax controls at internal frontiers. In intra-Community trade, customs documents and, in particular, the Single Administrative Document, will disappear. No accompanying intra-Community document will be required. Controls on intra-Community trade will in future be tax controls as under domestic arrangements, and will take place *a posteriori* on the basis of the normal commercial and accounting documents. To this end, invoices must explicitly mention the VAT registration numbers of the parties to the transaction to allow the development of administrative cooperation between Member States.

4. Reinforcement of administrative cooperation between Member States. In order to enable such cooperation to work, Member States have stipulated that various data, permitting the exchange of information necessary to carry out cross-checks, should be collected from sellers in each Member State. In theory, only taxable persons making intra-Community deliveries will have to produce, for each calendar quarter, a limited amount of information in summary form which can easily be extracted from their accounts, that is:

— their own VAT registration number;
— that of each of their customers; and
— for each customer, the total value of the goods supplied.

Invoices already contain all this information: it simply needs to be grouped together. It will, therefore, be easy to comply with this obligation. In any event, the burden which it represents is considerably lighter than that of existing customs procedures and documents or that

of any accompanying Community document. A proposal for a specific Regulation establishing this cooperation and defining, in particular, the details of the structured, systematic and computerized exchange of information between national administrations is in the process of being adopted by the Council (summary 3.10).
5. Preservation, at all events, of the quality of Community statistical instruments. Sellers and buyers will fill in two additional boxes on their regular returns listing and summarizing their intra-Community transactions. Only the largest firms will also be required to furnish a specific monthly statistical return.
6. Transitional VAT arrangements applicable from 1 January 1993 to certain intra-Community services. A division between taxation in the country of origin and taxation in the country of destination will also be made in respect of the intra-Community transport of goods and incidental services such as maintenance and unloading, but also with respect to services supplied by intermediaries (acting in the name and on behalf of others) where they intervene in the above transactions. Where the recipient of such services has a tax registration number in a Member State other than:
— the country of departure of the transport operation,
— the country where the service incidental to the transport operation is physically carried out,
taxation will no longer take place in the country of origin but in the country of destination and, more specifically, in the Member State which has issued the customer with a VAT registration number.
7. Organization of the transition to the definitive arrangements for taxation in the Member State of origin. This constitutes the last stage in the process of abolishing tax frontiers. This transition should in principle be completed by 1 January 1997. An appropriate Council Decision is to be taken by 31 December 1995.

(4) Deadline for implementation of the legislation in the Member States	
(5) Date of entry into force (if different from the above)	1.1.1993
(6) References	Official Journal L 376, 31.12.1991
(7) Follow-up work	
(8) Commission implementing measures	

3. VALUE-ADDED TAX

3.10. Administrative cooperation in the field of indirect taxation

(1) Objective

To create, by means of a system of administrative cooperation between supervisory authorities, a framework within which intra-Community transactions will be subject to controls identical to those to which domestic transactions are subject in the Member States.

(2) Proposal

Proposal for a Council Regulation concerning administrative cooperation in the field of indirect taxation (VAT and excise duties).

(3) Contents

1. The Regulation provides for each Member State to designate the authority or authorities which will be responsible for administrative cooperation within its territory and to transmit a list of those authorities to the other Member States and the Commission. The authorities so designated will nominate a central office with principal responsibility for liaison with other Member States.
2. The Regulation stipulates that the competent authorities will exchange between themselves any information that is relevant to the assessment and collection of indirect taxes. They must also communicate any specific or general information to the Commission when this may be of particular interest at Community level.
3. The competent authorities are relieved of their obligation to cooperate in the provision of information once criminial investigations are under way. Any additional investigations must be carried out on the basis of arrangements for mutual assistance in criminal matters. However, the judicial authority may consent on a case-by-case basis to the exchange of information.
4. The Regulation provides for three broad categories of administrative cooperation:
— assistance on request, where the initiative lies with the applicant authority. General obligation on all competent authorities to communicate information when requested to do so.
Obligation on the requested authority to carry out inquiries on behalf of another Member State. Provision enabling Member States to organize coordinated tax checks, each on its own territory. A Member State which decides not to participate in a particular tax examination must forward a justification to the applicant authority and also notify the Commission;
— automatic assistance, where both applicant and requested authorities agree in advance to collect and exchange certain types of information automatically;
— spontaneous assistance, where one authority takes the initiative without being requested to do so. Spontaneous exchange of information frequently proves to be very useful in fraud control.
5. The Regulation provides for the competent authorities to take the necessary measures to ensure that they meet their obligation to provide information. Requested information will be furnished within a maximum of three months, unless the applicant authority itself proposes a longer period. The competent authority is required to keep its interlocutor informed of any obstacles that might prevent it from furnishing the requested information on time.

