The European experience of ethyl alcohol production’s and circulation’s fiscal regulation

**Background.** Ethyl alcohol is the classic excise taxation’s object due to the steady demand of a specific structure for it. However, this alcohol’s inherent purpose, regarding its derivatives, may be the basis for the special tax regimes’ application, in particular, the exemption from the excise taxation. In order to prevent the tax base’s erosion, in particular, in the case of the denatured ethanol circulation as a portable alcohol, some legislative restrictions should be imposed. The above problem is extremely essential for emerging market economies.

The **aim** of this paper is to systematize the statements on fiscal and technical regulation of the alcohol’s production and circulation, considering the exemptions in the European Union in the context of the domestic fiscal policy’s functional adaptability strengthening, tacking the international standards into account.

**Materials and methods.** Theoretical and methodological bases of this study are represented by the scientific works, addressing the problem in question, of the domestic and foreign scientists. The dialectical, systemic and structural approaches, the methods of analysis, synthesis, comparison, generalization, and scientific abstraction were applied.

**Results.** The conditions for the economic agents’ tax exemption in the EU member-states considering the ethyl alcohol to prevent their misapplication and the tax base’s erosion, in particular, in the case of selling the denatured alcohol as a portable one, was identified. The analysis of the EU fiscal space was carried out. Taking the economy’s sectoral structure peculiarities into account, the special requirements to the partially denatured alcohol were characterized. Both the technical and fiscal institutional regulation features of the European Commission regarding the ethyl alcohol market were determined. The EU has a specific control system ensuring the excisable goods’ movement; the practical experience indicates the effectiveness of the practice mentioned above. The main tax risks associated with the partially denatured alcohol use have been assessed.

**Conclusions.** In the EU countries, the non-portable ethyl alcohol may be exempted from the taxation. The procedures of ‘completely’ and ‘partially’ denatured alcohol, taking the national standards into account, are hugely dependent on the national legislation’s features. Even though the EU already has some unified statements on the denatured alcohol circulation, there are some crucial “bottlenecks” deteriorating the overall effect. The comprehensive study of the European excise taxation has been conducted, the possible solutions for the domestic fiscal space’s improvement have been proposed.