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Excise position for Nicotine Containing Pouches

Introduction

This document sets out the position on excise for nicotine containing pouches supported by the Industry Working Group made up of the members of Tobacco Europe (British American Tobacco, Imperial Brands and Japan Tobacco International) and Swedish Match. The position sets out the tax basis and the level of taxation that could be applied in case Nicotine Containing Pouches would be subject to excise.

Definition

A 'nicotine pouch' is a pre-portioned, tobacco-free consumer product that contains nicotine compounds, flavourings and other ingredients, that releases nicotine and flavours by placing the pouch in the mouth¹ resulting in nicotine uptake via the oral mucosa.

Excise

Any excise on nicotine pouches should be defined separately from tobacco products. The excise should be specific (expressed in kg), based on the weight of the nicotine pouch. The level of excise should be set taking into account expected tax revenue, the cost and complexities of tax administration, the burden of compliance, the risk of illicit trade, and the potentially reduced health impact compared to other tobacco and nicotine products.

Inclusion of the above-mentioned criteria into a revised Tobacco Excise Directive that provides the possibility of the Member States to opt for a zero or a very low level of excise would ensure the consistent treatment of these products in line with the principles of the EU internal market and remove the need for EU capitals to work out their own national excise framework.

¹ This definition does not apply to products that are subject to an authorization requirement under Directive 2001/83/EC (Community code relating to medicinal products for human use) or to the requirements set out in Directive 93/42/EEC (Medical Device Directive). In addition, the definition neither apply to products that are subject to the requirements set out under Directive 2014/40/EU (Tobacco Products Directive) nor to the Regulation laying down the general principles and requirements of food law (EC 178/2002).