ENGLISH

COMPLETING THE
INTERNAL MARKET

CURRENT STATUS 31 DECEMBER 1989

THE ELIMINATION OF FRONTIER CONTROLS

Control of Goods

Control of Individuals

Value-added Tax

Excise Duties

COMMISSION OF THE
EUROPEAN COMMUNITIES

DECEMBER 1989

In June 1985, the Commission of the European Communities issued a White Paper 'Completing the internal market' setting out a target for achieving by 1992 a single European market for goods, services, people and capital.

The White Paper included a detailed legislative timetable containing over 300 measures and proposals.

In June 1989, the Commission issued its 'Fourth report on the implementation of the White Paper on completing the internal market'. This updated and modified the original legislative timetable contained in the White Paper.

This brochure is one of a series of five intended to summarize the current problems, the 1992 objectives and the measures and proposals contained in the White Paper and Fourth report.

The complete series of brochures covers

A common market for services

The elimination of frontier controls

Conditions for industrial cooperation
Open public procurement market

A new Community standards policy

Veterinary and plant health controls

These brochures will be updated and reissued at regular intervals until 1992. Details about availability are given on the inside back cover.

This publication is also available in ES, DA, DE, GR, FR, IT, NL and PT

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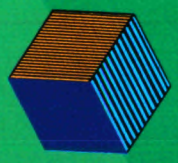

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A COMMON MARKET FOR SERVICES

How to use this brochure

The aim of this series of brochures is to

(i) inform the interested European public about the steps which are being taken to bring about the single market;
(ii) summarize the approach which is being taken in individual business sectors;
(iii) provide a first reference to the content and current status of each proposal which the Commission has drafted to bring about the 1992 internal market.

This brochure contains

(i) a brief description of how the Community makes laws and recommendations;
(ii) a general introduction to the issues and problems in creating an internal market in services;
(iii) specialized introductions to the approach being adopted in individual sectors of the services market;
(iv) brief summaries of every measure which has been adopted or proposed to create the internal market for services. Proposals mentioned in the White Paper but not yet issued by the Commission will be summarized in the future updates of the brochure.

The reader should

(i) ensure he is familiar with how the Community makes laws and recommendations. If not, he should turn to page iii;
(ii) read the general introduction to services for an overview of the issues (page 1);
(iii) select the section(s) which cover sector(s) of interest from the contents (page vii).

The summaries provide references to the appropriate copies of the *Official Journal of the European Communities* for those readers wishing to examine measures in more detail. Copies of the Official Journal can be obtained from the information offices listed inside the back cover.

HOW THE EUROPEAN COMMUNITY MAKES LAWS
AN OUTLINE

It is necessary to be familiar with the procedures by which the Community passes laws in order to understand the detail contained in the summaries. Each summary relates to a specific measure intended to facilitate the creation of the single market. In broad terms

(i) the Commission (which has both executive and administrative roles) initiates and drafts a proposal which it submits to the Council;

(ii) the European Parliament (which is elected by the citizens of the Community) and the Economic and Social Committee (which consists of representatives from employer organizations, trade unions and other interest groups) consider and comment on the proposal;

(iii) the Council (whose members represent the governments of the Member States, normally at ministerial level) adopts the proposal which then becomes law. In some cases, this power can be exercised by the Commission.

This brochure contains summaries of different types of measures; their consideration and adoption can follow different procedures. These are discussed below.

1. LAWS AND OTHER MEASURES

Regulations

A regulation is a law which is binding and directly applicable in all Member States without any implementing national legislation. Both the Council and the Commission can adopt regulations.

Directives

A directive is an EEC law binding on the Member States as to the result to be achieved, but the choice of method is their own. In practice, national implementing legislation in the form deemed appropriate in each Member State is necessary in most cases. This is an important point as businesses affected by a directive have to take account of the national implementing legislation as well as the directive.

Decisions

A decision is binding entirely on those to whom it is addressed. No national implementing legislation is required. The decisions summarized in this brochure are Council Decisions although in certain cases the Commission has the power to adopt Commission Decisions.

Recommendations

A recommendation has no binding effect (it is not a law). Recommendations can be adopted by both the Council and the Commission.

The majority of the measures included in this brochure are Council Directives.

EEC legislation from start to finish
(Directives and regulations)

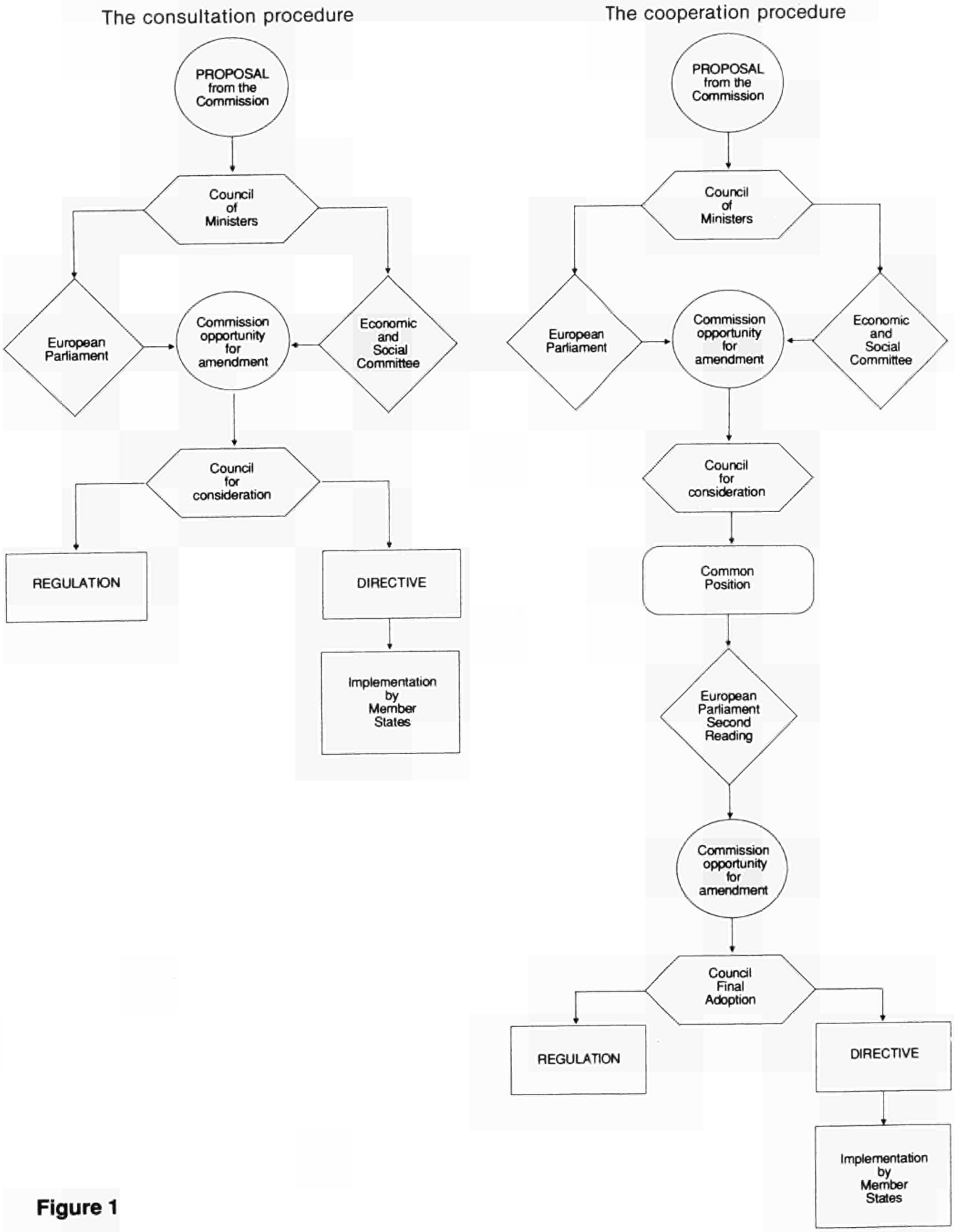

Figure 1

2. PROCEDURES FOR MAKING LAWS

The Community's decision-making procedures are best illustrated by tracing the progress of a directive. The following text should be read in conjunction with the flow chart in Figure 1.

Since the entry into force of the Single European Act on 1 July 1987 there are two distinct procedures for the adoption of a directive: the consultation procedure and the cooperation procedure. The EEC Treaty article upon which a proposal is based dictates which procedure is followed.

In both cases a directive begins with a proposal from the Commission to the Council.

Under the consultation procedure, the Council requests an opinion from the European Parliament and, in most cases, from the Economic and Social Committee. Once these have been given, the Commission then has the opportunity to amend the proposal if it so wishes. The proposal is then examined by the Council which may adopt it as proposed, adopt it in an amended form, or fail to reach agreement, in which case the proposal remains 'on the table'.

Under the cooperation procedure, the Council requests opinions from the Parliament and the Economic and Social Committee in the same way. Once these opinions have been received the Council has to adopt what is called a common position, although it seems that the proposal will again remain on the table failing any common position being reached. On a common position being reached, this is transmitted to the Parliament which has three months to accept, reject, or propose amendments to it, on its second reading.

At this stage the Commission may again amend the proposal if it wishes. The proposal is then returned to the Council which has three months to take a final decision. In the absence of a decision, the proposal lapses.

Whether the Council can adopt a proposal by a qualified majority or has to reach a unanimous decision depends in the first instance upon the article of the Treaty which is the basis for the measure. However, there are certain situations where unanimity must be reached by the Council:

(i) to introduce amendments of its own initiative to a proposal;

(ii) to adopt amendments proposed by the Parliament but not taken up by the Commission;

(iii) to adopt a measure when the Parliament has rejected the Council common position under the cooperation procedure.

The question of whether a directive or a regulation is subject to the cooperation procedure, the consultation procedure or neither of these depends on its legal basis.

There are a limited number of decisions summarized in this brochure. The European Parliament and the Economic and Social Committee are consulted on some of these.

There are also a limited number of recommendations in this brochure. Some Council recommendations are submitted to the European Parliament and the Economic and Social Committee for their opinion before adoption.

3. PUBLICATION OF TEXTS

At certain stages in the Community decision-making procedure, texts are published in the *Official Journal of the European Communities*. There is an 'L' series which contains legislation and a 'C' series which contains other information, such as communications issued by the Commission.

This brochure contains summaries of both adopted legislation and proposals for legislation. In the case of adopted legislation, the summary gives the reference to the Official Journal 'L' series in which the text has been published. Readers interested in the legislative history of a measure will find in the text the Official Journal 'C' series references for the corresponding Commission proposal(s) and the opinions of the European Parliament and the Economic and Social Committee.

In the case of proposals for legislation, the summary gives the Official Journal 'C' series references for the Commission proposal(s) and the opinions of the European Parliament and the Economic and Social Committee, if published by 31 December 1989.

The Commission's 1985 White Paper 'Completing the internal market' contains a legislative programme. In the course of carrying out this programme, certain proposals have been withdrawn and others have been added. Where the Commission has not yet submitted proposals listed in the programme, these are mentioned in the sector introduction.

THE ELIMINATION OF FRONTIER CONTROLS

4. EXCISE DUTIES

Current problems and 1992 objectives

INTRODUCTION
WHY THE ELIMINATION OF FRONTIER CONTROLS?

1957 Treaty of Rome

This was intended to create a single market across the European Community, with free movement of goods, persons, services and capital.
Although a customs union was established very quickly and significant progress made with regard to the free movement of goods and persons, a number of administrative barriers continued to exist which prevented the creation of a genuine single market, even if some measures have been taken in order to simplify border formalities.

1985 White Paper

Customs posts at the frontiers between Member States continued to exist because they were a convenient point to exercise the tax, commercial, economic, health, statistical and police controls and formalities which remain necessary. However, the cost to industry alone of frontier-crossing requirements has been variously estimated at between 5 and 7% of the volume of intra-Community trade or ECU 12 000 million.
The Commission's White Paper 'Completing the internal market' set the ambitious target of creating the necessary conditions for abolition of all the present controls and formalities.

1987 Single European Act

This act, which amended the EEC Treaty and had, therefore, to be ratified by the governments and parliaments of all Community countries, confirmed the objective of achieving a single European market by 1992 and the timetable set out in the 1985 White Paper. It adapted the Community's decision-making procedures and increased the scope for majority (as opposed to unanimous) voting in the Council of Ministers. It should facilitate the adoption of the White Paper measures in accordance with the timetable proposed. But the major decisions relating to border controls still need unanimity in the Council (tax controls and controls on individuals).

1989 current situation

A purely quantitative approach to measuring progress in this area can be misleading. Progress towards adoption of the most important measures has been limited, particularly in the tax field, where approximation of value-added tax rates, along with accompanying measures, and harmonization of excise duties are prerequisites for the elimination of controls.
Of the 14 measures contained in the fourth report on implementation of the White Paper programme, 13 have been fully adopted and one partially adopted. The Commission proposals for another 28 measures have been presented and are at various stages of the legislative process while a further four proposals will be submitted by the end of the year.

