
Valsts valodas centra tulkojums

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18 March 2004;
29 April 2004;
20 December 2004;
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If a whole or part of a section has been amended, the date of the amending law appears in square brackets at the end of the section. If a whole section, paragraph or clause has been deleted, the date of the deletion appears in square brackets beside the deleted section, paragraph or clause.

The *Saeima*¹ has adopted
and the President has proclaimed the following Law:

On Excise Duties

Chapter I General Provisions

Section 1. Terms Used in this Law

(1) Terms used in this Law correspond to the terms used in the Law on Taxes and Fees, unless specified otherwise by this Law.

(2) The following terms are also used in this Law:

1) **excisable goods** – alcoholic beverages, tobacco products, mineral oils, non-alcoholic

beverages and coffee;

2) **excise duty stamp** — an alcoholic beverage or tobacco product excise duty stamp which is attached to the packaging of alcoholic beverages (a bottle or other packaging) or the packaging of tobacco products (a packet or other packaging), which stamp certifies that the labelled alcoholic beverages or tobacco products are of legal origin and that these products are under State control in conformity with the specified rules for payment of excise duty;

2¹) **damaged excise duty stamp** – an excise duty stamp, which has become unusable in the production, treatment, processing, packing or marking process of alcoholic beverages and tobacco products;

2²) **invalid excise duty stamp** – an excise duty stamp, in which in the production process thereof defects have appeared and therefore it may not be used for the marking of alcoholic beverages and tobacco products;

2³) **unused excise duty stamp** – an excise duty stamp, which the payer of duty has received, but has not attached to a packaging unit of an alcoholic beverage or tobacco product;

3) **duty suspension arrangement** — deferment of excise duty payment in relation to producing, processing, storing and transporting of excisable goods;

4) **Member State** — any European Union Member State;

5) **maximum retail selling price** — the price of cigarettes (including all taxes) which is indicated on the excise duty stamp and which is determined for particular cigarettes by an importer, an approved trader, a non-approved trader, a warehousekeeper in the Republic of Latvia or a representative of the duty payer appointed by a warehousekeeper of another Member State or a distance seller upon ordering of excise duty stamps for these cigarettes;

6) **most popular retail selling price** — the maximum retail selling price for cigarettes most frequently determined by importers, approved traders, non-approved traders, warehousekeepers in the Republic of Latvia or representative of the duty payer appointed by warehousekeepers in another Member State or by traders consignors over a specified time period;

7) **tax warehouse** — a place where a warehousekeeper produces, processes, stores, imports, receives, dispatches or performs other activities with excisable goods, applying duty suspension arrangement;

8) **importer** — a person importing excisable goods into the Republic of Latvia to release for free circulation from a foreign state other than a Member State, from territories referred to in Section 2, Paragraph 3¹ of this Law or from the Åland Islands or the Channel Islands;

9) **warehousekeeper** — a person having the right to keep a tax warehouse in the ownership or possession thereof;

10) **approved trader** — a person who does not have the status of a warehousekeeper and who has the right to receive excisable goods from another Member State, applying duty suspension arrangement thereto;

11) **non-registered trader** — a person who does not have the status of a warehousekeeper and who has the right to perform one specific operation — single receipt of specific excisable goods from another Member State, applying duty suspension arrangement thereto;

12) **distance seller** — a person who dispatches excisable goods from one Member State to another Member State to a person who does not have the status of a warehousekeeper, approved

trader or non-registered trader;

13) **tax representative** — a person who has the right to pay excise duty for excisable goods, which are supplied by the warehousekeeper or distance seller from one Member State to a person of another Member State who does not have the status of a warehousekeeper;

14) **security** — excise duty security by which the submitter thereof undertakes to pay excise duty for excise goods in accordance with this Law if the appropriate person fails to fulfil the requirements prescribed by the Law; and

15) **independent small brewery** – a brewery, which is legally and economically independent of other breweries and utilises premises, which are located separately from other brewery premises, and the produced volume of beer of which does not exceed 50 thousand hectolitres annually.

[20 December 2004; 14 April 2005; 19 December 2006; 14 November 2008]

Section 2. Scope of Application of this Law

(1) This Law prescribes the procedures by which excise duty (hereinafter – duty) shall be imposed on excisable goods and it applies to excisable goods with which are performed activities specified by law in the Republic of Latvia.

