

Public consultation on the structures of excise duties applied to alcohol and alcoholic beverages

Fields marked with * are mandatory.

Background information

Excise duties are indirect taxes on the sale or use of specific products. EU legislation on excise duties was largely prompted by the launch of the Single Market in 1993. As tax controls at the borders between Member States were abolished, common rules were needed to facilitate cross-border trade in certain products and to prevent competitive distortions. Therefore, EU legislation was adopted to ensure that excise duties for certain products (namely alcohol, tobacco and energy) were applied in the same way, and to the same products throughout the Single Market, and that Member States applied (at least) a minimum rate of excise duty.

[Council Directive 92/83/EEC](#) ('the Directive') sets out EU rules on the structures of excise duty applied to alcohol and alcoholic beverages. Its purpose is to ensure the proper functioning of the internal market. It does so primarily by defining five categories of alcoholic beverages (minimum excise duty rates for each of these categories are defined in a separate piece of legislation, Directive 92/84/EEC), and stipulating rules for when Member States are allowed to apply reduced rates and exemptions. The Directive was identified for evaluation under the Commission's Regulatory Fitness and Performance (REFIT) Programme, and an independent evaluation was carried out in 2015/2016. Based partly on this, the European Commission concluded that overall, the general principles enshrined in the Directive continue to be appropriate, in that they enable adequate collection of excise duties and neutral conditions for competition. However, there are certain issues and problems that cause distortions within the internal market, unnecessary administrative and compliance costs, and legal uncertainty over the treatment of specific products. In December 2016, the Council took note of and broadly agreed with the Commission's conclusions, and invited it to submit to the Council an appropriate legislative proposal in 2017.

Objective and scope of this consultation

This consultation is intended to gather the views of EU citizens and stakeholders on policy responses to the problems identified in the preceding evaluation of Directive 92/83/EEC, including objectives to pursue and a set of possible options for the revision of the Directive. For more details on the options and the underlying issues, the following documents are available for review:

- [The Report of the European Commission on the REFIT Evaluation of Directive 92/83/EEC](#);
- [The Inception Impact Assessment on a possible proposal of revision of Directive 92/83/EEC](#).

Organisation of this consultation

The consultation questionnaire is divided into six sections, namely:

- section 1 - respondent's profile and details;
- section 2 - on classification of certain types of alcohol and alcoholic beverages;
- section 3 - on reduced rates or exemptions for certain producers and types of alcoholic beverages (namely small / private producers and low-strength beverages);
- section 4 - on the excise duty exemptions for denatured alcohol;
- section 5 - on the calculation of excise duties on sweetened or flavoured beer using the Plato method;
- final section - upload a position paper with additional information.

Each section includes general questions suitable for all type of respondents, and more specific questions for those participants wishing to participate in the more technical aspects of the issues at stake which require more in-depth knowledge of the functioning of Directive 92/83/EEC. A brief outline of the policy problem is provided at the beginning of each section.

Respondents' details

- * 1 What is your **name** or the name of your organisation?

Please note that you can only fill in the questionnaire if your name and contact details are provided. You can still opt for your answers to remain anonymous when results are published (see next question).

- * 2 Please indicate whether your reply

- can be published, including **your name or that of your organisation** (I consent to publication of all information in my contribution and I declare that none of it is under copyright restrictions that prevent publication)
- can be published in an **anonymous** way (I consent to publication of all information in my contribution except my name/the name of my organisation, and I declare that none of it is under copyright restrictions that prevent publication)

3 Please select whether you participate in this consultation as:

- individual / private capacity
- economic operator
- industry association
- public authority (national, regional, local)
- non-governmental organisation
- international organisation
- research / academic organisation
- other (please specify)

4 If 'other', please specify

100 character(s) maximum

5 Please indicate **how frequently you consume** alcoholic beverages:

	Several times a week	Several times a month	Once a month or less	Never	I don't know
Beer	<input type="radio"/>				
Wine (still or sparkling)	<input type="radio"/>				
Other fermented beverages (e.g. cider, perry, mead)	<input type="radio"/>				
Fortified wine or other intermediate products (e.g. port, sherry)	<input type="radio"/>				
Spirits (e.g. whisky, vodka, brandy)	<input type="radio"/>				

6 Please indicate if your business / organisation is involved in any of the following **activities** (multiple answers possible):

- Production of beer
- Production of wine
- Production of other fermented beverages (e.g. cider, perry, mead)
- Production of intermediate products (e.g. port, sherry)
- Production of spirits (ethyl alcohol)
- Production of fermentable raw materials (e.g. cereals, fruit, vegetables) for the production of alcohol and/or alcoholic beverages
- Production of alcohol for industrial applications (incl. biofuels)
- Production of industrial products (incl. biofuels) that use alcohol as an input
- Retail / wholesale / distribution of alcoholic beverages
- Retail / wholesale / distribution of alcohol for industrial applications (incl. fuels)
- EU-level industry association
- National-level industry associations
- other (please specify)

7 *If 'other', please specify*

100 character(s) maximum

8 Please indicate the **size of your business**

- micro (1-9 employees)
- small (10-49 employees)
- medium (50-249 employees)
- large (250 or more employees)
- don't know

9 Please indicate whether the organisation that you represent is **materially linked to the alcohol industry**, including affiliation, direct or indirect financial support, participation of industry members in the governance bodies and the like

- Yes
- No

10 In which **country** are you based?

Note: EU-level or multinational organisations, please select the first option;

Organisations and individuals based in one country and operating also in other countries, please select your main country of operation.