1992 single market

Deadline set by the 1987 Single European Act for complete elimination of internal frontier barriers and controls.

Frontier barriers

The physical barriers encountered at the frontiers between Member States affect both goods and individuals.

In the case of goods, checks and controls are carried out for a number of purposes: accounting for the incidence of VAT and excise duties on imports and exports, the gathering of trade statistics, the implementation of quantitative restrictions on imports, the administration of transport policy, to name but a few. The performance of these checks and controls requires commercial vehicle drivers to carry extensive documentation and to wait their turn in queues at customs posts. The resulting familiar lines of lorries at the Community's internal frontiers represent costs to the economy in terms of immobilized goods, vehicles and drivers. Many of the controls and checks can be transferred to other locations in Member States; this alleviates but does not eliminate the problem of border-related controls. The Commission's objective, as laid down in the Single European Act, is to coordinate policy and bring national legislation closer together so as to eliminate completely by 1992 the barriers and controls encountered in crossing the Community's internal frontiers.

In the case of individuals, the passport controls, the occasional search of baggage and vehicles, and the customs checks on purchases are a permanent reminder that the Community is divided into 12 distinct sovereign States. In a true Community characterized by the ever-closer union to which the Member States committed themselves when signing the Treaty of Rome, such frontier formalities have no place. Community citizens should not have to produce documents evidencing identity or to obtain customs clearance of goods in their baggage when passing from one Member State to another. Of course, certain national protective measures, e.g. those controlling terrorism, drug trafficking and other forms of crime, will continue to be necessary in a single market. The abolition of frontier controls on individuals, therefore, raises the question of the extent to which Member States' policies and laws have to be harmonized and the more sensitive question of what action should be taken through Community measures and what action through intergovernmental cooperation. It also raises the question of the reinforcement of the controls at external borders in order to prevent, for example, drug trafficking and illegal immigration. The Commission believes that Community legislation should be the preferred method only where the uniformity and legal security it brings constitutes the best means of attaining the objective of an area without frontiers. Otherwise intergovernmental cooperation, already in motion in a number of contexts, can be the most efficient and cost-effective method.

Tax controls

Tax controls are among the most important functions performed at or in connection with frontiers. Linked to the crossing of frontiers, they are based on different treatment for national transactions and for intra-Community transactions. They constitute a major barrier to the movement of individuals and goods within the Community. Moreover, this compartmentalization has perpetuated very wide differences in indirect tax rates. In August 1987, the Commission presented a series of proposals providing for the abolition of tax frontiers after 1992 through modification of the VAT system, with both national and intra-Community transactions being accorded identical treatment for VAT purposes based on the system currently applicable in Member States. This modification entails abolition of the present system based on the taxation of imports and the remission of tax on exports and requires rates to be brought sufficiently into line to prevent the risk of distortion of competition which might arise, particularly in the case of purchases by exempt taxable persons, institutional non-taxable persons or individuals.

At the end of 1989, the Council adopted a number of guidelines concerning the VAT system after 1992. First, although it was prepared to accept the Commission's approach in the medium term, it could not agree to the implementation of such a system within what it considered to be too short a period. The Council therefore agreed to introduce after 1992 a transitional system based on taxation of the recipient in the country of destination at the rates and under the conditions obtaining in that country and to review that system at the end of 1996. Clearly, application of this guideline would enable the differential treatment of intra-Community transactions to continue. However, it must be stressed that the Council made the introduction of this transitional system dependent on two important conditions:

(i) the present burden on enterprises and administrations had to be alleviated;
(ii) distortions of competition had to be prevented without obstructing free movement of goods.

With the exception of one Member State, the Council agreed on the need for the quantitative and *ad valorem* limits on travellers' purchases to be abolished on 1 January 1993 while VAT and excise duty rates would have to be aligned sufficiently.

With regard to VAT rates, the Council, basing itself on the conclusions of the French Presidency, agreed that, before 1 January 1993, standard VAT rates:

(i) should not be reduced if they are less than 14% or raised if they are greater than 20%;
(ii) should not be reduced below 14% or raised above 20% if they are in the 14 to 20% range.

In addition, Member States will seek agreement, before 31 December 1991, on a range of rates or, possibly, a minimum rate applicable as from 1 January 1993 within the limits proposed by the Commission for the standard rate. The Council will also have to decide — before that same date — on the scope of the reduced rates which Member States will be able to apply and on their level as at 1 January 1993. In response to the Council's conclusions, the Commission expressed the fear that the transitional nature of the system suggested was not sufficiently guaranteed. It emphasized that it could not fully endorse the Council's conclusions in view of the reservation entered by one Member State concerning the key issue of the abolition of the limits on purchases by travellers.

As far as excise duties are concerned, the Commission, as long ago as 1972, proposed measures to harmonize the structure of the principal duties, i.e. those on alcoholic beverages, mineral oils and tobacco products. However, only a few directives on tobacco products have so far been adopted by the Council. In its tax package of August 1987, the Commission put forward proposals for harmonizing the excise duties on these products alone.

Following its communication of 14 June 1989, the Commission amended its original August 1987 proposals concerning excise duties on cigarettes and manufactured tobacco other than cigarettes, on mineral oils and on alcoholic beverages and the alcohol contained in other products, in order to introduce some degree of flexibility in the rates of duty. This approach has resulted in the introduction of minimum rates or ranges which will have to be applied by all Member States as from 1 January 1993. Ultimately, this initial flexibility will have to lead to a movement in rates towards reference levels ('target rates'). However, provision has been made for a review of the minimum rates and target rates every two years so as to adapt them to any dangers in tax, health, energy, transport and environmental policies. Similarly, provision has been made for a review procedure for maintaining the value of the rates in ecus. The Commission will at a later date present a proposal on the rules governing the movement and control of dutiable goods.

Once the White Paper measures on VAT and excise duties come into force, one of the principal obstacles to the abolition of frontiers will have been removed.

1. CONTROL OF GOODS

Current problems and 1992 objectives

Since its establishment in 1958, the European Community has made efforts to alleviate internal frontier formalities and thus improve free movement of goods. Article 30 of the Treaty, which prohibits all measures having an equivalent effect to quantitative restrictions on imports, and Article 95, which prohibits discriminatory taxation of products imported from other Member States, have been used extensively by the Commission, as guardian of the Treaty, and by the European Court of Justice to remove administrative obstacles at internal frontiers (i.e. excessive formalities linked with double taxation). In terms of legislative action, the Single Administrative Document (summary 1.1) is probably one of the most noticeable achievements. There is now a single document which is to be used for all consignments of goods crossing internal frontiers; this is already making for a considerable saving in paperwork, time and effort in the interim period until 1992. The Community transit procedure, dating back to 1977 and most recently improved in 1987 (1.2) and 1989 (1.3) is another example of the achievements made possible by way of Community legislation. The Commission presented in 1989 a proposal for a Directive abolishing the transit advice note when an intra-Community frontier is crossed (1.10); this will facilitate frontier controls where economic operators are concerned.

The abolition of exit formalities for goods travelling under TIR carnets (1.4) is a first step towards achieving a single land border post at frontiers. The proposal to extend this measure to include all goods (1.5) has now been adopted by the Council. The Community has partially adopted a measure which allows the duty-free admission of fuel in standard tanks of coaches. The unadopted portion concerns the same measure for lorries (1.6). The Community has already fully adopted a measure which abolishes postal fees for customs presentations (1.7). The Council recently adopted a Regulation on the abolition of controls on means of transport (1.9). In 1988 the Commission presented a proposal for a Regulation on the collection of statistics following the abolition of import formalities and controls on goods between Member States (1.8).

In 1989 the Commission also tabled a new proposal amending Directive 80/836/Euratom laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation as regards the prior authorization of the transfer of radioactive waste (see summary 1.11).

It should be stressed that completion of the internal market will result in the total abolition of controls and formalities for all goods at internal frontiers and for Community goods in connection with trade between Member States; currently some of these controls operate at frontiers and some at inland control points. At that time, the Single Administrative Document will cease to apply to dispatch, transit (except in certain limited cases) and arrival formalities for Community goods in intra-Community trade.

1. CONTROL OF GOODS

1.1. Single Administrative Document: extension

(1) Objective	The original Council Regulation which introduced the Single Administrative Document (SAD) applied only to intra-Community trade in Community-produced goods. These additional measures aim to simplify trade documentation by extending the SAD to imports of non-Community goods and exports to third countries. They also extend the use of the SAD for the purpose of Community transit and certification of Community status.	
(2) Community measure	Council Regulation (EEC) No 1900/85 of 8 July 1985 introducing Community import and export declaration forms. Council Regulation (EEC) No 1901/85 of 8 July 1985 amending Regulation (EEC) No 222/77 on Community transit.	
(3) Contents	1. Regulation 1900/85 applies to goods which, in trade with third countries or intra-Community trade, are neither of Member State origin nor in free circulation within the Community. 2. Form EX is to be used for: permanent or temporary export or re-export of goods outside the European Community; dispatch from one Member State to another under a customs procedure of goods which neither originate in a Member State nor are in free circulation within the Community. 3. Form IM is to be used for: placing goods imported into the European Community under any customs procedure; or placing goods which neither originate in a Member State nor are in free circulation in the Community in trade between two Member States under a customs procedure at destination. 4. Regulation 1901/85 applies the use of the SAD form to the movement of goods carried under the procedure of internal (T2) and external (T1) Community transit, and to the certification of Community status (T2L). 5. The right of free movement is applied to goods whose Community status is certified on a SAD form. 6. Goods carried under the external Community transit procedure must be the subject of a SAD and bear the symbol T1. 7. Goods carried under the procedure for internal Community transit must be the subject of the Single Administrative Document and bear the symbol T2.	
(4) Deadline for implementing Member State legislation	None required.	
(5) Application date (if different from 4)	1.1.1988	
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 179, 11.7.1985

1. CONTROL OF GOODS

1.2. Community transit procedure: guarantees

(1) Objective	As a major step towards achieving free movement of goods, this Regulation abolishes the requirement for a guarantee of payment of duties and fiscal charges arising from internal transit operations within the Community. However, it does not apply to high-value goods or those subject to high charges. The method used to determine whether or not a guarantee is necessary is intended to reduce the risk of incurred charges not being paid.	
(2) Community measure	Council Regulation No 1674/87 of 11 June 1987 amending Regulation (EEC) No 222/77 on Community transit.	
(3) Contents	1. A guarantee waiver may be granted to operators who: are resident in the Member State where the waiver is granted; are regular users of the Community transit system; are in a healthy financial position; are not guilty of any serious infringement of customs or fiscal laws; undertake to pay on demand any claims made upon them in respect of their transit operations as soon as possible. 2. The guarantee waiver does not apply to goods whose total value exceeds ECU 50 000, or which are subject to a high level of duties or charges in other Member States. 3. A certificate is issued whenever a waiver is granted. 4. Customs authorities have the right to cancel the waiver if: the beneficiary does not undertake to pay charges for which he becomes liable; he commits any breach of regulations; he no longer meets the requirements mentioned above.	
(4) Deadline for implementing Member State legislation		
(5) Application date (if different from 4)	1.7.1988	
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 157, 17.6.1987

1. CONTROL OF GOODS

1.3. Community transit

(1) Objective	Substantially to adapt Community transit procedure in terms both of its scope and of its operating rules in order to take account of the completion of the internal market.
(2) Proposal	Proposal for a Council Regulation on Community transit.
(3) Contents	1. The Community transit procedure applies to the movement of all goods within the Community and consists (to that end) of one distinct procedure: an external procedure applicable to Community goods. 2. In terms of the operating rules of the Community transit procedure, the removal of internal frontiers to establish the internal market will mean the abolition of formalities at internal borders. 3. External Community transit: the external Community transit procedure will apply to the movement of goods other than those originating in a Member State, products from third countries, goods coming under the Treaty establishing the European Coal and Steel Community not in free circulation in the Community, and goods that are subject to a Community measure entailing their export to a third country and for which the corresponding customs export formalities have been completed. External Community transit procedure will remain fully applicable: goods that are to be carried under that procedure must be the subject of a declaration. The office of departure (i.e. the office where the Community transit operation begins) accepts and registers the declaration, and prescribes the period within which the goods must be produced at the office of destination. The principal (i.e. the person responsible to the competent authorities for complying with all the obligations inherent in placing goods under the Community transit procedure) must produce the goods intact at the office of destination within the prescribed time-limit. Identification of the goods is ensured by sealing. In order to ensure collection of the duties and other charges which a Member State is authorized to collect in respect of goods passing through its territory, the principal must furnish a guarantee. 4. Internal Community transit: all goods to be carried under the procedure for internal Community transit must be the subject of a declaration. In a wide variety of cases, a guarantee may be waived. 5. Special provisions applying to carriage by air or sea. 6. Special provisions applying to postal consignments.
(4) Opinion of the European Parliament	Not yet delivered.
(5) Current situation	The proposal has been presented to Parliament and the Economic and Social Committee for an opinion.
(6) References	Commission proposal COM(89) 480 final — Official Journal C 307, 6.12.1989

