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Deutsche Sozialversicherung
Europavertretung | DSV

Opinion from German Social Insurance issued 31 October 2025

Revision of Council Directive 2011/64/EU on the structure
and rates of excise duty applied to manufactured tobacco
and tobacco related products ("Tobacco Taxation Directive")
and Council Directive 2020/262/EU on the general
arrangements for excise duty

I. Preliminary remark

On 16 July 2025 the European Commission presented a legislative package to revise Directive 2011/64/EU (“Tobacco Taxation Directive”) and Directive 2020/262/EU (“Council Directive on general arrangements for excise duty”). The proposal aims to update existing rules on the taxation of tobacco and tobacco-related products and to align them with current market and consumption trends.

The Tobacco Taxation Directive establishes harmonised minimum excise duty rates for manufactured tobacco products, while allowing Member States to apply higher national rates. The revision seeks, in particular, to extend the scope to novel tobacco and nicotine products – such as electronic cigarettes and heated tobacco – and to close existing regulatory gaps.

The German Social Insurance (DSV) expressly welcomes this initiative. Tobacco use remains the leading cause of preventable disease and premature death in the European Union. According to the World Health Organization (WHO), more than 1.2 million people die every year in the WHO European Region from tobacco-related diseases. Fiscal measures have proven to be among the most effective instruments for reducing tobacco consumption: a 10 percent price increase leads to roughly a 4 percent decline in consumption in high-income countries – even more among adolescents. Empirical evidence further shows that lower-income groups benefit disproportionately from the associated health gains.

The inclusion of novel tobacco and nicotine products is therefore overdue and highly positive, particularly to protect beginners and young people. The DSV welcomes that the Commission proposal would close a regulatory loophole and thus strengthen public health and youth protection. WHO data show that use of e-cigarettes among adolescents in Europe has risen markedly and now exceeds traditional cigarette smoking. The nicotine content of e-cigarettes is often higher than that of conventional products: typically 3–36 mg/ml, and a single pod, a small pre-filled cartridge, may contain as much nicotine as a pack of 20 cigarettes.



II. Opinion

Positive aspects include in particular:

- **Increase of minimum excise duty rates:** This is an important step towards reducing price differentials between Member States and increasing the effectiveness of taxation as a preventive instrument. It strengthens the steering effect for public health.
- **Inclusion of novel tobacco and nicotine products:** This closes an existing regulatory gap. E-cigarettes and heated tobacco products must not serve as low-cost entry products for young people. An EU-wide minimum taxation enhances the coherence of regulation and prevents distortions of competition.
- **Enhanced control of raw tobacco:** This is necessary to curb illegal production and distribution channels. Better traceability and inclusion in existing control systems are key steps to combat tax fraud effectively.

At the same time, the DSV sees room for improvement, both within the Directive and beyond:

- **Indexation of minimum excise duties:** According to the Commission proposal, the minimum rates should only be reviewed and adjusted every three years. From the DSV's perspective, this is insufficient. Given dynamic price and income developments, annual adjustments are required to ensure the lasting effectiveness of tax policy. In addition, the adjustment formula should take a significantly higher share of purchasing power developments (Purchasing Power Parities – PPP) into account. Only in this way can it be ensured that tobacco products do not become relatively more affordable, that the fiscal steering effect is maintained, and that cross-border purchases are effectively prevented.
- **Advertising and marketing ban for novel products:** E-cigarettes and nicotine pouches are deliberately marketed to young people via social media and lifestyle campaigns. An EU-wide ban on advertising and promotion, analogous to that for traditional tobacco products, is necessary to effectively prevent initiation.
- **Comprehensive flavour ban:** Flavours such as fruit or confectionery are among the main reasons for the attractiveness of novel products to young people. An EU-wide ban on flavoured tobacco and nicotine products is therefore required to reduce the susceptibility of beginners.



- **Standardised packaging and neutral presentation:** Plain packaging without logos and eye-catching designs has proven to be an effective means of reducing consumption – particularly among young people – and of neutralising the advertising value of packaging. Neutral packaging should therefore also be made mandatory for e-cigarettes and refill containers.

About us

The German Federal Pension Insurance (DRV Bund), the German Social Accident Insurance (DGUV), the National Association of Statutory Health Insurance Funds (GKV-Spitzenverband), the national associations for statutory health and long-term care insurance funds at the federal level and the Social Insurance for Agriculture, Forestry and Horticulture (SVLFG) have joined forces to form the "German Social Insurance - Working Group Europe" (Deutsche Sozialversicherung Arbeitsgemeinschaft Europa e. V.) with a view to their common European policy interests. The association represents the interests of its members vis-à-vis the bodies of the European Union (EU) as well as other European institutions and advises the relevant stakeholders in the context of current legislative projects and initiatives. As part of the statutory insurance system in Germany, health and long-term care insurance with 75 million insured persons, pension insurance with 57 million insured persons and accident insurance with more than 70 million insured persons in 5.2 million member companies offer effective protection against the consequences of major risks of life.