



Position Paper of the German Medical Association

on the proposal for a Council Directive on the structure and rates of excise duty applied to manufactured tobacco and tobacco related products (recast) from 16.07.2025

(COM[2025]580)

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Evaluation of the Proposal

The proposal COM(2025)580, published on 16.07.2025 by the European Commission, for a Council Directive on the structure and rates of excise duty applied to manufactured tobacco and tobacco related products (recast) (hereinafter “the Proposal”) aims to revise the taxation of tobacco and tobacco-related products in order to ensure the functioning of the EU internal market and a high standard of health.

The Proposal envisions increasing the existing minimum excise duty rates for tobacco products. New categories of tobacco, nicotine and tobacco-related products will also be incorporated, which will also be subject to minimum tax rates. In addition, the scope of the Proposal is to be extended to include raw tobacco.

The revision of the Directive is part of the measures introduced in “Europe’s Beating Cancer Plan” for the prevention of cancer, which emphasises the key role of taxation in reducing tobacco consumption and deterring vulnerable groups, including young people, from smoking.

The devastating consequences of tobacco consumption for health and for healthcare systems are well known. Tobacco consumption is the most preventable risk factor for cancer and cardiovascular and pulmonary diseases. Nevertheless, according to the German Federal Statistical Office, at the EU level, 24% of people aged 15 and over smoked in 2023, while in Germany the figure was 18.9% in 2021. Tobacco taxation is recognised as an important and effective tool for tobacco prevention. Regular increases in tobacco taxes, which lead to price increases, reduce tobacco consumption and contribute to improving public health. In particular, they protect young people from taking up smoking and encourage non-smoking.

In light of this, the German Medical Association (GMA) fully supports the proposal to revise the Tobacco Taxation Directive. The GMA also encourages the European Commission to swiftly revise the Tobacco Advertising and Tobacco Products Directives. The latter must include an EU-wide ban on flavoured e-cigarettes. A similar ban already exists for heated tobacco. Flavours increase the appeal of e-cigarettes and encourage adolescents to start using them. Given the growing number of adolescents and young adults using e-cigarettes, prevention policies must aim to prevent nicotine addiction caused by e-cigarettes.

The GMA would like to make its position clear on certain elements of the Proposal COM(2025)580:

Increase in excise duty on cigarettes (Art. 13 et seq.):

The Proposal provides for an increase in the share of tobacco tax in the retail selling price from the current 60 percent to 63 percent; in addition, the tobacco tax per cigarette is to be increased from the current 9 cents to 21.5 cents. The higher value of the two shall determine the taxation of a pack.

The European Commission estimates an average price increase of one to two euros per pack of cigarettes in the EU.

The proposed increase would likely have an even smaller impact in Germany. This, however, is difficult to quantify, as the tax level will also depend on the Commission’s proposed adjustment to the price level in each Member State. It is likely that prices will increase by approximately 18 cents to 42 cents per pack of 20 cigarettes, depending on the retail selling price.

Such a moderate increase would not be enough to send a clear price signal to consumers. A tangible increase in prices is needed.

- To achieve this, the GMA calls on European legislators to significantly raise the minimum tax on cigarettes proposed in Art. 16 to a level that will noticeably affect the price in most Member States.

Increase in excise duty for other tobacco products (Art. 19):

The reform of the EU Tobacco Taxation Directive aims for a uniform taxation on tobacco products, in order to minimise deviations. While the Proposal does provide for a relatively larger tax increase for cigars, cigarillos, and fine-cut tobacco, the taxation is far from uniform with that of cigarettes. There are no compelling reasons why one product should be given preferential treatment over another.

- The GMA proposes that the taxation of cigars, cigarillos, fine-cut tobacco, water pipe tobacco and heated tobacco should be aligned with that of cigarettes.

Introduction of a minimum excise duty for novel products (Art. 19, 21 et. seq.):

The Proposal provides for novel products such as liquids for e-cigarettes (hereinafter referred to as e-liquids), nicotine pouches, and heated tobacco to be included in the scope of the Directive in the future. Among other things, new EU minimum tax rates for such products will be defined.

E-Liquids:

The regulation of e-cigarettes is specifically aimed at protecting adolescents, as e-cigarettes are often the gateway product leading to nicotine addiction and, in many cases, the subsequent consumption of tobacco. E-cigarette consumers are three times more likely than abstinent adolescents and young adults to later switch to tobacco cigarettes. As adolescents are particularly sensitive to prices, the taxation of e-liquids represents a useful preventative measure. For this reason, the GMA expressly supports the inclusion of e-liquids in the Proposal.

The minimum EU tax level should be set high enough to noticeably raise the current retail selling price of e-liquids. However, this would not be the case for a significant proportion of e-liquids in Germany under the rates proposed by the Commission, namely for all e-liquids with a nicotine concentration of up to 15 mg/ml, to which the proposed lower tax level of 12 cents/ml or 20% of the retail selling price would apply. Even for higher-concentration e-liquids, the price increase would be moderate.

Determining the minimum tax level based on nicotine concentration is, in the view of the GMA, not suitable. On the one hand, a uniform tax per millilitre of liquids is more feasible and already applied in the majority of Member States. On the other hand, nicotine absorption depends not only on the concentration of the liquid, but also on the technical properties of the e-cigarette. Finally, efforts should focus on discouraging users from switching to less potent products.

- The GMA calls for a uniform minimum tax on e-liquids regardless of nicotine content. This should exceed the level proposed by the Commission for higher concentrations, i.e. above 36 cents/ml or 40% of the retail selling price.

Nicotine pouches, heated tobacco, and other tobacco and nicotine products:

The inclusion of heated tobacco, other tobacco products, nicotine pouches, and other nicotine products in the Proposal is welcomed for the same reasons as the inclusion of e-liquids.

It is essential, however, that Member States retain the option of prohibiting the sale of nicotine pouches within their territory. As the possibility of banning the sale of these products within a state cannot prevent them from being sold across borders online, further measures to reduce consumption are necessary. High prices resulting from minimum EU-level excise duties would constitute an additional barrier to consumption.

- The following consideration should be added

“The inclusion of nicotine pouches in this Directive does not prevent Member States from prohibiting the sale of nicotine pouches within their territory, including cross-border online sales to or from their territory.”

Introduction of a dynamic mechanism to adjust to price developments and national price levels (Art. 12):

The GMA strongly supports the regular adjustment of minimum excise duty rates in line with price developments, thereby eliminating the need for EU legislators to intervene in the case of subsequent increases.

The adjustment to national price levels must be viewed critically from a prevention perspective, however. Price differences encourage consumers to make cross-border purchases, thereby undermining the effectiveness of consistent prevention policies in those Member States that tax tobacco and nicotine products much more heavily than required by the EU Proposal.