1. Control of Goods

1.4. Abolition of exit customs formalities: TIR

(1) Objective	To reduce the number of checks at the Community's internal frontiers to one, in the framework of the TIR system. This one check will be carried out at the office of entry into a Member State.
(2) Community measure	Council Regulation (EEC) No 3690/86 of 1 December 1986 concerning the abolition within the framework of the TIR Convention of customs formalities on exit from a Member State at a land frontier between two Member States. Commission Regulation (EEC) No 1544/87 of 3 June 1987 laying down detailed rules for the application of the abovementioned Council Regulation.
(3) Contents	1. The Regulation applies to all formalities and checks on goods crossing land frontiers between Member States under cover of TIR carnets. 2. The TIR Convention is the customs convention on the international transport of goods under cover of TIR carnets, signed in Geneva on 14 November 1975. Definition of internal frontier (for goods under TIR carnets) as a land frontier between Member States; office of exit as the customs office by which the goods/means of transport leave the territory of one Member State; office of entry as that at which they enter another. 3. Where a TIR consignment (i.e. one travelling under a TIR carnet) crosses an internal frontier formalities need only be completed at the office of entry. 4. The office of entry is obliged to send to the Member State of exit any findings, documents, reports, records of proceedings or information on the formalities and checks in question which may be of interest to that Member State. 5. Any questions arising from this Regulation may be put to the Committee on the Movement of Goods.
(4) Deadline for implementing Member State legislation	None required.
(5) Application date (if different from 4)	1.7.1987
(6) Date for further coordinating proposal (if specified)	
(7) References	Council adoption — Official Journal L 341, 4.12.1986 Commission adoption — Official Journal L 144, 5.6.1987

1. CONTROL OF GOODS

1.5. Abolition of exit customs formalities: common border posts

(1) Objective	To reduce significantly customs formalities at internal land frontiers by requiring only a single customs check (instead of one on exit and one on entry), and by enabling officials of one Member State to act in the place of officials of an adjoining Member State with no loss of legal effect. The single check will be at the office of entry into a Member State.
(2) Community measure	Council Regulation (EEC) 4283/88 of 21 December 1988 on the abolition of exit formalities at internal Community frontiers — introduction of common border posts.
(3) Contents	1. The Regulation applies to all checks and formalities carried out at Community internal land frontiers in connection with border crossing of goods accompanied by an ATA carnet, a Community movement carnet or Form 302 laid down under the convention between the parties to the North Atlantic Treaty on the status of their forces, signed in 1951. It does not cover the case where goods arrive at the customs office of exit and have to be placed under a dispatch or transit procedure at that point. 2. The office of exit is the customs office at the border of the Member State through which the goods have just travelled; the office of entry is the customs office at the border of the Member State through which the goods are to continue their journey. 3. When goods and/or a commercial vehicle cross a land frontier then only a single check shall be made for formalities and controls. It will be made at the office of entry where all formalities will be completed and any controls will be carried out on behalf of both the office of exit and the office of entry. 4. The Member State of entry must send to the Member State of exit any information that may be of interest. 5. If exit formalities have not been properly complied with, the office of entry may send the goods back to the Member State of exit. 6. Member States which share a common internal frontier must exchange information regarding: rules applicable when leaving their territory; lists of customs offices; those individuals to be contacted at customs offices. 7. Questions that arise from this Regulation may be put to the Committee on the Movement of Goods.
(4) Deadline for implementing Member State legislation	None required.
(5) Application date (if different from 4)	1.7.1989

(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 382, 31.12.1988

1. CONTROL OF GOODS

1.6. Duty-free admission of commercial vehicle fuel

(1) Objective	To increase the duty-free fuel allowance of commercial vehicles crossing common frontiers between Member States to 600 litres in the case of passenger vehicles and 200 litres in the case of goods vehicles. This will remove controls on ordinary fuel tanks, but problems will still arise when additional tanks are carried. This Directive has only been partially adopted for coaches. The Council is still considering increasing the volume for commercial goods vehicles to 600 litres and extending the Directive to cover lorries.	
(2) Community measure	Council Directive 85/347/EEC of 8 July 1985 amending Directive 68/297/EEC on the standardization of provisions regarding the duty-free admission of fuel contained in the fuel tanks of commercial motor vehicles.	
(3) Contents	1. A commercial motor vehicle is defined as one which is designed to carry either more than nine people, or to carry goods. A standard fuel tank is one which is permanently fitted by the manufacturer to all models of that vehicle. 2. Member States will admit duty-free the following quantities of fuel: 600 litres for commercial passenger vehicles; 200 litres for commercial goods vehicles. This latter volume may be increased at a later date.	
(4) Deadline for implementing Member State legislation	1.1.1985	
(5) Application date (if different from 4)		
(6) Date for further coordinating proposal (if specified)		
(7) References	Council Adoption	Official Journal L 183, 16.7.1985

1. CONTROL OF GOODS

1.7. Postal fees for customs presentations

(1) Objective	As a further step towards the abolition of formalities which apply to intra-community trade, this Regulation removes postal fees for customs presentation of consignments of Community goods sent from one Member State to another.	
(2) Community measure	Council Regulation (EEC) No 1797/86 of 9 June 1986 abolishing certain postal fees for customs presentation.	
(3) Contents	1. Postal fees for consignments of goods presented to customs can no longer be levied on goods sent from a Member State which either: (a) originate in a Member State; or (b) come from a third country and are in free circulation in the Community. 2. Spain and Portugal may apply the same postal fees for customs presentation of goods coming from other Member States as are applied to goods from third countries until customs duties are eliminated in trade with the other Member States.	
(4) Deadline for implementing Member State legislation	Not required.	
(5) Application date (if different from 4)	1.1.1988 Derogation for Spain and Portugal	
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 157, 12.6.1986

1. CONTROL OF GOODS

1.8. Collection of statistics relating to the trading of goods between Member States

(1) Objective

Present physical frontiers and associated controls provide a means of collecting statistics on the movement of goods between Member States. The Regulation aims to establish a new system for administrating and collecting statistics relating to the trading of goods between Member States after the abolition of frontier controls.

(2) Proposal

Draft Council Regulation on the statistics relating to the trading of goods between the Member States.

(3) Contents

1. Definitions include goods, trading of goods between Member States, Community goods and non-Community goods, etc.
2. All goods moving between the statistical territories of Member States shall be the subject of trade statistics. This applies both to non-Community and Community goods, irrespective of whether they are the subject of a commercial transaction or not. Details of different categories of movements of goods.
3. Provisions relating to different categories of goods which shall be the subject of different kinds of statistics, e.g. transit and storage statistics. Goods shall be designated in such a way as to permit easy and precise classification and coding. Classification shall be compatible with the nomenclature of the Harmonized Commodity Description and Coding System. Exemption from obligations regarding data collection for private individuals.
4. Provision for the setting up of an ongoing statistical collection system (Intrastat), field of application of Intrastat and conditions for the application thereof. Data collection on goods not covered by the Intrastat shall be regulated by the Commission. Designation of the party responsible for the information required by Intrastat on goods as being any natural or legal person who is involved in trading of goods between Member States, provisions for the transfer of this responsibility if necessary, and provisions for the carrying out of this obligation. Statistical information required by Intrastat shall be supplied within the time-limits set by the Commission. The party responsible is, on his request, authorized to transmit the information by means of a global declaration regarding the movements of goods under Intrastat during the relevant reference period. Any party responsible for statistical information not complying with the provisions laid down in the Regulation shall be liable to the penalties laid down by the Member States.
5. Provisions for the drawing up of statistics relating to the trading of goods between Member States by the departments responsible for compiling statistics, provisions for the maintenance of registers of intra-Community operators to be built up until 31 December 1992. Provisions for allocation of identifying code numbers by the Member States' departments, transmission of lists of those liable for VAT, and any other relevant information.

	6. Obligation on the Commission to report to the Council on the functioning of Intrastat. 7. The collection of data required for statistics of trade between the Member States shall mainly be based on Intrastat. 8. Obligation on the Commission to adopt, no later than 31 December 1992, the Regulation establishing the classification of goods applicable to statistics of trade between Member States and laying down the rules under which the classification shall be managed by the Commission and published annually. 9. Establishment of an advisory committee on the statistics relating to the trading of goods between Member States to be composed of representatives of the Member States and chaired by a Commission representative.
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	The proposal is currently before the Parliament for their opinion.
(6) References	Commission proposal COM(88) 810 final — Official Journal C 41, 18.2.1989 European Parliament opinion Economic and Social Committee opinion — Official Journal C 159, 26.6.1989

1. CONTROL OF GOODS

1.9. Abolition of frontier controls relating to means of transport

(1) Objective	To abolish frontier checks and formalities related to road vehicles, their drivers, inland waterway vessels and the corresponding documentation.	
(2) Community measure	Council Regulation (EEC) 4060/89 of 21 December 1989 on the elimination of controls of Member States performed at the frontier of Member States in the field of road and inland waterway transport.	
(3) Contents	1. Controls pursuant to Community and national measures in the fields of road and inland waterway transport between Member States shall no longer be performed at the frontiers between Member States. 2. The Regulation defines frontier as either an internal frontier within the Community or an external frontier where carriage between Member States involves crossing a third country; and control, as any checks at frontiers which involve a stop or signify a restriction on the free movement of the vehicles or vessels concerned. 3. Annexes containing details of Community and national legislation which at present give rise to checks and inspections, e.g. controls of driving licences, insurance certification, roadworthiness certificates for motor vehicles and their trailers, technical requirements for inland waterway vessels, weights and dimensions of road vehicles, inspection of passenger lists for road services, checks on recording equipment, etc.	
(4) Deadline for implementing Member State legislation	Six months.	
(5) Application date (if different from 4)	1.7.1990	
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 390, 30.12.1989

1. CONTROL OF GOODS

1.10. Abolition of the transit advice note

(1) Objective

Abolition of the requirement to lodge a transit advice note will mean further simplification for traders of the checks carried out at internal frontiers and the removal of a constraint, the result of which will be to facilitate and speed up the intra-Community movement of goods and streamline litigation procedures.

(2) Proposal

Proposal for a Council Regulation (EEC) amending Regulation (EEC) No 222/77 in respect of the abolition of lodgement of the transit advice note on crossing an internal frontier of the Community.

(3) Contents

Abolition of the transit advice note on crossing an intra-Community frontier and adaptation of the existing legal framework to that end.

1. The carrier will give a transit advice note only to the customs office at the point of entry into, and at the point of exit from, the Community where the goods have passed through the territory of a third country.

2. Where the consignment has not been produced at the office of destination and the place of the offence or irregularity is not known, that offence or irregularity will be deemed to have been committed:

(i) in the Member State of the office of departure; or

(ii) in the Member State of the office of transit which is situated at the point of entry into the Community and to which a transit advice note has been given, unless, within a period to be determined, proof is furnished of the irregularity of the transit operation or of the place where the offence or irregularity was actually committed.

3. Where, in the absence of such proof, such offence or irregularity is deemed to have been committed in the Member State of departure or in the Member State of entry, duties and other taxes will be charged by that Member State in accordance with its laws, regulations and administrative provisions.

4. If, before expiry of a period of three years counting from the date of registration of the declaration, the Member State where the offence or irregularity was actually committed should be determined, that Member State will recover the duties and other taxes (with the exception of those accruing to the Community as own resources). In such cases, as soon as proof of such recovery is furnished, the duties and other taxes initially charged (with the exception of those accruing to the Community as own resources) will be refunded.

5. The guarantee under cover of which the transit operation has taken place will be discharged only on expiry of three years or, where appropriate, following payment of the duties and other taxes applicable in the Member States in which the offence or irregularity was actually committed.

	6. Member States will take the necessary steps to combat any offences or irregularities and impose effective penalties in respect of any offences or irregularities which may occur. 7. The Regulation comes into force on 1 July 1990.	
(4) Opinion of the European Parliament	Parliament has approved the proposal subject to a number of amendments which have been accepted by the Commission.	
(5) Current position	The Council adopted a common position on 23 November 1989. This is currently awaiting Parliament's second reading under the cooperation procedure.	
(6) References	Commission proposal COM(89) 331/I final	Official Journal C 245, 26.9.1989
	Opinion of the European Parliament First reading	Not yet published.