(2) Section 8, Paragraph five; Section 25, Paragraphs three, four, five, six, seven and eight; Section 26, Paragraphs three, four and five; Sections 31 and 32 of this Law shall not apply to non-alcoholic beverages and coffee.

(2¹) The provisions of this Law (including regarding the payment of duty, submission of documents and others) shall not apply to the storage, movement and destruction of such excisable goods, which are real evidence or attached property in a criminal proceeding, removed property in an administrative violation matter or property falling within the jurisdiction of the State.

(3) The provisions of this Law regarding moving of excisable goods from other Member States or to other Member States shall also be applied to the following territories:

1) the Principality of Monaco (transactions with this territory shall be deemed to be transactions, which have been commenced in the French Republic or are intended for it);

2) Jungholz and Mittelberg (Kleines Walsertal) (transactions with this territory shall be deemed to be transactions, which have been commenced in the Federal Republic of Germany or are intended for it);

3) the Isle of Man (transactions with this territory shall be deemed to be transactions, which have been commenced in the United Kingdom of Great Britain and Northern Ireland or are intended for it); and

4) San Marino (transactions with this territory shall be deemed to be transactions, which have been commenced in Italian Republic or are intended for it).

(3¹) The provisions of this Law regarding moving of excisable goods from other Member States or to other Member States shall not be applied to the following territories:

1) Federal Republic of Germany – to the Island of Heligoland and the territory of Buesingen;

2) Italian Republic – to Livigno, Campione d'Italia and the Italian territorial waters of Lake Lugano;

3) Kingdom of Spain – to Ceuta, Melilla and the Canary Islands; and

4) French Republic – to the overseas departments of the French Republic.

(4) Excisable goods shall be subject to duty suspension arrangement if:

1) the European Union customs regime or customs procedure (except for release for free circulation) is applied in respect to the excisable goods;

2) the excisable goods are brought in from the territories or are brought out to the territories referred to in Section 2, Paragraph 3¹ of this Law, brought in from the Åland Islands or the Channel Islands or brought out thereto, by applying a European Union customs procedure (except for release for free circulation); or

3) the excisable goods have been delivered to free zones or free warehouses and are further exported from the Republic of Latvia to foreign states other than Member States.

(5) If the procedures referred to in Paragraph four of this Section are not fulfilled, the responsible person shall pay the duty according to the duty rate provided for by this Law.

(6) A special permit (licence) shall be required for the following specific operations with excisable goods:

1) operations of a warehousekeeper;

2) operations of a registered trader;

3) operations of a tax representative;

4) wholesale trade of alcoholic beverages, tobacco products or mineral oils; and

5) retail trade of alcoholic beverages, tobacco products or mineral oils.

(7) The Cabinet shall specify procedures for circulation of excisable goods, including:

1) procedures for the issue, re-registration, cancellation and use of the licence, as well as the rate of the State fee and the procedures for payment for the issue and re-registration of the special permit (licence);

2) other requirements for the operations of a warehousekeeper, approved trader or tax representative;

3) requirements for the operations of an importer, non-registered trader and distance seller; and

4) other requirements in accordance with this Law.

(8) Disputing or appealing of an unfavourable decision in relation to the re-registration, suspension or cancellation of such licences or certain conditions thereof, permits, attestations, certificates or statements, which are provided for in the regulatory enactments issued on the basis of the law, shall not suspend the operation of such decision.

[18 March 2004; 20 December 2004; 19 December 2006; 12 December 2008]

Chapter II

Taxable Objects

Section 3. Taxable Alcoholic Beverages

(1) The following alcoholic beverages shall be taxable:

- 1) beer;
- 2) wine;
- 3) fermented beverages;
- 4) intermediate products; and
- 5) other alcoholic beverages referred to in Paragraph six of this Section.

(2) Beer is a fermented alcoholic beverage produced from malt and water by adding hops with absolute alcohol content exceeding 0.5 per cent by volume which is classified within Annex 1 to Combined Nomenclature that has been determined in Council Regulation (EEC) No. 2658/87 of 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff (hereinafter — Combined Nomenclature) under the code 2203, as well as beer beverages containing a mixture of beer and non-alcoholic beverages or the components thereof with absolute alcohol content exceeding 0.5 per cent by volume which are classified within the Combined Nomenclature under the code 2206.