6. The Regulation provides for the possibility of contacts between authorized officials representing the applicant and the requested authorities, which would take place in the latter's offices. The official from the applicant authority is to be given full access to whatever documentation the staff of the requested authority have available to them. However, the Regulation contains provisions regarding the confidentiality of the information exchanged as a result of the administrative cooperation.
7. The Regulation provides for consultation and coordination procedures. It should be noted that it proposes the setting-up of a Standing Committee on Administrative Cooperation within which practical problems of general concern can be discussed and operating procedures agreed.
8. The Commission is to adopt, in conjunction with the Standing Committee on Administrative Cooperation in the field of indirect taxation, the measures to be taken regarding cooperation procedures in that field.
9. The Regulation provides for Member States to inform the Commission of any arrangements for administrative cooperation in the field of indirect taxation agreed with third countries.
10. The Regulation would come into force on 1 January 1992. The intervening period between then and the abolition of tax frontiers at the end of 1992 should enable the practical control procedures to be agreed while the support provided by border controls is still available.

(4) Opinion of the European Parliament

First reading: Parliament approved the Commission's proposal subject to certain amendments. The Commission accepted some of these amendments.

(5) Current status

On 11 November 1991, the Council released a political agreement concerning a common position. The formal adoption of this common position will take place during the next session.

(6) References

Commission proposal COM(90) 183 final	Official Journal C 187, 27.7.1990
Amended proposal COM(91) 115 final	Official Journal C 131, 22.5.1991
European Parliament opinion First reading	Official Journal C 324, 24.12.1990
Economic and Social Committee opinion	Not yet published in the Official Journal

4. EXCISE DUTIES

Current problems and 1992 objectives

The harmonization of excise duties goes back a long time, and two separate series of proposals have been made over the years. The series on structures is covered in the earlier part of this section (summaries 4.1 to 4.5) and the series on rates in the later part (summaries 4.6 to 4.9). It is important to be clear about this distinction, since proposals covering similar topics (e.g. excise duty on wine) occur in both series.

On 19 September 1990, the Commission completed the general framework for creating the single market in the field of taxation, i.e. for abolishing all tax controls at Community frontiers from 1 January 1993. It adopted four new proposals for Directives, three of which round off the series of measures proposed in 1989 on the approximation of excise duties. Those proposals are not concerned with rate levels but with the following:

— general arrangements for the movement and control of products subject to excise duty after 1992;

— harmonized rules on structures.

The Council reached an agreement on these new options at its meeting of 17 December 1990. At its meeting on 24 June 1991, it reached an agreement on the approximation of excise duties after 1992. This agreement, which is particularly concerned with petroleum products, alcoholic beverages and manufactured tobacco, supplements the measures already adopted. As from 1 January 1993, these products will be subject to movement and control arrangements.

The proposal on general arrangements lays down the definitive scheme for excise duties and, unlike the case of VAT, no transitional period is envisaged. The proposal provides for goods to move between warehousekeepers under duty-suspension arrangements in accordance with the procedure for the interconnection of warehouses (summary 4.1).

