



Evaluation of Directive 92/83/EEC on excise duties on alcohol and alcoholic beverages

FWC TAXUD/2012/CC116

Questionnaire to economic operators

RAMBOLL



QUESTIONNAIRE: Economic Operators

This PDF version is for visualisation purposes only. Only contributions received online can be taken into account.

Introductory text associated with the survey

The European Commission Directorate-General for Taxation and the Customs Union (DG TAXUD) has commissioned an evaluation of **Directive 92/83/EEC**, which covers the harmonization of the structures of excise duties on alcohol and alcoholic beverages. Ramboll Management Consulting and Europe Economics have been awarded the contract.

The objective of the evaluation is to provide the Commission with the economic information to adopt a policy and assess the likely impact of this future policy for revising the Directive. To this end, the evaluation:

- assesses the extent to which the Directive meets its objectives in terms of securing the revenues of tax administrations and ensuring the proper functioning of the internal market;
- identifies issues that have the highest potential for efficiency gains in terms of securing the revenues of tax administrations, and reducing administrative and compliance costs, while meeting the requirements for a proper functioning of the internal market;
- will formulate recommendations, on how to best address identified issues.

This is a targeted stakeholder consultation. The purpose of this consultation is to seek comments from stakeholders:

- Directly affected by the application of Directive 92/83/EEC on the harmonization of the structures of excise duties on alcohol and alcoholic beverages.
- Considering having special expertise in the relevant areas.

In our assessment, the following stakeholders, including their respective associations, are expected to be directly affected:

- Producers of beer
- Producers of wine / winegrower
- Producers of fermented beverages other than wine or beer (e.g. cider; perry, etc.)
- Producers of intermediate products (e.g. port; sherry, etc.)
- Producers of spirits
- Producers, distributors or users of denatured alcohol

Click on the link below to open the **targeted stakeholder** consultation:

<<https://www.survey-xact.dk/LinkCollector?key=EWE3XHUQ329K>>

In parallel to this targeted survey, an open consultation is currently on-going which is open to any interested person (consumer, economic operator, NGO, academic, local, regional or national government, etc.)

To access the open consultation, please follow this link: <<https://www.survey-xact.dk/LinkCollector?key=YE73RGSM3P9J>>

Sections

1. Organisation information

Organisation information

1. Two parallel surveys are currently on-going, a general one designed for the open public and a targeted survey designed for the stakeholders directly impacted by the current legislative framework.

You have received the link to the survey targeting stakeholders directly affected by the structure of the legislation, if you, however, prefer to answer to the open consultation only, please follow the link below:

- I am stakeholder directly affected by the structure of excise duties on alcohol and alcoholic beverages and wish to answer to targeted questions related to the evaluation of the European legislation in the area. <continue with survey>
- I am a consumer and wish to answer the open consultation designed for the general public <exit of survey and link to open consultation>

2. What are your company's main sectors of activity? Please tick all that apply (MCQ – multiple selection).

- Producer of beer
- Producer of wine / winegrower
- Producer of fermented beverages other than wine or beer (e.g. cider; perry, etc.)
- Producer of intermediate products (e.g. port; sherry, etc.)
- Producer of spirits
- Producer, distributor or user of denatured alcohol
 - <If ticked above> You have mentioned you are a producer, distributor or user of denatured alcohol, what industry do you operate in?
 - cosmetics, perfumes, and personal hygiene products;
 - screen wash, anti-freeze, de-icer products;
 - bio-fuels;
 - printing inks, paints and other solvents
 - denatured alcohol
 - Other (please specify)
- Trade association / federation
 - <If ticked above> You have mentioned you are a trade association / federation, what industry do you represent?
 - beer;
 - wine / winegrower;
 - fermented beverages other than wine or beer;
 - spirits
 - producers, distributors or users of denatured alcohol
 - Other (please specify)
- Other (please specify)

3. In which Member State does your organisation operate? (MCQ – multiple selection).

- Selection – All Member States
- Other (please specify)

4. What is the average annual turnover (including excise duty and VAT) of your organisation? (You may consider as reference, 2013 and 2014) (MCQ – single selection)

- Below EUR 500 000

- Between EUR 500 000 and EUR 2m
- Between EUR 2m and EUR 10m
- Between EUR 10m and EUR 50m
- Between EUR 50m and EUR 100m
- Above EUR 100m
- Don't know / not applicable

