

(English version)

Question for written answer E-002810/25
to the Commission
Marlena Małąg (ECR)
(9 July 2025)

Subject: Revision of Directive 2011/64/EU and growth of the shadow economy

Directive 2011/64/EU established minimum excise duties on manufactured tobacco in the European Union, giving Member States the freedom to set higher rates based on their own circumstances. The Law and Justice Party Government of 2015-2023 made use of this freedom to pursue a policy of moderate excise duty increases, which led to a reduction in the shadow economy and growth in budgetary revenue in Poland. In 2024, Donald Tusk's new governing coalition decided to significantly increase these rates, which has already led to a growth in the shadow economy, according to market analyses. Similar observations have been made in the Netherlands, which has seen an increase in the consumption of cigarettes without excise duty having been paid.

In relation to the above:

1. Has the Commission assessed the risk of the shadow economy growing as a result of the possible revision of Directive 2011/64/EU and the increase in minimum rates?
2. Does the Commission have data available on the impact of increases in excise duties on the rate of illegal trade of processed tobacco in Member States?
3. Has the Commission taken into account differences in purchasing power and geographic location of Member States when developing new legislative proposals on tobacco taxation?

Submitted: 9.7.2025

Answer given by Mr Hoekstra on behalf of the European Commission
(29 August 2025)

The Commission adopted, on 16 July 2025, a proposal ⁽¹⁾ to revise the Tobacco Taxation Directive ⁽²⁾. Higher tobacco taxes and prices have been demonstrated to be the single most effective measure to reduce overall tobacco use, induce current smokers to quit, reduce uptake by young people, lower consumption among those who continue to smoke, improve population health and produce additional public health benefits.

Therefore, the revision of the directive aims to increase minimum tax rates applicable to traditional tobacco products and introduce new minimum tax rates for tobacco-related products.

The impact assessment ⁽³⁾ has thoroughly examined the possible effects of the proposal. Research indicates that there is no direct proportionality between tax levels and the level of illicit trade.

The ability and capacity for offenders to supply illicit tobacco, rather than the price of licit tobacco, has the most influence on the extent of tax evasion, with other notable factors being enforcement capacity and the geographical proximity with illicit trade routes.

The proposed rules take into account the specific economic situation of each Member State. The adjustment at country level considers price level indices in individual Member States.

In simple terms, the newly proposed EU minimum rate is partially adjusted for each Member State against price levels in that particular Member State. This ensures that the rates are more durable and have the desired effects on smoking prevalence.

⁽¹⁾ Proposal for a Council Directive on the structure and rates of excise duty applied to tobacco and tobacco related products (recast), COM (2025) 580 final.

⁽²⁾ Council Directive 2011/64/EU of 21 June 2011 on the structure and rates of excise duty applied to manufactured tobacco, OJ L 176, 5 July 2011, p. 24-36.

⁽³⁾ Impact Assessment Report accompanying the proposal for a Council Directive on the structure and rates of excise duty applied to tobacco and tobacco-related products (recast), SWD (2025) 560 final, Brussels, 16 July 2025.