As regards structures, three Directives have been proposed concerning the structures of excise duties on alcoholic beverages, manufactured tobacco and mineral oils. They replace earlier proposals some of which have been before the Council since 1972. They are aimed at clarifying the definition of taxed products in order to ensure a uniform basis of assessment for taxation and to define the exemptions applicable (summaries 4.2 to 4.4).

The first proposals on rates dates back to 1987. As part of this series, proposals have already been tabled covering the rates of taxation on alcoholic drinks, cigarettes, tobacco and mineral oils (summaries 4.6 to 4.8).

The wide differences in rates between Member States make it difficult to achieve their complete harmonization by 1992. In its communication to the Council and the European Parliament of 14 June 1989 (COM(89) 260), the Commission indicated that it was going to be more flexible in its efforts to bring excise duties closer together, taking account of the very different emphasis given to the taxation of these products in Member States, some of which were themselves producers.

This approach must be consistent with the requirements of the Single European Act and must under no circumstances undermine the basic principle of the abolition of customs and tax frontiers by 1 January 1993. It is reflected in the proposal that minimum rates be introduced for all products subject to excise duty, except for certain oil products for which the Commission is proposing ranges of rates in order to prevent distortions of competition.

Following its Decision of 25 October 1989, the Commission amended its proposals concerning the excise duty rates on cigarettes, tobacco, mineral oils and beverages. In

practice, these minimum rates or ranges will have to be applied by all Member States as from 1 January 1993.

After that date, this initial flexibility will ultimately have to lead to a movement in rates towards reference levels, termed 'target rates', in accordance with the internal market objectives.

On 13 February 1991, the Commission adopted a supplementary proposal on excise duty rates for petrol and diesel oil. The aim of the proposal is to amend and add to the proposed Directive on the approximation of excise duty on mineral oils (summary 4.9). It lays down the target rate for petrol and raises the rate band for diesel oil proposed in 1989.

These target rates, which are not compulsory common rates, will involve Member States in a long-term process of convergence; at Community level, they will have to be compatible with public health, transport and energy policies and with environmental requirements.

In the case of spirits and tobacco, the single rates proposed in 1987 have been replaced by minimum rates, which are at a lower level, and by target rates at a higher level. These target rates are consistent with the need to protect health.

Similarly, encouragement will be given to the increased use of unleaded motor fuels; these rates meet environmental requirements. The rate ranges proposed for diesel, heavy industrial fuel and domestic heating oil are consistent with the harmonization objectives of the common industrial and transport policies.

Control measures will be taken within Member States to prevent fraud and to ensure the removal of all frontier tax controls by the end of 1992. In this way, individuals should be able to purchase products wherever they wish and transport them freely, provided that no commercial transactions are involved.

However, provision has been made for a review of the minimum rates and target rates every two years, starting on 31 December 1994, so as to adapt them to any changes in tax, health, energy, transport and environmental policies after 1992.

Every two years, the levels of the various rates (minimum rates, ranges and target rates) will be examined by the Council on the basis of a report from the Commission. The Council will decide on any adjustments to be made to these rates in the light of Community policy in the various fields (transport, energy, environment).

Independently of such adjustments, the Council, acting on a proposal from the Commission, will index the various rates every two years so as to maintain their real value.

4. EXCISE DUTIES

4.1. Harmonization of duty structures: general arrangements for products subject to excise duty and the holding and movement of such products

(1) Objective

To define the arrangements for the holding and movement of products subject to excise duty in order to create the conditions required for abolishing tax frontiers with a view to establishing the internal market.

(2) Proposal

Proposal for a Council Directive on the general arrangements for products subject to excise duty and on the holding and movement of such products.