5. How many persons does your organisation (directly) employ within the EU? (You may consider as reference, 2013 and 2014) (MCQ – single selection)

- Between 1 and 9
- Between 10 and 50
- Between 51 and 250
- Over 250
- Don't know / not applicable

2. Classification of alcohol and alcoholic beverages for excise purposes

<This entire section is **not** relevant to "*Producer, distributor or user of denatured alcohol*" **nor** to "*Trade association / federations*" representing "*producers, distributors or users of denatured alcohol*" - Stakeholders who have only identified themselves as such will not see these questions in the online version of the questionnaire>

The Directive lays down a framework that provides common definitions for different categories of alcoholic beverages with the aim of ensuring uniform categorisation of identical products throughout the Member States.

There are five broad categories of alcohol and alcoholic beverages defined in the Directive:

1. Beer
2. Wine
3. Fermented beverages (other than beer and wine)
4. Intermediate Products
5. Ethyl alcohol

The common definitions of these products are based on the Combined Nomenclature (CN codes), classifying goods for customs purposes. The definitions used for classifying products are to a large extent reliant on how a product would have been classified, at the time the Directive entered into force, under the customs nomenclature headings 2203, 2204, 2205, 2206, 2207, and 2208

The custom classification of each heading can be found below:

2203	Beer made from malt
2204	Wine made from fresh grapes, including fortified wines ; grape must other than that other heading 2009
2205	Vermouth and other wine of fresh grapes flavoured with plants or aromatic substances
2206	Other fermented beverages (for example cider, perry, mead); mixtures of fermented beverages and mixtures of fermented beverages and non-alcoholic beverages, not included elsewhere specified or included
2207	Undenaturated ethyl alcohol of an alcoholic strength by volume of 80% vol. or higher; ethyl alcohol and other spirits, denatured, of any strength

2208 Undenatured ethyl alcohol of an alcoholic strength by volume of less than 80% vol; spirits, liqueurs and other spirituous beverages

Alcohol beverages are classified for excise purposes, under Directive 92/83/EEC, in broad terms, as follows:

Article	Product	Detail
1-6	Beer	<p>The definitions & Combined Nomenclature (CN) codes - CN heading 2203 and beer mixed with non-alcoholic beverages classified to 2206</p> <p>Chargeability, reduced rates and own consumption / private production.</p>
7-10	Wine	<p>The definitions & CN codes - All products classified to 2204 and 2205 not exceeding 15% alcohol by volume (abv) provided that the alcohol is entirely fermented; or not exceeding 18% provided that the alcohol is entirely fermented and no enrichment has been used</p> <p>Chargeability, reduced rates and own consumption / private production for wine</p>
11-15	Fermented beverages other than wine or beer	<p>The definitions & CN codes - Those products, not falling as beer and wine, which are classified to 2204, 2205 and 2206 and do not exceed 10% abv; or not exceeding 15% abv provided that the alcohol is entirely fermented;</p> <p>Chargeability, reduced rates and own consumption / private production</p>
16-18	Intermediate products	<p>The definitions & CN codes - All products between 1.2% and 22% abv classified to 2204, 2205 and 2206 which do not fall under the beer, wine and fermented beverage categories. Member States also have discretion to treat products that would fall under the fermented beverages category as Intermediate Product so long as the product exceeds 5.5% abv and the alcohol is not entirely of fermented origin</p> <p>Chargeability and reduced rates</p>
19-23	Ethyl alcohol	<p>The definitions & CN codes - (a) All products classified to 2207 and 2208, even when they form part of a product that is classified under another chapter of the nomenclature. (b) Any product classified to 2204, 2205 and 2206 that exceeds 22% abv.</p> <p>Chargeability, reduced rates, and certain derogations</p>
24-26	Miscellaneous category	Includes the application of refunds
27	Exemptions	Across a range of issues, including the application of the exemption in the area of completely and partially denatured alcohol.

The Directive was adopted more than twenty years ago and has not been amended since. With the following question we would like to understand whether the product

classification made in the Directive is still relevant today and whether handling the classification at EU level is the best approach.

