

# EXCISES HARMONIZATION STAGE WITHIN THE EUROPEAN UNION

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## **ABSTRACT**

*Tax policy in the European Union consists of two components: direct taxation, which remains the sole responsibility of Member States, and indirect taxation, which affects free movement of goods and the freedom to provide services. The most important efforts for the tax harmonization were made in the domain of the indirect taxation, the consumption taxes influence the price supported by the final consumer and prevent the fiscal neutrality necessary for a fair competition on the communitary market. The paper aims to present the excises harmonization stage within the European Union. The analyze concerns taxation basis, excises rates, circulation of excises bearers products between the members states.*

**Keywords:** Fiscal Policy, Economic Policy, Excises, Harmonization Stage.

## **Introduction**

The fiscal policy is one of the most important part of the economic policy of a country (revealing an essential dependence on the other components), also considered an attribute of the national sovereignty, with a significant contribution in financing the public expenses and the redistribution of incomes. The European Union has a subsidiary role (the member states having the responsibility to control the fiscal policy), a role meant to correlate fiscal policies, making them compatible with each other, and with the objectives followed by the Fundamental Treaties, excluding thus the existence of a role meant to standardize the national fiscal systems of member states.

The member states of the European Union are free to manage their own fiscal policy as long as goods, services, assets and persons are not prevented from their free circulation and the competition is not distorted<sup>1</sup>. According to Hallet, the fiscal policy within the European Union is analyzed from two points of view<sup>2</sup>:

- through the fiscal coordination of national policies adopted by member states;
- through the central budget of the European Union, its incomes deriving from custom duties, agricultural drawings, a GDP and a collected VAT ratio.

As a conclusion, one can not speak about a fiscal policy of the European Union, but of fiscal policies belonging to member states, this economic component being controlled by the national government and used in full accord with the economic policy enacted and with the specific interests. The elimination of all the restrictions concerning the free circulation of assets, generated opinions according to which a movement of assets towards states owing a low fiscality, will be released, fact which may lead to an orientation of fiscal charges from the assets to the manpower (with negative consequences upon manpower exploitation and social aid). The elaboration of the general taxation policy followed a series of objectives:

- The first objective, a long term one, was to prevent the differences between indirect tax rates and between taxation systems, which may generate the distortion of the competition within the unique market<sup>3</sup>;
- As for the direct taxation, the existing legal framework was represented by bilateral agreements between member states. The objective followed by the Community was the elimination of legal ambiguities generating tax evasion. Another objective was to avoid the double tax imposition<sup>4</sup>;

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<sup>1</sup> Wildasin, David E (2000), Factor Mobility and Fiscal Policy in the EU: Policy Issues and Analytical Approaches, *Economic Policy*, Vol. 15 Issue 31, p. 337.

<sup>2</sup> Hallet, M. (2004), Fiscal Effects of Accession in the New Member States, European Commission, Directorate General for Economic and Financial Affairs Economic Papers No: 203.

<sup>3</sup> Article 93 (99) concerning taxes and excises.

<sup>4</sup> Helmuth Cremer, Pierre Pestieau, Jean-Charles Rochet (2001) Direct Versus Indirect Taxation: The Design of the Tax Structure Revisited, *International Economic Review* 42 (3), pp781-800.

- Due to the recent orientations of the general taxation system, another objective appeared, having the role to prevent the negative effects generated by the fiscal competition : movement of national taxation basis, imposed by the change of headquarters of corporations, in their search for a more favorable fiscal regime. Even if this competition seems to be favorable, having as a result the limitation of governments within the taxation process, it distorts the tax structure.

According to EC<sup>5</sup>, a diminution of the report between the total tax and the tax on assets and a growth of the report between the total tax and the tax of the manpower were noticed, showing the governments interest in keeping and even encouraging new assets, which presented a high mobility as compared to that of the manpower.

The stipulations of the Maastricht Treaty concerning the Economic and Monetary Union give a new dimension to the tax policy by limiting the possibility of governments to finance public costs by means of credits.

These objectives were unanimously accepted by the member states, but the national governments were reluctant considering the harmonization of tax systems within the European Union.

The most important efforts for the tax harmonization were made in the domain of the indirect taxation, the consumption taxes influence the price supported by the final consumer and prevent the fiscal neutrality necessary for a fair competition on the communitary market<sup>6</sup>.

As the excises structure could distort the competitive conditions on the market, the attention was fully oriented towards their elimination (they implied custom compensations and controls). The Board of State or Government Superiors adopted on the 22<sup>nd</sup> of March 1971, a resolution charging the Commission to elaborate and the Council to approve the harmonization arrangements concerning the sphere of application, taxable basis and ways of collecting excises<sup>7</sup>.

