

# European Communities

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EUROPEAN PARLIAMENT

## Working Documents

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DOCUMENT 158/72

### Report

drawn up on behalf of the Committee for Finance and Budgets

on the proposal from the Commission of the European Communities to the Council (Doc. 4/72-V) for a directive on the/excise arrangements applicable to mixed beverages

Rapporteur: Mr G. REISCHL

PE 30.750/fin./II



By letter of 29 March 1972 the President of the Council of the European Communities requested the European Parliament, although consultation was not obligatory in this instance, to deliver an opinion on the proposal from the Commission of the European Communities to the Council for a directive on the excise arrangements applicable to mixed beverages.

On 17 April 1972 the President of the Parliament referred this proposal to the Committee for Finance and Budgets as the committee responsible, and to the Economic Affairs Committee and the Committee on Agriculture as the committee asked for its opinion.

The Committee for Finance and Budgets appointed Mr Reischl rapporteur on 16 May 1972.

The sub-committee on 'tax harmonization' discussed this proposal at its meetings of 21 June, 4 July and 18 September 1972.

At its meeting of 3 October 1972, the Committee for Finance and Budgets discussed this proposal and unanimously adopted the motion for a resolution and the explanatory statement.

The following were present: Mr Spénale, Chairman; Mr Borocco, Vice-Chairman; Mr Reischl, rapporteur; Mr Aigner, Mr Arndt, Mr Artzinger, Mr Boano, Mr Gerlach, Mr Jozeau-Marigné, Mr Koch, Mr Offroy, Mr Pêtre and Mr Vals (deputizing for Mr Wohlfart).

The opinions of the Economic Affairs Committee and the Committee on Agriculture will be distributed separately.

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

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 excise arrangements applicable to mixed beverages

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. 4/72), although consultation was not obligatory in this instance,
  - having regard to the report by the Committee for Finance and Budgets (Doc. 158/72) and the opinions of the Economic Affairs Committee and the Committee on Agriculture;
1. Notes that an opinion on the specific excise provisions applicable to mixed beverages can only be given on the basis of the implementing measures to be laid down by an Excise Committee at a later date;
  2. Agrees that the Commission should provide for the adoption of tax measures in respect of mixed beverages to remove obstacles to the free movement of goods;
  3. Considers that while they will affect only a very small fraction of merchandise trade, these measures are still necessary in order to create a comprehensive body of tax provisions;
  4. Instructs its President to forward this resolution and the report of its committee to the Council and the Commission of the European Communities.

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<sup>1</sup>OJ No. C 43, 29.4.1972, p. 23

EXPLANATORY STATEMENTIntroductory note

1. The proposed directive on the excise arrangements applicable to mixed beverages has proved necessary because some beverages contain components subject to other excise duties which have either been included in a proposal for harmonization or are purely national in scope.

A. Justification for excise regulations applicable to mixed beverages

2. Most Member States collect excise duties on mixed beverages, some of which have been included in proposals for harmonization; for reasons of competition, excise arrangements should be laid down for such beverages. Imported mixed beverages would otherwise come under other arrangements or would avoid taxation, whereas competing non-mixed products would be subject to an excise duty.

3. At present, most mixed beverages are marketed in the Federal Republic of Germany, for instance mixtures of still wine and sparkling wine, or of beer and sparkling wine. In the absence of an excise system, these beverages would be subject to the excise duties payable on alcohol, which would seriously jeopardize sales.

B. Implementing rules for the excise arrangements applicable to mixed beverages

4. The proposal for a directive contains eight articles.

Article 2 states that for the purpose of the directive, mixed beverages mean beverages containing at least one beverage subject to an excise duty.

5. Article 3 provides that mixed beverages containing alcohol shall be subject exclusively to excise duties on alcohol, harmonized in accordance with the relevant directive. This means that all beverages containing alcohol are excluded from the excise arrangements provided for in the present directive. The committee gave some examples of the mixed beverages referred to in the proposal. At the moment they do not play a major part in international trade, but this may change.

6. In Article 4 the committee proposes that when the nature of the components of the mixed beverages or their exact proportions cannot be ascertained, the Member States shall tax these beverages in accordance with the excise duties applicable to the most heavily taxed component. This provision could lead to discrimination if there is a higher proportion of the most heavily taxed component in one mixed beverage than in another.

7. Your committee nevertheless welcomes these regulations since they provide a healthy incentive - if only from the point of view of the quality of foodstuffs - to specify the composition of mixed beverages.

C. Conclusions

8. It will not be possible to give an opinion on the scope and the various provisions of the proposal under consideration until an Excise Committee has laid down detailed rules of implementation for the excise arrangements applicable to mixed beverages.

Your committee nevertheless recommends a favourable opinion on the proposal, for if the intention is to have a comprehensive body of provisions applicable in tax matters and to remove obstacles to the free movement of goods, it is essential to take a decision of principle on an excise system applicable to mixed beverages.