1. CONTROL OF GOODS

1.11. Protection against the dangers of ionizing radiation: transfer of radioactive waste

(1) Objective	To lay down a system of prior authorization for all movements of radioactive waste to increase protection against the dangers of ionizing radiation. To ensure the monitoring of and checks on the movement of radioactive waste in the Community and on importation and exportation.
(2) Proposal	Proposal for a Council Directive amending Directive 80/836/Euratom laying down the basic safety standards for the health protection of the general public and workers against the dangers of ionizing radiation as regards prior authorization for transfers of radioactive waste.
(3) Content	1. The proposal concerns the application by the Member States of a system of prior authorization for transfers of radioactive waste. 2. It provides for a common, mandatory system of notification and a uniform control document for the transfer of radioactive waste. 3. The proposed system covers all transfers of radioactive waste within the Community, including transfers within a Member State and the importation and exportation of radioactive waste. 4. The owner of the radioactive waste is required to notify the competent authorities in the Member State of destination of all transfers of radioactive waste. In the case of a transfer from a Member State to a non-member country, the owner must obtain written authorization from the non-member country of destination via the competent authority in the Member State of dispatch. 5. The proposal states that the transfer may not take place until the competent authorities have received the notification authorizing the transfer. 6. The proposal lays down that the competent authorities may not authorize a transfer unless there is sufficient proof that the recipient of the radioactive waste is technically able to manage the waste in a suitable manner. 7. The general notification procedure may in particular be applied to transfers of radioactive waste generated in medical practice. 8. The proposed system also contains several features of the Basle Convention of 22 March 1989 on the control of transboundary movements of hazardous wastes and their disposal. 9. The provisions of this proposal also apply to shipments of radioactive waste involving the ACP countries.
(4) Opinion of the European Parliament	Not yet delivered
(5) Current situation	The proposal is currently before the Economic and Social Committee in accordance with the procedure laid down in Article 31 of the Euratom Treaty.

(6) References	Commission proposal COM(89) 559 final	Not yet published in the Official Journal.

2. CONTROL OF INDIVIDUALS

Current problems and 1992 objectives

The abolition of all forms of border control on persons travelling within the Community requires the adoption of parallel measures informing the police and customs services. Not much progress has been made on these so far, but the pace is quickening in response to the lead from the European Council.

As regards police checks, the problem is a complex one because the abolition of frontier controls is bound to concern everybody travelling on Community territory, irrespective of their origin or nationality. To achieve this objective, a comparable level of protection for Community citizens against terrorism, drugs, illegal immigration and crime in general must be ensured, notably through organized cooperation. The controlling authorities, therefore, must carry out comparable checks at the Community's external frontiers. To this end, the Community authorities are working to a precise programme, adopted by the European Council at the Madrid Summit in June 1981 ('the Palma document'), which identifies the measures essential for the abolition of border controls. In some cases, the work is strictly confidential, and the Commission itself is involved in part only. In nearly all cases, the work does not involve preparing legislation on harmonization, but the coordination of policies or national procedures; this is why, unlike in other cases, full entries are not being made.

The following examples can, however, be given:

(i) *Terrorism.* The aim is to strengthen cooperation between police forces, which is becoming increasingly organized. The Trevi Group (Home Affairs Ministers) is responsible for this work.

(ii) *Drug trafficking.* Here too, the aim is to organize cooperation between the police and customs authorities of the 12 Member States so as to strengthen controls at external frontiers and exchange information. This work is being carried out by the Trevi Group and the working party on customs cooperation.

(iii) *Immigration.* In a frontier-free area, each State will have to carry out checks on behalf of the others; some Member States will therefore have to accept the need to tighten up policy so that, for instance, a national of a non-member country who is refused entry by one Member State cannot get into that State on a visa obtained in another. This work is being carried out by an *ad hoc* working party on immigration.

(iv) *Data protection.* In practice, cooperation relies on information technology. There is a fear, given the variety of rules, that data will be used in some Member States in conditions that conflict with the protection of individual rights. The solution to this problem lies primarily in ratification of the Council of Europe Convention for the protection of individuals with regard to automatic processing of personal data.

In the customs field, the chief aim is to create the conditions for the abolition of controls on travellers' items and luggage. Unlike police cooperation, this field is covered by regulations, where the Treaty cannot be invoked directly in order to eliminate unwarranted checks (as was the case recently with the carriage of medicine by individuals). The following entries describe the various measures currently applicable:

(i) *Abolition of tax controls.* This measure, which relates to individual travellers, initially involves raising duty-free allowances and ultimately abolishing them by completely liberalizing this type of non-commercial traffic. Measures have been taken to adjust the level of duty-free allowances, but the most significant — the doubling of current levels by 1990 — is still at the proposal stage. Other measures are being discussed to facilitate the import of vehicles and removals.

(ii) *Carriage of weapons.* The proposal on control of the acquisition of weapons and facilitating their international carriage by sportsmen and marksmen has been transmitted to the Council and Parliament.

Although progress on the abolition of controls on individuals has been very slow, the pace has quickened considerably in recent months as a result of the Madrid European Council.

2. CONTROL OF INDIVIDUALS

2.1. Arms legislation

(1) Objective

To abolish controls on the possession of weapons at internal Community borders; Member States would remain free to take other measures to prevent unlawful trade in weapons. To enable Member States to do away with border controls, in particular by partially harmonizing national legislation and by introducing procedural arrangements for definitive or temporary transfers of firearms from one Member State to another.

(2) Proposal

Proposal for a Council Directive on control of the acquisition and possession of weapons.

(3) Contents

1. The definition of 'weapon' includes both firearms and cutting or stabbing weapons. A person in the weapons business is a 'dealer'.
2. Member States may adopt more stringent provisions.
3. To do business dealers would require authorization. They would have to keep detailed records of all firearms transactions.
4. Basing itself on the progress made in talks on the subject between the Member States party to the Schengen Agreement, the amended proposal calls for a partial harmonization of weapons legislation, with Member States remaining free to maintain or to introduce domestic legislation which is more stringent than the rules proposed. The proposal divides firearms into four categories:

A. prohibited firearms: mainly military weapons and those considered particularly dangerous;
B. firearms subject to authorization: these are mainly defensive weapons;
C. firearms subject to declaration: these are mainly sporting guns;
D. unrestricted firearms: these are shotguns of the least dangerous class.

The national authorities are to allow the possession of firearms in categories B and C only by persons who have good cause and who:

(i) are 18 years old or more;
(ii) have the necessary mental and physical capacity;
(iii) are not likely to be a danger to public order or public safety.

5. Persons are deemed to be residents of the country indicated by the address appearing on any identity document which they submit to the authorities of a Member State or to a dealer when a check is made on possession or on acquisition. If the person concerned is resident in the Member State in which he acquires the weapon, authorization to acquire it is to be a matter for that State alone. If he is resident in another Member State authorization is to require the agreement of both States. Authorization to possess a weapon would depend only on the Member State in which the weapon is held, even if the person concerned is resident in another Member State. Member States are to prohibit the handing over of firearms to any person resident in another Member State unless he has authorization to receive them.

6. Firearms could be transferred from one Member State to another only if the transfer is authorized by the Member State of departure, and in certain cases by the Member State of destination too. Where a transfer is authorized, a licence is to be issued showing the names and addresses of the seller and the buyer, details allowing the weapon to be identified, and the date of departure and estimated date of arrival of the weapon. A copy of this licence is to be sent to the Member State of destination and to any Member State through whose territory the weapon is to pass.
7. A temporary transfer procedure is laid down to cover travel. Travellers other than sportsmen and marksmen will have to obtain the authorization of every Member State they propose to visit while in possession of a firearm. But this would be made easier if the traveller holds a European firearms certificate, which would represent proof acceptable to all national administrations that the traveller is lawfully in possession of the weapon in his country of origin. Decisions concerning the movement of the weapon would also be recorded on this certificate.
8. Rather than requiring sportsmen and marksmen to seek authorization before every journey, as they are required to do at present, the Commission is proposing that they should be entitled to travel to other Member States, with their weapons, on condition that they possess a European firearms certificate and that they can establish the purpose of their journey (game-shooting, competition, etc.) if called upon to do so in the country visited.
9. The proposal would not affect national rules on the carrying of weapons or regulating game-shooting or target-shooting. It would not apply to the acquisition and possession of weapons by the armed forces, the police or public services. It would not prevent controls carried out by Member States or by the carrier at the time of boarding of a means of transport.
10. Each Member State is to intensify controls on the possession of weapons at external Community frontiers. They would be carrying out these controls on behalf of all the Member States.
11. An information exchange network would be set up between Member States governing all transfers of weapons, whether definitive or not and whether lawful or unlawful.
12. From 31 December 1992 at the latest Member States would abstain from carrying out controls on the possession of weapons at internal Community frontiers.

(4) Opinion of the European Parliament

Not yet delivered.

(5) Current status

The amended proposal is currently awaiting its first reading in Parliament.

(6) References	Commission proposal COM(87) 383 final	Official Journal C 235, 1.9.1987
	Amended proposal COM(89) 446 final	Official Journal C 299, 28.11.1989
	European Parliament opinion	
	Economic and Social Committee opinion	Official Journal C 35, 8.2.1988

2. CONTROL OF INDIVIDUALS

2.2. Tax-free allowances: international travel

(1) Objective	To make travel and tourism within the Community easier by increasing tax-free allowances.
(2) Community measure	Council Directives 85/348/EEC of 8 July 1985, 87/198/EEC of 16 March 1987 and 88/664/EEC of 21 December 1988, amending Directive 69/169/EEC on the harmonization of provisions laid down by law, regulation and administrative action relating to exemption from turnover tax and excise duty on imports in international travel.
(3) Contents	1.The amount of tax-free goods designated by value that may be imported has been increased in stages from ECU 280 to ECU 390, and for children under 15 the amount has been increased from ECU 60 to ECU 100. 2. Every two years (starting 31 October 1987) the Council must review these allowances to ensure the real value of permitted tax-free imports is not diminished. 3. Increases in the quantitative allowances for tobacco products, alcoholic beverages, perfumes, coffee and tea. For example, travelling between two Member States 300 cigarettes may be imported tax-free, 1.5 litres of spirits or 3 litres of fortified wine, 5 litres of still wine, 75 grams of perfume. Lower allowances apply if travelling between a Member State and a third country; for example, 200 cigarettes, 1 litre of spirits or 2 litres of fortified wine and 2 litres of still wine. 4. The unit value allowance for Denmark and Greece has been increased in stages from ECU 280 to ECU 310 and that for Ireland increased from ECU 77 to ECU 85. 5. Denmark is authorized to apply lower allowances to still wines and certain tobacco and alcohol products.
(4) Deadline for implementing Member State legislation	1.7.1989
(5) Application date (if different from 4)	Conditions for Denmark (see sections 4 and 5 of contents) to expire 1 January 1989.
(6) Date for further revision to come into effect	1 July 1991 and every two years thereafter. The Commission has tabled a proposal concerning Denmark which includes the following amendments to existing derogations for a period of a further two years: (i) to abolish lower allowances for still wines; (ii) to extend until 31 December 1990 the lower allowances for tobacco and spirits imported by Danish residents after a stay of less than 48 hours in another country; (iii) to raise the Danish unit allowance to ECU 340 on 1 January 1990.
(7) References	Council adoption — Official Journal L 183, 16.7.1985 Official Journal L 77, 20.3.1987 Official Journal L 382, 31.12.1988

2. CONTROL OF INDIVIDUALS

2.3. Tax relief: small consignments of non-commercial goods

(1) Objective	To increase the amount of tax relief (from VAT and excise duties) available on small consignments of a non-commercial character sent from one private individual to another across internal EEC frontiers. This is to keep the real value constant taking cost of living increases into account.	
(2) Community measure	Council Directives 85/349/EEC of 8 July 1985 and 88/663/EEC of 21 December 1988 amending Directive 74/651/EEC on the tax reliefs to be allowed on the importation of goods in small consignments of a non-commercial character within the Community.	
(3) Contents	1. The value of goods on which relief from turnover taxes (e.g. VAT) and excise duties is allowed has been increased in stages from ECU 70 to ECU 110. 2. The unit value of goods which Ireland may exclude from tax relief has been increased in stages from ECU 77 to ECU 85. 3. The Council of Ministers must adjust the amounts of relief available every two years beginning at the latest on 31 October 1987. 4. If the tax due on goods in a small consignment worth more than ECU 100 is less than ECU 3, the tax need not apply.	
(4) Deadline for implementing Member State legislation	1.7.1989 Derogation for Ireland.	
(5) Application date (if different from 4)		
(6) Date for further revision to come into effect	1 July 1991 and every two years thereafter.	
(7) References	Council adoption	Official Journal L 183, 16.7.1985 Official Journal L 382, 31.12.1988

2. CONTROL OF INDIVIDUALS

2.4. Value-added tax exemption: small consignments and other final imports of goods

(1) Objective	To amend VAT exemptions concerning small consignments of imports so as to ensure consistency among Member States.	
(2) Community measure	Council Directive 88/331/EEC of 13 June 1988 amending Directive 83/181/EEC determining the scope of Article 14(1)(d) of Directive 77/388/EEC as regards exemption from value-added tax on the final importation of certain goods.	
(3) Contents	1. Goods of a total value not exceeding ECU 10 shall be exempt from VAT on admission. Member States may grant exemption for imported goods of a total value of more than ECU 10 but not exceeding ECU 22. 2. Consignments addressed to authorized consignees which contain reference substances used for the quality control of medicinal products are to be imported free of VAT. 3. Awards, trophies and souvenirs for free distribution at business conferences and similar international events are to be VAT exempt. 4. Articles such as catalogues, price lists and brochures are exempt from VAT. They are added to the existing list of exempted imports related to: goods for sale or hire by a person established outside the Member State of import; transport, commercial insurance or banking services offered by a person established in a third country; the imports of printed matter concerning services offered by a person established in another Member State. 5. Fuel may be imported free from VAT if it is contained in the petrol tanks of private and commercial vehicles. 6. Definitions of commercial motor vehicle, private motor vehicle, standard tank and special container. 7. Wedding presents coming from third countries are also VAT exempt up to a value of ECU 200 (although Member States may grant a further exemption of up to ECU 1 000).	
(4) Deadline for implementing Member State legislation	1.1.1989	
(5) Application date (if different from 4)		
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 151, 17.6.1988