On the 7<sup>th</sup> of March 1972, the European Communities Commission proposed the creation of a Board of Excises, presented to the Board of Ministers in order to follow the application of five norms dealing with excises harmonization:

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<sup>5</sup> European Commission (2004), *Structures of the Taxation Systems in the European Union*, Office for Official Publications of the EU, Luxemburg.

<sup>6</sup> Vojinovic Ivana (2005), *Philosophy of tax systems*, *Entrepreneurial Economy*, Vol. 10, pp92-102

<sup>7</sup> OECD Economic Surveys: Euro Area. (2003), *Fiscal policy challenges*, pp58

- One frame-norm establishing the excises system existent meant for achieving the economic and monetary union. According to it, on January the 1<sup>st</sup>, 1974, states should use excises for the tobacco, mineral oils, alcohol, wine and beer. The taxable basis were balanced (sale prices), in exchange, rates were free, although there was stipulated a consulting procedure for a previous harmonization;
- Four norms indicating concrete arrangements of excises harmonization for the alcohol, wine, beer and other drinks resulting from their combination.

On 19<sup>th</sup> of December 1972, principles of excise harmonization for the tobacco were adopted and on the 1<sup>st</sup> of July 1978, the limits for tax imposition rates fluctuation (5% - 55%).

The economic and monetary disorders, after 1973, determined states to choose a policy of fiscal stabilization instead of fiscal harmonization. The Board of Ministers suspended all the activities concerning the adoption of norms of excises harmonization, at the end of the year 1974.

The Commission made new propositions on August the 2<sup>nd</sup>, the Board continued their examination in 1978, but states were reserved in continuing the fiscal harmonization. Thus the Board appealed to the Court of Justice, and on the 27<sup>th</sup> of February 1978 succeeded in resuming the harmonization process.

Taking into account the criteria established by the Court of Justice, the Board of Ministers tried to find a general solution. No agreement was obtained for the excise on wine. Two elements resulted from the structure of the excise on tobacco: a tax proportionally imposed on the sale value and a tax specific for cigarettes, if their proportion was defined.

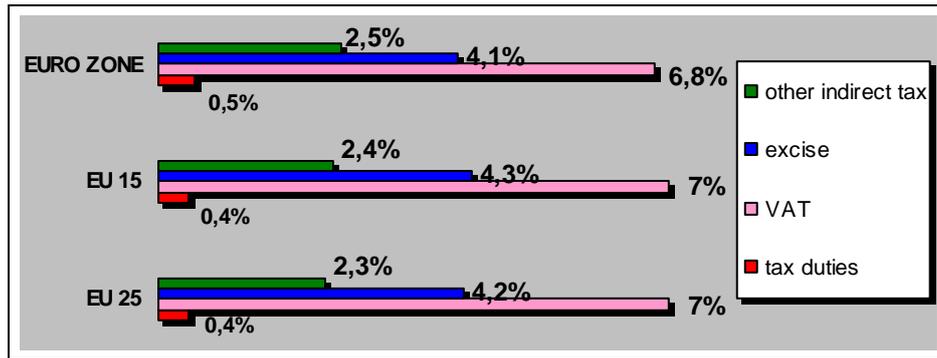
### **Harmonization Stage**

The excises are taxes on a restrained number of products, adopted by all member states. They are indirect taxes, directly connected to the commercial transactions and the free circulation of products on the unique market, submitted to the fiscal harmonization.

**They represent an important income of member states budgets, at the European level 25, 4, 2 % of the GDP for the year 2004, the principle of applying these excises is that they are imposed by the consumer country.**

### **Figure 1:**

## Indirect Tax Structure within the European Union (2004)



Source: EUROSTAT

General Implementations refer to the products representing the object of the excises and to their holding, circulation and monitoring<sup>8</sup> These implementations (become effective on the 1<sup>st</sup> of January 1993) form a strategy of tax approximation, tax structure harmonization and providing the general background necessary for holding and transporting the products. The EU implementations are available for the following groups of products:

- alcoholic beverages;
- manufactured tobacco;
- energy products and electricity

and allow their circulation inside the member states, excises being paid by the final buyer at the quotations established by the member state. At the same time, the EU allows the adoption of other taxes imposed to these products (for example, ögreenö taxes for the environment protection), if they do not constitute obstacles for the commerce within the unique market.

There are other products, excises bearers, from one member state to another. The harmonization process views all the products, excise barriers in all the member states, trying to find a standard denomination of these products, of measuring units and of exceptions.