- EU-level and/or multinational
- Austria
- Belgium
- Bulgaria
- Croatia
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovak Republic
- Slovenia
- Spain
- Sweden
- United Kingdom
- Non-EU country (please specify)

11 *If 'other', please specify*

100 character(s) maximum

12 If you are replying on behalf of an organisation registered in the **EU Transparency Register**, please kindly provide your ID number here:

If you are not registered yet in this register, please visit: <http://ec.europa.eu/transparencyregister/>

Classification of alcoholic beverages for excise and customs purposes

Problem outline: Directive 92/83/EEC classifies alcoholic beverages into five separate tax categories (beer, wine, other fermented beverages, intermediate products, and ethyl alcohol). The definitions of these tax categories make reference to the parallel classification of alcoholic beverages that is used for customs purposes, and is enshrined in the Combined Nomenclature (CN).

The **correspondence between the two classification systems** (tax and customs) is not always clear and straightforward, especially as concerns products that use new production technologies that did not exist when the Directive was adopted. This may create incentives for the development of new products that exploit the ambiguities of the current classification system so as to pay lower or no taxes, with adverse effect on the functioning of the Single Market, tax revenues, and alcohol consumption control policies. A revision of the current definitions may be required, but this presents numerous challenges, including which criteria can be used to differentiate across products, and how to avoid unintended changes of the tax regime of non-target products.

Secondly, the current classification of certain alcoholic beverages requires they are “entirely of fermented origin”. However, this leaves **uncertainties on the tax treatment of fermented beverages containing ethyl alcohol as a flavour carrier**, and how to distinguish between authorised production practices and additions that may alter the tax category of the products.

Finally, the **revision** process may also include establishing separated excise product codes for wine and other fermented beverages.

13 The current classification rules may create situations where certain new beverages may be placed on the market at a relatively affordable price, due to a favourable tax treatment. In your opinion is there a general **need to reconsider the tax treatment** of the following types of products?

	Yes, significantly	Yes, partly	No	Don't know
Ready-to-drink (RTD) products (often referred to as alcopops, pre-mixes etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Beer mixes (i.e. mixed with wine, other fermented beverages, or ethyl alcohol)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liqueur based on fermented alcohol (or a mix or fermented and distilled alcohol)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
High strength fermented beverages with characteristics similar to spirits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other problematic products (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14 *If 'other', please specify*

100 character(s) maximum

15 The current classification rules may create situations where certain new beverages may be placed on the market at a relatively affordable price, due to a favourable tax treatment. In your opinion is there a general **need to reconsider the tax treatment** of the following types of products?

	Increasing significantly	Increasing moderately	Stable	Decreasing moderately	Decreasing significantly	Don't know
Ready-to-drink (RTD) products, with a spirit base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ready-to-drink (RTD) products, with a base of fermented alcohol (such wine, cider, fruit etc.)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Beer mixes (i.e. mixed with wine, other fermented beverages, or ethyl alcohol)						
Fermented beverages (cider, perry, mead, fruit- wines etc.)						
High- strength fermented beverages (above 15% alc. vol.)						

16 In your opinion, which principles should guide a possible revision of the tax classification of alcoholic beverages?

Please express your agreement / disagreement with the following statements

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
In general, new mixed drinks (alcopops, ready-to-drink, pre-mixed cocktails, etc.) should be treated differently from traditional alcoholic beverages	<input type="radio"/>					

<p>The tax classification should distinguish between ordinary fermented beverages, and fermented beverages that have undergone a process that altered their essential characteristics</p>	<input type="radio"/>					
<p>Certain beverages like cider and perry, should be defined separately (like beer and wine), and not under a generic 'other fermented beverages' label</p>	<input type="radio"/>					

<p>Products intended for young consumers (e. g. sweet, fruit-flavoured, etc.) should be taxed appropriately to deter consumption</p>	<input type="radio"/>					
<p>The tax regulation should avoid situations where a beer mix can be taxed less than an ordinary beer</p>	<input type="radio"/>					
<p>The tax regulation should avoid that two products that are largely equivalent for consumers are taxed very differently because of the distilled or fermented origin of alcohol</p>	<input type="radio"/>					

<p>The tax regulation should avoid situations where a flavoured wine or beer is taxed more heavily just because it contains an alcohol-based flavour</p>	<input type="radio"/>					
<p>Consumers should be made fully aware of the type and strength of the alcoholic beverages consumed</p>	<input type="radio"/>					

The following questions are designed for respondents that are familiar with the classification of alcoholic beverages, the related problems and technical aspects of Directive 92/83/EEC. Non-expert respondents may wish to skip to the next section.