Relevance and EU added value of classification

Please indicate to what extent you agree with the following statements:

6. Overall, the classification of alcohol and alcoholic beverages for excise purposes corresponds to the needs of the industry in which I operate. [EQ5.1]
- Strongly agree
 - Agree
 - Neither agree nor disagree
 - Disagree
 - Strongly disagree
 - Don't know

If "Disagree" or "Strongly disagree", please explain (open field)

7. Overall, I believe that common definitions of alcohol and alcoholic beverages for excise purposes should be set at EU level (as they currently are). [EQ4.1]
- Strongly agree
 - Agree
 - Neither agree nor disagree
 - Disagree
 - Strongly disagree
 - Don't know/ not applicable

If you "agree" or "strongly agree", please mention the advantages of such an approach (open field)

If you "disagree" or "strongly disagree", please mention the mechanisms which you find more appropriate and the reasons for the opinion (open field)

8. Do you consider the Directive to provide all the categories needed in order to classify all alcoholic beverages subject to excise duty? [EQ1.1a]
- Yes
 - No
 - Don't know / not applicable

9. If no, what category should be added (open field)

The questions below aim at identifying any issues with the classification of products according to the Directive.

Issues with classification

10. Have you encountered any difficulties with the classification of your products into the categories of the Directive (e.g. disputes with the tax administrations, different treatment by other Member States, etc.) [EQ1.1a]
- Yes
 - No
 - Don't know / not applicable

If "Yes", Please explain the nature of the problem, (you may include, if you wish, information such as the classification(s) in question, the characteristics of the product (abv, ingredients, source of the alcohol, fermented / distilled, the quantities affected, etc.) and the potential tax impact of these classification problems,(i.e. what is the difference between the duty applied

and that which you believe should be applied [EQ2.2]) (open field)

11. Have you encountered problems with regards to inconsistencies of the treatment of precursors of wine (must and juices intended to become wine) which are not identified as excisable products by the Directive but have to be moved with an accompanying document just like excisable products? [EQ6.1.b]

- Yes
- No
- Don't know / not applicable

If yes, please explain the nature of the problem (open field)

12. Have you encountered problems with regards to inconsistencies between the product classification in the Directive and the customs CN code system on which it is based? [EQ6.1.a]

- Yes
- No
- Don't know / not applicable

If "Yes", what products were concerned (open field)

13. Have you ever come across products which were packaged to look like their equivalent higher strength spirits but otherwise were characterised by lower strength and / or lower price than the equivalent products in the higher tax band?

- Yes
- No
- Don't know / not applicable

If "Yes", what products were concerned (open field)

Please explain the nature of the problem, (you may include, if you wish, information such as the classification(s) in question, the characteristics of the product (abv, ingredients, source of the alcohol, fermented / distilled, the quantities affected, etc.) (open field)

<Questions 14 and 15 are **Only** visible to those operators having said Yes to Q10>

We would like to understand the consequences of the classification issues mentioned above both in terms of administrative burden and in terms of potential loss of tax income.

Consequences of classification issues

Please indicate to what extent you agree with the following statements

14. The difficulties encountered with the classification of alcohol and alcoholic beverages lead to increased administrative costs. [EQ3.1]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know/ not applicable

Please explain, (you may include, if you wish, the added compliance burden or other tax

obligations, etc.) (open field)

15. The difficulties encountered with the classification of alcohol and alcoholic beverages lead to competitive distortions. [EQ2.2]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know/ not applicable

If you "agree" or "strongly agree", please describe the reasons for the opinion and provide real-world examples (open field)

Issues with classification (specific problems with mixtures of fermented and distilled alcohol)

In the case C-150/08, known as Siebrand, the European Court of Justice ruled on the classification of products containing mixtures of fermented and distilled alcohol. The judgement notes that in order to define the "essential character" of a product which defines its classification both the alcohol content and the organoleptic characteristics (taste, smell appearance) should be considered.

Please indicate to what extent you agree with the following statement.

16. The criteria laid down in the Siebrand case clarified the classification of products containing a mixture of fermented and distilled alcohol products. [EQ1.1b]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know/ not applicable

If "Disagree" or "Strongly disagree", please explain (open field)

17. Do you experience difficulties with the definition of the "essential character" of products? [EQ1.1b]

- Yes
- No
- Don't know / not applicable

18. If Yes, please explain (open field)

3. Establishing excise duty for beer

<This section is **only** relevant for producers of beer, or trade associations representing producers of beer. Only stakeholder who have identified themselves as such will see these in the online version of the questionnaire >.