Minimal excise rates for the alcohol and alcoholic drinks, cigarettes and tobacco products different from the cigarettes are implemented by the Norms no. 92/87EEC, 92/79/EEC and 92/80/EEC. Taking into account

<sup>8</sup> Norm no 92/12/EEC

the internal market running and the real values of these rates, at every two years, the Board reexamine the minimal rates and may impose new implementations. The last implementation is specified in the Norm no. 96/2003, belonging to the European Commission, which succeeded to undertake an augmentation of the excises minimal level in the member states, in this norm one may also notice the implementation on the natural gases, coal and electric power. For products belonging to the same group, competing with each other, such as the tobacco products and the alcoholic drinks, excises have to be relatively even, in order not to affect the competition.

Tax structure harmonization represents another aspect of the strategy above mentioned. This harmonization to implement a common system concerning tax capacity, collecting methods, exemption from taxes and terms of payment. The norms harmonizing the excises structure are 92/83/EEC (for alcohol and alcoholic drinks), 92/79/EEC (for cigarettes), 95/59/CEE (tobacco products) and 92/81/EEC and 96/2003 (concerning energy and electricity products) viewing:

- taxation basis;
- excises rates;
- circulation of excises bearers products between the members states.

Holding, circulation and monitoring of products bearing excises are implemented by the Norm no. 92/12/EEC. For a better monitoring of the products submitted to excises, the Commission forwarded a proposition concerning the introduction of a computerized system for holding the evidence of the administrative documents accompanying these products.

The excises calculation is elaborated taking into account certain percentage rates applied to the price and /or certain fixed sums by unit. High differences between the excise rates applied by different states, are generated by policies of discouraging the consumption, and in the case of tobacco and wine, presenting a great importance in the agriculture employed by some member states using low excises. These differences distort the competition on the unique market and constitute an important stimulant for fiscal frauds (cigarettes and alcoholic drinks contraband etc.).

At present, the fiscal harmonization represents an achievement for the taxation basis and the circulation of products, excise bearers within the

EU. There is no agreement between member states concerning the elaboration of a unique rate of excises for the same product at an European level (as the Commission proposed in 1987, considering the existence of a unique market). Periodically, the European Commission reconsiders the excises situation and presents proposition to the EU Board for a serious analysis regarding the harmonization, the simplification of the regulation and the prevent of fiscal frauds.

### **Excise Harmonization of Manufactured Tobacco**

Categories of tobacco products bearing excises, subject of the harmonization within the EU:

- cigarettes;
- cigars and cigarillos;
- fine cut smoking tobacco (intended for the rolling of cigarettes);
- other smoking tobaccos.

Harmonization of the excise rates for the tobacco products followed two objectives:

#### *a) The Introduction of Two Types of Rates:*

- a percentage one, having the form of the percentage applied to the detailed price (ad valorem);
- a specific rate, established as a fixed sum on each product. Its value is provided by the most consumed cigarettes on the market.

The two rates must be the same for all the cigarettes. The EU intends for the final stage of this harmonization to obtain a common value for each member state, calculated by reporting the specific element to the percentage element (including the VAT).

#### *b) The application of a unique rate at the European level*

None of the two objectives were completely achieved, until now. The two excise rates are used by all member states, but only the minimum excise rates are obligatory.

For the cigarettes, as a prevalent product, excises have to represent at least 57% of the price in detail including all taxes, VAT (the rule of the 57%) and at least 60 euro for 1000 cigarettes, if breaking the rule of the 57%, the total excise have to value at least 90 euro for 1000 cigarettes.

The specific excise can not be under 5% and over 55% form the total of taxes included in the price (excises and VAT).

For other tobacco products, one may choose the specific excise, or ad valorem excise or a combination of the two of them. The minimum limit is presented as a percentage rate or as a fixed value on the product unit.

The relative value of excises varies from 49.87% (Sweden) to 64.92% (UK) reported to the price in detail, while the absolute value varies from 55.56 euro (Spain) to 214 euro (UK) for 1000 cigarettes, the most required product by the consumers (Table 1).

