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## The Share of Excise Taxes on Consumption Expenditure of Consumers in the European Union

Jarmila Rybová<sup>a\*</sup>

<sup>a</sup>University of Economics, Prague; Department of Public Finance, W. Churchill Sq. 4, Prague 130 67, Czech Republic

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### Abstract

This paper aims to determine the situation of these taxes and duties in the twenty-seven Member States in the period 2000-2012 through economic indicators published by Eurostat. The data source is Eurostat economic indicators, a methodological framework to form the European System of Accounts ESA 95. Annual data applied in the article is observed for the period 2000 - 2012. Data is processed by a multivariate data processing technique, specifically cluster analysis. The subject of research is the differences between the twenty-seven European Union countries (excluding Croatia). Monitored indicators are a concern to the economic performance of countries, price levels and excise duties and consumption taxes. It is evident that the NMS-12 countries are approaching the EU-15 countries very slowly. Revenues from excise duties and consumption taxes in the NMS-12 countries are at a lower level, as well as their economic performance.

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\* Corresponding author.

E-mail address: [jmlk@seznam.cz](mailto:jmlk@seznam.cz)

## 1. Introduction

Excise duties and consumption taxes are harmonized in the European Union. This harmonization takes place in the area of tax administration and minimal tax rates. This paper aims to determine the situation of these taxes and duties in the twenty-seven Member States in the period 2000-2012 through economic indicators published by Eurostat.

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Data is processed by cluster analysis. It belongs to the multivariate data processing techniques. The advantage of the method is its simplicity, visual graphic output of the results obtained and the possibility of using statistical software, which generally allows this method in the context menu analysis of multidimensional data. Before the application of the method it is necessary to pay attention to determining the initial hypotheses, to avoid inaccurate interpretation of results. Disadvantages of cluster analysis can be seen in its susceptibility to falsifying, if present in the data objects considerably deviate from others. These are called "Remote" objects containing significantly different figures of one of the selected characters. These may be incorrect or a significantly different object. The set of data must be checked, tested using the selected method of cluster analysis, considering the standardization of data or remote objects completely removed.

## 2. Literature

These resources are focused on the excise duty in the European Union and the application of cluster analysis in economic issues.

(Cnossen, 2005, p. 595-606) states about European markets and excise duty on tobacco harmonization: "In markets with predominantly ad valorem structures, consumers became used to low-cost and low-quality European tobaccos, while smokers whose habits had been formed under specific taxation preferred longer cigarettes manufactured from American tobacco. Local industries developed to meet those preferences. That is why, once trade liberalization and tax harmonization became an issue in the European Union, some countries lobbied for ad valorem-based structures and others for specific systems. And yet, it is not apparent that there are substantial benefits from harmonization (and, in particular, from harmonization of structure rather than broad level). In that context, the danger is that harmonization is used, not as a means of achieving a single optimal European tax system, or even as a means of finding a set of common European values, but as a mechanism by which the producers of one state can seek to advance their competitive positions at the expense of others.

Cluster analysis can be used in the examination of taxes from different perspectives. It can be used both for exploring the similarities and differences of comprehensive tax systems in selected countries and groups to examine the selected type of taxes or duties. The various types of taxes can be compared within one country and between selected countries. Analysis of objects can be both individual taxes, groups and states or businesses.

(Čimborová, 2007) through a hierarchical clustering method identified differences in tax mix in 21 selected OECD countries in the years 1965-2003. The aim was to analyze the impact of globalization on their development. Cluster analysis is based on two initial hypotheses, both were confirmed. The cluster analysis was complemented by discriminate analysis. The results of the analysis of tax structures shows a decrease in the share of income taxes in connection with the growth of the share of social security contributions and taxes on consumption. Certain national differences and customs in the examined tax systems still persist. This is due to the deep historical, political, social and economic characteristics of the state.

(Serrano, 1994) explores one type of tax, namely personal income tax in the EU-12, which is characterized by several features. The results are achieved by using two clustering processes applied repeatedly on selected EU countries. The three clusters were created during the first clustering process. The clusters that contained more than one state were re-analyzed. Every cluster was in individually analyzed a second time.

## 3. Methodology

The concept of excise duties can be understood through consumption taxes. These are specific taxes on the consumption of selected products, i.e. alcoholic beverages, tobacco products and fuel and oil for use in transport in

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