(3) Contents

1. The proposal for a Directive lays down the geographical framework for the holding and movement of products subject to excise duty in order to ensure uniform application of its provisions and of the provisions of the Directives on excise duty rates and structures.
2. 'Products subject to excise duty' means mineral oils, alcoholic beverages and manufactured tobacco.
3. Member States will retain the right to introduce or maintain taxes levied on other specific products provided that they do not hinder the free movement of goods or result in the maintenance of tax frontiers.
4. The Directive defines the Community concept of 'chargeable event'. The chargeable event is production on the territory of the Community or importation on to that territory from third countries. Excise duty will become chargeable when any taxable product is released for consumption.
5. The Directive lays down that, when products subject to excise duty sold or acquired for the purposes of a business, a body governed by public law or activitites in the public interest or are sold by mail order, the excise duty will be payable in the country in which the products are consumed.
6. Each Member State will define its own rules on the production and holding of products subject to excise duty. Where the duty has not been paid, the production and holding of products will be subject to controls carried out under the tax-warehousing system.
7. Warehousekeepers approved by the competent authorities of a Member State will be deemed to be authorized to carry out both national and intra-Community operations.
8. Authorized warehousekeepers will be obliged:
— to furnish a guarantee;
— to comply with the requirements laid down in respect of warehouses;
— to consent to any supervision or controls;
— to keep stock records.
9. Any product subject to excise duty under the duty-suspension arrangements between the territories of different Member States will be accompanied by either an administrative or a commercial document. This document will be drawn up by the warehousekeeper and transferred between warehousekeepers.
10. Member States may require that products released for consumption or sold on their territory carry national or tax identification marks.

11. The Directive provides for two seperate reimbursement procedures in order to avoid double taxation resulting from products being released for consumption twice in two different Member States. The first will allow any consignor to place or re-place products under duty-suspension arrangements, thereby permitting reimbursement in the first Member State before payment is made in the second. The second procedure provides for reimbursement after payment in the other Member State.
12. Member States will lay down the conditions for reimbursing excise duty. However, the period involved must be the same in all cases in order to avoid any discrimination.
13. The Directive provides for exemptions deriving from international agreements concluded by Member States.
14. It also provides for the setting-up of a Committee on Excise Duties which will be responsible for the implementation of the Directives on manufactured tobacco, alcoholic beverages and mineral oils.
15. Annexes contain the model of an administrative document and an explanatory memorandum on the use of the commercial document.

(4) Opinion of the European Parliament

Parliament approved the Commission's proposal subject to certain amendments. The Commission accepted some of these amendments.

(5) Current status

An amended proposal including Parliament's amendments withheld by the Commission is awaited.

(6) References

Commission proposal COM(90) 431 final	Official Journal C 322, 21.12.1990
European Parliament opinion	Official Journal C 183, 15.7.1991
Economic and Social Committee opinion	Official Journal C 69, 18.3.1991

4. EXCISE DUTIES

4.2. Harmonization of duty structures: alcoholic beverages and alcohol contained in other products

(1) Objective

To guarantee uniform categorization of identical products throughout the Community; to introduce harmonized structures for excise duties on alcoholic beverages and alcohol contained in other products in order to ensure the establishment of the internal market.

(2) Proposal

Proposal for a Council Directive on the harmonization of the structures of excise duties on alcoholic beverages and on the alcohol contained in other products.