**Table 1:**

Excise Value for Cigarettes, in the Member States of the EU, on the 1<sup>st</sup> of May 2004

| Country    | National currency | Specific excise (1000 cigarettes) |                                 | Ad valorem excise % from the sale price in detail | The most sold category of 1000 cigarettes* - euro- | Total excises for 1000 cigarettes |                                 |
|------------|-------------------|-----------------------------------|---------------------------------|---------------------------------------------------|----------------------------------------------------|-----------------------------------|---------------------------------|
|            |                   | Euro                              | % from the sale price in detail |                                                   |                                                    | Euro                              | % from the sale price in detail |
| Belgium    | EUR               | 19,86                             | 11,16%                          | 45,84%                                            | 178,00                                             | 101,46                            | 57,00%                          |
| Czech      | CZK               | 15,05                             | 24,00%                          | 23,00%                                            | 62,71                                              | 29,47                             | 47,00%                          |
| Danemark   | DKK               | 65,84                             | 33,15%                          | 21,22%                                            | 198,60                                             | 107,98                            | 54,37%                          |
| Germany    | EUR               | 68,50                             | 36,15%                          | 24,28%                                            | 189,47                                             | 114,49                            | 60,42%                          |
| Estonia    | EEK               | 13,42                             | 25,45%                          | 24,00%                                            | 52,73                                              | 26,08                             | 49,45%                          |
| Greece     | EUR               | 4,54                              | 3,64%                           | 53,86%                                            | 125,00                                             | 71,88                             | 57,50%                          |
| Spain      | EUR               | 3,91                              | 4,01%                           | 54,00%                                            | 97,50                                              | 56,56                             | 58,01%                          |
| France     | EUR               | 15,07                             | 6,03%                           | 57,97%                                            | 250,00                                             | 160,00                            | 64,00%                          |
| Ireland    | EUR               | 133,39                            | 43,59%                          | 18,32%                                            | 306,00                                             | 189,45                            | 61,91%                          |
| Italy      | EUR               | 3,86                              | 3,73%                           | 54,26%                                            | 103,29                                             | 59,91                             | 58,00%                          |
| Cyprus     | CYP               | 20,53                             | 14,54%                          | 44,50%                                            | 141,16                                             | 83,35                             | 59,05%                          |
| Latvia     | LVL               | 9,70                              | 35,00%                          | 6,10%                                             | 27,71                                              | 11,39                             | 41,10%                          |
| Lithuania  | LTL               | 13,76                             | 30,86%                          | 15,00%                                            | 44,58                                              | 20,45                             | 45,86%                          |
| Luxembourg | EUR               | 14,22                             | 11,47%                          | 46,84%                                            | 124,00                                             | 72,30                             | 58,31%                          |
| Hungary    | HUF               | 25,39                             | 35,34%                          | 23,00%                                            | 71,86                                              | 41,92                             | 58,34%                          |
| Malta      | MTL               | 12,59                             | 7,20%                           | 53,10%                                            | 174,87                                             | 105,44                            | 60,33%                          |

|            |     |        |        |        |        |        |        |
|------------|-----|--------|--------|--------|--------|--------|--------|
| Holland    | EUR | 67,21  | 36,53% | 20,56% | 184,00 | 105,04 | 57,09% |
| Austria    | EUR | 22,50  | 15,00% | 42,00% | 150,00 | 84,38  | 57,00% |
| Poland     | PLN | 14,00  | 26,39% | 26,67% | 53,05  | 28,15  | 53,06% |
| Portugal   | EUR | 42,60  | 38,73% | 23,00% | 110,00 | 67,90  | 61,73% |
| Slovakia   | SIT | 12,20  | 14,73% | 42,27% | 82,82  | 47,21  | 57,00% |
| Slovenia   | SKK | 22,05  | 26,00% | 20,00% | 84,80  | 39,01  | 46,00% |
| Finland    | EUR | 15,13  | 7,56%  | 50,00% | 200,14 | 115,20 | 57,56% |
| Sweden     | SEK | 22,01  | 10,67% | 39,20% | 206,38 | 102,92 | 49,87% |
| UK         | GBP | 141,62 | 49,92% | 22,00% | 329,93 | 214,20 | 64,92% |
| Bulgaria   | BGN | 2,05   | 5,00%  | 43,50% | 41,07  | 19,92  | 48,50% |
| Romania*** | ROL | 4,47   | 13,20% | 32,00% | 33,85  | 15,30  | 45,20% |

