

**Opinion of the European Economic and Social Committee on the 'Proposal for a Council Regulation — Administrative Cooperation in the field of excise duties'**

COM(2011) 730 final — 2011/0330 (CNS)  
(2012/C 68/08)

Rapporteur-General: **Ms LOUGHEED**

On the 28 November 2011 the Council decided to consult the European Economic and Social Committee, under Article 113 of the Treaty on the Functioning of the European Union, on the

*Proposal for a Council Regulation — Administrative Cooperation in the field of excise duties*

COM(2011) 730 final — 2011/0330 (CNS).

On 6 December 2011 the Committee Bureau instructed the Section for Economic and Monetary Union and Economic and Social Cohesion to prepare the Committee's work on the subject.

Given the urgent nature of the work, the European Economic and Social Committee appointed Ms LOUGHEED as rapporteur-general at its 477th plenary session, held on 18 and 19 January 2012 (meeting of 18 January 2012), and adopted the following opinion by 138 votes to 0 with 10 abstentions.

## 1. Conclusions and recommendations

1.1 The EESC supports and approves the proposal for a new 'Regulation governing administrative cooperation in the field of excise duty' as being a necessary and useful updating of the rules currently in place in order to support national administrations' cooperation to ensure effective tax collection and to fight excise duty fraud.

## 2. Main elements and background to the opinion

2.1 Duties are levied on three categories of products in the EU in the form of excise duties: alcohol and alcoholic drinks, manufactured tobacco and energy products. These excise duties play an important role in trying to influence public behaviour and in contributing to the public finances of the Member States and the EU <sup>(1)</sup>.

2.2 For a number of reasons, including the possibility of making significant profits on relatively small levels of activity, the level of fraud (particularly in the tobacco and alcohol sectors) has been very high in the EU. So much so that a 'High Level Group on Fraud in the Tobacco and Alcohol Sectors' was set up <sup>(2)</sup> and its recommendations to combat

this fraud were endorsed by the ECOFIN Council in May 1998. A number of recommendations were made, but the most substantive and long-term recommendation was that the EU should establish a 'fully computerised movement and control system'.

2.3 As a result, the European Union has spent several years progressively developing and rolling out a new, modern system for monitoring the movement of goods under suspension of excise within the Internal Market - the 'Excise Movement and Control System' (EMCS).

## 3. The Excise Movement and Control System

3.1 The 'Excise Movement and Control System' (EMCS) was constituted by Decision 1152/2003/EC. Putting it in place has been a substantive piece of work involving the European Commission, the Member States' excise authorities and operators, all working through various phases of development so that a largely paper-based system which was fairly onerous for all involved, will be replaced by a computer and electronic system which will be almost totally paperless. More importantly, the new system should allow the relevant authorities to track the goods' movement in 'real time' and allow the databases to collate information immediately which will allow for easier and more in-depth analysis and automated risk analysis.

3.1.1 For the operators involved, the new automation speeds up the necessary administrative processes (all movements are now already accompanied by an electronic Administrative Document replacing paper documents). It has standardised many of the required documents and includes web-support to check the credentials of potential trading partners.

<sup>(1)</sup> An estimated EUR 307 bn is raised annually (2010 figure) in excise and similar charges in the EU, made up of EUR 22 bn in alcohol and alcoholic beverages, EUR 207 bn in energy products and EUR 77 bn in manufactured tobacco – figures are aggregated totals from the figures presented in the European Commission's separate 'Excise Duty Tables' for alcoholic beverages, energy products and electricity and manufactured tobacco which can be consulted on DG TAXUD's website at: [http://ec.europa.eu/taxation\\_customs/taxation/excise\\_duties/index\\_en.htm](http://ec.europa.eu/taxation_customs/taxation/excise_duties/index_en.htm).

<sup>(2)</sup> At the time the High Level Group estimated the losses as a result of fraud in the year 1996 to be around ECU 3.3 bn in the tobacco sector and ECU 1.5 bn in the alcohol sector.

3.1.2 The EESC believes that the EMCS facilitates legitimate trade within the Internal Market whilst adding to the tools available to Member States to address fraudulent excise duty avoidance.

#### **4. Proposal for a Council Regulation in administrative cooperation in the field of excise duties**

4.1 This proposal is one of the last 'pieces of the puzzle' for the system to be used to its full capacity. The proposal replaces the existing Regulation governing administrative cooperation in the field of excise duty (Regulation 2073/2004) by recognising the modernisation that is almost complete and allowing Member States' administrations to take advantage of that in their cooperation with each other, thereby really enhancing their capacity to coordinate to best effect.

4.2 The EESC recognises and endorses the widening of the scope of the proposal to include cooperation in the enforcement of excise legislation and not simply the assessment of level of duties owed as being a useful development in fighting fraud and in strengthening the Internal Market and the trust that citizens place in it.

4.3 Out of necessity, much of the proposal sets out the legal rules to cover how administrative cooperation should take place under the new system. The EESC believes that the proposal is a balanced approach that will allow Member States to take advantage of the inherent advantages of the new system whilst not increasing the administrative burden for themselves or for operators.

4.3.1 The EESC also believes that it is a clear description of the rights and responsibilities of all, most importantly national administrations and that the processes and timelines proposed are both ambitious enough to ensure somewhat timely responses whilst being easily achievable by all. On this note, the EESC is interested in the content of the implementing act currently being developed which is due to detail the categories of information which will be liable for either mandatory or optional exchange under the automatic exchange framework.

4.4 Most of what is new in the proposal is directly linked to the modernisation of the system and the new possibilities that exist in improving cooperation between administrations. The

EESC strongly supports the European Commission and the Member States in making best use of the enhanced system to improve the efficient assessment and collection of tax and to recognise and combat fraud, in particular by improving administrative cooperation between Member States in order to do that.

4.4.1 In this, the Committee hopes that the new system will improve the quality of automatic reporting, allowing Member States to narrow their focus to problematic activities quicker. The proposal's introduction of a system of 'follow-up' is particularly helpful and should help to review and improve the quality and usefulness of the information being exchanged on an on-going basis.

4.5 Whilst the EESC agrees with the proposal's need for a legal basis for the collection of data from individual movement records and the use of such records in Member States' analysis, it would caution their use and remind authorities to take care to use such information in an appropriately proportionate manner.

4.6 The EESC believes that the proposal accurately recognises the balance of responsibilities in the area of excise duties and the EMCS, with the European Commission responsible for the mechanism and maintenance of the system itself and Member States for the information contained in the system, the sharing of information and obviously discovering and taking measures against fraud.

4.7 The EESC believes that bringing the rules for excise duties in line with changes in EU rules in administrative cooperation in the fields of VAT and direct taxation in the proposal is helpful. The EESC supports all of these efforts for national taxation, revenue, excise and customs services in improving their communication and working together, believing that this, ultimately, will serve to improve the Internal Market.

4.8 The EESC particularly supports the proposal's legal basis for the SEED-on-Europa, believing that this is a helpful tool for legitimate operators to quickly establish the credibility of those they hope to trade with.

Brussels, 18 January 2012.

*The President*  
*of the European Economic and Social Committee*  
Staffan NILSSON

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