The Directive leaves Member States the choice to levy excise duty on beer either by reference to the number of hectoliters/degrees Plato or by reference to the number of hectoliters/degrees of actual alcoholic strength by volume.

We would like to understand the underlying reasons of choosing one method over another and whether there are any important differences in terms of tax competition between the two methods.

Measurement issues for beer

19. Do you believe that one method of calculating excise duties for beer (reference to the number of hectolitres/degrees Plato or by reference to the number of hectolitres/degrees of actual alcoholic strength by volume) has an advantage over the other? [EQ1.3c]

- Yes
- No
- Don't know / not applicable

Please explain (open field)

Please indicate to what extent you agree with the following statement.

20. The provision of two different methods for establishing excise duty for beer creates competitive disruptions between beer producers who are taxed differently. [EQ1.3c]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know/ not applicable

Please explain, (open field)

Please indicate to what extent you agree with the following statement.

21. The provision of two different methods for establishing excise duty for beer leads to unfair tax competition between countries, whereby producers base their location and investment decisions on this. [EQ1.3c]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know/ not applicable

Please explain, (open field)

4. Reduced excise duty rates for small producers

<This entire section is **not** relevant to "Producer, distributor or user of denatured alcohol" **nor** to "Trade association / federation " representing "producers, distributors or users of denatured alcohol" Stakeholder who have **only** identified themselves as such would **not** see these questions in the online version of the questionnaire>

With regards to small producers, the Directive allows for reduced rates. This does however only apply to certain product categories, namely to beer and ethyl alcohol.

For beer, Article 4 gives Member States the option to apply reduced rates to brewers producing no more than 200,000 hectolitres per year.

For ethyl alcohol, Article 22 gives Member States the option to apply reduced rates to distillers producing no more than 10 hectolitres of alcohol per year or 20 hectolitres if already provided when the Directive was adopted.

There are no provisions allowing Member States to apply reduced rates to other categories of alcoholic beverages.

We would like to understand whether it is still relevant to have reduced rates for small producers and whether these should be extended to other product categories.

Relevance and EU added value of reduced rates for small producers

Please indicate to what extent you agree with the following statements.

22. **Overall**, I find the provisions of the Directive regarding the **reduced rates for small producers** to correspond to the needs of industry in which I operate. [EQ5.3]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

23. In particular, I find that the limit of applying reduced rates to **brewers** producing no more than 200,000 hectolitres of beer per year to be appropriate. [EQ5.3]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

24. In particular, I find that the limit of applying reduced rates to **distillers** producing no more than 10 hectolitres of alcohol per year or 20 hectolitres if already provided when the Directive was adopted to be appropriate. [EQ5.3]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

Please indicate to what extent you agree with the following statements.

25. The **lack of possibility to establish reduced rates** for small producers of still and sparkling

wines, other fermented beverages and intermediate products **creates competitive disruptions**. [EQ5.3]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

26. **The lack of possibility to establish reduced rates** for small producers of still and sparkling wines, other fermented beverages and intermediate products **creates unfair tax competition**. [EQ5.3]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

27. Reduced rates **should also be introduced for small producers** of still and sparkling wines, other fermented beverages and intermediate products. [EQ5.3]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

Please indicate to what extent you agree with the following statements.

28. Overall, I believe that common rules for reduced rates to small producers of alcohol and alcoholic beverages for excise purposes should be set at EU level (as they currently are). [EQ4.2]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree", please describe the advantages of such an approach (open field)

If you "disagree" or "strongly disagree", please describe the reasons for this opinion and any

mechanisms which you find more appropriate (open field)

Volume and value of reduced rates

29. You have mentioned you are a trade association / federation, For the relevant categories, please identify the **total number of firms** producing in the EU:

- Beer (open field)
- Wine (open field)
- Fermented beverages other than beer or wine (open field)
- Intermediate products (open field)
- Ethyl alcohol (spirits) (open field)

Of these firms, please identify the number of firms benefitting from reduced excise duty rates on the basis of their size.

- Beer (open field)
- Ethyl alcohol (spirits) (open field)

30. Please estimate the **total volumes** sold by **producers qualifying for reduced excise duty rates** on the basis of their size.

