

**Priority question for written answer P-004977/2025
to the Commission**
Rule 144
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Subject: Impact of the proposed Tobacco Tax Directive on Luxembourg: purchasing power parity adjustment and proportionality concerns

The Council's June 2020 conclusions on tobacco taxation stressed that revisions to Directive 2011/64/EU¹ should reflect Member States' economic realities, with excise increases that are gradual, proportionate, and flexible, taking account of purchasing power parity (PPP). The Commission's July 2025 proposal introduces a PPP-based 'adjustment factor,' linking one-third of the minimum excise rate to national price-level differences.

Luxembourg has a long-term tobacco tax policy, achieving both rising revenues and declining smoking rates. Tobacco tax receipts reached EUR 1.4 billion in 2024 and are projected to rise to EUR 1.6 billion in 2025, while smoking prevalence fell from around 27 % in 2023 to 23 % in 2024.

Under the proposal, Luxembourg would face a disproportionate price increase of around 60 % due to the PPP adjustment. This abrupt hike in price appears to conflict with the Council's principle of gradualism and risks penalising Luxembourg for its fiscal success and public health outcomes.

Can the Commission clarify:

1. How Luxembourg's economic and public health reality was considered when designing the 1 / 3 PPP adjustment?
2. On what grounds is such a large tax increase justified despite Luxembourg's compliance with EU objectives?
3. How this approach aligns with the Council's call for proportionate and gradual changes respecting national circumstances?

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¹ OJ L 176, 5.7.2011, pp. 24–36, ELI: <http://data.europa.eu/eli/dir/2011/64/oj>.