(3) The following shall be deemed to be wine:

1) still wine — a product which is classified within the Combined Nomenclature under the codes 2204 and 2205 only if it has been acquired by fermenting natural wine materials, if the actual alcoholic strength in it exceeds 1.2 per cent by volume but does not exceed 18 per cent by volume and the alcohol contained in the finished product is entirely of fermented origin;

2) sparkling wine — a product which is classified within the Combined Nomenclature under the codes 2204 and 2205 only if it has been acquired by fermenting natural wine materials, if the actual alcoholic strength in it exceeds 1.2 per cent by volume but does not exceed 15 per cent by volume and the alcohol contained in the finished product is entirely of fermented origin. The product has an excess pressure in liquid (three bars or more) due to the presence of carbon dioxide and it is filled in bottles with specially fastened mushroom stoppers or in other packaging.

(4) The following shall be deemed to be fermented beverages:

1) still fermented beverages — products (except wine and beer) which are classified within the Combined Nomenclature under the codes 2204, 2205 and 2206 only if the actual alcoholic strength exceeds 1.2 per cent by volume but does not exceed 15 per cent by volume and the alcohol contained in the finished product is entirely of fermented origin; and

2) sparkling fermented beverages — products (except wine and beer) which are classified within the Combined Nomenclature under the codes 2204, 2205 and 2206 only if the actual alcoholic strength exceeds 1.2 per cent by volume but does not exceed 15 per cent by volume and the alcohol contained in the finished product is entirely of fermented origin. The products have an excess pressure in liquid (three bars or more) due to the presence of carbon dioxide and these products are filled in bottles with specially fastened mushroom stoppers or in other packaging.

(5) Intermediate products shall be deemed to be products (except wine and fermented

beverages) which are classified within the Combined Nomenclature under the codes 2204, 2205 and 2206 only if the basic raw material thereof is wine or fermented beverages and the actual alcoholic strength exceeds 1.2 per cent by volume but does not exceed 22 per cent by volume. The alcohol contained in the finished intermediate product need not be entirely of fermented origin if at least 30 per cent of the actual alcoholic strength per cent by volume is of fermented origin.

(6) The following shall be deemed to be other alcoholic beverages:

1) alcohol — a product classified within the Combined Nomenclature under the codes 2207, 2208 90 91 0 and 2208 90 99 0;

2) products classified within the Combined Nomenclature under the code 2208 in which the actual alcoholic strength exceeds 1.2 per cent by volume, except for alcohol;

3) products classified within the Combined Nomenclature under the codes 2204, 2205 and 2206 in which the actual alcoholic strength exceeds 1.2 per cent by volume but which do not meet the conditions specified in Paragraphs three, four and five of this Section; and

4) any other food products in which the actual alcoholic strength exceeds 1.2 per cent by volume, except for those specified in Paragraphs two, three, four and five of this Section and Clauses 1, 2 and 3 of this Paragraph.

[20 December 2004; 14 November 2008]

Section 4. Taxable Tobacco Products

(1) The following tobacco products shall be taxable:

1) cigars and cigarillos;

2) cigarettes;

3) smoking tobacco:

a) fine-cut tobacco intended for the rolling of cigarettes; and

b) other smoking tobacco.

(2) The following tobacco products shall be deemed to be cigars and cigarillos (if they can be smoked as they are):

1) rolls of tobacco made entirely of natural tobacco;

2) rolls of tobacco with an outer wrapper of natural tobacco;

3) rolls of tobacco with a filling of fine-cut mixed tobacco and with an outer wrapper of the normal colour of a cigar, which fully covers the product and, where appropriate, also the filter thereof (but not the mouth-piece, if any) and binder which are both of reconstituted tobacco, if the weight of the product, not including filter or mouth-piece, is not less than 1,2 grams and if the outer wrapper is in spiral form with an acute angle of at least 30° to the longitudinal axis of the product; and

4) tobacco rolls with a filling of fine-cut mixed tobacco and an outer wrapper, of the normal colour of a cigar, of reconstituted tobacco, which fully covers the product and, where appropriate, also the filter thereof (but not the mouth-piece, if any) if the weight of the product, not including filter or mouth-piece, is not less than 2,3 grams and the circumference

of the product over at least one third of the length is not less than 34 millimetres.