- Beer (open field) (hectolitres)
- Ethyl alcohol (spirits) (open field) (hectolitres)

31. For the relevant categories, please provide an estimate of the market share of the top 10 firms in the following sectors:

- Beer – please state in % (open field)
- Wine – please state in % (open field)
- fermented beverages other than beer or wine – please state in % (open field)
- intermediate products – please state in % (open field)
- ethyl alcohol (spirits) – please state in % (open field)

32. For the relevant categories, please provide an estimate of the profit margin in the following sectors:

- Beer (open field)
- Wine (open field)
- fermented beverages other than beer or wine (open field)
- intermediate products (open field)
- ethyl alcohol (spirits) (open field)

Please also state the metric being used (e.g. gross margin, EBIT margin, etc.).

5. Reduced rates for alcoholic beverages below a certain alcoholic strength

<This entire section is **not** relevant to "Producer, distributor or user of denatured alcohol" **nor** to "Trade association / federation " representing "producers, distributors or users of denatured alcohol" Stakeholder who have **only** identified themselves as such would **not** see these questions in the online version of the questionnaire>

The Directive allows for Member States to apply reduced rates for all categories of alcoholic beverages when they are below a certain level of alcoholic strength. Member States may apply reduced rates to:

- beer with an actual alcoholic strength not exceeding 2.8% vol;
- still and sparkling wine of an actual alcoholic strength by volume not exceeding 8.5% vol;
- still and sparkling other fermented beverages of an actual alcoholic strength not exceeding 8.5% vol;
- intermediate products with an actual alcoholic strength by volume not exceeding 15% vol if that reduced rate is neither set at more than 40% below the standard national excise rate and nor lies below the standard national rate for wine and other fermented beverages;
- ethyl alcohol with an actual alcoholic strength by volume not exceeding 10% vol.

We would like to understand whether the existence of these reduced rates and the limits set in the Directive for their application are still considered to be relevant.

Relevance of reduced rates for alcoholic beverages below a certain alcoholic strength

Please indicate to what extent you agree with the following statements.

33. **Overall**, I find the provisions of the Directive regarding the **reduced rates for alcoholic beverages below a certain alcoholic strength** to correspond to the needs of industry in which I operate. [EQ5.4]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

34. In particular, I find that the limit below which Member States may apply **reduced rates for beer** (beer with an actual alcoholic strength not exceeding 2.8%) to be appropriate. [EQ5.4]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

35. In particular, I find that the limit below which Member States may apply **reduced rates for wine** (still and sparkling wine of an actual alcoholic strength by volume not exceeding 8.5% vol) to be appropriate. [EQ5.4]

- Strongly agree
- Agree
- Neither agree nor disagree

- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

36. In particular, I find that the limit below which Member States may apply **reduced rates for still and sparkling other fermented beverages** (with an actual alcoholic strength not exceeding 8.5% vol) to be appropriate. [EQ5.4]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

37. In particular, I find that the limit below which Member States may apply **reduced rates for intermediate products** (intermediate products with an actual alcoholic strength by volume not exceeding 15%) to be appropriate. [EQ5.4]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

38. In particular, I find that the limit below which Member States may **apply reduced rates for ethyl alcohol** (ethyl alcohol with an actual alcoholic strength by volume not exceeding 10%) to be appropriate. [EQ5.4]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain, (open field)

6. Provisions only applying to specific Member States

<This entire section is **not** relevant to "Producer, distributor or user of denatured alcohol" **nor** to "Trade association / federation " representing "producers, distributors or users of denatured alcohol" Stakeholder who have **only** identified themselves as such would **not** see these questions in the online version of the questionnaire>

The Directive includes provisions for the application of exemptions and reduced rates to products of regional or traditional nature which only apply to specific products from selected Member States.

The following questions will indicate to which Member State they are addressed.

Relevance of product specific reduced rates and exemptions

Article 23.1 of the Directive allows the French Republic to apply a reduced rate for rum as defined in article 1(4) (a) of Regulation 1576/89 and produced from sugar cane harvested in the place of manufacture as set out in Article 1(3) (1) of that Regulation having a content of volatile substances other than ethyl and methyl alcohol equal to or exceeding 225 grams per hectolitre of pure alcohol and an actual strength by volume equal to or exceeding 40% vol.

Please indicate to what extent you agree with the following statement:

39. This provision still responds to the needs of my industry [EQ5.5]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

40. Please explain, (open field)

Article 23.2 of the Directive allows the Hellenic Republic (Greece) to apply a reduced rate for ouzo (aniseed flavoured spirit drinks).