\* cigarettes registering the highest consumption

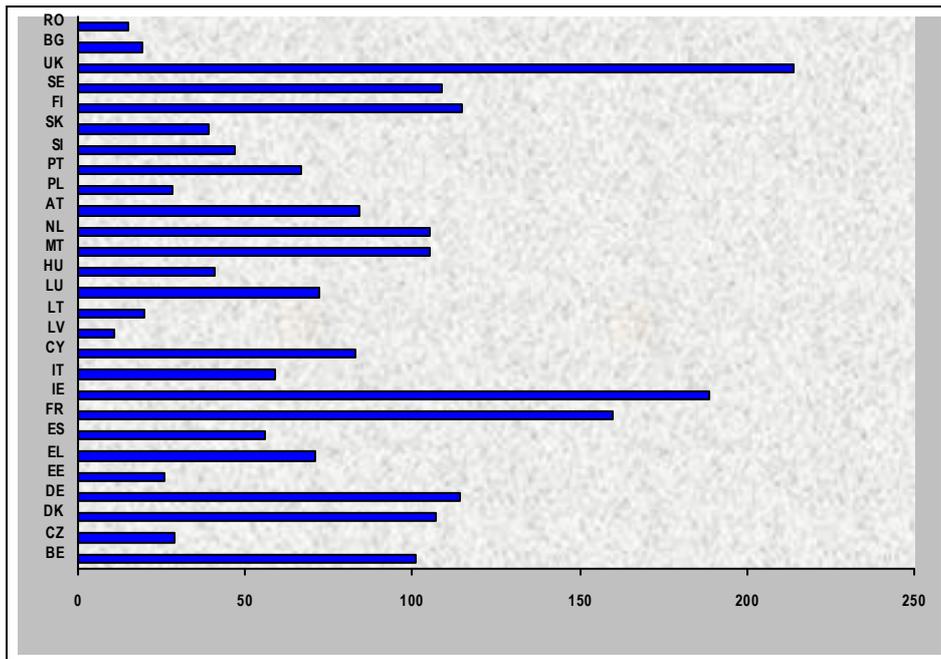
\*\* Norm no. 10/2002 of the European, article 1

\*\*\* the Government modified the Fiscal Identification Code in 2005, the specific excise being at present of 9,10 euro for 1000 cigarettes, and the ad valorem excise of 30% from the average price of the most sold price categoryl

Source: European Commission, ref. 1.019, May 2004, *Excise Duty Tables*, part. III- manufactured Tobacco, [www.europa.eu.int/taxation\\_customs/publications/info\\_doc](http://www.europa.eu.int/taxation_customs/publications/info_doc).

### Figure 2:

Total value of excises for cigarettes, in the member states of the EU, on May the 1<sup>st</sup>, 2004



Concerning the new states acceding on the 1<sup>st</sup> May 2004, they may override the rule of 57% till 2007, respectively 2009 (considering the stipulations of the treaties concluded with the European Union).

Some of the member states (Italy, Greece, Spain) prefer to use specific excises having lower values compared to the price in detail and ad valorem excises having higher values. It is important to notice that specific excises favor the producers of expensive cigarettes allowing them to reduce the difference between prices in detail of cigarettes, this excise is a fixed sum for 1000 cigarettes, whatever their price might be, the reference price for fixing the amount is the price of cigarettes registering the most important sale (not particular expensive).

In Romania, a specific excise of 9.10 euro and an ad valorem excise of 30% are used. These levels leading to higher values as compared to those of the member states, thus, Romania is forced to increase in a continuous way the value of excises for cigarettes, until 2010.

### **Excise Harmonization for Alcoholic Drinks**

**Excise harmonization for alcoholic drinks aimed at the designation of products, excise bearers on. categories :**

- beer;
- wine;
- fermented beverages than beer and wine;
- intermediate products;
- alcohol ethyl.

Excise harmonization followed the introduction of a unique excise rate, as mentioned for the tobacco products. The European Commission proposed the creation of a unique market, but the member states did not agree. Therefore, the EU imposed the use of minimum rates, as fixed sums reported to one product (table 2).

**Table 2:**

Obligatory minimal excise rates reported to the unit (2005)

| Product Category                                  | Nivelul minim al accizei (Directiva 92/84/EEC)                           |                                                                                   |                                                                       |
|---------------------------------------------------|--------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------|
|                                                   | Standard rate                                                            |                                                                                   | Low rate                                                              |
| Beer                                              | 0,748 euro on hl/grade Plato <sup>9</sup><br>Art.6 ó Norm no. 92/84/EEC  | 1,87 euro on h/grade of alcohol ó finished product;<br>Art.6 ó Norm no. 92/84/EEC | 50% of the standard rate<br>Art.4.1. ó Norm no. 92/83/EEC             |
| Wine                                              | <b>0</b><br>Art.5 ó Norm no. 92/84/EEC                                   |                                                                                   | <b>0</b><br>Art.5 ó Norm no. 92/84/EEC                                |
| <b>fermented drinks, other from beer and wine</b> | <b>0</b><br>Art.5 ó Norm no. 92/84/EEC<br>Art.15 ó Norm no. 92/84/EEC    |                                                                                   | <b>0</b><br>Art.5 ó Norm no. 92/84/EEC<br>Art.15 ó Norm no. 92/84/EEC |
| Intermediary Products                             | 45 euro on hectolitre<br>Art.4 ó Norm no. 92/84/EEC                      |                                                                                   | <b>40%</b> of the standard rate<br>Art.18.3 ó Norm no. 92/83/EEC      |
| alcohol ethyl                                     | 550 euro or 1000 euro on hl pure alcohol<br>Art. 3.1. Norm no. 92/84/EEC |                                                                                   | 50% of the standard rate<br>Art.22.1. ó Norm no. 92/83/EEC            |

