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If a whole or part of a paragraph has been amended, the date of the amending regulation appears in square brackets at the end of the paragraph. If a whole paragraph or sub-paragraph has been deleted, the date of the deletion appears in square brackets beside the deleted paragraph or sub-paragraph.

Republic of Latvia

Cabinet

Regulation No 173

Adopted 25 March 2004

## **Procedures by which Individual Tobacco Products are Exempted from Excise Duty**

*Issued pursuant to  
Section 17  
of the Law On Excise Duties*

1. These Regulations prescribe the procedures by which denatured tobacco products, tobacco products that are destroyed and tobacco products that are used for the determination of the quality of tobacco products are exempted from excise duty (hereinafter – duty). These Regulations do not apply to confiscated tobacco products.

*[19 July 2005]*

2. Denatured tobacco products shall be considered products that conform to one of the following conditions:

2.1. such tobacco products are ground in very tiny particles (dust), which irreversibly denies the possibility to use such products for the manufacturing of other tobacco products or for consumption; or

2.2. chemical substances have been added thereto, which irreversibly denies the possibility to use such products for the manufacturing of other tobacco products or for consumption.

3. The denaturing of tobacco products in a tax warehouse shall be permitted only for such tax warehouse keeper who is permitted to perform operations with tobacco products. The warehouse keeper shall notify the State Revenue Service in writing regarding the time and place of denaturing not later than within a time period of two working days before the denaturing of the tobacco products. The tobacco products shall be denatured, as well as a sample of denatured tobacco products necessary for a conformity assessment shall be taken in the presence of an authorised official of the State Revenue Service.

4. The importing of denatured tobacco products from Member States of the European Union and states that are not Member States of the European Union shall be permitted if such tobacco products are moved to a tax warehouse wherein the performing of the denaturing of tobacco products is permitted. A warehouse keeper shall be liable for further operations with the denatured tobacco products.

5. Tobacco products (also such tobacco products that are imported from states that are not Member States of the European Union) shall be considered denatured if such products conform to the requirements of these Regulations and are supplied in accordance with the procedures specified by these Regulations. If tobacco products (also such tobacco products that are imported from states that are not Member States of the European Union) do not conform to the requirements of these Regulations or are not supplied in accordance with the procedures specified by these Regulations, excise duty shall be applied thereto in accordance with the Law On Excise Duty. In such case, a tax warehousekeeper shall be liable for the payment of excise duty.

6. The supply of denatured tobacco products shall be permitted only to such merchants, farms and other undertakings that use denatured tobacco products in the production of soil improvement products, plant protection products and similar horticultural products and who have received an appropriate certification of the Ministry of Agriculture.

7. A tax warehouse keeper shall not pay duty for denatured tobacco products if such warehouse keeper submits the following documents to the State Revenue Service prior to the delivery of the denatured tobacco products:

7.1. a written submission wherein the following is indicated:

7.1.1 the firm name, taxpayer registration code, legal address and postal code of the submitter;

7.1.2. information regarding the amount of denatured tobacco products;

7.1.3. persons to whom the denatured tobacco products will be supplied; and

7.1.4. the responsible official (the signature of the responsible official is also required);

7.2. a written declaration that the person to whom the denatured tobacco products will be delivered will use the relevant denatured tobacco products only in accordance with Paragraph 6 of these Regulations;

7.3. the certification of the Ministry of Agriculture referred to in Paragraph 6 of these Regulations that has been issued to the person to whom the denatured tobacco products will be supplied (an approved copy shall be submitted); and

7.4. a document (and a translation thereof in the official language if the referred to document has been issued in another Member State of the European Union) that has been issued by an accredited conformity assessment institution notified in the newspaper *Latvijas Vēstnesis* [the official Gazette of the Government of Latvia] or a competent authority of a European Union Member State included in the list of the European Commission, and which certifies that the tobacco products have been denatured in accordance with Sub-paragraph 2.1 or 2.2 of these Regulations. The referred to document shall indicate the type and amount of the denatured tobacco products.

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8. The State Revenue Service shall examine the documents submitted by a warehouse keeper and shall issue a permit for the supply of denatured tobacco products within a time period of three working days.

9. A taxpayer shall not pay a duty for tobacco products that are used for the determination of the quality of tobacco products and which are imported into the Republic of Latvia for release for free circulation from a state that is not a Member State of the European Union, which are imported from another Member State of the European Union, exported from a tax warehouse, if such taxpayer submits the following documents to an office of the State Revenue Service in addition to a tax declaration:

9.1. a written submission wherein the following shall be indicated:

9.1.1. the firm name, taxpayer registration code, legal address and postal code of the submitter;

9.1.2. information regarding the type and amount of tobacco products used for the determination of the quality of tobacco products; and

9.1.3. the responsible official (the signature of the responsible official is also required); and

9.2. a document (and a translation thereof in the official language if the referred to document has been issued in another Member State of the European Union) that has been issued by an accredited conformity assessment institution notified in the newspaper *Latvijas Vēstnesis* or a competent authority of a European Union Member State included in the list of the European Commission that has determined the quality of the tobacco products. The type and amount of the tobacco products used for the determination of the quality of tobacco products shall be indicated in the referred to document, as well as information regarding excise tax stamps (series, number interval, for cigarettes – also the maximum retail price and the number of cigarettes in a pack), if the tobacco products are labelled with excise tax stamps in accordance with the Law On Excise Duty.

[19 July 2005]

9.<sup>1</sup> In order to exempt tobacco products to be destroyed from the duty in accordance with Section 17, Paragraph one of the Law On Excise Duties, a tax warehouse keeper shall destroy the tobacco products (without excise tax stamps) by incinerating the tobacco products in pulverised fuel burners or in boiler houses wherein solid fuel is used as fuel and which are equipped with waste gas solid particle abatement equipment.

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9.<sup>2</sup> In the case referred to in Paragraph 9.<sup>1</sup> of these Regulations, a tax warehouse keeper shall co-ordinate the time and place of the destruction of tobacco products with a regional environmental board of the State Revenue Service and the relevant local government.

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9.<sup>3</sup> A tax warehouse keeper shall destroy tobacco products in the presence of an authorised official of the State Revenue Service.

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9.<sup>4</sup> A tax warehouse keeper shall inform the State Revenue Service in writing regarding the time and place of the destruction of tobacco products at least five working days before the destruction of the tobacco products.

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9.<sup>5</sup> A tobacco products destruction deed shall be drawn up regarding the destruction of tobacco products. If the destroyed tobacco products are not cigarettes, the deed shall indicate the type, name and total amount of the destroyed tobacco products. If the destroyed tobacco

products are cigarettes, the name thereof, number in a pack, maximum retail price and the total amount (in pieces) shall be indicated. A tobacco products destruction deed shall be signed by a representative of a tax warehousekeeper and an authorised official of the State Revenue Service.

*[19 July 2005]*

9.<sup>6</sup> A tobacco products destruction deed shall certify the rights of a tax warehouse keeper to use an exemption from excise duty.

*[19 July 2005]*

10. These Regulations shall come into force on 1 May 2004.

### **Informative Reference to European Union Directives**

*[19 July 2005]*

These Regulations contain legal norms arising from the Council Directive 95/59/EC of 27 November 1995 on taxes other than turnover taxes, which affect the consumption of manufactured tobacco.

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