



Brussels, 17 December 2021
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REPORT OF MEETING

- 1. Meeting** Requested by IEVA (Independent European Vape Alliance) to discuss the impact of the review of the tobacco taxation directive (2011/64/EU) on the vaping sector.
- 2. Subject** Excise duties and vaping industry
- 3. Documents** IEVA PowerPoint slides
- 4. Date and Place** 17 December 2021, 11.30-12.30, Zoom meeting
- 5. Participants** IEVA: 3 participants
AVISA Partners: 1 participant
DG TAXUD, Directorate C: 2 participants
- 6. Results**

IEVA is the European trade body of the vaping industry (mainly SMEs) gathering 10 national associations (including ANAFE in Italy) and 13 of the leading companies as members. IEVA representatives pointed out that it is fully independent from the tobacco industry and strives for the differentiation between vaping and smoking.

For the IEVA representatives, the forthcoming review of the tobacco taxation directive is an opportunity to apply the right incentives for current smokers to improve their health. IEVA has contributed to the impact assessment and participated in the public consultation organised by DG TAXUD.

IEVA representatives stressed that vaping is different to smoking (including heated tobacco products) and hence the legislation should differentiate between the two. In their view, equalising the taxation rates between traditional cigarettes (a leading cause of cancer in Europe) and e-cigarettes (which are 95% less harmful according to the UK governmental agency Public Health England) would run counter to the objective of achieving a 5% smoking prevalence by 2040 (EU Beating Cancer Plan). In practice, this would result in reducing the number of smokers by about 90 million by 2040 (from around 112 million today, to around 22 million by 2040). Not differentiating vaping from smoking would send the wrong public policy and economic signals.

In particular, according to IEVA:

- Higher taxation of e-cigarettes lead to higher-smoking rates and penalize European smokers trying to quit smoking;

- The existing market can become distorted because of illegal trade (fraudulent activities and counterfeiting);
- SMEs will suffer more than larger companies from bigger administrative burden;
- New taxes on vaping will result in very limited additional tax revenues.

IEVA is not against the inclusion of e-cigarettes in an EU legislative framework as long as there is no unjustified equalisation between vaping and tobacco. In its view, excise should be:

- Based on volume with a maximum of 1€ / 10 ML or 0.10 € / 1ml
- Applied only to e-liquids with nicotine
- Collected when e-liquids are sold on the market (as opposed to when they are produced).

TAXUD representatives noted that no decision has been taken yet with regard to the review of the tobacco taxation directive. The Commission services are currently reflecting about the existent policy options: the possible inclusion of e-cigarettes in an EU legislative framework and the minimum rate they would be subject to are still open issues and the considerations of the vaping industry will be taken into account.