

## Statement on the modernisation of tobacco taxation

Statement supported by the following sixteen Member States:

*Belgium, Bulgaria, Croatia, Czechia, Denmark, Estonia, Finland, France, Germany, Ireland, Latvia, Portugal, The Netherlands, Slovakia, Slovenia and Spain.*

The Tobacco Taxation Directive (2011/64/EU) is one of the key legislative documents that ensures the harmonization of the EU market in terms of excise taxation. In addition, the directive also serves various other purposes. Its provisions contribute, among other things, to ensuring fair competition, combating tax fraud, the proper functioning of the internal market and, at the same time, a high level of health protection.

Since the last update of the Tobacco Taxation Directive in 2011 there have been significant changes to the European tobacco market. New products have emerged which are in competition with, and are comparable to, traditional tobacco products in terms of e.g. use and health risks. Based on the current directive, most of these products cannot be taxed like traditional tobacco products. The provisions of the current directive are insufficient or too narrow to meet the challenges faced by the administrations of Member States given the ever-evolving offerings of the tobacco industry.

Due to shortcomings in the EU legislation, Member States have taken appropriate actions at the national level. This has led to fragmentation, an uneven playing field and, ultimately, to the distortion of our internal market.

These concerns have also been expressed in the Council conclusions of 2 June 2020 in which Member States called on the European Commission to present a legislative proposal to the Council that would allow for a common approach to the new situation.

Decisive and swift action is needed to modernise the Tobacco Taxation Directive and the relevant sections of the Horizontal Excise Directive (2020/262) in order to ensure the proper functioning of our internal market whilst at the same time addressing the harmful effects to health of both traditional tobacco products and non-traditional tobacco alternatives. Also, the European Commission has taken policy initiatives acknowledging the role of the Tobacco Taxation Directive in addressing those harmful effects.

Taking this into account, as well as the Council conclusions of 2 June 2020, we call upon the European Commission to take legislative action and make the modernisation of tobacco taxation legislation a key priority for its upcoming term, and to present its proposal no later than spring 2025.



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