**Source:** European Commission, ref. 1.020, January 2005, Excise Duty Tables, part.I- Alcoholic Beverages, [www.europa.eu.int/taxation\\_customs/publications/info\\_doc](http://www.europa.eu.int/taxation_customs/publications/info_doc)

Excise rates effectively assessed by the member states are very different. For example:

<sup>9</sup> Grade Plato represent the sugar weight expressed in grammas, contained by 100 g of solution measured at its origin, at a temperature of 20°/4°C.

- For beer : excise value varies from 0,787 euro/hl grade Plato in Germany to 31,40 euro/hl grade Plato in Holland; or from 2,60 euro/hl alcoholic grade in France to 19,45 euro/hl alcoholic grade in Finland;

In Romania, the excise value for the beer (2005) varies from 0,43 euro/hl grade Plato to 0,74 euro/hl grade Plato

- For the still wine; excise values vary from 0 euro/hl (Czech, Germany, Greece Spain, Italy, Cyprus, Luxembourg, Malta, Austria, Portugal, Slovakia, Slovenia) to 273 euro/hl in Ireland; for the sparkling wine, excise values vary from 0 euro/hl (Greece, Spain, Italy, Cyprus, Luxembourg, Malta) to 546 euro/hl in Ireland;

In Romania, there is no excise for the still wine, and for the sparkling wine the excise value is of 34,05 euro/hl (2006);

- For fermented beverages other than beer and wine, excise values vary from 0 euro/hl (Czech, Germany, Greece Spain, Italy, Cyprus, Luxembourg, Malta, Austria etc.) to 273 euro/hl in Ireland .

In Romania, the excise value for the fermented beverages other than beer and wine, is zero, and for the sparkling fermented beverages other than beer and wine is of 34,05 euro/hl ;

- For intermediate products, the excise value varies from 45 euro/hl (minimal level approved) in Greece and Cyprus to 500,29 euro/hl in Sweden

In Romania, the excise value is of 51,08 euro/hl.

- For the alcohol ethyl, the excise value varies from 730,87 euro/hl (Italy) to 5553,45 euro/hl (Sweden).

In Romania, the excise value for the alcohol ethyl is 465,35 euro/hl pure alcohol.

**Table 3:**

Excise value for alcoholic drinks, in the member states of the EU, on the 1<sup>st</sup> of January 2005 (euro)

