

ALCOHOL

# LEGISLATION

- DIRECTIVE 92/83 ON THE **HARMONISATION** OF THE STRUCTURES OF EXCISE DUTIES ON ALCOHOL AND ALCOHOLIC BEVERAGES
  
- DIRECTIVE 92/84/EEC ON THE **APPROXIMATION** OF THE RATES OF EXCISE DUTY ON ALCOHOL AND ALCOHOLIC BEVERAGES

# STRUCTURES

Five categories:

- Beer – made from malt but also includes beer mixed with non alcoholic drinks, e.g. shandy. Must exceed 0.5% alcohol by volume
- Wine – only wine from fresh grape (still and sparkling)
- Fermented beverages other than beer and wine – examples include cider, fruit wines etc
- Intermediate products – All alcoholic beverages between 1.2% vol and 22% vol, which cannot be regarded as beer or wine. Generally fermented beverages to which ethyl alcohol has been added. Examples includes port, sherry etc.
- Ethyl alcohol – Pure alcohol and spirits

References to CN codes are those of 1992 – Article 26 of Directive 92/83/EEC

# RATES

- Minimum rates above which Member States are free to set their own rates
- Only four minimum rates:
  - Beer – Option to tax Plato (0.748 € hl/degree) or alcohol by volume (1.87 € hl/percent alcohol)
  - Wine and fermented beverages other than beer and wine – zero minimum rate. Art. 15 - for application of Dir. 92/84/EEC and Dir. 92/12/EEC references to "wine" shall be deemed to apply equally to other fermented beverages.
  - Intermediate products – 45 € hl of product
  - Ethyl alcohol – 550 € hl of pure alcohol

# **DETAIL OF EACH CATEGORY OF ALCOHOLIC BEVERAGE**

# BEER

- Option to use PLATO (the percentage by weight of sugar extracts contained in 100 grams of wort) OR ALCOHOL BY VOLUME
- Rate must be equal to or exceed the minimum rate
- Must apply the same rate of duty per hectolitre
- Member States may ignore fractions
- If taxing by Plato Member States may divide beer into categories consisting of no more than 4 degrees Plato per category
- Option of reduced rates for small independent breweries

# WINE (of fresh grape)

## STILL WINE

- actual alcoholic strength by volume exceeding 1.2 % vol but not exceeding 15 % vol OR
- actual alcoholic strength by volume exceeding 15 % vol and not exceeding 18 % vol produced without any enrichment, AND alcohol contained in finished product is entirely of fermented origin.

## SPARKLING WINE

- contained in bottles with mushroom stoppers held in place by ties or fastenings, OR have an excess pressure due to carbon dioxide in solution of three bar or more
- their actual alcoholic strength by volume exceeds 1,2 % vol. but not 15 % vol.
- alcohol contained in the finished product must be entirely of fermented origin.

# WINE

## RATES OF EXCISE DUTY

- must levy the same rate on all still wines
- must levy the same rate on all sparkling wines
- have the choice whether they apply the same rate or different rates to still and to sparkling wine
- may apply reduced rates to any type of still wine and sparkling wine of an actual alcoholic strength by volume not exceeding 8.5 % vol.



# FERMENTED BEVERAGES OTHER THAN BEER AND WINE

Other still fermented beverages are all products

- falling within CN codes 2204 and 2205 but not mentioned in Article 8,
- falling within CN code 2206,
- except other sparkling fermented beverages as defined in Art. 12 (2) and any product covered by Article 2,
- having an actual alcoholic strength by volume exceeding 1.2 % vol. but not exceeding 10 % vol.
- having an actual alcoholic strength by volume exceeding 10 % but not exceeding 15 % vol if alcohol contained in the product is entirely of fermented origin.

# FERMENTED BEVERAGES OTHER THAN BEER AND WINE

Other sparkling fermented beverages are all products

- falling within CN code 2206 00 31, 2206 00 39
- falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205, not mentioned in Art. 8, AND contained in bottles with 'mushroom stoppers' held in place by ties or fastenings, OR
- with an excess pressure due to carbon dioxide in solution of three bar or more, AND
- having an actual alcoholic strength by volume exceeding 1.2 % vol., but not exceeding 13 % vol OR
- having an actual alcoholic strength by volume exceeding 13 %, but not exceeding 15 % vol provided that the alcohol contained in the product is entirely of fermented origin.

# FERMENTED BEVERAGES OTHER THAN BEER AND WINE

## RATES OF EXCISE DUTY

- must levy the same rate on all still other fermented beverages
- must levy the same rate on all sparkling other fermented beverages
- have the choice whether they apply the same rate or different rates to still and to sparkling other fermented beverages
- may apply reduced rates to any type of still and sparkling other fermented beverages of an actual alcoholic strength by volume not exceeding 8.5 % vol.

# INTERMEDIATE PRODUCTS

- All alcoholic beverages between 1.2% vol and 22% vol which cannot be regarded as beer, wine or other fermented drinks
- Taxed according to the volume of finished product - alcohol content is irrelevant

# INTERMEDIATE PRODUCTS

## Rates of excise duty

- Must levy the same rate to all intermediate products
- However, Member States may apply a single reduced rate:
  - to intermediate products of not more than 15% vol. This rate must be at least equal to:
    - 60% of the normal rate applied to intermediate products
    - the normal rate applied to still wine and other still fermented beverages
  - to intermediate products defined in Art. 13(1) and (2) of Regulation 4252/88 (*Note: this reference must be replaced by a reference to Regulation 1493/1999.*) This rate must be at least equal to:
    - 50% of the normal rate applied to intermediate products
    - the minimum rate applied to intermediate products

# ETHYL ALCOHOL

- The term “ethyl alcohol” covers:
  - all products with an actual alcoholic strength by volume exceeding 1.2 % vol. which fall within CN codes 2207 and 2208, even when those products form part of a product which falls within another chapter of the CN,
  - products of CN codes 2204, 2205 and 2206 which have an actual alcoholic strength by volume exceeding 22% vol
  - potable spirits containing products, whether in solution or not.

# ETHYL ALCOHOL

## Rates of excise duty

- Must levy the same rate to all ethyl alcohol
- However Member States may apply reduced rates of duty to products of CN code 2208 which have an actual alcohol strength by volume not exceeding 10% vol
- Option of reduced rates for small distilleries

# **EXEMPTIONS**



# EXEMPTIONS

- Principle of only taxing alcohol intended for consumption as a beverage
- Obligatory exemptions:
  - completely denatured alcohol
  - partially denatured alcohol
  - vinegar
  - medicines
  - flavours
  - foodstuffs, chocolates
- Relies on principle of mutual recognition
- Optional exemptions: samples, scientific research, medical purposes, manufacturing processes, manufacture of a component product not subject to excise duty

# EXEMPTIONS

## Completely denatured alcohol

- listed in Regulation (EC) 3199/93
- each Member State only uses denaturants notified by itself
- other Member States must exempt alcohol denatured according to the requirements of another Member State

## Partially denatured alcohol

- Alcohol denatured in accordance with the requirements of any Member State (can be any product, not listed in Regulation (EC) 3199/93, accepted by a Member State)
- and used for the manufacture of any product not for human consumption

# EXEMPTIONS

Other obligatory exemptions:

- Medicines as defined by Directive 65/65/EEC (This directive has been codified and replaced by Directive 2001/83/EC.)
- Flavourings. Agreed in the Excise Committee as being those of CN codes 1302 19 30, 2106 90 20 and 3302

# EXEMPTIONS

Optional exemptions:

- No conditions laid down in the Directive
- Member States have to determine their own conditions (who can benefit; quantitative limits; control procedures)