(3) Contents

1. Definitions of the terms 'beer', 'still wine', 'sparkling wine', 'intermediate products' and 'alcohol and alcoholic beverages'.
2. The excise duty levied on beer will be fixed by reference to the number of hectolitre degrees of finished product released for consumption or recorded as missing and exceeding any allowance granted.
3. Member States may divide beers into categories consisting of no more than 4 degrees Plato and may charge the same rate of duty per hectolitre on all beers falling within each category.
4. Member States may apply a single reduced rate of excise duty to beer brewed by independent small undertakings provided that the reduced rate:
— is not applied to undertakings producing more than 60 000 hl of beer per year;
— is not more than 20% below the standard national rate of excise duty;
— is not below the level of the minimum rate laid down in the proposal for a Directive on the harmonization of rates (COM(89) 527 final — summary 4.6).
5. Reduced rates introduced by Member States must apply equally and in a straightforward manner to beer delivered into their territory from small breweries situated in other Member States.
6. Where beer produced in another Member State or beer from other Member States is withdrawn from the market because its condition or age renders it unfit for human consumption, any excise duty paid may be refunded.
7. The excise duty levied on still wine and sparkling wine and on intermediate products will be fixed by reference to the number of hectolitres of finished product released for consumption or recorded as missing and exceeding any allowance granted.
8. Member States will be required to levy the same rate of excise duty on all products subject to duty on still wine, sparkling wine, intermediate products, alcohol and alcoholic beverages.
9. Member States may apply a single reduced rate of duty on still wines and sparkling wines of a low alcoholic strength. This rate may not be more than 50% below the standard national rate of excise duty and may not be below the minimum rate for the product concerned.
10. The excise duty levied on alcohol and alcoholic beverages will be fixed per hectolitre of pure alcohol at 20 °C. This will be calculated by reference to the number of hectolitres of pure alcohol released for

	consumption or recorded as missing and exceeding any allowance granted. 11. The products covered by this proposal will be exempt from excise duty where they: — consist of alcoholic beverages of an actual alcoholic strength by volume not exceeding 1.2%; — are denatured in accordance with the requirements of any Member State; — are denatured and used for the manufacture of perfumes, toiletries and cosmetics or for external medical use; — are used for the production of vinegar or medicines. 12. The proposal provides for the mutual recognition of denaturing formulae and sets up a system for exchanging the requisite information.
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	The proposal is currently before the European Parliament for its opinion.
(6) References	Commission proposal COM(90) 432 final — Official Journal C 322, 21.12.1990 Economic and Social Committee opinion — Official Journal C 69, 18.3.1991

4. EXCISE DUTIES

4.3. Harmonization of duty structures: manufactured tobacco

(1) Objective	To introduce a harmonized structure for excise duties on manufactured tobacco in order to ensure the establishment of the internal market.
(2) Proposal	Proposal for a Council Directive amending Council Directives 72/464/EEC and 79/32/EEC on taxes other than turnover taxes which are levied on the consumption of manufactured tobacco.
(3) Contents	1. The following are considered as manufactured tobacco: cigarettes, cigars and cigarillos, smoking tobacco, snuff and chewing tobacco. 2. Cigarettes manufactured within the Community and those imported from third countries will be subject to a proportional excise duty based on the maximum retail selling price and to a specific excise duty calculated per unit of the product. 3. Manufacturers and importers within the Community will lay down the maximum retail selling price for each of their products for each Member State in which they are to be released for consumption. 4. Member States may fix a scale of retail selling prices for each category of manufactured tobacco. Each scale will be valid for all products in the relevant category and must be sufficiently varied to correspond to the actual variety of Community products. 5. The following will be exempt from excise duty: — denature tobacco which is used for industrial or horticultural purposes or is destroyed under administrative supervision; — manufactured tobacco which is intended solely for scientific tests connected with the determination of tar and/or nicotine levels. 6. Definitions of manufactured tobacco are already given in Council Directive 79/32/EEC (Official Journal L 10, 16.1.1979).
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	The proposal is currently before the European Paliament for its opinion.
(6) References	Commission proposal COM(90) 433 final — Official Journal C 322, 21.12.1990 Economic and Social Committee opinion — Official Journal C 69, 18.3.1991

4. EXCISE DUTIES

4.4. Harmonization of duty structures: mineral oils

(1) Objective

To introduce a harmonized structure on mineral oils in order to ensure the establishment of the internal market.

(2) Proposal

Proposal for a Council Directive on the harmonization of the structures of excise duties on mineral oils.