Please indicate to what extent you agree with the following statement:

41. This provision still responds to the needs of my industry [EQ5.5]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

42. Please explain, (open field)

Article 28 of the Directive allows the United Kingdom to apply an exemption to dark ale (concentrated malt beverage) and aromatic bitters with an actual alcoholic strength between 44.2% and 49.2% vol.

43. This provision still responds to the needs of my industry [EQ5.5]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

44. Please explain, (open field)

7. Exemption of denatured alcohol

<This entire section is **only** relevant to "Producer, distributor or user of denatured alcohol" and to "Trade association / federation " representing "producers, distributors or users of denatured alcohol" **Only** stakeholder who have identified themselves as such will see these questions in the online version of the questionnaire>

Article 27 (1) of the Directive states that Member State shall exempt a number of products from the scope of the harmonized excise duty *under the conditions which they shall lay down for the purpose of ensuring the correct and straightforward application of such exemptions and of preventing any evasion, avoidance and abuse.*

Denatured alcohol (or non-commercial / industrial or "surrogate" alcohol) is exempt from excise taxes.

<Q45 and Q46 will **only** be visible to "Trade association / federation " representing "producers, distributors or users of denatured alcohol">

Volume and value of denatured alcohol

You have mentioned that you are a trade association representing producers, distributors or users of denatured alcohol,

45. Could you please estimate what is the total volume and value of alcohol:

- Denatured in the EU (hectolitres)
- Volume of denatured alcohol imported into the EU. (hectolitres)
- Value of the above (EUR)

Please identify any other caveats or conditions around your answers.

(open field)

46. What is the volume of denatured alcohol used (complete as appropriate):

- Cosmetics, perfumes and personal hygiene products <Open field> (hectolitres)
- Screen wash, anti-freeze and de-icer <Open field> (hectolitres)
- Bio-fuels <Open field> (hectolitres)
- Printing inks, paints and other solvents <Open field> (hectolitres)

Please identify any other caveats or conditions around your answers

Relevance, coherence and EU added value of exemptions of denatured alcohol

Please indicate to what extent you agree with the following statements.

47. **Overall**, the provisions of the Directive regarding the **exemption of denatured alcohol** from excise duty as covered by Article 27(1) respond to the needs of the industry. [EQ5.8]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree

- Strongly disagree
- Don't know
- Not applicable

48. Please explain, (open field)

49. **Overall**, I believe that the recognition and management of exemptions of denatured alcohol should be **coordinated at EU level**. [EQ4.3]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree", please mention the advantages of such an approach (open field)

If you "disagree" or "strongly disagree", please mention the mechanisms which you find more appropriate and the reasons for the opinion (open field)

50. Have you encountered problems with regards to the way denatured alcohol can be classified in the CN code system? [EQ6.1a]

- Yes – please explain (open field)
- No

Article 27 (1) (a) refers to products *distributed in the form of alcohol which has been completely denatured in accordance with the requirements of any Member State, such requirements having been duly notified and accepted in accordance with paragraphs 3 and 4 of this Article*.

Under Article 27 (1) (b) alcohol that has been denatured "*both in accordance with the requirements of any Member State and used for the manufacture of any product not intended for human consumption*" shall be exempted from excise duty. This is sometimes referred to as "partially denatured alcohol".

51. Please inform us in which situation is relevant to you:

- I am (or represent) an economic operator(s) which produces, imports distributes or uses alcohol products which have been completely denatured under Article 27(1) (a)
- I am (or represent) an economic operator(s) which produces, imports distributes or uses products which have been denatured in accordance with Article 27(1) (b) (also known as partially denatured alcohol)
- Both the above options apply to me.
- I do not deal in any way with denatured alcohol of any kind.

<This section is only relevant for economic operators which produce, distribute or use alcohol products which have been completely denatured under Article 27(1) (a).>

Commission Implementing Regulation (EU) No 162/2013 of 21 February 2013 amending the Annex to Regulation (EC) No 3199/93 *on the mutual recognition of procedures for the complete denaturing of alcohol for the purposes of exemption from excise duty* contains a list of all accepted CDA formulations.

