101865/EU XXVIII. GP
Eingelangt am 05/11/26

Council of the European Union

Brussels, 5 November 2026
(OR. en)

15387/26

Interinstitutional Files:
2025/0580 (CNS)
2025/0581 (CNS)

FISC 390
ECOFIN 1416
MI 1127
SAN 763
UD 317
IA 287

NOTE

From:	General Secretariat of the Council
To:	Council
Subject:	Tobacco taxation package a) Draft Council Directive on the structure and rates of excise duty applied to raw tobacco, manufactured tobacco and tobacco related products (recast) b) Draft Council Directive amending Directive (EU) 2020/262 as regards the general arrangements for excise duty in respect of raw tobacco, manufactured tobacco and tobacco related products - General approach

I. INTRODUCTION

1. On 16 July 2025, the Commission submitted to the Council two legislative proposals to revise the Union's tobacco excise framework: a proposal for a Council Directive on the structure and rates of excise duty applied to raw tobacco, manufactured tobacco and tobacco related products (recast) ("the TTD"), and a proposal for a Council Directive amending Directive (EU) 2020/262 on the general arrangements for excise duty ("the Horizontal Directive"). The proposals aim to modernise the Union tobacco excise framework, extend its scope to new products, improve the functioning of the internal market and contribute to public health objectives.

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2. The draft Directives are based on Article 113 of the Treaty on the Functioning of the European Union (TFEU) (special legislative procedure).

3. On 17 June 2026, the European Parliament adopted its opinions on both proposals under the consultation procedure. The Parliament rejected the proposal for the TTD and approved the proposal amending the Horizontal Directive, subject to amendments.

4. The European Economic and Social Committee adopted its opinion on both proposals on 18 February 2026.

II. STATE OF PLAY

5. Following the Council (Ecofin) policy debate on 10 October 2025, the Danish and Cyprus Presidencies carried out extensive work at technical and high level. The Cyprus Presidency submitted draft compromise texts of the proposals to Coreper on 3 June 2026. While considerable progress was achieved on the file, a number of delegations maintained reservations regarding the overall balance of the package.

6. The Irish Presidency has continued to progress work on the file, using the Cyprus Presidency compromise proposals as a starting basis.

7. On 28 October 2026, Coreper examined the proposals on the basis of compromise text of the Presidency. Many delegations recognised the importance and urgency of reaching agreement on the file on this basis and they supported the Presidency's efforts to reach a general approach at the ECOFIN Council meeting on 9 November 2026. Final amendments have been made to the text for consideration at ECOFIN to address outstanding issues that were raised at the Coreper meeting.

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8. Following the Coreper discussions, and recognising the particular sensitivities and political context involved in relation to setting minimum rates for nicotine pouches, the Presidency concluded that this key outstanding issue would need to be resolved at the ECOFIN Council.

III. KEY ISSUE

9. The Presidency considers that the proposed compromise package provides a balanced basis for reaching agreement, however it is recognised that the minimum rates for nicotine pouches (Article 22, paragraph 5 of the TTD) will have to be resolved by ministers at the ECOFIN Council. With a view to ensuring that all Member States have the capacity to accept the level of minimum tax rates on nicotine pouch rates, whilst also acknowledging the political and cultural sensitivities involved, the Presidency compromise sets the minimum excise duty for nicotine pouches at 10% of the retail selling price or EUR 30 per kilogram from 1 January 2028, with a gradual step increase to 25% or EUR 40 per kilogram from 1 January 2030 until 31 December 2031. The final gradual step increase sets the minimum excise duty at 50% of the retail selling price or EUR 50 per kilogram from 1 January 2032.

IV. CONCLUSION

10. The Council is invited to resolve the outstanding issue and reach a general approach on the basis of the texts of the draft Council Directive on the structure and rates of excise duty applied to raw tobacco, manufactured tobacco and tobacco related products and the draft Council Directive amending Directive (EU) 2020/262 on the general arrangements for excise duty, set out in ST 15388/26 and 15393/26, and decide to invite the European Parliament to give its opinions on that texts.

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