17 The evaluation of the Directive carried out in 2015/16 identified several **‘difficult-to-classify’ product groups**, which are listed below.

In your experience, how often do classification uncertainties and disputes occur with the following classes of products?

	Very frequently	Somewhat frequently	Rarely	Never	I don't know
Ready-to-drink (RTD) products (often referred to as alcopops)	<input type="radio"/>				
Medium-strength fermented beverages between 10-15% ABV	<input type="radio"/>				
Fermented alcohol pushed to 15-21% ABV industrially, bottled and sold to look like its equivalent, higher rate spirit	<input type="radio"/>				
Wine-based drinks to which flavours containing alcohol of distilled origin is added	<input type="radio"/>				
Beer mixed with wine or other fermented beverages	<input type="radio"/>				

18 The current tax classification system may potentially create **competitive advantages or disadvantages** for different classes of products.

In your opinion, which classes are unduly penalised or favoured by the current tax regime?

	Unduly penalised	Appropriate treatment	Unduly favoured	I don't know
Beer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Beer mixes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wine	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Aromatised wine	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fortified wine	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cider, perry and other fruit wines (fermented beverages other than wine and beer)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ready-to-drink (alcopops, pre-mixed etc.) with a spirit base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ready-to-drink (alcopops, pre-mixed etc.) based on fermented alcohol	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liqueurs based on fermented alcohol	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Spirits (ethyl alcohol), not including liqueurs with a fermented base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

19 Please express your opinion on the following possible approaches to address the problems of the definition and classification of alcoholic beverages at the EU level

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
<p>Add one or more new product categories, such as a separate category for cider, perry and fruit wine</p>	<input type="radio"/>					

<p>Clarify the 'correct' criteria for classifying products, for example by incorporating relevant parts of European Court of Justice judgments (in particular on the essential / organoleptic characteristics of products, and their intended use) into the Directive</p>	<input type="radio"/>					
<p>Clarify the meaning of the concept of "entirely of fermented origin", so as to define the status of products containing alcohol as a flavour carrier</p>	<input type="radio"/>					

<p>Amend article 20, so that also products falling under CN code 2206[1] may be taxed as ethyl alcohol, where relevant.</p> <p><i>[1] CN code 2206: "Other fermented beverages (for example, cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and nonalcoholic beverages, not elsewhere specified or included".</i></p>	○	○	○	○	○	○
<p>Encourage a revision of the scope and definition of CN code 2206</p>	○	○	○	○	○	○

<p>No change to the Directive, but possible recommendations based on the views of the Indirect Tax Experts Group (ITEG) on the correct classification of specific products</p>	<input type="radio"/>					
<p>Amend the Excise Product Codes (EPC)[1], so as to separate other fermented beverages from wine (both still and sparkling products)</p> <p><i>[1] The attribution of Excise Product Code (EPC) is part of the Commission's System for Exchange of Excise Data (SEED).</i></p>	<input type="radio"/>					

20 In your opinion, what are the **risks** of a possible revision of the tax category of 'other fermented beverages'?

	Very high	High	Moderate	Low	Very low	Don't know
Adverse effects on international trade agreements and exports	<input type="radio"/>					
Increased disputes and uncertainties (if the new definitions are not robust enough)	<input type="radio"/>					
Unintended adverse effects on non-target products (such as traditional fermented beverages)	<input type="radio"/>					
Increased market distortions	<input type="radio"/>					
Misalignments with other product and sector regulation	<input type="radio"/>					
Other (please specify)	<input type="radio"/>					

21 *If 'other', please specify*

200 character(s) maximum

22 In your opinion, what are the **benefits** of a possible revision of the tax category of 'other fermented beverages'?

	Very high	High	Moderate	Low	Very low	Don't know
Reduced classification uncertainties and burden	<input type="radio"/>					
Reduced tax-induced substitution across products	<input type="radio"/>					
Increased tax revenues	<input type="radio"/>					
Better enforcement of alcohol control policies (and hence a positive impact on public health)	<input type="radio"/>					
Other (please specify)	<input type="radio"/>					

23 *If 'other', please specify*

200 character(s) maximum

24 In the event a revised taxation would **increase the consumer price** of the following alcoholic beverages, in your opinion what would **the likely reaction of consumers** be?