Due to the manner in which the provisions of the Directive have been interpreted, even within the one Member State, applicable conditions (i.e. accepted denaturing formulations) may differ depending on whether they refer to:

- Products denatured in the Member State in question
- Products denatured in another Member State
- Products imported from third countries.

We would like to understand the impact of the current rules on your business.

Exemption of completely denatured alcohol

52. On what considerations do you choose what **completely denatured alcohol** formulation to use when seeking to exempt your product from the scope of excise duty?

- I use the denaturing method I estimate to be most efficient.
- I choose the formulation which is best suited to my product.
- I have no choice with respect to what denaturing formulation I should use.
- Other (please specify)
- Not applicable (I do not denature alcohol using any completely denatured alcohol formulation)

53. What is the approximate cost (in Euro) of denaturing 1 Hl of alcohol in the Member State(s) you operate?

Cost of denaturing method: <Open field>
 Denaturing formulation: <Open Field>
 Member State where this is applicable: <open field>

If you use multiple methods of denaturing, please indicate the costs associated with each of them and the Member State where they are applicable.

Cost of denaturing method: <Open field>
 Denaturing formulation: <Open Field>
 Member State where this is applicable: <open field>

Cost of denaturing method: <Open field>
 Denaturing formulation: <Open Field>
 Member State where this is applicable: <open field>

Please indicate to what extent you agree with the following statements.

54. The different denaturing formulations accepted by Member States result in varying costs for *producers, distributors or users of denatured alcohol* depending on the counties in which they operate. [EQ3.2]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree" to the above statement, please mention the maximum and minimum costs for denaturing a hectolitre of alcohol as well as the country where the exemption was sought and the intended use for the alcohol in question. (open field)

- If you "disagree" or "strongly disagree" to the above statement, please explain your

answer. (open field)

55. The various ingredients required to completely denature alcohol are difficult to procure

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree" to the above statement, please mention which ingredients you are referring and in what way are they difficult to procure. (open field)

56. The applicable conditions (i.e. accepted completely denatured alcohol formulations) affect the functioning of the internal market. [EQ1.2a]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree" to the above statement, please mention the manner in which the internal market is affected. (open field)

If you "disagree" or "strongly disagree" to the above statement, please explain your answer. (open field)

57. The application of the current rules on denatured alcohol makes it easier to import completely denatured alcohol from third countries than from other EU MS States. [EQ1.3a]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree" to the above statement, please give details related to the product (by CN code) and third countries concerned. (open field)

If you "disagree" or "strongly disagree" to the above statement, please explain your answer. (open field)

58. I am aware of situations in which economic operators within my industry have taken business decisions (e.g. setting the location of the production facilities, choosing partners or suppliers, modifying the logistics chain, etc.) due to the varying applicable conditions for granting exemptions to completely denatured alcohol. [EQ1.3a]

- Yes
- No

59. If "yes" to above, please provide details on the situation, the nature of the business decision made, the reasons behind it and how much the regulatory conditions impacted the decision. (open field)

60. I am aware of situations in which economic operators within my industry have been prevented or hindered from conducting intra-community transactions or movements due to the varying applicable conditions for granting exemptions to completely denatured alcohol. (e.g. An economic operator moving a product from one Member State to another was prevented/hindered to do so because the authorities of the latter did not recognise the denaturing method employed in the Member State of production.) [EQ1.3a]

- Yes
- No

61. If "yes" to above, Please provide details into the situation, the manner in which the transaction/movement was affected and the reason. (open field)

62. A possible proposal for an "euro denaturant" formulation containing (minimum) 1 litre isopropyl alcohol (IPA), 1 litre of methyl ethyl ketone (MEK), and 1 gram denatonium benzoate per hectolitre of absolute ethanol could be an effective and acceptable denaturing formulation for my sector.

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

Please explain your answer. (open field)

<This section is only relevant for economic operators which produce, distribute or use alcohol products which have been denatured in accordance with Article 27(1) (b). >

Under Article 27 (1) (b) alcohol that has been denatured "*both in accordance with the requirements of any Member State and used for the manufacture of any product not intended for human consumption*" shall be exempted from excise duty. This is sometimes referred to as "partially denatured alcohol".

With respect to the correct interpretation of the term "*used for the manufacture of any product not for human consumption*" in 27.1(b), in 2014, the Fiscalis Project Group (FPG013) and the Commission's Indirect Tax Expert Group (ITEG) came to the consensus that the term shall define "*a recognisable finished product, held out for sale in that recognisable finished form and that the denatured alcohol has been used in the manufacture of that product*".