(3) Contents

1. Definition of the term 'mineral oil'.
2. Mineral oils will be subject to excise duty if used or intended for use as fuel or road fuel.
3. Any product similar in nature to mineral oils and intended for use as motor fuel or as an additive or extender in motor fuels will also be taxed as motor fuel.
4. Excise duty is calculated per:
— 1 000 litres of product at a temperature of 15 °C in the case of mineral oils;
— 1 000 kg of product in the case of products intended for use as heavy fuel oils.
5. The Directive lays down that the consumption of mineral oils in an establishment producing mineral oils will not give rise to excise duty except when such consumption is for the propulsion of motor vehicles or for purposes not related to the production of mineral oils.
6. Definition of the term 'establishment producing mineral oils'.
7. Member States will not be obliged to treat as 'production of mineral oils' operations:
— during which small quantities of mineral oils are obtained;
— carried out for the purpose of enabling a mineral oil to be re-used in the same establishment;
— consisting of mixing mineral oils with other mineral oils or materials.
8. The following will be exempt from excise duty:
— oils used for purposes other than as motor fuels or heating fuels;
— oils used as fuel for railway vehicles running on public railway networks;
— gases used other than as motor fuels;
— oils used as fuels for the purpose of:
  — air navigation other than private pleasure flights;
  — navigation on inland waterways and within the Community waters (including fishing) other than for use in private pleasure craft.
9. Provision is made for establishing a coordinated system to facilitate the movement and control of coloured and marked hydrocarbons.

(4) Opinion of the European Parliament

Parliament approved the Commission's proposal subject to certain amendments. The Commission accepted some of these amendments.

(5) Current status

An amended proposal including Parliament's amendments withheld by the Commission is awaited.

(6) References	Commission proposal COM(90) 434 final	Official Journal C 322, 21.12.1990
	European Parliament opinion	Official Journal C 183, 15.7.1991
	Economic and Social Committee opinion	Official Journal C 69, 18.3.1991

4. EXCISE DUTIES

4.5. Harmonization of duty structures: rum from French overseas departments

(1) Objective	To authorize the French Republic to apply for a limited period of time a reduced rate of duty to traditional rum from the French overseas departments because of their economic and social situation.
(2) Community measures	Council Decision 88/245/EEC of 19 April 1988 authorizing the French Republic to apply in its overseas departments and in metropolitan France, by way of derogation from Article 95 of the Treaty, a reduced rate of the revenue duty imposed on the consumption of traditional rum produced in those departments.
(3) Contents	1. Authorization for the French Republic to apply a reduced rate of duty to traditional rum from its overseas departments until 31 December 1992. 2. Definition of 'traditional rum' eligible for the reduction. This is the product obtained exclusively by distillation, after fermentation, of sugar-cane juice, sugar-cane syrup or sugar-cane molasses in the sugar-cane-producing areas of the French overseas departments, obtained from local raw materials. 3. Reduction in the annual quotas (1988-92) for the rum qualifying for the reduced rate in metropolitan France.
(4) Deadline for implementation of the legislation in the Member States	
(5) Date of entry into force (if different from the above)	
(6) References	Official Journal L 106, 27.4.1988
(7) Follow-up work	
(8) Commission implementing measures	

4. EXCISE DUTIES

4.6. Harmonization of excise duty rates: alcohol and alcoholic beverages

(1) Objective

To set minimum rates to be applied no later than 31 December 1992.

(2) Proposal

Proposal for a Council Directive amending the proposal for a Directive (COM(87) 328) on approximation of the rates of excise duty on alcohol contained in other products.

(3) Contents

1. The shift to flexibility in the excise duty rates levied on beer, still wine, sparkling wine, potable alcohol and intermediate products involves setting the following rates:
   - On 1 January 1993, excise duty rates in the Member States may not be lower than the minimum rate of:
     - ECU 0.748 per hl/degree Plato for beer;
     - ECU 9.35 per hl for still wine;
     - ECU 16.5 per hl for sparkling wine;
     - ECU 1 118.5 per hl of pure alcohol for potable alcohol;
     - ECU 74.8 per hl for intermediate products.
   - Ultimately, Member States will have to apply the target rate of:
     - ECU 1.496 per hl/degree Plato for beer;
     - ECU 18.7 per hl for still wine;
     - ECU 33 per hl for sparkling wine;
     - ECU 1 398.1 per hl of pure alcohol for potable alcohol;
     - ECU 93.5 per hl for intermediate products.
2. In the case of alcohol contained in perfume, toiletries and cosmetics, the original proposal envisaged a reduced rate. The difficulties in defining common rules on denaturing and the low level of revenue generated by this type of product have led the Commission to drop its original proposal.
3. Every two years, and for the first time not later than 31 December 1994, the target and minimum rates are to be reviewed and any necessary adjustments made.
4. With effect from 1 January 1993, Member States may adjust their excise duty rates provided that they move closer to the target rates laid down in this Directive.

