

COMMISSION OF THE EUROPEAN COMMUNITIES

COM(77) 662 final.

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Brussels, 13 December 1977.

Proposal for a
COUNCIL DIRECTIVE

on a derogation accorded to the Kingdom of Denmark relating to
the rules governing turnover tax and excise duty applicable in
international travel

(submitted to the Council by the Commission)

COM(77) 662 final.

EXPLANATORY MEMORANDUM

Annex VII, Part V, paragraph 1 of the Act of Accession granted a derogation to Denmark relating to the application of certain provisions of Council Directive 69/169/EEC of 28 May 1969 ⁽¹⁾, as amended by Directive 72/23P/EEC of 12 June 1972, ⁽²⁾ on the harmonization of provisions laid down by law, regulation or administrative action relating to the rules governing turnover tax and excise duty applicable in international travel. The Council was to decide before 31 December 1975 whether and how far a prolongation of this derogation appeared necessary, taking into account the extent to which economic and monetary union, and particularly progress in tax harmonization, had been achieved. By directives of 20 January 1976 ⁽³⁾ and 18 January 1977 ⁽⁴⁾ the Council accorded two prolongations of the derogation, respectively up to and including 31 December 1976, and 31 December 1977.

The Danish Government has expressed concern at the economic consequences which full application of the existing directives on travellers' allowances would present, because of the particularly high level of excises in Denmark, and has requested a further prolongation.

It is clear that a substantial reduction in the differences between the price of products subject to excises in Denmark and the price of these products in other Member States will only be possible over the medium term.

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- (1) O.J. No L 133, 4.6.1969, p.6
(2) O.J. No L 139, 17.6.1972, p. 28.
(3) O.J. No L 21, 29.1.1976, p. 9.
(4) O.J. No L 23, 27.1.1977, p. 50.
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The Commission therefore foresees a solution to this problem over a three-year period and, consequently, proposes that the derogation should come to an end on 31 December 1980.

However, the Commission believes that an improvement in the Danish rules is highly desirable, well before this date, in order to re-inforce the process of tax adaptation. Certain relaxations are therefore proposed in the existing rules. In particular, from 1 January 1979, full application of the Community exemptions is proposed for Danish residents staying more than 72 hours in another Member State, and for the residents of other Member States who visit Denmark, which implies, in both these cases, a considerable increase in the exemptions at present allowed.

Proposal for a
COUNCIL DIRECTIVE

of

on a derogation accorded to the Kingdom of Denmark
relating to the rules governing turnover tax and
excise duty applicable in international travel

THE COUNCIL OF THE EUROPEAN COMMUNITIES,

Having regard to the Treaty establishing the European Economic Community,
and in particular Articles 99 and 100 thereof,

Having regard to the Act of Accession, and in particular Article 133 and
Annex VII, Part V (1) thereof,

Having regard to the proposal from the Commission,

Whereas Annex VII, Part V (1) of the Act of Accession granted a derogation
to Denmark relating to the application of certain provisions of Council
Directive 69/169/EEC of 28 May 1969 on the harmonisation of provisions
laid down by law, regulation or administrative action relating to exemption
from turnover tax and excise duty on imports in international travel⁽¹⁾, as
amended by Council Directive 72/230/EEC of 12 June 1972⁽²⁾;

Whereas, by Directive 76/134/EEC of 20 January 1976⁽³⁾, and Directive
77/82/EEC of 18 January 1977⁽⁴⁾, the Council granted two prolongations of
this derogation, respectively up to 31 December 1976 and 31 December 1977;

Whereas the Danish Government has requested a further prolongation of this
derogation;

Whereas the tax system at present applied in Denmark does not allow the
full application of the Community Directives relating to travellers'
exemptions without risk of serious economic consequences;

(1) OJ No. L 133 of 4.6.1969, p. 6

(2) OJ No. L 139 of 17.6.1972, p. 28

(3) OJ No. L 21 of 29.1.1976, p. 9

(4) OJ No. L 23 of 27.1.1977, p. 50

Whereas adaptation of the Danish regime will require a period of three years; with the need, however, in order to reinforce the process of adjustment and in the interests of the common market, to modify the terms under which the derogation is applied,

HAS ADOPTED THE PRESENT DIRECTIVE:

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Article 1

By way of derogation from Directives 69/169/EEC of 20 May 1969 and 72/230/EEC of 12 June 1972, the Kingdom of Denmark shall have the right, in respect of exemptions at importation of the goods set out in Annex VII, Part V (1) (a) of the Act of Accession, and for the periods shown:

- (a) to maintain the rules currently in force up to 31 December 1978;
- (b) to apply the following quantitative limits, where such goods are imported by travellers, having their residence in Denmark, after a stay in another country:

from 1 January 1979 until 31 December 1979, when the stay is less than 72 hours, and from 1 January 1980 to 31 December 1980, when the stay is less than 48 hours:

cigarettes	40
or	
cigarillos (cigars of a maximum weight of 3 gr. each)	20
or	
cigars	20
or	
smoking tobacco	100 gr
distilled beverages and spirits of an alcoholic strength exceeding 22°	Nil
beer	2 l.

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Article 2

The Kingdom of Denmark shall communicate to the Commission the text of the measures which it adopts in the field covered by this Directive.

Article 3

This Directive is addressed to the Kingdom of Denmark.

Done at Brussels,

For the Council
The President