(3) The following tobacco products shall be deemed to be cigarettes:

1) rolls of tobacco, which may be smoked as they are and which are not cigars or cigarillos;

2) rolls of tobacco which have not undergone industrial processing and are inserted into cigarette-paper tubes; and

3) rolls of tobacco, which have not undergone industrial processing and are wrapped in cigarette paper.

(4) The following shall be deemed to be smoking tobacco:

1) cut or otherwise split tobacco which has been twisted or pressed into blocks and which may be smoked without further industrial processing; and

2) tobacco refuse, which is not referred to in Paragraphs two and three of this Section and which may be smoked.

(5) Smoking tobacco referred to in Paragraph four of this Section in which at least 25% by weight are cut or otherwise split tobacco leaves or tobacco substitute particles which are narrower than 1 millimetre shall be deemed to be fine-cut tobacco for the rolling of cigarettes.

(6) Products partially consisting of tobacco, but otherwise conforming to the conditions of Paragraph two of this Section shall be deemed to be cigars or cigarillos if they have:

1) an outer wrapper of natural tobacco;

2) an outer wrapper and binder of reconstituted tobacco; or

3) an outer wrapper of reconstituted tobacco.

(7) Products consisting in whole or partially of substances other than tobacco, but otherwise conforming to the conditions of Paragraph three or four of this Section shall be deemed to be cigarettes or smoking tobacco respectively.

(8) Products in the composition of which is not tobacco and which are used only for medicinal purposes, which is certified by the State Agency of Medicines of Latvia, shall not be deemed to be tobacco products.

[19 December 2006; 14 November 2008]

Section 5. Taxable Mineral Oils

(1) Mineral oils, the substitute products and components thereof, as well as other products consisting in whole or partially of hydrocarbons shall be taxable.

(2) Taxable mineral oils, which are classified within the Combined Nomenclature under the codes 27 and 29, other as well as other Combined Nomenclature groups are specified in the Annex to this Law.

(3) Other products (irrespective of the fact in which Combined Nomenclature group these products have been included), which are not referred to in the Annex to this Law if the products referred to are marketed or intended for marketing, are used or are intended for dual use or as fuel, heating fuel or the substitute product or component thereof shall also be taxable.

(3¹) Products shall be used dually, if they are used both as heating fuel and for other purposes

that are not use as fuel or heating fuel. The use of products for chemical reduction, in electrolytic or in metallurgical processes shall be considered as dual use.

(4) Paragraph three of this Section shall not apply to natural gas, biogas, coal, peat or other similar solid products. Paragraph three of this Section shall also not apply to products which are used dually, if they are not referred to in the regulatory enactment issued on the basis of the delegation specified in Paragraph five of this Section.

(5) The products referred to in Paragraph three of this Section, which in accordance with Section 18, Paragraph one, Clause 1 of this Law are supplied and used for other purposes and not for fuel or heating fuel, or are supplied and used dually, in accordance with Section 18, Paragraph one, Clause 6 of this Law, shall be subject to the conditions for movement and control of excisable goods provided for in this Law in the cases specified and according to the procedures specified by the Cabinet.

[20 December 2004; 19 December 2006; 14 November 2008; 12 June 2009]

Section 6. Taxable Non-alcoholic Beverages and Coffee

(1) The taxable object shall be non-alcoholic beverages – water and mineral water with added sugar or other sweetener or flavouring, and other non-alcoholic beverages, except fruit and vegetable juice and nectar, natural water and mineral water, artificial mineral water without added sugar or other sweetener or flavouring.

(2) The taxable object shall be coffee – ground or not ground, roasted or not roasted, with caffeine or decaffeinated, which is classified within the Combined Nomenclature under the code 0901, as well as coffee extracts, essences and concentrates and products based on such extracts, essences or concentrates or on coffee, which is classified within the Combined Nomenclature under the codes 210 111 or 210 112.

Chapter III

Payers of the Duty

Section 7. Types of Payers of the Duty

Payers of the duty shall be:

- 1) an importer;
- 2) a warehousekeepers in cases prescribed by this Law;
- 3) a registered trader, non-registered trader, distance seller or representative of a payer of the duty in the cases prescribed by this Law;
- 4) a person that brings into the Republic of Latvia or receives from another Member State excisable goods which have already been released for free circulation in another Member State; and
- 5) other persons in accordance with this Law.