(4) Opinion of the European Parliament

Not yet given.

(5) Current status

Parliament is currently preparing its opinion on the amended proposal.

(6) References

Commission proposal COM(87) 328 final	Official Journal C 250, 18.9.1987
Amended proposal COM(89) 527 final	Official Journal C 12, 18.1.1990
Economic and Social Committee opinion	Official Journal C 237, 12.9.1988 Official Journal C 225, 10.9.1990

4. EXCISE DUTIES

4.7. Harmonization of excise duty rates: cigarettes and manufactured tobacco

(1) Objective

To lay down a common structure and the rates to be applied not later than 31 December 1992.

(2) Proposal

Proposals for Council Directives amending the proposals for Directives (COM(87) 325 and COM(87) 326) on the approximation of the taxes on cigarettes and on the approximation of the taxes on manufactured tobacco other than cigarettes.

(3) Contents

1. The Directives apply to cigarettes, cigars and cigarillos, smoking tobacco, snuff and chewing tobacco.
2. The taxation of cigarettes is characterized by a mixed excise duty structure:
— a fixed specific component (fixed amount per number of cigarettes);
— a proportional component (*ad valorem*, as percentage of retail selling price inclusive of all taxes).
3. The rates fixed for cigars and cigarillos and for smoking tobacco, snuff and chewing tobacco have a purely *ad valorem* structure. However, there are special transitional arrangements for Member States which, on 1 January 1993, apply a taxation structure other than a purely *ad valorem* structure.
4. In order to permit certain Member States which, on 1 January 1993, apply a purely specific or mixed excise duty to certain categories of manufactured tobacco other than cigarettes to move gradually towards a purely *ad valorem* structure, they are to be allowed to apply to such categories a mixed structure (specific excise duty + *ad valorem* excise duty + VAT) during a period not exceeding five years on condition that the sum of the *ad valorem* components of this mixed structure is not lower than the minimum rates fixed for each product category.
5. The shift to flexibility in the rates levied on cigarettes involves the Member States setting the following rates on 1 January 1993:
— specific component: its basic amount may not be lower than the minimum rate of ECU 15 per 1 000 cigarettes;
— *ad valorem* component: this will be established in such a way that the combination of these rates with the rate of VAT may not be lower than the minimum rate of 45% of the retail selling price inclusive of all taxes.

Ultimately, Member States will apply an excise duty with the following two target-rate components:
— specific component: target rate of ECU 21.5 per 1 000 cigarettes;
— *ad valorem* component: target rate fixed in such a way that the combination of this *ad valorem* component and the rate of VAT equals 54% of the retail selling price inclusive of all taxes.

6. The shift to flexibility in the rates levied on cigars and cigarillos, smoking tobacco, snuff and chewing tobacco involves the Member States setting a minimum *ad valorem* rate on 1 January 1993. The excise duty rate will be established in such a way that the total tax burden resulting from the combination of this rate of VAT may not be lower than:

— 25% of the retail selling price inclusive of all taxes for cigars and cigarillos;
— 50% of the retail selling price inclusive of all taxes for smoking tobacco;
— 37% of the retail selling price inclusive of all taxes for snuff and chewing tobacco.

