

Customs Flash

Changes in alcohol denaturing procedures for excise duty exemption

Introduction

It is common for European Member States to levy excise duty on goods containing alcohol. However, when the alcohol is denatured and no longer suitable for human consumption, an exemption from excise duty may apply. Recently the European Commission published an amendment to the implementing regulation on the mutual recognition of procedures for the complete denaturing of alcohol for the purposes of this excise duty exemption. The amendment repeals the 2016 implementing regulation, in which a mutual procedure for denaturing alcohol was recorded. Due to the objection of a Member State that this denaturing procedure was open to misuse, evasion, avoidance or abuse, the Annex of Regulation (EC) 3199/93 has been replaced. The Annex, with amended denaturing procedures, is published in Commission [Implementing Regulation \(EU\) 2017/1112](#) which applies as of 1 August 2017.

What does this mean for you?

If your company trades alcoholic goods that are denatured, an exemption from excise duties may apply. This would depend upon which denaturing procedure is used for these goods and in which Member State the denaturing took place. Each Member State has their own procedure to determine if alcohol is really denatured. The company could benefit from this exemption provided the correct procedure for the applicable Member State is used.

However, if your company already benefits from this excise duty exemption in a certain country by denaturing alcohol, but does not comply with the denaturing procedures of that country, the exemption may no longer apply and excise duties would be due.

What to do?

If your company is a trader in (denatured) alcohol, it is important to check if a denaturing procedure is used for the goods and in which country this takes place. In the Annex of Implementing Regulation (EU) 2017/1112 the procedures and applicable countries are recorded. Also, national simplified procedure documents may be necessary to export these goods with exemption from excise duties.

If you wish to know more about the trade of excise goods or if you have questions concerning denaturing procedures for alcoholic goods, please contact us so we can discuss this with you in more detail.

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