Section 8. Warehousekeeper

(1) The warehousekeeper may operate with excisable goods in the tax warehouse, applying the duty suspension arrangement.

(2) The warehousekeeper shall keep records, register and be liable for any operations with excisable goods in the tax warehouse.

(3) Excisable goods, which are in the tax warehouse, shall be subject to the duty suspension arrangement. Until the moment when the duty for the excisable goods is paid or the goods are exempted from the payment of duty in accordance with this Law, a security shall be applied.

(4) The following shall be permitted only in the tax warehouse:

1) production, treatment and processing of excisable goods;

2) packing of excisable goods;

3) mixing of mineral oils (including mixing with other substances which are not mineral oils within the meaning of this Law) and any other operations with mineral oils resulting in the change the operating, physical or chemical properties thereof and as a result of which the acquired product is a taxable object, except in the case referred to in Section 18, Paragraph one, Clause 2 of this Law and in cases where in free zones or free warehouses mineral oil products are imported from foreign states, which are not Member States, to which are applied normal processing or customs procedure - inward processing in accordance with regulatory enactments in the field of customs, on the condition that after normal processing or customs procedure - inward processing they shall not be released for free circulation in the Republic of Latvia or they are supplied to aeroplanes and other air traffic means of transport (hereinafter – aircraft) or to ships and other floating structures (hereinafter – ships) in accordance with Section 18 of this Law;

4) storage of excisable goods, applying duty suspension arrangement to the excisable goods, except for the cases referred to in Section 2, Paragraph four of this Law; and

5) other operations not referred to in Clauses 1, 2, 3 and 4 of this Paragraph, applying duty suspension arrangement to the excisable goods, except for the cases referred to in Section 2, Paragraph four of this Law.

(5) In order to establish and hold a tax warehouse, the general security specified in Section 31 of this Law shall be submitted.

[20 December 2004; 19 December 2006; 8 November 2007]

Section 9. Approved Trader and Non-registered Trader

(1) A registered trader or a non-registered trader may receive excisable goods from another Member State, applying the duty suspension arrangement thereto.

(2) The approved trader or the non-registered trader shall be responsible for the payment of duty in accordance with this Law.

(3) The approved trader or the non-registered trader does not have the right to store, dispatch

or carry out other operations with excisable goods, applying the duty suspension arrangement thereto.

(4) Prior to the commencement of operations of the approved trader the general security specified in Section 31 of this Law shall be submitted. For a non-registered trader to be able to carry out operations with excisable goods, one of the securities specified in Section 31 of this Law shall be submitted in advance.

(5) The approved trader or the non-registered trader shall keep records, register and be liable for all excisable goods received from another Member State.

Section 10. Distance Seller

(1) A distance seller dispatching excisable goods to the Republic of Latvia from another Member State shall appoint a tax representative. The tax representative appointed by the distance seller shall be liable for the payment of the duty in the Republic of Latvia and other requirements in accordance with this Law instead of the distance seller. The distance seller shall not pay the duty if instead of him or her, the appointed tax representative fulfils all requirements. The distance seller shall be liable for the payment of the duty if the tax representative appointed by him or her fails to pay the duty in accordance with this Law.

(2) The distance seller sending excisable goods from the Republic of Latvia to other Member States shall be liable for the payment of the duty in the relevant Member State.

(3) *[14 November 2008]*

(4) The distance seller shall keep records of the excisable goods, as well as submit the appropriate documents to the tax authority or inform it regarding other necessary information in accordance with this Law.

[14 November 2008]

Section 11. Tax Representative

(1) A tax representative in the Republic of Latvia may be appointed by:

- 1) a warehousekeeper of another Member State, which delivers excisable goods to a registered trader or a non-registered trader in the Republic of Latvia;
- 2) a distance seller of another Member State which dispatches excisable goods to the Republic of Latvia; or
- 3) a consignor of excisable goods of another Member State delivering non-alcoholic beverages or coffee to a registered trader or non-registered trader in the Republic of Latvia.