2. CONTROL OF INDIVIDUALS

2.5. Tax exemption: permanent import of personal property

(1) Objective	To harmonize and relax the formalities to be completed for obtaining tax exemptions on permanent imports of personal property of individuals. The aim of this Directive, which covers, for example, the property of people intending to live in a Member State for a certain length of time, is to abolish the prior use requirements and the time-limits on subsequent disposal; it increases the allowances on certain goods.
(2) Community measure	Council Directive 89/604/EEC of 23 November 1989, amending for the first time Directive 83/183/EEC on tax exemptions applicable to permanent imports from a Member State of the personal property of individuals.
(3) Contents	1. Abolition of the requirement that items of personal property must have been in use for three months prior to importation, except in the case of motor vehicles, caravans, pleasure boats and private aircraft, where the six-month period of use remains applicable. 2. The requirement that personal property which was imported tax-free has to be used by the person concerned for at least 12 months after permanent importation before it can be disposed of has been abolished, except for in the case of means of transport. 3. An inventory of goods must be drawn up on plain paper and accompanied by a declaration if the Member State so requires. No reference to value may be demanded on the inventory of goods. 4. The quantitative limits on some goods subject to excise duty raised to four times the duty-free allowances for intra-Community travellers under Directive 69/169/EEC, except for tobacco products which Member States may limit to the same quantities as are laid down in that Directive. 5. Duty-free importation of personal property is granted without any period of use in the case of a change of normal residence on the occasion of a marriage. In addition, exemption is granted for imported presents given on the occasion of a marriage which are received by a person qualifying for such duty-free importations, subject to a limit of ECU 350 per present. Member States may, however, grant an exemption exceeding ECU 350, provided that the value of each present does not exceed ECU 1 400.
(4) Deadline for implementating Member State legislation	1.7.1990
(5) Application date (if different from 4)	

(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 348, 29.11.1989

2. CONTROL OF INDIVIDUALS

2.6. Tax exemption: temporary import of means of transport

(1) Objective

To extend existing tax exemptions for temporary imports into a Member State of private cars and other vehicles to a number of situations in which exemptions are not presently available. This measure is limited to those who have personal or occupational relations in a Member State other than that where they are resident in order to relax formalities pertaining to the professional and private use of private cars and other vehicles.

(2) Proposal

Proposal for a Council Directive amending Directive 83/182/EEC on tax exemptions within the Community for certain means of transport temporarily imported into one Member State from another.

(3) Contents

1. To help individuals who have professional ties in a Member State other than that in which they are normally resident, the period for which their private vehicle (registered in their home Member State) is tax exempt in the other Member State is increased from six months to nine months in any 12-month period.
2. Vehicles belonging to a car hire firm established in one Member State which are temporarily imported into another Member State may be re-hired in that Member State provided that the vehicles are re-exported within eight days.
3. To extend the exemption to residents of the Member State of temporary importation when the individual who imported the private vehicle is present in that Member State. It is also proposed that, under certain conditions, residents of a Member State should be allowed to use private vehicles registered in another Member State in order to return home, if their own vehicle breaks down abroad or if the individual, following a stay in another Member State, has to hire a vehicle to return home because of a public transport strike, etc.
4. A private vehicle registered in another Member State and temporarily imported by an individual who normally lives in the Member State of temporary importation, will be tax exempt when the vehicle belongs to or is hired by a business established in the Member State where the vehicle is registered, on the condition that the individual who imports the vehicle works for the said business. The vehicle may also be used by members of the individual's family when he is in the Member State of importation.
5. If a student is studying in a Member State other than his/her home Member State and he/she marries someone who is normally resident in that Member State, the student's spouse or steady companion is permitted to use his/her temporarily imported vehicle.

	6. A vehicle which has been temporarily imported from another Member State may be used with exemption from VAT by a resident of a Member State if it is as a result of breakdown or accident of his own vehicle. However, the tax exemption may not last more than two months, unless the vehicle is retained in connection with police investigations and evidence of immobilization may be required. 7. If a vehicle which was temporarily imported into a Member State is badly damaged, either through an accident or criminal act, it shall be completely tax exempt if it is disposed of in that Member State.
(4) Opinion of the European Parliament	The Parliament made several recommendations for amendment, all of which were incorporated in the amended proposal.
(5) Current status	The proposal is currently before the Council for adoption.
(6) References	Commission proposal COM(87) 14 final — Official Journal C 40, 1.7.1987 Amended proposal COM(88) 297 final — Official Journal C 184, 14.7.1988 European Parliament opinion — Official Journal C 318, 30.11.1987 Economic and Social Committee opinion — Official Journal C 180, 8.7.1987

2. CONTROL OF INDIVIDUALS

2.7. Easing of controls at intra-Community borders

(1) Objective

To ease controls and formalities for Member State nationals when crossing intra-Community borders particularly by abolishing all police and customs formalities.

(2) Proposal

Proposal for a Council Directive on the easing of controls and formalities applicable to nationals of the Member States when crossing intra-Community borders.

(3) Contents

1. The Directive lays down a number of conditions for easing controls and formalities for individuals at internal frontiers. It applies to Member State nationals crossing internal borders who comply with all regulations concerning tax-free import of goods, etc. It applies to all controls and formalities relating to individuals and goods carried by them, including currency. It does not apply to commercial carriage of goods.
2. Member States must ensure that internal border controls and formalities are operated according to the principle of free passage so that Member State nationals can cross borders unchecked. However, Member States are permitted to carry out spot checks, and impose temporary border controls in special circumstances, e.g. for security purposes. This Directive does not apply to security checks at airports.
3. Member State nationals who fulfil these conditions shall be permitted to merely drive across borders at reduced speed (or walk across) enabling officials to stop vehicles for spot checks when considered necessary. Vehicles may fix a disk bearing the letter E on a green background to declare that all occupants are Community nationals with nothing to declare. Customs signs should be removed from borders.
4. In ports and airports special channels for citizens of Member States should be set up.
5. No checks shall be made on individuals crossing borders on international trains.
6. Member States shall confer with each other in the implementation of the Directive.

(4) Opinion of the European Parliament

The European Parliament approved the proposal subject to a number of recommendations for amendment. These included a recommendation that simple visual checks of vehicles should be extended to pedestrians crossing a border between Member States. The Commission adopted these in its modified proposal.

(5) Current status

The modified proposal of the Commission is before the Council for adoption.

(6) References

Commission proposal	
COM(84) 749 final	Official Journal C 47, 19.2.1985
Amended proposal	
COM(85)224 final	Official Journal C 131, 30.5.1985
European Parliament opinion	Official Journal C 122, 20.5.1985
Economic and Social Committee opinion	Official Journal C 169, 8.7.1985

3. VALUE-ADDED TAX

Current problems and 1992 objectives

The Community started constructing a harmonized system of value-added tax in 1967 when a Directive was adopted requiring Member States to replace their existing national turnover taxes with a value-added tax system. Since then, the system has been considerably developed, particularly by the Sixth Directive of 1977 which introduced a uniform basis of assessment. However, the number of tax rates and their levels still vary from one Member State to another and transitional derogations from the uniform basis of assessment remain in effect.

Completion of the internal market requires the abolition of tax frontiers between Member States. The existence of these tax frontiers means that transactions within a Member State are currently treated differently from intra-Community transactions, and their abolition calls for major changes in indirect taxation. In August 1987, the Commission proposed amendments to the existing Community legislation in this field.

Two of the prerequisites for the removal of tax frontiers in intra-Community trade are the abolition of the current system o refunding the value-added tax on exported goods and charging it on imported goods, and the scrapping of limits on travellers' tax allowances (summary 3.5). Another important Commission proposal aims to reduce the number of VAT rates to two and to bring the levels of each rate sufficiently close together in all Member States (3.3) to avoid the risk of distortion of competition once tax frontiers are abolished. In addition, there is a transitional proposal (3.4) to prevent any changes in the systems currently in force in Member States which would take them further away from the proposed common rate bands; this is designed to facilitate implementation of the main measure.

Following a wide-ranging discussion on the approach to be taken to the abolition of tax frontiers, the Commission presented to the Council and to Parliament in June 1989 new guidelines which were still based on its original proposals. It envisaged, in particular, a transitional phase lasting until the end of 1992 during which there would be a gradual and appreciable increase in travellers' allowances.

On 13 November 1989 the whole issue of the abolition of tax frontiers was re-examined by the Ministers for Finance. The approach adopted by the Council provides, during a transitional period after 1992, for the retention of differential treatment according to whether transactions are carried out between Member States or within Member States, but this without frontier checks. However, the Council failed to reach agreement either on the approximation of VAT rates or on the abolition of the system of travellers' tax allowances. The Commission entered a general reservation concerning the Council's conclusions, pointing out that the Council had not yet shown the political will necessary for tax frontiers to be abolished.

In response to the conclusions of the European Council in Strasbourg inviting it to 'adopt as soon as possible, on a proposal from the Commission, the decisions which will make the process of the complete abolition of fiscal frontiers irreversible' and to supplement the arrangements agreed 'by the elements which will be essential in particular to enable the progressive approximation of VAT rates', the Council has continued its deliberations on this point. At the Council meeting (Economic and Financial Affairs) on 18 December 1989, the following conclusions were drawn to supplement those of the Council meeting (Economic and Financial Affairs) of 13 and 14 November 1989 on the abolition of tax frontiers:

(i) The abolition of restrictions on purchases by individuals means that Member States will have to bring their rates closer together. If the consequences are to remain manageable for all, this approximation must be coordinated and balanced. The Member States therefore agree that it is necessary to avoid increasing the divergences between their VAT rates and that the standard rate they apply to most goods and services should not, between now and 1 January 1993:

   (a) be reduced if it is less than 14%, nor raised if it is greater than 20%;
   (b) be reduced below 14% nor raised above 20%, if it falls between 14 and 20%.

(ii) The taxation of intra-Community trade in the country of destination and special treatment applied to certain classes of transaction must enable most distortions of competition to be prevented. Member States will seek agreement between now and 31 December 1991 on a range of rates or, possibly, a minimum rate applicable as from 1 January 1993 within the limits proposed by the Commission for the standard rate.

(iii) The reduced rates will be reserved in particular for essential goods and services meeting a social or cultural policy objective and will be jointly defined. In order to prevent distortions of competition and to continue the process of harmonization, the Council will, before 31 December 1991, decide on the scope of the reduced rates which Member States will be able to apply and on the 1 January 1993 level. It will also decide on the products which can continue to be zero-rated without this entailing distortions of competition among Member States.

As part of the programme for completing the large internal market, the Community is attempting to complete the harmonization of the VAT base and to improve the operation of the common VAT system. A proposal recently adopted by the Council (18th VAT Directive: 89/465/EEC) abolishes certain derogations from the normal VAT arrangements, namely exemptions and taxation applied on a transitional basis. In 1986, a 13th VAT Directive was adopted which lays down the arrangements for the refund of VAT to taxable persons not established in Community territory.

A number of Commission proposals are currently being examined by the Council. They involve:

(i) the clarification and definition of certain concepts used in the legislation relating to the common VAT system (proposal for a 19th VAT Directive; 3.2);
(ii) the definition of the expenditure not eligible for deduction of VAT (proposal for a 12th VAT Directive, 3.6);
(iii) the implementation of a special simplified VAT arrangement for small and medium-sized businesses (proposal for a 22nd VAT Directive, 3.7);
(iv) the definition of a special VAT arrangement applicable to works of art, collectors' items, antiques and used goods (proposal for the Seventh VAT Directive, 3.8);
(v) the temporary importation of goods (3.10); and
(vi) the stores of vessels, aircraft and international trains (3.11).