| Country    | Beer                               |       | Min. 1,87 euro per hl/grade of finished alcohol product; | Still wine (0) | Fermented beverages other than beer and wine (0) | Intermediate products (min. 45 euro per hectolitre) | alcohol ethyl (min. 550 euro or 1000 euro per hl pure alcohol) |
|------------|------------------------------------|-------|----------------------------------------------------------|----------------|--------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------|
|            | Min. 0,748 euro per hl/grade Plato |       |                                                          |                |                                                  |                                                     |                                                                |
| Belgium    | 1,7105                             | -     |                                                          | 47,09          | 47,09                                            | 99,15                                               | 1660,86                                                        |
| Czech      | 0,759                              | -     |                                                          | 0              | 0                                                | 74                                                  | 838,13                                                         |
| Danemark   | -                                  | 6,84  |                                                          | 85,52          | 85,52                                            | 123,65                                              | 2016,02                                                        |
| Germany    | 0,787                              | -     |                                                          | 0              | 0                                                | 153,0                                               | 1303,00                                                        |
| Estonia    | -                                  | 3,71  |                                                          | 66,47          | 66,47                                            | 107,37                                              | 971,46                                                         |
| Greece     | 1,13                               | -     |                                                          | 0              | 0                                                | 45                                                  | 908,00                                                         |
| Spain      | 0,83                               | -     |                                                          | 0              | 0                                                | 50,4                                                | 745,77                                                         |
| France     | -                                  | 2,6   |                                                          | 3,40           | 3,40                                             | 214,0                                               | 1450,00                                                        |
| Ireland    | -                                  | 19,87 |                                                          | 273,0          | 273,0                                            | 396,12                                              | 3925,00                                                        |
| Italy      | 1,59                               | -     |                                                          | 0              | 0                                                | 56,15                                               | 730,87                                                         |
| Cyprus     | -                                  | 4,86  |                                                          | 0              | 0                                                | 45,7                                                | 608,17                                                         |
| Latvia     | -                                  | 1,83  |                                                          | 44,94          | 44,94                                            | 104,87                                              | 823,97                                                         |
| Lithuania  | -                                  | 2,03  |                                                          | 43,44          | 43,44                                            | 66,61                                               | 926,78                                                         |
| Luxembourg | 0,7933                             | -     |                                                          | 0              | 0                                                | 66,93                                               | 1041,15                                                        |
| Hungary    | 1,706                              | -     |                                                          | 3,25           | 3,25                                             | 53,6                                                | 779,70                                                         |
| Malta      | 0,746                              | -     |                                                          | 0              | 0                                                | 46,5                                                | 2328,83                                                        |
| Holland    | 5,5                                | -     |                                                          | 59,02          | 59,02                                            | 102,68                                              | 1775,00                                                        |
| Austria    | 2,0                                | -     |                                                          | 0              | 0                                                | 73                                                  | 1000,00                                                        |
| Poland     | 1,57                               | -     |                                                          | 31,17          | 31,17                                            | 62,57                                               | 1042,76                                                        |
| Portugal   | 7,92                               | -     |                                                          | 0              | 0                                                | 53,34                                               | 916,08                                                         |
| Slovakia   | -                                  | 6,85  |                                                          | 0              | 0                                                | 62,55                                               | 694,30                                                         |
| Slovenia   | 1,52                               | -     |                                                          | 0              | 0                                                | 62,38                                               | 623,83                                                         |
| Finland    | -                                  | 19,45 |                                                          | 212,0          | 212,0                                            | 424,0                                               | 2825,00                                                        |
| Sweden     | -                                  | 16,18 |                                                          | 244,55         | 244,55                                           | 500,29                                              | 5553,44                                                        |

|          |       |       |        |        |       |         |
|----------|-------|-------|--------|--------|-------|---------|
| U.K.     | -     | 18,22 | 236,59 | 236,59 | 315,4 | 2830,89 |
| Bulgaria | 0,767 | -     | 0      | 0      | 46,01 | 383,46  |
| Romania  | 0,6   | -     | 0      | 0      | 45,00 | 280,0   |

Source: European Commission, ref. 1.020, January 2005, Excise Duty Tables, part.I- Alcoholic Beverages, [www.europa.eu.int/taxation\\_customs/publications/info\\_doc](http://www.europa.eu.int/taxation_customs/publications/info_doc)

The European Commission considered that the convergence objective of excise rates for alcoholic beverages imposes a long term process. One of the proposition made for increasing the minimal excise value for wine from 0 to 9,925 euro/hl is still not adopted by member states.

### **Excise Harmonization for Energy and Electricity Products**

Excise harmonization for energy and electricity products aimed at the designation of products, excise bearers, on categories :

- Petrol;
- Gas oil;
- Kerosene
- Heavy fuel oil;
- LPG;
- Natural gas;
- Coal and coke;
- Electricity;
- National taxes

The member states fiscal policies concerning the excises and other taxes for energy and electricity products planned to supply the budgets with constant and important incomes, the achievement of economic and social objectives (environment protection, agriculture support, achievement of an optimal proportion between different energy sources etc.)

The member states did not agree for the implementation of a unique rate of excise for oil products, as in the case of tobacco and alcoholic drinks products, only minimum limits are obligatory for these rates, as shown below:

- Leaded petrol ó 421 EUR/1000 liters ;
- Unleaded petrol ó 359 EUR/1000 liters;
- Gas oil ó 302 EUR/1000 liters, with a reduced rate when used for heating; kerosene - 302 EUR/1000 liters;

- Heavy fuel oil ó 15 EUR/1000 kg;
- LPG ó 125 EUR/1000 kg;
- Natural gas ó 2,6 EUR/gigajoule;
- Coal and coke ó 0,15 EUR/ gigajoule;
- Electricity ó 0,5 euro/MW h

