

Denatured ethanol

Providing guidance on the qualification of ethanol as denatured from a customs and excise perspective.

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Introduction

Ethanol/Gasoline Blending – Customs Classification versus Excise Denaturing

When ethanol is blended with gasoline, it is important to distinguish between the concept of **denaturing for customs classification purposes** and **complete denaturing for excise purposes**. Although the terminology is similar, the two concepts serve different legal purposes and should not automatically be treated as equivalent.

Customs classification

For customs purposes, the starting point is the **product as it exists at the point of customs classification**. The composition and characteristics of the resulting product determine the applicable CN classification.

Additional Note 12 to Chapter 22 of the Combined Nomenclature provides specific rules for mixtures of ethyl alcohol used as raw material for the production of motor fuels. Where the alcoholic strength is **50% vol or higher**, the mixture can fall under CN subheading **2207 20 - denatured ethyl alcohol**, provided the relevant conditions are met. The note expressly recognises **automotive petrol conforming to EN 228** as one of the substances that may be used for denaturing.

This provision was introduced by Commission Implementing Regulation (EU) No 626/2014.

A specific example is provided by Commission Implementing Regulation (EU) 2017/2157, which classifies a mixture consisting of **70% ethanol and 30% gasoline** under CN **2207 20 00**. The Commission considered that the gasoline renders the ethanol unfit for human consumption while the product remains suitable for industrial use.

This demonstrates that, from a customs perspective, gasoline can function as a **customs-recognised denaturant**. The assessment is based on the resulting product and the specific CN provisions applicable to it.

The 50% threshold should not, however, be interpreted as meaning that a product containing less than 50% ethanol is no longer “ethanol” in a general sense. Rather, it determines whether the specific Chapter 22 provision for ethanol mixtures under CN 2207 20 can apply. If the mixture falls outside that provision, its classification must be determined under the other applicable CN headings. A finished gasoline/motor-spirit blend may, depending on its composition and characteristics, fall under heading 2710.

Excise denaturing

The concept of **complete denaturing** under the excise legislation has a different purpose.

Article 27 of Council Directive 92/83/EEC provides an exemption from alcohol excise duty for alcohol that has been completely denatured in accordance with the applicable requirements.

Commission Regulation (EC) No 3199/93 concerns the mutual recognition of procedures for the **complete denaturing of alcohol for the purposes of exemption from excise duty**. It establishes the denaturing procedures and substances notified by the Member States.

The purpose of the excise denaturing requirement is therefore not primarily to determine the customs identity or classification of the resulting product. Rather, it establishes whether the alcohol has been **legally completely denatured** such that it qualifies for the applicable excise exemption. The prescribed denaturing procedure is intended to make the alcohol unsuitable for human consumption and to prevent the denaturing from being readily reversed for the purpose of recovering alcohol suitable for consumption.

Key distinctions Customs vs Excise

	Customs	Excise
Primary question	What is the product for customs classification?	Does the alcohol qualify as completely denatured for the excise exemption?
Relevant assessment	Product composition and characteristics as presented	Compliance with the legally prescribed denaturing procedure
Gasoline	Automotive petrol is expressly recognised as a possible denaturant under the relevant CN provision	A gasoline mixture does not automatically constitute “completely denatured alcohol” for excise purposes
Specific denaturant formula	Not necessarily the excise denaturing formula	Prescribed denaturants/procedures apply
Main purpose	Correct tariff classification	Establish eligibility for the excise exemption and prevent recovery/use of the alcohol for consumption
Example	70% ethanol + 30% EN 228 gasoline → CN 2207 20 00	Separate assessment required to establish whether the alcohol is completely denatured under the excise rules

Practical guidance for blending operations

For an ethanol/gasoline blending operation, the two assessments should therefore be performed separately.

Customs assessment:

Determine the composition of the product after blending and apply the relevant CN classification rules. Where the mixture meets the conditions of Additional Note 12 to Chapter 22, gasoline may constitute the denaturant for classification under CN 2207 20.

Excise assessment:

Separately determine whether the alcohol has undergone a denaturing procedure recognised under the excise legislation and whether the conditions for the excise exemption are met.

Consequently, the fact that a mixture is considered **denatured ethanol for customs purposes does not, by itself, establish that it is completely denatured alcohol for excise purposes**. Conversely, compliance with an excise denaturing procedure should not be used as the sole basis for determining the customs classification.

Blend	Customs treatment
100% ethanol	Ethanol; potentially 2207 10/20 depending on denaturation
70% ethanol + 30% gasoline	2207 20 00 - denatured ethyl alcohol
50% ethanol + 50% gasoline	Still within 2207 20 00
40% ethanol + 60% gasoline	No longer covered by the specific 2207 mixture rule
E10: ~10% ethanol + 90% gasoline	Normally a 2710 motor-spirit/gasoline product , not an ethanol product
E5: ~5% ethanol + 95% gasoline	2710 motor-spirit/gasoline product

The basis is **Additional Note 12 to Chapter 22 of the CN**, introduced by Commission Implementing Regulation (EU) No 626/2014. The wording is quite specific:

“Subheading 2207 20 covers mixtures of ethyl alcohol used as raw material to produce fuels for motor vehicles of an alcoholic strength by volume of **50% or higher** and denatured with one or more of [the listed substances].”

Automotive petrol conforming to EN 228 is expressly one of those substances.

Where an ethanol/gasoline mixture is intended for use as a raw material for motor fuel and gasoline is used as the denaturant, Additional Note 12 to Chapter 22 provides for classification under CN 2207 20 where the mixture has an alcoholic strength of 50% vol or higher. A mixture below 50% vol falls outside this specific provision. This does not, by itself, determine the alternative classification; the resulting product must then be assessed under the other applicable CN provisions.

The relevant legal sources are:

- Commission Implementing Regulation (EU) No 626/2014 – customs classification and Additional Note 12 to Chapter 22.
- Commission Implementing Regulation (EU) 2017/2157 – classification of 70% ethanol/30% gasoline under CN 2207 20 00.
- Council Directive 92/83/EEC, Article 27 – excise exemption for completely denatured alcohol.
- Commission Regulation (EC) No 3199/93 – recognised procedures for complete denaturing of alcohol for excise purposes.