REPORT

on the proposal for a Council decision authorising Portugal to apply a reduced rate of excise duty on certain alcoholic products produced in the autonomous regions of Madeira and the Azores (COM(2020)0240 – C9-0190/2020 – 2020/0118(CNS))

Committee on Regional Development

Rapporteur: Younous Omarjee

(Simplified procedure – Rule 52(1) of the Rules of Procedure)
Symbols for procedures

* Consultation procedure
*** Consent procedure
***I Ordinary legislative procedure (first reading)
***II Ordinary legislative procedure (second reading)
***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in bold italics in the left-hand column. Replacements are indicated in bold italics in both columns. New text is indicated in bold italics in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in bold italics. Deletions are indicated using either the symbol or strikeout. Replacements are indicated by highlighting the new text in bold italics and by deleting or striking out the text that has been replaced. By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.
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on the proposal for a Council decision authorising Portugal to apply a reduced rate of excise duty on certain alcoholic products produced in the autonomous regions of Madeira and the Azores (COM(2020)0240 – C9-0190/2020 – 2020/0118(CNS))

(Special legislative procedure – consultation)

The European Parliament,

– having regard to the Commission proposal to the Council (COM(2020)0240),
– having regard to Article 349 of the Treaty on the Functioning of the European Union, pursuant to which the Council consulted Parliament (C9-0190/2020),
– having regard to Rule 82 of its Rules of Procedure,
– having regard to the report of the Committee on Regional Development (A9-0140/2020),

1. Approves the Commission proposal;
2. Calls on the Council to notify Parliament if it intends to depart from the text approved by Parliament;
3. Asks the Council to consult Parliament again if it intends to substantially amend the text approved by Parliament;
4. Instructs its President to forward its position to the Council, the Commission and the national parliaments.
EXPLANATORY STATEMENT

A. Legal background

Article 349 allows for derogations from EU rules in the outermost regions, in order to partly compensate for their remote location and specific difficulties. This proposal is one of a number of proposals which will apply such derogations in the area of taxation for the duration of the next Multiannual Financial Framework, i.e. 2021-2027.

B. Excise duty on locally produced rum, liqueur and eau-de-vie in Madeira and the Azores

Article 1 of the proposed decision would allow the Portuguese state to reduce the excise duty on locally produced rum, liqueur and eau-de-vie sold in Madeira and the Azores by up to 75% compared to the normal rate. This is a simple extension of the current derogation.

C. Excise duty on rum, liqueur and eau-de-vie produced in Madeira and the Azores, and sold in mainland Portugal

Article 2 of the proposed decision would allow the Portuguese state to reduce the excise duty on rum, liqueur and eau-de-vie produced in Madeira and the Azores, but sold in mainland Portugal, by up to 50% compared to the normal rate. This is a new provision, designed to aid sales of these products which are difficult to produce and sell under market conditions.

D. Definition of the spirits covered

The products covered by the derogations are defined in Article 3, and relate to their Protected Designation of Origin status (for Madeiran rum) or the local origin of the raw ingredients.

E. Reporting

The decision creates an obligation for Portugal to report on the implementation and impact of the derogation.

F. Assessment of the rapporteur

Your rapporteur considers that this derogation from taxation rules is justified by its extremely limited scope, and by the economic difficulties inherent in production in the outermost regions. He therefore suggests that this proposed decision should be approved by Parliament without amendment, under the simplified procedure set out in Rule 52(1) of the Rules of Procedure.
**PROCEDURE – COMMITTEE RESPONSIBLE**

| Title | Proposal for a Council decision authorising Portugal to apply a reduced rate of excise duty on certain alcoholic products produced in the autonomous regions of Madeira and the Azores |
| Date of consulting Parliament | 26.6.2020 |
| Committee responsible | REGI |
| Date announced in plenary | 8.7.2020 |
| Committees asked for opinions | ECON | AGRI |
| Date announced in plenary | 8.7.2020 | 8.7.2020 |
| Not delivering opinions | ECON | AGRI |
| Date of decision | 3.7.2020 | 7.7.2020 |
| Rapporteurs | Younous Omarjee |
| Date appointed | 23.6.2020 |
| Simplified procedure - date of decision | 16.7.2020 |
| Date adopted | 16.7.2020 |
| Date tabled | 22.7.2020 |