Ultimately, Member States will apply the target rate in such a way that the combination of this rate of VAT equals:
— 36% of the retail selling price inclusive of all taxes for cigars and cigarillos;
— 56% of the retail selling price inclusive of all taxes for smoking tobacco;
— 43% of the retail selling price inclusive of all taxes for snuff and chewing tobacco.

(4) Opinion of the European Parliament: Not yet given.

(5) Current status: Parliament is currently preparing its opinion on the amended proposal.

(6) References:

Commission proposals	
COM(87) 325 final	
COM(87) 326 final	Official Journal C 251, 19.9.1987
Amended proposal	
COM(89) 525 final	Official Journal C 12, 18.1.1990
Economic and Social Committee opinion	Official Journal C 237, 12.9.1988 Official Journal C 225, 10.9.1990

4. EXCISE DUTIES

4.8. Harmonization of excise duty rates: mineral oils

(1) Objective

To lay down minimum rates or rate bands for each product category, which Member States will have to apply by 31 December 1992 at the latest.

(2) Proposal

Proposal for a Council Directive amending the proposal for a Directive (COM(87) 327) on the approximation of the rates of excise duty on mineral oils.

(3) Contents

1. Flexibility of excise duty rates for petrol (leaded or unleaded), diesel, heating gas oil, heavy fuel oil, liquid petroleum gas, methane and kerosene.
2. The target rates are not laid down in the current Directive, but in a new proposal which the Commission presented on 13 February 1991 (see summary 4.9).
3. The rates to be applied on 1 January 1993 are as follows:
(ECU/1 000 litres)
— leaded petrol: a minimum of ECU 337;
— unleaded petrol: a differential compared with the rates on leaded petrol of not less than ECU 50;
— diesel: not less than ECU 195 and not more than ECU 205;
— heating oil: not less than ECU 47 and not more than ECU 53;
— heavy fuel: not less than ECU 16 and not more than ECU 18;
— liquid petroleum gas and methane used as fuel: a minimum of ECU 84.5;
— kerosene used as fuel: a minimum of ECU 337;
— kerosene: not less than ECU 47 and not more than ECU 53.

(4) Opinion of the European Parliament

Parliament approved the Commission's proposal subject to certain amendments. The Commission accepted some of these amendments.

(5) Current status

An amended proposal including Parliament's amendments withheld by the Commission is awaited.

(6) References

Commission proposal COM(87) 327 final	Official Journal C 262, 1.10.1987
Amended proposal COM(89) 526 final	Official Journal C 16, 23.1.1990
European Parliament opinion	Official Journal C 183, 15.7.1991
Economic and Social Committee opinion	Official Journal C 237, 12.9.1988 Official Journal C 225, 10.9.1990

4. EXCISE DUTIES

4.9. Harmonization of excise duty rates: petrol and diesel

(1) Objective	To complete and amend the proposal for a Directive (COM(89) 526 final) on the approximation of the rates of excise duty on mineral oils by setting target rates of excise duty for petrol and raising the excise rate band on diesel which was proposed in 1989.
(2) Proposal	Proposal for a Council Directive fixing certain rates and target rates of excise duty on mineral oils.
(3) Contents	1. The setting of minimum rates and rate bands is covered not by this Directive but by the proposal on the approximation of the rates of excise duty on mineral oils (summary 4.8), which specifically deals with target rates. These are not compulsory common rates but the common levels towards which Member States must progressively converge. A rate band has been set for diesel, however, because of the nature of that product. 2. The target rates applicable from 1 January 1993 are as follows: (ECU/1 000 litres) — leaded petrol: ECU 495; — unleaded petrol: ECU 50 below the target rate for leaded petrol; — kerosene used as a propellant: ECU 495. 3. The rate band applicable to diesel from 1 January 1993 is ECU 245 to ECU 270 per 1 000 litres.
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	The proposal is currently before the European Parliament for its opinion.
(6) References	Commission proposal COM(91) 43 final — Official Journal C 66, 14.3.1991 Economic and Social Committee opinion — Official Journal C 159, 17.6.1991

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