It follows from this that a product with denatured alcohol that is not yet in its finished form cannot be exempted from excise duty¹.

¹ European Commission, DG TAXUD (2014) Indirect Tax Expert Group (ITEG) Opinion 1/2014; TAXUD (2014)01009

While aiming to clarify the interpretation of the provision, the opinion of the ITEG may create uncertainty about the moment from when a product can be defined as a “recognisable finished product”.

We would like to understand the impact of the current rules on your business.

Denatured alcohol exempted based on Article 27 (1) (b)

63. On what considerations do you choose what alcohol denaturing formulation to use when seeking to exempt your product from the scope of excise duty **in accordance with Article 27(1) (b)**?

- I use the denaturing method I estimate to be most efficient.
- I choose the formulation which is best suited to my product.
- I have no choice with respect to what denaturing formulation I should use.
- Other (please specify)
- Not applicable (I do not denature alcohol based on Article 27 (1) (b))

64. What is the approximate cost (in Euro) of denaturing 1 Hl of alcohol in the Member State(s) you operate?

Cost of denaturing method: <Open field>
 Denaturing formulation: <Open Field>
 Member State where this is applicable: <open field>

If you use multiple methods of denaturing, please indicate the costs associated with each of them and the Member State where they are applicable.

Cost of denaturing method: <Open field>
 Denaturing formulation: <Open Field>
 Member State where this is applicable: <open field>

Cost of denaturing method: <Open field>
 Denaturing formulation: <Open Field>
 Member State where this is applicable: <open field>

Please indicate to what extent you agree with the following statements.

65. The different denaturing formulations accepted by Member States result in varying costs for *producers, distributors or users of denatured alcohol* depending on the countries in which they operate. [EQ3.2]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you “agree” or “strongly agree” to the above statement, please mention the maximum and minimum costs for denaturing a hectolitre of alcohol as well as the country where the exemption was sought and the intended use for the alcohol in question. (open field)

If you “disagree” or “strongly disagree” to the above statement, please explain your answer. (open field)

66. The applicable conditions (i.e. accepted denaturing formulations) affect the functioning of the internal market. [[EQ1.2b]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree" to the above statement, please mention the manner in which the internal market is affected (open field)

If you "disagree" or "strongly disagree" to the above statement, please explain your answer (open field)

67. The application of the current rules on denatured alcohol makes it easier to import products containing exempt (denatured) alcohol from third countries than from other EU MS States. [EQ1.3a]

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- Don't know
- Not applicable

If you "agree" or "strongly agree" to the above statement, please give details related to the product concerned (if possible, by reference to the CN code) and the third countries concerned (open field)

If you "disagree" or "strongly disagree" to the above statement, please explain your answer (open field)

68. I am aware of situations in which economic operators within my industry have taken business decisions (e.g. setting the location of the production facilities, choosing partners or suppliers, modifying the logistics chain, etc.) due to the varying applicable conditions for granting exemptions to products containing alcohol denatured in accordance with Article 27 (1) (b). [EQ1.3a]

- Yes
- No

69. If "yes" to above, please provide details about the situation, the nature of the business decision made, the reasons behind it and how much the regulatory conditions impacted the decision. (open field)

70. I am aware of situations where economic operators within my industry have been prevented or hindered from conducting intra-community transactions or movements due to the varying applicable conditions for granting exemptions to products containing alcohol denatured in accordance with Article 27 (1) (b). [EQ1.3a]

- Yes
- No

71. If "yes" to above, Please provide details about the situation, the manner in which the transaction/movement was affected and the reason. (open field)

72. I am aware of situations where economic operators have faced difficulties due to the interpretation of the term "used for the manufacture of any product not for human consumption" as meaning a "recognisable finished product". [EQ1.2b]

- Yes
- No

73. If "yes" to above, Please provide details into the situation, the product concerned (if possible, by reference to the CN code), the nature of the difficulty and the impact on the economic operator. (open field)

Closing

Thank you for your input! Do you agree to be contacted by the evaluation team for a follow-up interview for the purposes of this evaluation?

- Yes
- No

[If yes] Please provide us with your contact information

Name:

Position:

Organisation:

Telephone: