EXCISE CONTACT GROUP

MINUTES OF THE ECG MEETING ON 17/12/2012
1 **WELCOME AND INTRODUCTION**

The **Chairman** (Mr O’Driscoll) welcomed the Member States and the European Trade Federations delegates, explained the interpretation facilities and went through the agenda in detail.

2 **PLANNING OF UPCOMING MEETINGS AND EVENTS OF RELEVANCE TO TRADERS**

The **Chairman** presented the planning of events scheduled for the next six months. Next Committee on Excise Duty (CED) is provisionally scheduled on 18/02/2013 and the next EMCS Computerised Working Party (ECWP) is provisionally scheduled on 09/04/2013.

3 **EMCS STATE OF PLAY AND PLANNING**

The **COM** presented the planning and a short overview of EMCS operations. The next major release of EMCS is Phase 3.1 at the end of 2013 for which specifications were released to the Member States. The scope of releases 3.2 and 3.3 is not yet known. The **COM** also reminded another important milestone on 01/07/2013, the accession of Croatia.

4 **EXPORT OF EXCISE GOODS: DESIGN PRINCIPLES FOR THE NEW UNION CUSTOMS CODE (UCC) COMPLIANT ECS-EMCS INTERFACE LEVEL 3 BPMN MODEL AND EXPLANATIONS**

The **Chairman** introduced this point explaining the need for the establishment of a group of coordination between Customs and Excise.

He presented the reason behind the joint project group, explaining the issues arising with EMCS concerning Export. The goal was to handle the Export transactions electronically and to have an interface with ECS; the intention was to include Export as from EMCS Phase 2. Unfortunately, the design of the automation of Export Control System did not allow an easy merging with EMCS, arriving to failures to close EMCS movements in case of export. Number of complaints increased as from 2011 when the paper system was abolished.
The Chairman presented the findings, such as missing synchronisation and cross-checking. Other issues concern the facts that FESS does not specify where or how the ARC should be recorded by ECS or ICS; it does not specify the exchange of exception handling information; the FESS is not in line with CCIP and finally there are discrepancies in the use of the Alternative Proof of Exit. The Chairman continued presenting the national solutions which are not harmonised between the Member States. The short term solution would be producing Export guidelines; the longer term solution would be a complete Level 3 BPMN modelling and develop Level 4 for exception handling and data modelling. This will not happen before 2015, due to the need to adapt both Excise and Customs planning. He concluded the presentation with minor or less pressing issues, like transit and import.

**Coordination of Excise and Customs Procedures**

a. Interim report June 2012-rev2:

b. Draft Guidelines on Export of Excise Goods:

The Chairman invited the delegates to read the interim report, study the Excise guidelines and raise comments, in order to proceed with the specifications drafting.

5 **QUESTIONNAIRE ON ARTICLE 45 OF DIR. 2008/118/EC**

The Chairman presented the questionnaire on Article 45 of Dir. 2008/118/EC, which concerns the EMCS availability, fallback procedures and the print out of the accompanying document. The Chairman explained that the questionnaire is not intended to be a complete review on EMCS and that another report is due in 2015.

**Questionnaire on Article 45 of Dir. 2008/118/EC**

Spirits Europe welcomed the initiative and made a comment on the process, since December is a very busy period for the business and it is not easy to run a survey. The Chairman informed that the COM will try to avoid running future surveys at the end of the year. However, the Chairman reminded that the questionnaire remains open until the end of the 1st week of January 2013. As legal obligation, it has to be finalised in April 2013.
6 Project Group on Movement Control Issues for Excise Goods released for Consumption

The Chairman presented the issue of Excise goods that are moved within the Community and released for consumption at the Member States.

*Duty paid – Excise goods released for consumption*

**CEVI** also presented the case of direct sale of wine from the producer to the final consumer based in a different EU Member States. **CEVI** explained the business importance of direct sales and the purpose of their organisation of independent winegrowers. **CEVI** further clarified that they do not want to avoid paying Excise duties, but would like to have an easier solution in direct sales for small wine producers. The current situation in the view of the trader organisation is contrary to the principle of free movement of goods within the EU.

**CEEV** raised a concern regarding the trade sampling: according to agriculture legislation, any agriculture sample moving around the EU does not have to be accompanied by this accompanying document. Wine samples could involve different types of wine and might be different from the final product, and could be subject to fiscal requirements. Some samples may be used as blends to make the final product, but any sender has to fill in a document for each type of wine sample. **CEEV**, referring to the agriculture legislation, requested if it can be allowed for different types of wine samples to use an accompanying document when movements occur under Excise duty Suspension regime. The Chairman stated that this seems to not undermine the control issue; having different entries for different samples seems rather a bureaucratic overhead. He will consult the Member States to get their opinion on this topic.