3. VALUE-ADDED TAX

3.1. Uniform basis of assessment: abolition of derogations

(1) Objective	To abolish nearly all of the derogations permitted to the Member States concerning the VAT system. This is necessary in order to achieve greater neutrality of the VAT system at Community level, and because one of the sources of finance for the Community is a percentage of Member State VAT revenue.
(2) Community measure	Eighteenth Council Directive 89/465/EEC of 18 July 1989 on the harmonization of the laws of the Member States relating to turnover taxes — abolition of certain derogations provided for in Article 28(3) of Directive 77/388/EEC — common system of value-added tax.
(3) Contents	The Directive proposal provides for the abolition of all derogations from the common VAT system specified in Article 28(3) of Directive 77/388/EEC, with the exception of: (i) transactions in gold, other than gold for industrial use; (ii) services supplied by authors, artists and performers; (iii) those derogations provided in Article 28(3)e of Directive 77/388/EEC.
(4) Deadline for implementing Member State legislation	1.1.1990 — for points 1, 3-6, 8-10 and 12-14 of Annex E — for points 3, 14 and 18-22 of Annex F 1.1.1991 — for points 4, 13, 15 and 24 of Annex F 1.1.1992 — for point 9 of Annex F 1.1.1993 — for point 11 of Annex F Derogation for Portugal until 1 January 1994 for points 3 and 9 of Annex F.
(5) Application date (if different from 4)	
(6) Date for further coordinating proposal (if specified)	
(7) References	Council adoption — Official Journal L 226, 3.8.1989

3. VALUE-ADDED TAX

3.2. Uniform basis of assessment: clarifications and definition

(1) Objective	To bring the Member States' VAT systems closer together by clarifying certain terms and defining certain concepts used in the earlier EEC legislation on the VAT assessment basis.
(2) Proposal	Proposal for a 19th Council Directive on the harmonization of the laws of the Member States relating to turnover taxes, amending Directive 77/388/EEC — common system of value-added tax.
(3) Contents	1. Clarification of the place of supply of services in the case of air and sea transport, of the term 'forms of transport', and definitions of 'fixed establishment'. 2. Clarification of certain terms concerning exemptions from VAT. 3. Use of customs value as the taxable value for VAT purposes in certain cases. 4. The supply of ships and aircraft for scrap is added to the list of VAT exempt products. 5. Rules on refunds to taxable persons and on proportional deductions.
(4) Opinion of the European Parliament	The Parliament approved the proposal subject to a number of suggested amendments. The Commission took up one of these, the effect of which is that deliveries of works of art by their creators will remain subject to VAT.
(5) Current status	The proposal is currently before the Council for adoption.
(6) References	Commission proposal COM(84) 648 final — Official Journal C 347, 29.12.1984 Amended proposal COM(87) 315 final European Parliament opinion — Official Journal C 125, 11.5.1987 Economic and Social Committee opinion — Official Journal C 218, 29.8.1985

3. VALUE-ADDED TAX

3.3. Approximation of rates

(1) Objective	To introduce an EEC-wide system of VAT with a uniform base, only two rates, and to fix a bracket for each rate, with a view to the abolition of fiscal frontiers between Member States.
(2) Proposal	Proposal for a Council Directive supplementing the common system of value-added tax and amending Directive 77/388/EEC — approximation of VAT rates.
(3) Contents	1. All Member States will be required to have only a standard rate of VAT and a reduced rate. 2. The standard rate will have to be between 14 and 20%. 3. The reduced rate will have to be between 4 and 9%. 4. The reduced rate will apply to: food (except alcohol); energy products for heating and lighting; water supplies; pharmaceutical products; books; newspapers; periodicals and passenger transport. 5. All other goods and services will be subject to the standard rate.
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	The Parliament is preparing its opinion on the proposal.
(6) References	Commission proposal COM(87) 321 final — Official Journal C 250, 18.9.1987 European Parliament opinion Economic and Social Committee opinion — Official Journal C 237, 12.9.1988

3. VALUE-ADDED TAX

3.4. Convergence of rates

(1) Objective	To prevent any further divergence between Member States' VAT and excise duty rates and those proposed by the Commission, pending approximation of these rates. This is an interim measure to facilitate implementation of the proposal summarized in 3.3.
(2) Proposal	Proposal for a Council Directive instituting a process of convergence of value-added tax and excise duties.
(3) Contents	1. Pending the adoption of the Directive approximating VAT (summary 3.3), Member States shall not alter the number and level of rates except as permitted by this Directive. 2. Member States with three or more rates of VAT may reduce that number to two. 3. Member States with only one VAT rate may introduce a second, so as to have a reduced rate and a normal rate. 4. Member States may amend the levels of their reduced and normal VAT rates on condition that the amendments bring the rates closer to the proposed approximated brackets of 4 to 9% for the reduced rate and 14 to 20% for the normal rate. 5. Pending the adoption of the Directives approximating excise duty rates summarized in section 4 of this brochure, the Member States shall not introduce new excise duties or comparable indirect taxes. Neither shall they increase rates, or enlarge the scope of excise duties or comparable indirect taxes which give rise to taxation on imports and tax remission on exports. However, this limitation shall not apply to the excise duties on manufactured tobacco, alcoholic beverages and mineral oils for the reasons indicated in 6 below. 6. Member States may amend their rates of duty on alcoholic beverages, manufactured tobacco and mineral oils provided these amendments bring the rates nearer those set out in this Directive.
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	The proposal has been sent to the Parliament for an opinion.
(6) References	Commission proposal COM(87) 324 final — Official Journal C 250, 18.9.1987 European Parliament opinion Economic and Social Committee opinion — Official Journal C 237, 12.9.88

3. VALUE-ADDED TAX

3.5. Removal of tax frontiers

(1) Objective	To discontinue the present system under which exports from one Member State to another Member State are not subject to value-added tax while imports from another Member State are. Tax charged in one Member State will consequently be deductible in another Member State, and this will create a single European market as far as VAT is concerned.
(2) Proposal	Proposal for a Council Directive completing and amending Directive 77/388/EEC — removal of fiscal frontiers.
(3) Contents	1. Taxation of imports will only apply to imports from non-EEC countries. 2. Exemption in favour of exports will only apply to exports to non-EEC countries. 3. Consequential amendments to the right to deduct input tax. 4. Member States are obliged to bring to an end, on 31 December 1992 at the latest, transitional measures introduced under the 1977 Directive. 5. Obligation for the Council to adopt the necessary measures to establish a clearing house mechanism for value-added tax on intra-Community sales. This will ensure that VAT revenue continues to accrue to the Member State where final consumption of goods and services take place.
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	The proposal is now before the Council.
(6) References	Commission proposal COM(87) 322 final — Official Journal C 252, 22.9.1987 European Parliament opinion Economic and Social Committee opinion — Official Journal C 237, 12.9.1988

3. VALUE-ADDED TAX

3.6. Expenditure on which tax is not deductible

(1) Objective

To harmonize Member States' value-added tax systems regarding the treatment of business expenditure

(2) Proposal

Proposal for a 12th Council Directive on the harmonization of the laws of the Member States relating to turnover taxes — common system of value-added tax: expenditure not eligible for deduction of value-added tax.

(3) Contents

1. Value-added tax on expenditure relating to aircraft and pleasure boats will not be deductible.
2. Value-added tax on expenditure relating to passenger cars and motor cycles will be 50% deductible four years after entry into force of the Directive. After two years of this transitional period, the Member States will have to fix the deductible percentage between 25 and 75%.
3. Complete deduction will be permitted where such vehicles and craft are used for carriage for hire, for training or instruction, for hiring out or form part of the stock-in-trade of a business.
4. Value-added tax on transport expenses of taxable persons and their staff will be subject to the same rules and in accordance with the same timetable as specified for 2 above.
5. Value-added tax on expenditure on accommodation, food and drink will not be deductible, except where the supply of these is the taxable person's business or where they are supplied free of charge to security or caretaking staff on business premises.
6. Value-added tax on expenditure on amusements and luxuries will not be deductible.

(4) Opinion of the European Parliament

The Parliament proposed several amendments which were accepted by the Commission.

(5) Current status

The Commission's amended proposal is before the Council for examination.

(6) References

Commission proposal	
COM(82) 870 final	Official Journal C 37, 10.2.1983
Amended proposal	
COM(84) 84 final	Official Journal C 56, 29.2.1984
European Parliament opinion	Official Journal C 342, 19.12.1983
Economic and Social Committee opinion	Official Journal C 206, 6.8.1984

3. VALUE-ADDED TAX

3.7. Common value-added tax scheme applicable to small and medium-sized businesses.

(1) Objective	To simplify the operation of the VAT system for small and medium-sized businesses and to bring individual Member State schemes closer into line with each other.
(2) Proposal	Proposal for a Council Directive amending Directive 77/388/EEC on the harmonization of the laws of the Member States relating to turnover taxes in respect of the common value-added tax scheme applicable to small and medium-sized businesses.
(3) Contents	1. Businesses that have an annual turnover of less than ECU 10 000 are to be VAT exempt. Businesses with annual turnover of less than ECU 35 000 may be eligible for exemption at the option of the individual Member States. 2. A simplified scheme for charging and collecting VAT is to be introduced for businesses having an annual turnover of less than ECU 150 000. 3. These simplified schemes will work on the basis of annual returns and monthly or quarterly advance payments. 4. The ceilings for exemption and eligibility for the simplified schemes will be revised annually by the Commission to maintain their values in real terms. 5. The equivalents in national currencies of the amounts expressed in ecus will be fixed annually by the Commission.
(4) Opinion of the European Parliament	The Parliament approved the proposal subject to some recommendations for amendment. These included: the ceiling for the simplified scheme to be raised to ECU 200 000; the optional tax exemption to be reviewed within two years; and the Member States to be able to introduce graduated tax relief for businesses with a turnover up to ECU 35 000.
(5) Current status	The proposal is currently being discussed by the Council.
(6) References	Commission proposal COM(86) 444 final — Official Journal C 272, 28.10.1986 Amended proposal COM(87) 524 final — Official Journal C 310, 20.11.1987 European Parliament opinion — Official Journal C 190, 20.7.1987 Economic and Social Committee opinion — Official Journal C 83, 30.3.1987

3. VALUE-ADDED TAX

3.8. Common value-added tax scheme applicable to second-hand goods.

(1) Objective	To complete the common system of VAT on trade in second-hand goods, works of art, antiques and collectors' items by introducing a special scheme. The scheme consists of taking into account the value-added by the taxable dealer in the goods concerned in the course of his professional activities, thus excluding from the scope of application all value-added at previous stages.
(2) Proposal	Proposal for a Council Directive completing the common system of value-added tax by modifying Articles 32 and 28 of Directive 77/388/EEC — common system applicable to second hand goods, works of art, antiques and collectors' items.
(3) Contents	1. The Directive introduces an exception to the normal VAT system for supplies by a taxable person in the course of business with a view to resale (taxable dealer) of second-hand goods, works of art, antiques and collectors' items, previously purchased from non-taxable persons or taxable persons who could not deduct VAT when acquiring the goods. The scheme does not apply where the goods have already been subject to VAT at importation by a taxable dealer or when a taxable person reselling the goods to the taxable dealer has already invoiced the normal VAT, or in the case of objects made from precious metals or stones and whose market value is more than twice the value of the materials. 2. Methods of application including the definition of the taxable amount as the difference between the purchase price and the pre-VAT selling price. Special provisions concerning certain collectors' items, antiques and works of art. 3. Provisions for intra-Community trade: taxation of exports in the Member State of departure and exemption in the Member State of importation. 4. Requirement for dealers who operate under this special scheme and the normal system to keep separate accounts for each. 5. Definitions of works of art, collectors' items and antiques.
(4) Opinion of the European Parliament	The Parliament approved the proposal for amendments, some of which were accepted by the Commission.
(5) Current status	An amended proposal is expected.
(6) References	Commission proposal COM(88) 846 final — Official Journal C 76, 28.3.1989 European Parliament opinion — Not yet published. Economic and Social Committee opinion — Official Journal C 201, 7.8.1989

3. VALUE-ADDED TAX

3.9. Refunds to persons not established in the EEC

(1) Objective	To harmonize further Member State legislation concerning VAT refunds to taxable persons outside the EEC. This will develop harmonious trade relations with non-EEC countries and prevent certain forms of tax evasion and avoidance.	
(2) Community measure	Thirteenth Council Directive 86/560/EEC of 17 November 1986 on the harmonization of the laws of the Member States relating to turnover taxes — arrangements for the refund of value-added tax to taxable persons not established in Community territory.	
(3) Contents	1. A taxable person not established in the territory of the Community is defined as someone who has not had a business address, or a permanent place of residence in a Member State during a period of time to be determined by the Member States, and has not supplied any goods or services in that Member State with the exception of transport services or those on which the only tax is payable by the recipient. 2. In general, Member States will refund any VAT paid by a non-resident taxable individual on goods or services supplied by a taxable individual in the territory of the Community. These refunds may be made conditional on third countries reciprocating such action. 3. Refunds have to be applied for by the taxable non-resident. Member States will determine the practical arrangements for claiming these refunds, e.g. time-limits, minimum amounts, etc. They may also require the appointment of a tax representative. They will take all necessary steps to prevent fraud. 4. These refunds must not be made on more favourable conditions than those made to taxable persons established in the EEC. 5. Eligibility for refunds will be determined according to the domestic rules of the Member States for VAT deductions, although certain expenditures may be excluded or certain conditions imposed.	
(4) Deadline for implementing Member State legislation	1.1.1988	
(5) Application date (if different from 4)		
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 326, 21.11.1986

3. VALUE-ADDED TAX

3.10. Temporary importation of goods

(1) Objective

To reduce fiscal barriers to the movement of goods within the Community by introducing the widest possible exemption from value-added tax for goods temporarily imported from one Member State to another. To achieve maximum uniformity between the customs duty and value-added tax systems in the case of imports from third countries.