	No change in the current consumption level	Small reduction in the current consumption level	Large reduction in the current consumption level	Don't know
Ready-to-drink (alcopops, pre-mixes etc.) with a fermented alcohol base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ready-to-drink (alcopops, pre-mixes etc.) with a distilled alcohol base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Beer mixes	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Liqueurs and spirits with a fermented base	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

25 Would you like to add any comments or suggestions on the problems with the classification of alcoholic beverages, and/or how they should be addressed? *(max 1000 characters)*

1000 character(s) maximum

Reduced rates or exemptions for certain types or producers of alcoholic beverages

Problem outline: Directive 92/83/EEC defines a range of specific circumstances in which Member States may apply reduced rates of excise duty, or even exempt from excise duty, certain alcoholic beverages. In essence, these provisions can be broken down into three separate categories:

Small producers: The Directive allows Member States to apply reduced rates to small producers of beer and ethyl alcohol in order to enable them to compete with larger producers, and sets maximum annual production thresholds to determine what constitutes a small producer. The evaluation has suggested that it may be appropriate to extend this advantage to small producers of other beverages (namely wine, other fermented beverages and/or intermediate products).

Private production: The Directive stipulates that Member States may exempt from excise duty beer, wine and other fermented beverages produced by a private individual and consumed by the producer, his family or guests, provided no sale is involved. These exemptions are currently not available for the so-called intermediate products (such as port and sherry, etc.) and ethyl alcohol (i.e. spirits).

Low-strength alcohol: The Directive allows Member States to apply reduced rates to low-strength beverages in all categories of products; the threshold for what constitutes 'low strength' varies by category. The evaluation found that the actual use of these provisions is limited, and it is not clear what purpose they are intended to serve.

26 Do you agree that **small producers** of alcoholic beverages should be subject to **lower excise duty rates** compared to large producers?

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
Beer	<input type="radio"/>					
Wine	<input type="radio"/>					
Fermented beverages other than wine and beer (e.g. cider, perry, mead)	<input type="radio"/>					
Intermediate products (e.g. sherry, port etc.)	<input type="radio"/>					
Ethyl alcohol (i.e. spirits)	<input type="radio"/>					

27 Do you agree that public authorities should be allowed to exempt the following alcoholic beverages from excise duty if they are produced by a **private individual for his/her own consumption** or that of his family or guests, and not sold?

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
Beer	<input type="radio"/>					
Wine	<input type="radio"/>					
Fermented beverages other than wine and beer (e.g. cider, perry, mead)	<input type="radio"/>					
Intermediate products (e.g. sherry, port etc.)	<input type="radio"/>					
Ethyl alcohol (i.e. spirits)	<input type="radio"/>					

28 In your experience, **how widespread is the practice of private (non-commercial) distillation** of ethyl alcohol (spirits) in your country?

EU-level stakeholders may reply with reference to the EU region as a whole

- It does not happen
- It happens on a very small scale
- It happens on a modest scale
- It happens on a significant scale
- Don't know

Do you agree that alcoholic beverages that are of a lower strength (compared to “typical” beverages in the same category) should **benefit from a reduced excise duty rate**?

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
Beer	<input type="radio"/>					
Wine	<input type="radio"/>					
Fermented beverages other than wine and beer (e.g. cider, perry, mead)	<input type="radio"/>					
Intermediate products (e.g. sherry, port etc.)	<input type="radio"/>					
Ethyl alcohol (i.e. spirits)	<input type="radio"/>					

30 In your experience, the **consumption of 'low strength' alcoholic beverages** of the following categories is...

	Increasing significantly	Increasing moderately	Stable	Decreasing moderately	Decreasing significantly	Don't know
Beer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Wine	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fermented beverages other than wine and beer (e.g. cider, perry, mead)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intermediate products (e.g. sherry, port)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ethyl alcohol (i.e. spirits)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>'Ready-to-drink' beverages (also known as 'alcopops', pre-mixes etc.)</p>						
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The following questions are designed for respondents that are familiar with reduced rates and exemptions, the related problems and technical aspects of Directive 92/83/EEC. Non-expert respondents may wish to skip to the next section

31 In your opinion, **are the thresholds used** in the Directive to define small producers of beer and ethyl alcohol **appropriate**?

Member States are currently allowed to apply lower thresholds

	Much too high	A little too high	Appropriate	A little too low	Much too low	Don't know
Beer: 200,000 hl of beer per year	<input type="radio"/>					
Ethyl alcohol: 10 hl of pure alcohol per year	<input type="radio"/>					

32 In your experience, are there issues with the practical implementation of reduced rates for small producers?

In particular, how relevant are the following possible issues?

	Major issue	Moderate issue	Marginal issue	Not an issue	Don't know
Ensuring that the reduced rate in a given Member State is also applied to imports from other Member States' small producers	<input type="radio"/>				
Ensuring that the reduced rate in a given Member State is also applied to imports from third countries' (non EU) small producers	<input type="radio"/>				
Determining whether a company is "independent" and therefore eligible for small producer status	<input type="radio"/>				

33

Please express your opinion on the following possible approaches to extend the application of reduced rates to small producers of alcoholic beverages that are not currently covered and/or to clarify the implementation rules.

