



**COUNCIL OF
THE EUROPEAN UNION**



Brussels, 10 November 2009
15767/09 (Presse 324)

Agreement on a reform of excise duties on cigarettes and other tobacco products

The Council today reached political agreement¹ on a draft directive aimed at updating EU rules on the structure and rates of excise duties on tobacco products (15708/09).

The directive is intended to ensure a higher level of public health protection by raising minimum excise duties on cigarettes, whilst bringing the minimum rates for fine-cut tobacco gradually into line with those for cigarettes.

The outcome of a fourth four-yearly review of tobacco taxation under directives 92/79/EEC, 92/80/EEC and 95/59/EC, it is aimed at modernising and simplifying the rules and making them more transparent.

¹ The decision was taken at a meeting of the Economic and Financial Affairs Council.

P R E S S

Agreement was made possible by a compromise with regard to:

- cigarettes. The Council agreed to increase, by 1 January 2014, the monetary minimum excise rate to 90 euros per 1000 cigarettes and the proportional minimum to 60% of the weighted average sales price, from 64 euros per 1000 and 57% at present;
- transitional period for cigarettes. The compromise allows for transitional arrangements until 1 January 2018 for member states that have not yet achieved, or only recently achieved, the current minimum rates, namely Bulgaria, Greece, Estonia, Latvia, Lithuania, Hungary, Poland and Romania;
- quantitative restrictions for cigarettes. The compromise allows member states not benefiting from the transition to impose a quantitative limit of at least 300 cigarettes on the number of cigarettes that may be brought into their territory from member states applying transitional arrangements. It also allows member states applying those arrangements, once their rates have reached 77 euros per 1000 cigarettes, to apply quantitative limits with regard to member states whose rates have not yet reached an equal monetary level;
- fine-cut tobacco. The Council agreed to increase the minimum excise duty requirements for fine-cut tobacco as follows: member states will comply with either a proportional minimum or a monetary minimum, amounting to 40% of the weighted average sales price and 40 euros per kg on 1 January 2011, 43% and 47 euros/kg on 1 January 2013, 46% and 54 euros/kg on 1 January 2015, 48% and 60 euros/kg on 1 January 2018 and 50% and 60 euros/kg on 1 January 2020.

The directive will be formally adopted without further discussion at a forthcoming Council meeting, once the legal text has been finalised.