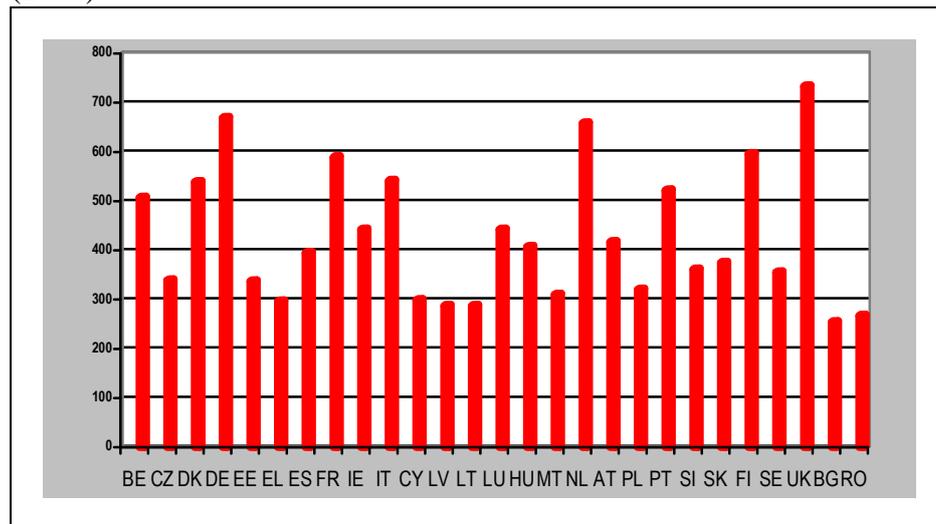
The existence of a minimum value of excises, between the member states produced significant differences between the excise rates affecting the competition on the unique market.

On the 1<sup>st</sup> of may 2004, unleaded petrol, registers the lowest excise value that of 290,00 EUR/1000 liters in Greece, and the highest, of 733,65 euro/1000 liters in UK. Excise values differences between the member states, moreover if they are neighbors, represent an encouragement for fiscal frauds.

In Romania, on the 1<sup>st</sup> of January 2005, the specific excise value for the tone of unleaded petrol registered 311 euro, its level being very close to that of member states.

### Figure 3:

Excise Level for Unleaded Petrol in the EU 25, Romania and Bulgaria (2004)



Source : European Commission, ref. 1.019, May 2004, Excise Duty Tables, part.II- Energy products and electricity, [www.europa.eu.int/taxation\\_customs/publications/info\\_doc](http://www.europa.eu.int/taxation_customs/publications/info_doc)

The European Commission proposed (in the year 1992) the introduction of a harmonized tax, in order to stimulate the diminution of the carbon dioxide emission (CO<sub>2</sub>) and the economical use of energy resources. Though, this proposition was connected to the reduction of taxes on the manpower, it was not approved by the Board of Ministers of Finances and Economy.

One can remark the lack of agreement for the new proposition (made in 1997) indicating the raise of excise minimum limits for the oil products, as well as the intention to extend the EU excise system for natural gases, coal and electric power (No EU regulation is applied for these products). The Norm no. 96/2003 of the European Commission succeeded to achieve an augmentation of the excise minimum value in the member states and an implementation of the excise system applicable to natural gases, coal and electric energy.

### **Conclusions**

Products submitted to the excises are the tobacco products, alcoholic drinks and energy and electricity products. The EU allows the application of other taxes these products (such as, ögreen taxesö for the environmental protection), if these taxes do not imply obstacles for the trade on the unique market. There different products ó excise bearers from a member state to another. The harmonization indicates, first of all, the existence of products ó excise bearers in all member states, trying to standardize the products designation, the measuring units and exceptions. Excise calculation is elaborated taking into account certain percentage rates applied to the price and /or certain fixed sums by unit. High differences between the excise rates applied by different states, are generated by policies of discouraging the consumption, and in the case of tobacco and wine, presenting a great importance in the agriculture employed by some member states using low excises. These differences distort the competition on the unique market and constitute an important stimulant for fiscal frauds (cigarettes and alcoholic drinks contraband etc.).

The harmonization of excise rates may generate the diminution of these effects. For products belonging to the same group, competing with each other, such as the tobacco products and the alcoholic drinks, excises have to be relatively even, in order not to affect the competition.

Within the EU, the excise payment is effectuated in the member state where these products are consume, no matter their fabrication or their importation. Thus, excise payment is considered suspended until their introduction on the market in order to be sold. The harmonization imposes rules for a strict evidence of the circulation and deposit of products ó excise bearers within EU.

The way for the creation of an economic and monetary area, was difficult but still open. The fiscality has an importance influence on objectives elaborated according to the treaties of the European states, the lack of an efficient regulation, it becomes an obstacle in the economic development and in the manpower employment within the European space.