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
Introduce in the Directive the possibility of reduced excise duty rates for wine .	<input type="radio"/>					
Introduce in the Directive the possibility of applying reduced excise duty rates for fermented beverages other than wine and beer (e.g. cider, perry, mead).	<input type="radio"/>					

<p>Introduce in the Directive the possibility of reduced excise duty rates for intermediate products (e.g. sherry, port).</p>	<input type="radio"/>					
<p>Clarify the rules on cross-border recognition of small producers.</p>	<input type="radio"/>					
<p>Clarify the rules to establish when a producer can be treated as an 'independent' entity.</p>	<input type="radio"/>					

<p>To raise the threshold below which distilleries can be considered as 'small'.</p>						
<p>No change of the Directive, but the issuance of guidelines on the implementation of the rules on reduced rate for small producers.</p>						

34 In your opinion, what would the likely impact of extending optional reduced rates to wine, other fermented beverages (e.g. cider, perry, mead), and intermediate products (e.g. sherry and port) be? (including both intended and unintended)

	Very likely	Relatively likely	Relatively unlikely	Very unlikely	Don't know
The competitiveness of small producers against big ones would be enhanced	<input type="radio"/>				
Member States would use this option to increase (or introduce) taxes on big producers of wine and other fermented beverages	<input type="radio"/>				
As concerns public health, the extension of reduced rate would result into more affordable alcoholic beverages placed on the market	<input type="radio"/>				

35

In your opinion, what is the **risk of tax fraud** from alcoholic beverages intended for private / home consumption diverted to retail sale?

	High risk	Moderate risk	Low risk	No risk	Don't know
Beer	<input type="radio"/>				
Wine	<input type="radio"/>				
Fermented beverages other than wine and beer (e.g. cider, perry, mead)	<input type="radio"/>				
Intermediate products (e.g. sherry, port etc.)	<input type="radio"/>				
Ethyl alcohol (i.e. spirits)	<input type="radio"/>				

36

Please express your opinion on a **possible extension of optional tax exemptions for private / home consumption** to the following categories of alcoholic beverages:

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
Intermediate products (e.g. sherry, port)	<input type="radio"/>					
Ethyl alcohol (i.e. spirits)	<input type="radio"/>					

37 In your opinion, which of the following (if any) would occur if the exemption for private production were extended to intermediate products and ethyl alcohol?

	Very likely	Relatively likely	Relatively unlikely	Very unlikely	Don't know
Private distillers who currently produce alcohol for home consumption only, and pay excise duties on it, would see their tax and/or administrative burden reduced	<input type="radio"/>				
Private distillation of alcohol for home consumption would increase significantly	<input type="radio"/>				

From public health perspective, the overall consumption of alcohol would increase	<input type="radio"/>				
Commercial distillers in the EU would lose revenue	<input type="radio"/>				
Private distillation would increase the health risks for consumers.	<input type="radio"/>				
Increase of tax fraud from alcoholic beverages produced for private consumption illegally sold in the country of production	<input type="radio"/>				
Increase of tax fraud from alcoholic beverages produced for private consumption illegally sold in another EU Member States	<input type="radio"/>				
Toxic or otherwise hazardous by-products would result from private distillation	<input type="radio"/>				
Other (please specify)	<input type="radio"/>				

38 Please specify

200 character(s) maximum

Please express your opinion on the following possible approaches to encourage the use of optional reduced rates for lower strength alcoholic beverages:

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
To raise the threshold of low-strength beer from 2.8% to 3.5% ABV.	<input type="radio"/>					
To moderately raise the threshold of low-strength wine (currently 8.5% ABV).	<input type="radio"/>					
To significantly raise the threshold of low-strength wine (currently 8.5% ABV).	<input type="radio"/>					
To moderately raise the threshold of low-strength other fermented beverages , like cider and perry (currently 8.5% ABV).	<input type="radio"/>					

<p>To significantly raise the threshold of low-strength other fermented beverages, like cider and perry (currently 8.5% ABV).</p>						
<p>To moderately raise the threshold of low-strength intermediate products, like sherry and port (currently 15% ABV).</p>						
<p>To significantly raise the threshold of low-strength intermediate products, like sherry and port (currently 15% ABV).</p>						
<p>To moderately raise the threshold of low-strength ethyl alcohol, i.e. spirits (currently 10% ABV).</p>						

<p>To significantly raise the threshold of low-strength ethyl alcohol, i.e. spirits (currently 10% ABV).</p>						
<p>No change of the Directive, but the issuance of guidelines on the implementation of reduced rate for lower-strength alcoholic beverages, including a clarification of the policy objectives.</p>						

40 In your opinion, which of the following (if any) is likely to result from a greater adoption of reduced excise duty rates for lower-strength alcoholic beverages?

	Very likely	Relatively likely	Relatively unlikely	Very unlikely	Don't know
It may lead to more choice for consumers.	<input type="radio"/>				
It may create incentives for product innovation.	<input type="radio"/>				
It may help small producers - because they are more able to target specific niche markets.	<input type="radio"/>				
It may help large producers - because they tend to have wider product ranges.	<input type="radio"/>				
It may reduce alcohol consumption per capita - because consumers would be encouraged to substitute higher-strength alcoholic beverages with lower-strength ones.	<input type="radio"/>				
It may increase alcohol consumption per capita - because more affordable products may eventually encourage consumers to drink more.	<input type="radio"/>				

- 41 Would you like to add **any comments or suggestions** on the problems with the reduced rates for small producers, lower strength alcoholic beverages and exemptions for private production / own consumption and/or how they should be resolved?

1000 character(s) maximum

Exemptions for denatured alcohol

Problem outline: Article 27 of the Directive stipulates that Member States shall exempt alcohol produced for certain uses from excise duty – but in order to prevent tax fraud or evasion (i.e. to eliminate the risk that alcohol intended for other purposes is sold as potable alcohol), the alcohol has to be denatured before it is sold.

Denaturation consists in the addition of certain chemical substances that make the alcohol unfit for human consumption. The Directive defines a number of rules concerning the mutual **recognition of denaturing methods**.

However, the evaluation identified significant problems for national administrations and economic operators alike in the application of the rules for the exemptions for the different types of denatured alcohol, how the exemption is granted, and what mutual recognition means in practical terms. The proliferation of **different denaturing methods** (for both “completely denatured” alcohol, which is regulated by article 27.1 (a), and simply “denatured” alcohol, which is the subject of article 27.1 (b)), and the lack of clarity around which methods are recognised where, can create administrative burdens for the customs laboratories in the Member States, as well as barriers to trade and additional costs for economic operators.

- 42 Are you aware of any instances of tax fraud in the EU in the last 10 years involving alcohol sold (explicitly or implicitly) as potable, but containing alcohol that was designated as intended for industrial applications (such as for cosmetics, screen wash, or biofuels), and therefore exempt from excise duty?
- Yes, many instances
 - Yes, several instances
 - Yes, but only very few instances
 - No
 - Don't know

43 In your opinion, does the current legal framework (including the mutual recognition of different denaturing methods) facilitate the following:

	To a significant extent	To some extent	To a limited extent	Not at all	Don't know
Fair competition between producers of denatured alcohol in different EU Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fair competition between users of denatured alcohol in different EU Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Flexibility for users of denatured alcohol who have specific requirements depending on the final product	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Intra-EU trade of denatured alcohol (i.e. imports / exports from one Member State to another)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The fight against fraud involving denatured alcohol that might be sold as potable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

44 Do you believe that the current provisions for the exemption of denatured alcohol should be amended, overhauled or updated?

- No**, the system works well as it is
- No, but** the EU should provide further help with the interpretation of the rules
- Yes, the EU should make some **minor amendments** to clarify and update the text of the Directive
- Yes, the EU should undertake a **major overhaul** of the provisions for the exemption of denatured alcohol
- Don't know

The following questions are designed for respondents that are familiar with the provisions for denatured alcohol, the related problems technical aspects of Directive 92/83/EEC. Non-expert respondents may wish to skip to Section E.

The Directive distinguishes between “completely denatured” alcohol (article 27.1 (a)) and “denatured” alcohol (article 27.1 (b)). The original purpose of this distinction was to create a system of mutual recognition to allow alcohol denatured using methods deemed sufficiently robust by all Member States to move freely across EU territory, while also affording Member States the flexibility to allow other (usually less “invasive”) methods for industries that have specific requirements.

45

Do you agree with the following statements?

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
There is a need for different rules for denatured alcohol for different industrial applications	<input type="radio"/>					
The difference between the two categories currently defined in the Directive is clear	<input type="radio"/>					
The implications of the two categories regarding the production and movement of denatured alcohol are clear	<input type="radio"/>					
The distinction between the two categories currently defined in the Directive is useful in practice	<input type="radio"/>					

46 Have you, the company you represent, and/or a company that you have done business with or are in direct contact with, ever experienced any of the following issues related to completely denatured alcohol (as regulated by article 27.1 (a) of the Directive)?