(2) Community measure

Seventeenth Council Directive 85/362/EEC of 16 July 1985 on the harmonization of the laws of the Member States relating to turnover taxes and exemption from value-added tax on the temporary importation of goods other than means of transport.

(3) Contents

1. Goods temporarily imported into one Member State from another shall be VAT exempt provided they:
(i) are intended to be re-exported without alteration;
(ii) have been acquired in the Member State of export after payment of VAT which has not been refunded on export;
(iii) belong to someone resident outside the Member State into which they have been imported;
(iv) are not consumable goods.
This Directive does not apply to means of transport, containers or pallets.
2. The following are examples of goods which shall be exempt from VAT when they are temporarily imported into the Community from a third country: professional equipment; commercial samples; goods used for display at exhibitions, fairs, etc; teaching aids; scientific equipment; medical, surgical and laboratory equipment; holders for goods; travellers' personal effects.
3. In some cases security may be required for goods that are granted VAT exemption on temporary importation. If it is required it must not be greater than the amount of VAT that would be due if the goods had been declared for home use when they were imported. The security can be in the form of cash or a guarantee.
4. Member States will fix a time-limit for the period that goods granted VAT exemption on temporary importation may remain in their territory. The normal maximum will be 24 months but extensions may be granted in exceptional circumstances.
5. The benefits of VAT exemption on temporary importation cease when the goods are: re-exported; destroyed as a result of unforeseeable circumstances; declared for home use. In the latter case VAT becomes payable. For certain special cases the temporary importation can be terminated and the goods can remain without payment of tax.
6. There are some cases where goods imported for possible sale may be granted a temporary importation VAT exemption. These include: second-hand goods imported with a possibility of auction; works of art for exhibitions where they may be sold; goods contracted to be sold but subject to acceptance tests.

(4) Deadline for implementing Member State legislation	1.1.1986	
(5) Application date (if different from 4)	The Federal Republic of Germany and Greece were allowed to delay implementation of certain provisions until 1 January 1987 and 1 January 1989 respectively. Any authorizations granted under national provisions had to be revoked by 1 January 1988 if they could not be retained on the basis of this Directive.	
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 192, 24.7.1985

3. VALUE-ADDED TAX

3.11. Stores of vessels, aircraft and international trains

(1) Objective	Introduction of a specific Community procedure for the application of VAT and excise duties to stores for vessels, aircraft and trains engaged in international traffic.
(2) Proposal	Proposal for a Council Directive on the Community value-added tax and excise duty procedure applicable to the stores of vessels, aircraft and international trains.
(3) Contents	1. Definition of stores. 2. Stores are to be exempt from VAT and excise duties on imports until the final destination is reached. 3. Specific rules for stores of international trains, e.g. no exemption for tobacco and alcoholic beverages other than beer and wine. 4. Exemptions from the rules to the extent necessary to prevent fraud and abuse.
(4) Opinion of the European Parliament	The Parliament approved the proposal but requested that the stores of vessels and aircraft of the armed forces and of private vessels and aircraft be excluded from the scope of the Directive.
(5) Current status	It is now up to the Council to adopt the proposal.
(6) References	Commission proposal COM(79) 794 final — Official Journal C 31, 8.2.1980 European Parliament opinion — Official Journal C 147, 16.6.1980 Economic and Social Committee opinion — Official Journal C 205, 11.8.1980

4. EXCISE DUTIES

Current problems and 1992 objectives

The harmonization of excise duties goes back a long time, and two separate series of proposals have been made over the years. The series on structures is covered in the earlier part of this section (41.-4.7) and the series on rates in the later part (4.8-4.10). It is important to be clear about this distinction, since proposals covering similar topics (e.g. excise duty on wine) occur in both series.

In the structures series the principal proposals cover harmonization of the structures of the duties on manufactured tobacco, spirits, wine and beer and were made in 1972. The proposal on mineral oils followed in 1973. Two further proposals concerned with alcholic beverages completed the structures series in 1985.

The rates series of proposals was initiated in 1987. In this series, proposals have already been tabled covering the rates of taxation on alcoholic drinks, cigarettes, tobacco and mineral oils (4.8-4.10).

The wide differences in rates between Member States make it difficult to achieve their complete harmonization by 1992. In its communication to the Council and the European Parliament of 14 June 1989 (COM(89) 260), the Commission indicated that it was going to be more flexible in its efforts to bring excise duties closer together, taking account of the very different emphasis given to the taxation of these products in Member States, some of which were themselves producers. This approach must be consistent with the requirements of the Single European Act and must under no circumstances undermine the basic principle of the abolition of customs and tax frontiers by 1 January 1993. It is reflected in the proposal that minimum rates be introduced for all products subject to excise duty, except for certain oil products for which the Commission is proposing ranges of rates in order to prevent distortions of competition.

Following its decision of 25 October 1989, the Commission amended its proposals concerning the excise duty rates on cigarettes, tobacco, mineral oils and beverages. In practice, these minimum rates or ranges will have to be applied by all Member States as from 1 January 1993. After that date, this initial flexibility will ultimately have to lead to a movement in rates towards reference levels, termed 'target rates', in accordance with the internal market objectives. These target rates, which are not compulsory common rates, will involve Member States in a long-term process of convergence; at Community level, they will have to be compatible with public health, transport and energy policies and with environmental requirements.

In the case of spirits and tobacco, the single rates proposed in 1987 have been replaced by minimum rates, which are at a lower level, and by target rates at a higher level. These target rates are consistent with the need to protect health. Similarly, encouragement will be given to the increased use of unleaded motor fuels; these rates meet environmental requirements. The rate ranges proposed for diesel, heavy industrial fuel and domestic heating oil are consistent with the harmonization objectives of the common industrial and transport policies. Control measures will be taken within Member States to prevent fraud and to ensure the removal of all frontier tax controls by the end of 1992. In this way, individuals should be able to purchase products wherever they wish and transport them freely, provided that no commercial transactions are involved.

However, provision has been made for a review of the minimum rates and target rates every two years, starting on 31 December 1994, so as to adapt them to any changes in tax, health, energy, transport and environmental policies after 1992. Every two years, the levels of the various rates (minimum rates, ranges and target rates) will be examined by the Council on the basis of a report from the Commission. The Council will decide on any adjustments to be made to these rates in the light of Community policy in the various fields (transport, energy, environment). Independently of such adjustments, the Council, acting on a proposal from the Commission, will index the various rates every two years so as to maintain their real value.

As technical implementing measures may be required after these Directives have been adopted, a proposal was presented in 1972 on the setting up of a Committee on Excise Duties, which would play an important role in a simple and accelerated decision-making procedure (summary 4.11).

During 1990, the Commission is to present two further proposals on excise duties: one concerning duties not covered by the common system and the other concerning the arrangements for linking bonded warehouses.

4. EXCISE DUTIES

4.1. Structures series: alcohol

NB: All proposals in the structures series are being revised

(1) Objective	To introduce a harmonized structure for excise duties on alcohol in order to eliminate distortions in conditions of competition.
(2) Proposal	Proposal for a Council Directive on the harmonization of excise duties on alcohol.
(3) Contents	1. The Member States shall apply a single rate of excise duty to ethyl alcohol other than beer, wine, cider and similar fermented drinks. 2. The amount of the duty will be set per hectolitre of pure alcohol at a temperature of 15 °C. 3. There will be a reduced rate of duty for grape must, liqueur wines, vermouths and similar products with an alcoholic strength of up to 22 °. 4. Duty shall not be due on ethyl alcohol used for the production of vinegar, medicines, cosmetics and products intended for non-human uses, on alcohol for external medical use, on denatured alcohol. 5. EEC rules shall be established relating to the production, stockage and transport of excisable alcohols, payment of duties, exports and imports.
(4) Opinion of the European Parliament	The Parliament approved the proposal with a recommendation that exemption be granted to ethyl alcohol for use in foodstuffs and confectionery having an alcohol content of less than 6%.
(5) Current status	The proposal is before the Council for adoption. The Commission has in the meantime submitted proposals for a separate excise structure for fortified wines, vermouths, etc. (intermediate products), the approximation of the rates of excise duty and the convergence of national excise rates.
(6) References	Commission proposal COM(72) 225/II final — Official Journal C 43, 29.4.1972 European Parliament opinion — Official Journal C 48, 25.4.1974 Economic and Social Committee opinion — Official Journal C 36, 1.6.1973

4. EXCISE DUTIES

4.2. Structures series: wine

NB: All proposals in the structures series are being revised

(1) Objective	To remove distortions in conditions of competition by requiring all Member States to apply excise duty to wine.
(2) Proposal	Proposal for a Council Directive concerning a harmonized excise duty on wine.
(3) Contents	1. Member States will apply a harmonized excise duty to wine. 2. Definitions of wine, sparkling wine and other wines. 3. Obligation to levy the excise duty at the stage of production or importation. 4. All wines in a given category must be subject to the same rate of duty except that, within a category, a higher rate of duty may be applied to quality wines produced in specified regions. Different rates are permitted for still and sparkling wines. 5. Rules on the control of production, storage and transport of wine and on the collection of duty, e.g. Member States will use EEC required declarations of production and stock to determine the quantities of taxable wine.
(4) Opinion of the European Parliament	The Parliament did not approve the proposal, calling instead for a proposal for the abolition of excise duty on wine.
(5) Current status	The proposal is before the Council for adoption. In the meantime, however, the Commission has submitted a proposal providing for a single rate of excise duty on still wine and a single rate of excise duty on sparkling wine throughout the EEC.
(6) References	Commission proposal COM(72) 225/III final — Official Journal C 43, 29.4.1972 European Parliament opinion — Official Journal C 48, 25.4.1974 Economic and Social Committee opinion — Official Journal C 36, 1.6.1973

4. EXCISE DUTIES

4.3. Structures series: beer

NB: All proposals in the structure series are being revised

(1) Objective	To introduce a harmonized structure for excise duties on beer in order to eliminate distortions in conditions of competition.
(2) Proposal	Proposal for a Council Directive concerning the harmonization of excise duties on beer.
(3) Contents	1. Member States shall apply a harmonized excise duty to beer, the rate to be calculated per hectolitre of finished product. 2. Obligation to levy the excise duty at the stage of production or importation. 3. Rules for determining the duty include: (i) establishment of the duty by reference to volume and original gravity calculated according to the Plato method; (ii) division of beer into four categories corresponding to bands of original gravity; (iii) progressive taxation of the four rates; (iv) exemption or reimbursement of duty levied on beer returned to the brewery or delivered to another brewery; (v) exemption or reimbursement of duty levied on beer exported directly from the brewery or that consumed by workers on the premises of the brewery. 4. Conditions for the payment of duty. 5. Provisions for monthly declaration to the competent fiscal authorities of quantities of beers and movements thereof. 6. Role of the Committee on Excise Duties (see summary 4.11). 7. Derogations for the Federal Republic of Germany, Belgium and the Netherlands. 8. Obligation to cease derogations within five years.
(4) Opinion of the European Parliament	The Parliament approved the proposal subject to certain recommendations for amendment.
(5) Current status	The proposal is currently before the Council for adoption.
(6) References	Commission proposal COM(72) 225/IV final — Official Journal C 43, 29.4.1972 European Parliament opinion — Official Journal C 48, 25.4.1974 Economic and Social Committee opinion — Official Journal C 36, 1.6.1973

4. EXCISE DUTIES

4.4. Structures series: rum from French overseas departments

NB: All proposals in the structures series are being revised.

