

## EUROPEAN PARLIAMENT

# Working Documents

1974-1975

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17 February 1975

DOCUMENT 482/74

## Report

drawn up on behalf of the Committee on Budgets

on the proposals from the Commission of the European Communities to the Council for: /

- I. a directive on the exemption from taxes on importation of small consignments from third countries of goods of a non-commercial nature (Doc. 451/74)
- II. a regulation providing for exemption from duties and charges on importation in respect of goods sent by a private person from a third country in small consignments of a non-commercial nature to another private person living in the customs territory of the Community (Doc. 461/74)

Rapporteur: Mr H. NOTENBOOM



By letters of 16 and 17 January 1975, the President of the Council European Communities consulted the European Parliament on (a) the proposal from the Commission of the European Communities to the Council (Doc. 451/74) for a directive concerning the exemption from taxes on importation of small consignments from third countries of goods of a non-commercial nature and (b) the proposal from the Commission of the European Communities to the Council (Doc. 461/74) for a regulation providing for exemption from duties and charges on importation in respect of goods sent by a private person from a third country in small consignments of a non-commercial nature to another private person living in the customs territory of the Community.

The President of the European Parliament referred these proposals to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs for its opinion.

On 3 February 1975 the Committee on Budgets appointed Mr Notenboom rapporteur.

It considered these proposals at its meeting of 3 February 1975.

At the same meeting the committee unanimously adopted the motions for a resolution and the explanatory statement with one abstention.

Present: Mr Aigner, chairman; Mr Durand, vice-chairman; Mr Notenboom, rapporteur; Mr Artzinger, Mr Boano, Mr Cointat, Mr Fabbrini, Mr Houdet, Mr Lagorce, Lord Lothian, Mr Nyborg (deputizing for Mr de la Malène), Mr Pêtre, Mr Shaw, Mr Terrenoire and Mr Vernaschi.

The opinion of the Committee on Economic and Monetary Affairs will be given orally during the sitting.

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A

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution, together with an explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a directive on the exemption from taxes on importation of small consignments from third countries of goods of a non-commercial nature

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council<sup>1</sup>,
  - having been consulted by the Council (Doc. 451/74),
  - having regard to the report of the Committee on Budgets (Doc. 482/74)
- (a) appreciating the desirability of a liberal and harmonised approach to the fiscal treatment of the consignments in question,
  - (b) noting that the budgetary consequences are not of major significance,
  - (c) recognising that the proposal represents the partial extension to certain non-commercial consignments coming from third countries of concessions accorded to similar consignments moving between Member States,
1. Welcomes the Commission's proposal for a directive;
  2. Regrets that the Council has handled until now proposals of this nature in a tardy fashion, and urges that the present proposal be adopted at an early date;
  3. Asks the Commission to report to it on the working of the analogous arrangements in regard to the exemption for goods contained in the personal luggage of travellers;
  4. Requests the Commission to incorporate the following amendments in its proposal pursuant to Article 149(2) of the EEC Treaty;
  5. Instructs its President to forward this resolution and the report of its Committee to the Council and Commission of the European Communities

<sup>1</sup> OJ No. C 18, 25 January 1975, p.6

PROPOSAL FOR A DIRECTIVE

concerning

the exemption from taxes on importation of small  
consignments from third countries of goods of a  
non-commercial nature

Preamble and recitals unchanged

Article 1 unchanged

Article 2

Article 1 shall in respect of the goods listed below apply subject to the following quantitative limits:

(a) Tobacco products

50 cigarettes, or  
25 cigarillos (cigars of a maximum weight of 3 grammes each), or  
10 cigars, or  
50 grammes of pipe tobacco.

(b) Alcoholic beverages

- distilled beverages and spirits of an alcoholic strength exceeding 22° :

1 standard bottle (not exceeding 1 litre)

or

- distilled beverages and spirits and aperitifs with a wine or alcoholic base of an alcoholic strength not exceeding 22°; sparkling wines, fortified wines:

1 standard bottle (not exceeding 1 litre)

or

- still wines : 2 litres

Article 2

Article 1 shall in respect of the goods listed below apply subject to the following quantitative limits:

(a) Tobacco products

100 cigarettes, or  
50 cigarillos (cigars of a maximum weight of 3 grammes each), or  
25 cigars, or  
100 grammes of pipe tobacco.

(b) unchanged

<sup>1</sup> For the complete text, see OJ No. C 18, 25 January 1975, p.6

(c) Perfumes : 60 grammes or 2 ounces (c) unchanged  
or  
toilet waters:  $\frac{1}{2}$  litre or  
8 ounces

(d) Coffee : 500 grammes (d) unchanged  
or  
coffee extracts and  
essence: 200 grammes

(e) Tea : 100 grammes (e) unchanged  
or  
tea extracts and  
essences: 40 grammes

Articles 3 to 5 unchanged

The Committee on Budgets hereby submits to the European Parliament the following motion for a resolution, together with an explanatory statement:

MOTION FOR A RESOLUTION

embodying the opinion of the European Parliament on the proposal from the Commission of the European Communities to the Council for a regulation providing for exemption from duties and charges on importation in respect of goods sent by a private person from a third country in small consignments of a non-commercial nature to another person living in the customs territory of the Community

The European Parliament,

- having regard to the proposal from the Commission of the European Communities to the Council<sup>1</sup>,
- having been consulted by the Council (Doc.461/74),
- having regard to the report of the Committee on Budgets (Doc. 482/74) and the opinion of the Committee on Economic and Monetary Affairs,
- noting that the implications for the revenue of the budget of the Communities are not of major significance,

1. Welcomes the Commission's proposal for a regulation;
2. Requests the Commission to incorporate the following amendments in its proposal pursuant to Article 149(2) of the Treaty;
3. Instructs its President to forward this resolution and the report of its Committee to the Council and Commission of the European Communities.

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<sup>1</sup> OJ No. C 24, 1 February 1975, p.11



PROPOSAL FOR A REGULATION

providing

for exemption from duties and charges on importation  
in respect of goods sent by a private person from a  
third country in small consignments of a non-commercial  
nature to another private person living in the customs  
territory of the Community

Preamble and recitals unchanged

Article 1 unchanged

Article 2

Article 2

1. Article 1 shall, in respect of the goods listed below, apply subject to the following quantitative limits:

(a) tobacco products :

50 cigarettes

or 25 cigarillos (cigars of a maximum weight of 3 grammes each)

or 10 cigars

or 50 grammes of pipe tobacco

(b) alcoholic beverages :

- distilled beverages and spirits, of an alcoholic strength exceeding 22°:

1 standard bottle (not exceeding 1 litre)

or

- distilled beverages and spirits and aperitifs with a wine or alcohol base, of an alcoholic strength not exceeding 22°; sparkling wines and liqueur wines:

1 standard bottle (not exceeding 1 litre)

or

- still wines: 2 litres

1. Article 1 shall, in respect of the goods listed below, apply subject to the following quantitative limits:

(a) tobacco products :

100 cigarettes

or 50 cigarillos (cigars of a maximum weight of 3 grammes each)

or 25 cigars

or 100 grammes of pipe tobacco

(b) unchanged

<sup>1</sup> For the complete text, see OJ No. C 24, 1 February 1975, p.11

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- |                     |                                 |               |
|---------------------|---------------------------------|---------------|
| (c) perfumes        | 60 grammes or 2 ounces          | (c) unchanged |
| or                  |                                 |               |
| toilet waters       | $\frac{1}{4}$ litre or 8 ounces |               |
| (d) coffee          | 500 grammes                     | (d) unchanged |
| or coffee extracts  |                                 |               |
| and essences        | 200 grammes                     |               |
| (e) tea             | 100 grammes                     | (e) unchanged |
| or tea extracts and |                                 |               |
| essences            | 40 grammes                      |               |

2. Where goods of the kinds mentioned in paragraph 1 are sent in a consignment in quantities in excess of the relative prescribed limits, then the whole of such a consignment shall be considered as being excluded from the relief.

Article 3 unchanged

EXPLANATORY STATEMENT

1. The objective of these proposals is clear. Small consignments of a non-commercial nature sent by private persons in third countries to private individuals within the Community will not be taxed or charged duty at importation, provided that they are sent, entirely free of charge, for personal or family use by the consignee and are within certain value and quantity limits. Following is a summary of the background to the proposal.

2. Quite substantial exemptions for goods contained in personal baggage have existed for many years for persons travelling between Member States and also for travellers from third countries to the Community. As well, frontaliere or persons whose work takes them frequently across frontiers enjoy smaller concessions. These concessions, as well as simplifying considerably the work of customs control of baggage and travellers, help to make the Community a more real entity for the general public, enable a freer flow of traffic and are, therefore, highly commendable.

3. Consignments of small value sent, usually by post, by private persons in Member States to private individuals in other Member States were the subject of a proposal for a draft directive which the Commission sent to the Council on 22 September 1972 and which was adopted towards the end of December last. It is regrettable that there should have been so long a delay in clearing that proposal.

4. To avoid a too rigid discrimination against small consignments of a non-commercial character sent by private persons in third countries, and to complement the directive referred to in the preceding paragraph, the Commission has put forward the proposals set out in the documents now under consideration.

The objective of the draft directive is to exempt the consignments in question from value added tax and from any other taxes on consumption (i.e. excises).

The objective of the draft regulation is to exempt such consignments from customs duties, charges having equivalent effect and agricultural levies or other import charges imposed under the common agricultural policy or under the special arrangements applicable by virtue of Article 235 of the Treaty to certain goods resulting from the processing of agricultural products.

### Value limit

5. In the case of both the draft directive and the draft regulation, the ceiling placed on the value of the consignment to benefit from the relief is 25 units of account. Some information on the considerations underlying this value limit would be appreciated.

### Suggested amendments

6. As well as the value ceilings, quantity ceilings are also proposed in respect of tobacco products, alcoholic beverages, perfumes, coffee and tea. The quantitative limits imposed in the case of alcoholic beverages and perfumes appear reasonable. However, the quantities of tobacco allowable appear to be inconsiderable and would cost a sum far below the value limit. One tends to think of a gift of tobacco products sent to someone in a distant country in terms of at least 100 cigarettes, 25 cigars or 100 grammes of pipe tobacco. It is considered that it would be more in keeping with the spirit of the concession to at least double the quantities of tobacco products listed in the draft directive and the draft regulation. The effect of the gesture envisaged by the Commission would be destroyed if the recipient of a packet of 20 or 25 cigars or 100 cigarettes were charged duty. It is suggested that, if for exchequer revenue reasons it is not found possible to accept the higher limit proposed in the instance of excise duties covered by the draft directive, at least the more generous allowances could be included in the draft regulation where the charges involved are smaller.

### The minority point of view

7. Certain members felt that some of these quantity ceilings should be removed for the following reasons:

- that while it was possible that products possibly harmful to health should be restricted in this way, this argument could be scarcely applied to tea and coffee and their derivatives;
- that the regulation should fit in with commercial and traditional custom in as much as the maximum limit should include gifts of the size normally sent (e.g. that the number of bottles of wine should not be less than a standard 3-bottle package);
- that by adopting a ruling favourable to third countries, an extra spur towards the liberalization of the internal market of the Community would be given.

While these arguments received a sympathetic hearing by the committee, the proposed modifications in this sense did not receive majority support. Firstly it was recognized that major differences in the customs and excise systems applying to products which could be the subject of such a regulation

existed. Secondly it was felt that modifications should be limited in the hope that a Council decision adopting the regulation, though not completely satisfactory, could be given, especially in view of the fact that the proposal seemed likely to achieve a positive reception from the Member States.

#### Budgetary aspect

8. The Committee on Budgets notes that the reliefs proposed will have the effect of reducing the receipts of the Community budget but that the absence of detailed national statistics renders it impossible to quantify the effect. Moreover, reductions in the common external tariff reduce revenue even more. However, the committee accepts that the amount involved is inconsiderable in the overall context and is of the view that the step will lead to a freer flow of non-commercial inter-family consignments and is therefore positive and meritorious. Moreover, the flow of consignments in the opposite direction, from migrant workers in the Community to their families in third countries, is perhaps of greater volume. The Committee wonders what action is being - or could be - taken, in a wider forum, to facilitate these movements which, ideally, should not suffer double taxation, in accordance with the long-established Community attitude in the matter.

#### Other aspects

9. The Committee avails of this opportunity to refer to the tax exemptions for goods in the baggage of travellers between Member States and asks whether the concessions are being applied evenly by all members and whether they have given rise to any particular difficulties of interpretation or application.

10. When the two measures now in question have been adopted, the position regarding the analogous concessions for goods in the personal baggage of travellers between Member States, for frontaliere, for workers who frequently cross Community frontiers, for gifts sent from a resident of one Member State to a resident in another Member State and now for certain non-commercial consignments coming from third countries will be quite elaborate. An effort should be made to consolidate, simplify and harmonise these arrangements; they should also be published in a single document so as to give the general public a better idea of the concessions which apply and to demonstrate the human visage of the Community and the liberal attitude towards such consignments.

#### Summary

11. Subject to the amendments suggested at paragraph 6 above to the quantitative allowances proposed for tobacco, the Committee on Budgets approves the draft directive and the draft regulation. The Committee on Budgets would also, as indicated above, appreciate having a report from the Commission on the working of the existing concessions and suggest the publication of all these concessions and allowances in a single document.