	Yes, on many occasions	Yes, on a few occasions	Yes, once or twice	Never	Don't know
We / they have incurred additional costs because alcohol recognised as “completely denatured” in one EU Member State was not recognised as such in another Member State	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We / they have experienced delays because alcohol recognised as “completely denatured” in one EU Member State was eventually, but not immediately recognised as such in another Member State	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We / they have chosen not to import / export completely denatured alcohol from / to another EU Member State because of the risk it would not be recognised as such	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We / they have chosen to purchase completely denatured alcohol from a third (non-EU) country , rather than from an EU Member State, because it was subject to less strict rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>We / they have experienced problems concerning the safety and/or robustness of one or more of the national formulations for completely denatured alcohol that are currently recognised</p>					
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Most Member States have recently communicated the “Eurodenaturant” formulation for completely denatured alcohol consisting of 1 litre of isopropyl alcohol (the chemical analytical marker), 1 litre of methyl ethyl ketone (the smelling agent), and 1 gram of denatomium benzonate (the tasting agent) per hectolitre of absolute ethanol.

Do you agree with the following statements concerning this specific formulation?

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
The formulation is sufficiently easy to detect for consumers	<input type="radio"/>					
The formulation is sufficiently easy to detect for tax / customs authorities	<input type="radio"/>					
The formulation is sufficiently difficult to reverse	<input type="radio"/>					
The cost of the formulation is proportionate to its effectiveness	<input type="radio"/>					
On balance, the formulation is appropriate for general use across the EU	<input type="radio"/>					

Some Member States have communicated other formulations instead of or in addition to the one described in the previous question.

Do you agree with the following statements on the continued use of certain national denaturing formulations for completely denatured alcohol, alongside the “Eurodenaturant”?

NB: Some of the remaining national formulations consist of differing concentrations some of the ingredients of the Eurodenaturant as defined above; others contain different denaturing agents.

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
<p>All Member States have to recognise and exempt from excise duty alcohol denatured anywhere in the EU, using any of the national formulations</p>	<input type="radio"/>					
<p>National formulations for completely denatured alcohol are important to protect the interests of national producers</p>	<input type="radio"/>					

<p>All of the remaining national formulations are 'safe' (i.e. sufficiently robust to protect consumers and prevent tax fraud)</p>	<input type="radio"/>					
<p>If national formulations continue to be used, a certain level of uncertainty regarding mutual recognition remains</p>	<input type="radio"/>					

49 Have you, the company you represent, and/or a company that you have done business with or are in direct contact with, ever experienced any of the following issues related to denatured alcohol as regulated by article 27.1 (b) of the Directive?

	Yes, on many occasions	Yes, on a few occasions	Yes, once or twice	Never	Don't know
<p>We / they have incurred additional costs to understand the legal situation as regards the applicable rules and procedures for denatured alcohol when imported / exported from / to another EU Member State</p>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

<p>We / they have incurred additional costs / administrative burdens to ensure that alcohol denatured using a formulation accepted in one EU Member State was also recognised as such in another Member State (e.g. to apply for a special authorisation)</p>	●	●	●	●	●
<p>We / they have had to pay excise duty on denatured alcohol, because a Member State did not recognise the procedure by which it was denatured in another Member State</p>	●	●	●	●	●
<p>We / they have chosen not to import / export alcohol denatured using a formulation accepted in one EU Member State from / to another EU Member State because of the risk it would not be accepted as such</p>	●	●	●	●	●
<p>We / they have encountered different interpretations in practice among Member States regarding what constitutes a final “product” that can be exempted, e.g. whether it needs to be in its final packaging or can be moved in bulk</p>	●	●	●	●	●

<p>We / they have encountered different interpretations in practice among Member States regarding what constitutes “used for the manufacture of”, e.g. whether denatured alcohol used for cleaning or disinfection can be exempted</p>	<input type="radio"/>				
<p>We / they have encountered different interpretations among Member States regarding the correct tax treatment and/or denaturing process for alcohol to be used as an ingredient for transport and /or heating fuel</p>	<input type="radio"/>				

50

Do you agree with the following statements regarding the competent authorities’ ability and capacity to detect and/or combat tax fraud involving denatured alcohol in accordance with article 27.1 (b)?

NB: Some of the remaining national formulations consist of differing concentrations some of the ingredients of the Eurodenaturant as defined above; others contain different denaturing agents.

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
<p>All Member States only authorise denaturing methods that are robust enough to effectively eliminate or reduce the risk of tax fraud</p>	<input type="radio"/>					

<p>The large number of different denaturing formulations authorised in the different EU Member States makes it difficult for customs and /or tax authorities to effectively detect and/or combat tax fraud involving denatured alcohol</p>	●	●	●	●	●	●
<p>All Member States supervise the production, use and movement of denatured alcohol in a way that is robust enough to effectively eliminate or reduce the risk of tax fraud</p>	●	●	●	●	●	●

<p>The fact that Member States use different approaches to control the production, use and movement of alcohol for different purposes makes it difficult for customs and /or tax authorities to effectively detect and/or combat tax fraud involving denatured alcohol</p>						
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51 Overall, how would you describe the economic and/or social impacts of the problems with the exemptions for denatured alcohol (if any) on the following stakeholders and issues?