(1) Objective	To permit the French Republic, for a limited period of time, to apply a reduced rate of tax to traditional rum from the French overseas departments because of their economic and social situation.	
(2) Community measure	Council Decision 88/245/EEC of 19 April 1988 authorizing the French Republic to apply in its overseas departments and in metropolitan France, by way of derogation from Article 95 of the Treaty, a reduced rate of the revenue duty imposed on the consumption of traditional rum produced in those departments.	
(3) Contents	1. Authorization for the French Republic to apply a reduced rate of duty to traditional rum from the overseas departments until 31 December 1992. 2. Definition of traditional rum eligible for the reduction. This is the product obtained exclusively by distillation after fermentation of sugar-cane juice, sugar-cane syrup or sugar-cane molasses in the sugar cane producing areas of the French overseas departments. 3. Reducing annual quotas (1988 to 1992) for the rum benefiting from the reduced rate.	
(4) Deadline for implementing Member State legislation		
(5) Application date (if different from 4)		
(6) Date for further coordinating proposal (if specified)		
(7) References	Council adoption	Official Journal L 106, 27.4.1988

4. EXCISE DUTIES

4.5. Structures series: fortified wines and similar products

NB: All proposals in the structures series are being revised

(1) Objective	To facilitate future harmonization of excise duties, with a view to eliminating distortions of competition.
(2) Proposal	Proposal for a Council Directive concerning the harmonization of excise duties on fortified wine and similar products.
(3) Contents	1. Member States shall apply an excise duty to fortified wines and similar products called intermediate products, as defined in the proposal. 2. Rules for determining the duty include: (i) establishment of the duty by reference to volume and/or actual alcoholic strength by volume; (ii) prohibition on different excise duties for products with the same volume or strength; (iii) total excise duty shall be between 20 and 65% of the duty on the same quantity of pure alcohol. 3. Special rules for French 'vins doux naturels'. France will be authorized to apply a lower duty rate for certain quality liqueur wines including those from other Member States. 4. Rules for control and recovery of duties, e.g. Member States must ensure that operations, such as the maturing of intermediate products, are carried out under suspension of the excise duty; excise duty is due when these products are released for home use. 5. Prohibition on other indirect taxation of intermediate products, unless such other taxes do not give rise to border adjustments or controls in trade between Member States.
(4) Opinion of the European Parliament	The Parliament approved the proposal although it criticized the definition of 'similar products'.
(5) Current status	The proposal is currently before the Council for adoption. The Commission has in the meantime submitted proposals for harmonization of excise duty rates (see summary 4.8) and, pending harmonization, convergence of national systems (see summary 3.4).
(6) References	Commission proposal COM(85) 151 final — Official Journal C 114, 8.5.1985 European Parliament opinion — Official Journal C 36, 17.2.1986 Economic and Social Committee opinion — Official Journal C 330, 20.12.1985

4. EXCISE DUTIES

4.6. Structures series: indirect taxes on alcoholic drinks

NB: All proposals in the structures series are being revised

(1) Objective	To introduce a first stage in the process of bringing Member State taxes on alcoholic drinks closer together with a view to eliminating distortions of competition.
(2) Proposal	Proposal for a Council Directive laying down certain rules on indirect taxes which affect the consumption of alcoholic drinks.
(3) Contents	1. All Member States applying excise duty to still wine shall apply a single rate based on volume. 2. Definition of still wine as table wines, quality wines, and non-sparkling beverages with an alcoholic strength between 8.5 and 15% by volume. 3. The rate of excise duty levied on a given quantity of still wine shall not exceed that levied on the same quantity of beer of the most-sold beer category, *pro rata* to their respective alcoholic strengths. 4. The same rate of VAT shall apply to still wine and beer. There shall be a single rate applied to all spirits and a single rate applied to all fortified wines and similar products. 5. The Council shall, before 1 January 1989, fix a date by which each Member State should apply a single rate of VAT to all alcoholic drinks.
(4) Opinion of the European Parliament	The Parliament recommended an amendment to the effect that Member States which apply excise duty to beer should have an obligation to introduce tax equality between wine and beer. This corresponds to the proposed obligation on Member States which impose excise duty on wine.
(5) Current status	The proposal is before the Council for adoption. In the meantime, the Commission has submitted new proposals on both excise duties (see summary 4.8) and VAT systems (see summary 3.3).
(6) References	Commission proposal COM(85) 150 final — Official Journal C 114, 8.5.1985 European Parliament opinion — Official Journal C 36, 17.2.1986 Economic and Social Committee opinion — Official Journal C 330, 20.12.1985

4. EXCISE DUTIES

4.7. Structures series: mineral oils

NB: All proposals in the structures series are being revised.

(1) Objective	To harmonize the structure of excise duties on mineral oils in order to eliminate distortions of conditions of competition.
(2) Proposal	Proposal for a Council Directive on the harmonization of excise duties on mineral oils.
(3) Contents	1. List of the mineral oils to which the proposal would apply. 2. Harmonized rules on the events giving rise to duty, e.g. removal of mineral oils from the place of their production or importation. 3. Harmonized rules for imports, exports and bonded warehouses. Mineral oils exported from a territory with harmonized excise duty are exempt. 4. Compulsory and optional exemptions from duty, e.g. gas oils used as fuel for railways and heavy oils used as fuels, oils used for air navigation. 5. Member States shall take all the necessary measures to control the production of mineral oils and collect excise duty.
(4) Opinion of the European Parliament	The Parliament approved the proposal.
(5) Current status	The proposal is before the Council for adoption.
(6) References	Commission proposal COM(73) 1234 final — Official Journal C 92, 31.10.1973 European Parliament opinion — Official Journal C 32, 11.2.1975 Economic and Social Committee opinion — Official Journal C 109, 19.9.1974

4. EXCISE DUTIES

4.8. Approximation of rates: alcohol and alcoholic beverages

(1) Objective

To set minimum rates to be applied no later than 31 December 1992.

(2) Proposal

Proposal for a Council Directive amending the proposal for a Directive (COM(87) 328) on approximation of the rates of excise duty on alcohol contained in other products.

(3) Contents

1. The shift to flexibility in the excise-duty rates levied on beer, still wine, sparkling wine, potable alcohol and intermediate products involves setting the following rates:

(i) On 1 January 1993, excise duty rates in the Member States may not be lower than the minimum rate of:
ECU 0.748 per hl/degree Plato for beer,
ECU 9.35 per hl for still wine,
ECU 16.5 per hl for sparkling wine,
ECU 1 118.5 per hl of pure alcohol for potable alcohol,
ECU 74.8 per hl for intermediate products;

(ii) Ultimately, Member States will have to apply the target rate of:
ECU 1.496 per hl/degree Plato for beer,
ECU 18.7 per hl for still wine,
ECU 33 per hl for sparkling wine,
ECU 1 398.1 per hl of pure alcohol for potable alcohol,
ECU 93.5 per hl for intermediate products.

2. In the case of alcohol contained in perfume, toiletries and cosmetics, the original proposal envisaged a reduced rate. The difficulties in defining common rules on denaturing and the low level of revenue generated by this type of product have led the Commission to drop its original proposal.

3. Every two years, and for the first time not later than 31 December 1994, the target and minimum rates are to be reviewed and any necessary adjustments made.

4. With effect from 1 January 1993, Member States may adjust their excise-duty rates provided that they move closer to the target rates laid down in this Directive.

(4) Opinion of the European Parliament

Not yet given

(5) Current status

Parliament and the Economic and Social Committee are currently preparing their opinions on the amended proposal.

(6) References

Commission proposal	
COM(87) 328 final	Official Journal C 250, 18.9.1987
Amended proposal	
COM(89) 527 final	Not yet published
Economic and Social Committee opinion	Official Journal C 237, 12.9.1988

4. EXCISE DUTIES

4.9. Harmonization: cigarettes and manufactured tobacco

(1) Objective

To lay down a common structure and the rates to be applied not later than 31 December 1992.

(2) Proposal

Proposals for Council Directives amending the proposals for Directives (COM(87) 325 and COM(87) 326) on the approximation of taxes on cigarettes and on the approximation of the taxes on manufactured tobacco other than cigarettes.

(3) Contents

1. The Directives apply to cigarettes, cigars and cigarillos, smoking tobacco, snuff and chewing tobacco.
2. The taxation of cigarettes is characterized by a mixed excise-duty structure:
(i) a fixed specific component (fixed amount per number of cigarettes);
(ii) a proportional component (*ad valorem,* as percentage of retail selling price inclusive of all taxes).
3. The rates fixed for cigars and cigarillos and for smoking tobacco, snuff and chewing tobacco have a purely *ad valorem* structure. However, there are special transitional arrangements for Member States which, on 1 January 1993, apply a taxation structure other than a purely *ad valorem* structure.
4. In order to permit certain Member States which, on 1 January 1993, apply a purely specific or mixed excise duty to certain categories of manufactured tobacco other than cigarettes to move gradually towards a purely *ad valorem* structure, they are to be allowed to apply to such categories a mixed structure (specific excise duty + *ad valorem* excise duty + VAT) during a period not exceeding five years on condition that the sum of the *ad valorem* components of this mixed structure is not lower than the minimum rates fixed for each product category.
5. The shift to flexibility in the rates levied on cigarettes involves the Member States setting the following rates on 1 January 1993:
(i) specific component: its basic amount may not be lower than the minimum rate of ECU 15 per 1 000 cigarettes;
(ii) *ad valorem* component: this will be established in such a way that the combination of these rates with the rate of VAT may not be lower than the minimum rate of 45% of the retail selling price inclusive of all taxes.
Ultimately, Member States will apply an excise duty with the following two target-rate components:
(i) specific component: target rate of ECU 21.5 per 1 000 cigarettes;
(ii) *ad valorem* component: target rate fixed in such a way that the combination of this *ad valorem* component and the rate of VAT equals 54% of the retail selling price inclusive of all taxes.

	6. The shift to flexibility in the rates levied on cigars and cigarillos, smoking tobacco, snuff and chewing tobacco involves the Member States setting a minimum *ad valorem* rate on 1 January 1993. The excise-duty rate will be established in such a way that the total tax burden resulting from the combination of this rate of VAT may not be lower than: (i) 25% of the retail selling price inclusive of all taxes for cigars and cigarillos; (ii) 50% of the retail selling price inclusive of all taxes for smoking tobacco; (ii) 37% of the retail selling price inclusive of all taxes for snuff and chewing tobacco. Ultimately, Member States will apply the target rate in such a way that the combination of this rate of VAT equals: (i) 36% of the retail selling price inclusive of all taxes for cigars and cigarillos; (ii) 56% of the retail selling price inclusive of all taxes for smoking tobacco; (iii) 43% of the retail selling price inclusive of all taxes for snuff and chewing tobacco.
(4) Opinion of the European Parliament	Not yet given.
(5) Current status	Parliament and the Economic and Social Committee are currently preparing their opinions on the amended proposal.
(6) References	Commission proposals COM(87) 325 final COM(87) 326 final — Official Journal C 251, 19.9.1987 Amended proposal COM(89) 525 final — Not yet published Economic and Social Committee opinion — Official Journal C 237, 12.9.1988

4. EXCISE DUTIES

4.10. Harmonization: mineral oils

(1) Objective

To lay down minimum rates or rate bands for each product category, which Member States will have to apply by 31 December 1992 at the latest.

(2) Proposal

Proposal for a Council Directive amending the proposal for a Directive (COM(87) 327) on the approximation of the rates of excise duty on mineral oils.

(3) Contents

1. Flexibility of excise duty rates for petrol (leaded or unleaded), diesel, heating gas oil, heavy fuel oil, liquid petroleum gas, methane and kerosene.
2. The target rates are not laid down in the current proposal for a Directive. The Commission will present a proposal for a Directive to this effect by 31 December 1990.
3. The rates to be applied on 1 January 1993 are as follows: (ECU/1 000 litres)
   (i) leaded petrol: a minimum of ECU 337;
   (ii) unleaded petrol: a differential compared with the rates on leaded petrol of not less than ECU 50;
   (iii) diesel: not less than ECU 195 and not more than ECU 205;
   (iv) heating oil: not less than ECU 47 and not more than ECU 53;
   (v) heavy fuel: not less than ECU 16 and not more than ECU 18;
   (vi) liquid petroleum gas and methane used as fuel: a minimum of ECU 84.5;
   (vii) kerosene used as fuel: a minimum of ECU 337;
   (viii) kerosene: not less than ECU 47 and not more than ECU 53.

(4) Opinion of the European Parliament

Not yet given.

(5) Current status

Parliament and the Economic and Social Committee are currently preparing their opinions on the amended proposal.

(6) References

Commission proposal	
COM(87) 327 final	Official Journal C 262, 1.10.1987
Amended proposal	
COM(89) 526 final	Not yet published
European Parliament opinion	
Economic and Social Committee opinion	Official Journal C 237, 12.9.1988

4. EXCISE DUTIES

4.11. Committee on Excise Duties

(1) Objective	To create a committee of Member State representatives so as to enable the Community to adopt by a simple and accelerated procedure purely technical measures required for the implementation of directives on excise duties.
(2) Proposal	Proposal for a Council Decision setting up a Committee on Excise Duties.
(3) Contents	1. The Committee shall be made up of representatives of the Member States and a representative of the Commission who will act as chairman. 2. The principal task of the Committee will be to express opinions on draft measures for implementing directives on the harmonization of excise duties. These drafts will be drawn up by the Commission and submitted to the Committee by the Commission's representative. 3. The Committee expresses its opinion on the planned measures by a weighted majority vote. If the Commission agrees with that opinion it shall adopt the planned measures. If it does not agree, or if the Committee does not express an opinion the Commission shall immediately submit a proposal to the Council. If the Council does not take a decision within three months, the Commission shall adopt the measures. 4. The Committee can also examine any other questions concerning the application of excise duty harmonization directives, at the request of the chairman or Member State representatives.
(4) Opinion of the European Parliament	The European Parliament approved the proposition.
(5) Current status	The proposal is before the Council for adoption.
(6) References	Commission proposal COM(72) 225/VI final — Official Journal C 43, 29.4.1972 European Parliament opinion — Official Journal C 48, 25.4.1974 Economic and Social Committee opinion — Official Journal C 36, 1.6.1973

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