**COPA-COGECA** endorsed the points raised by **CEVI**. **COPA-COGECA** informed having sent the previous week a letter to DG TAXUD and DG AGRI about this problem. They suggested that the sales covered by article 36 of the directive 2008/118/CE of 16/12/2008 could be included in the purchases, which are covered by article 32 when spoken about the same quantities. **COPA-COGECA** further added that they would like to be involved in any discussion regarding direct sales and B2B, since they promote simplified systems. The Chairman confirmed that the letter was received, but he can not react to it at the time being, adding that it was a valid contribution to the project group.

On the issue of denatured alcohol **Spirits Europe** are of the opinion that the approach is not different from other Excise duty goods, although there are differences in the values between them. They requested the COM to allocate some priority to this issue and any initiative was supported. The Chairman agreed to include the denatured alcohol study in the debate. He clarified that a harmonisation process is ongoing in order to make control easier and to reduce the business burden for producing alcohol not intended for consumption.

**Brewers of Europe** inquired when the COM expected the response. They further inquired when the involvement of all stakeholders would take place, since the kick-off of the duty paid group will be in March 2013. The Chairman informed that once feedback is received, the project group has to define its scope depending on both resource availability and on the issue given
importance. The Chairman further added that the area was of particular interest to the federations and once the scope is agreed, the stakeholders will be involved. Furthermore, the COM needs to see which Member States are interested in participating in this group. Depending on this outcome, it will be decided when and how stakeholders will be involved.

7 LEGISLATION AND RELATED ISSUES (FOR INFORMATION)

The Chairman presented the regulation amending Regulation 684/2009. This is the implementing regulation of EMCS, which determines the computerised procedures and data requirements for movement of excise goods under duty suspension including data requirements for fallback document. There was a decision in April 2012 to include some additives from CN Code 38 11, bringing these additives to the context of EMCS. In the meantime, in the actual situation the description of the data to be exchanged in EMCS is not in line with the latest EMCS Specifications. Therefore, the COM incorporated those changes since 2009 into the amending regulation. This latter was first discussed internally in the Commission and then submitted to the Member States for their opinion. The changes to the fallback document are limited to the minimum. This amending regulation was adopted by the Commission on 12/12/2012 and will be published shortly. The English version of the regulation can be found in the interest group; the other language versions will follow soon. The Chairman informed that there will be additional changes to EMCS and those will need to be inserted into another amending regulation to come into production together with EMCS Phase 3.1. It will contain fewer changes compared to this amending regulation, since the number of changes is smaller. This will allow more time for discussion. Once the amending regulation is published in the official journal, there will be a consolidation of the regulations as changed by the amending regulation.

Regulation 684/2009

The Chairman also presented the amending regulation for CCIP – Regulation (EU) No 756/2012, which aligns the technical annexes of the CCIP with the provisions in Directive 2008/118/EC concerning importation and registered consignors as from the 1st of January 2013. Previously, it was possible to take a copy of the customs import declaration and fill in a number taken from the Excise declaration provided by the destination tax warehouse. In principle the consignor can be anywhere in the EU. However, the CCIP did not include this possibility and effectively, when goods are released for free circulation, the customs supervision ceases. This could cause the circulation of goods without going to the tax warehouse. This has been changed and the amending regulation says that for the procedures codes 42 and 63 to be completed in Box 37 of the Single Administrative Document (SAD) the movement should fall under EMCS. There is an exception when this process is used at national level. When the tax warehouse and imported goods are in the same country, the Member State is free to have a national simplification. This allows the continuation of this practice and avoids registering an authorised consignor to bring the goods from the place of importation to the tax warehouse. The Chairman further added that it was a national matter and that the list with the description of these changes can be found in the technical annexes of the amending regulation.

8 ANY OTHER BUSINESS

FEVS raised a question on spirits that had been raised several times to the French customs authority; the problem concerns the volume of pure alcohol and its taxation. The Chairman explained that the two issues were raised at ECWP and Committee on Excise Duty concerning
metrology. One issue relates to the mass of energy product and the other issue concerns the measurement of the alcohol. The position of the COM is to not do anything about this, since there is no consensus between the Member States on its importance. The Chairman informed that the issue can be raised again in the future Committee on Excise Duty.