	Significant impact	Moderate impact	Minor impact	No impact	Don't know
Costs for economic operators resulting from a lack of legal certainty regarding the recognition of denaturing methods by the Member States	<input type="radio"/>				
Unfair competition , which affects the relative price of, demand for, and /or cost of producing denatured alcohol in different Member States	<input type="radio"/>				
Lost tax revenue due to tax fraud involving denatured alcohol	<input type="radio"/>				
Negative health effects from denatured alcohol that ends up being sold and drunk as potable alcohol	<input type="radio"/>				
Other (please specify)	<input type="radio"/>				

52 Please specify

200 character(s) maximum

53

Please express your opinion on the following possible approaches to address the problems with the exemption of denatured alcohol.

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
Agree on the “Euro” denaturant (in whichever concentration) as the only authorised formulation under article 27.1 (a), and the eventual elimination of all national procedures	<input type="radio"/>					

<p>Insist on full mutual recognition of completely denatured alcohol, to ensure that all Member States recognise all procedures notified by all Member States, irrespectively of where the alcohol was produced / denatured</p>	<input type="radio"/>					
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<p>Accept limited mutual recognition of completely denatured alcohol, meaning that each Member State is only obliged to recognise alcohol denatured using its own national method(s) (which may include the "Euro" denaturant)</p>	<input type="checkbox"/>					
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<p>Develop a common list of formulations that are authorised for denatured alcohol under 27.1 (b) across all Member States, distinguishing between different end-uses / sectors</p>	●	●	●	●	●	●
<p>Clarify that the terms “used for the manufacture of” in article 27.1 (b) only refers to the direct use, and does not include indirect uses such as cleaning, disinfection or other adjacent activities</p>	●	●	●	●	●	●

<p>Clarify that the terms “any product not for human consumption” in article 27.1 (b) requires that the product in question is a recognisable finished product, and held out for sale as such</p>	<input type="radio"/>					
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<p>Fund capacity / confidence building measures (e.g. training, exchanges, visits) between national tax and /or customs authorities to enhance their understanding of each others' approaches to supervising the production and movement of denatured alcohol</p>	●	●	●	●	●	●
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<p>Define conditions for the Member States to apply Articles 30 and 31 of Directive 2008/118/EC for the movement of products of low fiscal risk to certain types of denatured alcohol</p>						
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<p>Depart from the current distinction between “completely denatured” and (partly) “denatured” alcohol; and instead distinguish between different end uses (e.g.: (1) sale to the public; (2) industrial applications; (3) use in biofuels)</p>						
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54 Would you like to **add any comments or suggestions** on the problems with the exemptions for denatured alcohol, and/or how they should be addressed?

1000 character(s) maximum

Calculation of excise duties on sweetened / flavoured beer using the Plato method

Problem outline: The Directive gives Member States the choice between two methods for establishing the excise duty on beer – by reference to either the actual alcoholic strength by volume (ABV), or to the degrees Plato of the finished product. In practice, around half of the Member States use ABV, and around half use Plato. In general, this does not result in any negative consequences, and the evaluation of the Directive concluded that the current provisions on establishing duty for beer remain appropriate.

However, the way in which the excise duties on sweetened or flavoured beers are calculated in countries using the Plato method is inconsistent. In some cases, the term “finished product” is interpreted to include the sugar or flavouring that is added, which can affect the degrees Plato but not the alcoholic content of the product. Economic operators have argued that this approach is technically wrong, and can lead to unfair competition among them.

Since this is a purely technical issue, all questions in this section require familiarity with the Plato method, the related problems technical aspects of Directive 92/83/EEC. Non-expert respondents may wish to skip to the final section.

55 In your opinion, how should the term “finished product” in Article 3.1 of the Directive be interpreted when it comes to establishing the degrees Plato of sweetened or flavoured beer?

- With reference to the “base beer”**, i.e. based on the fermentable extract not including the flavourings that are added after the fermentation process
- With reference to the “end product”**, i.e. based on the real extract of the finished product including the flavourings added after the fermentation process
- Don't know

56

Please express your opinion on the following possible approaches to the issue of excise duty applicable to sweetened or flavoured beer measured by degree Plato.

	Strongly agree	Partly agree	Neutral	Partly disagree	Strongly disagree	Don't know
<p>Clarify article 3 (1) of the Directive, with respect to the interpretation of “finished products” definition</p>	<input type="radio"/>					
<p>No change to the Directive, but guidance on the ‘correct’ approach to measure degree Plato of sweetened /flavoured beer</p>	<input type="radio"/>					

57 Would you like to **add any comments or suggestions** on the problems with the calculation of excise duties on sweetened / flavoured beer using the Plato method, and/or how they should be addressed?

1000 character(s) maximum

Final Section - document upload

58

You may upload here an additional document on the subject of this consultation (max. 3 pages). All additional documents provided will be published on the Commission website.