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COUNCIL DIRECTIVE

of 19 December 1972

on taxes other than turnover taxes which affect the consumption of manufactured tobacco

(72/464/EEC)

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 proposal from the Commission,

Having regard to the Opinion of the European Parliament,

Having regard to the Opinion of the Economic and Social Committee,

Whereas the objective of the Treaty is to establish an economic union within which there is healthy competition and whose characteristics are similar to those of a domestic market; and, as regards manufactured tobacco, achievement of this aim presupposes that the application in the Member States of taxes affecting the consumption of products in this sector does not distort conditions of competition and does not impede their free movement within the Community;

Whereas the taxes which at present affect the consumption of manufactured tobacco do not meet these requirements since these taxes are not neutral from the point of view of competition and often constitute serious obstacles to the interpenetration of markets;

Whereas it is therefore in the interest of the Common Market that the rules for taxes affecting the consumption of manufactured tobacco should be harmonized, in order progressively to eliminate from the present systems those factors which are likely to hinder free movement and distort the conditions of competition, whether at national level or at Community level;

Whereas the Council Directives of 11 April 1967[1] concern the harmonization of turnover taxes;

Whereas, as far as excise duties are concerned, harmonization of structures must, among other things, result in competition in the different categories of manufactured tobacco belonging to the same group not being distorted by the effects of the charging of the tax and, consequently, in the opening of the national markets of the Member States;

Whereas, as regards cigarettes, the abovementioned objective is best achieved by a system which provides for a degression in the incidence of the tax and whereas for this purpose, the tax imposed on these products should consist of a proportional excise duty combined with a specific excise duty, the amount of which is fixed by each Member State in accordance with Community criteria;

Whereas the structures for excise duties on manufactured tobacco should be harmonized by stages;

Whereas the imperative needs of competition imply a system of freely formed prices for all groups of manufactured tobacco;

HAS ADOPTED THIS DIRECTIVE:

TITLE I

General principles

Article 1

1. The structure of the excise duty to which the Member States subject manufactured tobacco shall be harmonized in several stages.

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[1] OJ No 71, 14.4.1967, pp. 1301/67 and 1303/67.