(2) The tax representative shall be liable for the payment of the duty in accordance with this Law and fulfil other requirements prescribed by this Law.

(3) In order to commence operations of the tax representative, the general security specified in Section 31 of this Law shall be submitted.

(4) The tax representative shall keep records of the excisable goods delivered in the Republic of Latvia, as well as submit the appropriate documents to the tax authority or inform it regarding

other necessary information in accordance with this Law.

Chapter IV

Duty rates

Section 12. Duty Rates for Alcoholic Beverages

(1) The duty for alcoholic beverages shall be calculated according to the following rates:

- 1) for beer (per 100 litres) — 2.18 lats for each per cent of absolute alcohol by volume which has been expressed with an accuracy up to one tenth, but not less than 4 lats per 100 litres of beer;
- 2) for wine (per 100 litres) — 40 lats;
- 3) for fermented beverages (per 100 litres) — 40 lats;
- 4) for intermediate products (per 100 litres):
 - a) with the absolute alcohol content up to 15 per cent by volume (inclusive) — 42 lats,
 - b) with the absolute alcohol content from 15 per cent by volume (not inclusive) to 22 per cent by volume (inclusive) — 70 lats; and
- 5) for other alcoholic beverages (per 100 litres of absolute alcohol) — 890 lats.

(2) For beer produced by independent small breweries (per 100 litres), the duty shall be calculated for each per cent of absolute alcohol by volume, which is expressed with an accuracy up to one tenth, on the basis of the following rates:

- 1) for the first 10 thousand hectolitres beer produced in one calendar year – 50 per cent of the rate specified in Paragraph one, Clause 1 of this Section, but not less than 4 lats per 100 litres of beer; and
- 2) for remainder of beer produced in one calendar year – the rate specified in Paragraph one, Clause 1 of this Section, but not less than 4 lats per 100 litres of beer.

(3) The Cabinet shall determine the procedures by which independent small brewery status shall be granted, and how the rate of excise duty specified in Paragraph two of this Section shall be applied.

[14 April 2005; 10 November 2005; 14 November 2008; 12 December 2008; 12 June 2009]

Section 13. Duty Rates for Tobacco Products

(1) The duty for tobacco products shall be calculated according to the following rates:

- 1) for cigars and cigarillos (per 1000 cigars or cigarillos) — 11 lats;
- 2) for cigarettes:
 - a) 22.5 lats per 1000 cigarettes,
 - b) 34.5 per cent of the maximum retail selling price; and

3) for smoking tobacco (per 1000 grams of tobacco):

- a) for fine-cut tobacco intended for the rolling of cigarettes — 23 lats;
- b) for other smoking tobacco — 23 lats.

(2) A taxable cigarette (with or without a filter) shall be a cigarette the length of which does not exceed 90 millimetres (not counting the filter or mouthpiece).

(3) For a cigarette the length of which exceeds 90 millimetres (not counting the filter or mouthpiece), but does not exceed 180 millimetres (not counting the filter or mouthpiece) double amount of the duty specified in Paragraph one, Clause 2, Sub-clause a) of this Section shall be paid. For a cigarette the length of which exceeds 180 millimetres (not counting the filter or mouth-piece), but does not exceed 270 millimetres (not counting the filter or mouth-piece) treble the amount of the duty specified in Paragraph one, Clause 2, Sub-clause a) of this Section shall be paid. For cigarettes the length of which exceeds 270 millimetres (not counting the filter or mouth-piece) the amount of duty shall be determined on the basis of the previously referred to principle.

[10 November 2005; 14 November 2008]

Section 14. Duty Rates for Mineral Oils

(1) For mineral oils, except for the cases referred to in Paragraphs two, three, four, five and six of this Section, the duty shall be calculated according to the following rates:

- 1) for unleaded petrol, the substitute products and components thereof (per 1000 litres) — 269 lats;
- 2) for leaded petrol, the substitute products and components thereof (per 1000 litres) — 300 lats;
- 3) for kerosene, the substitute products and components thereof (per 1000 litres) — 234 lats;
- 4) for diesel fuel (gas oil), the substitute products and components thereof (per 1000 litres) — 234 lats;
- 5) for petroleum gases and other gaseous hydrocarbons (per 1000 kilograms) — 90 lats;
- 6) for fuel oil, the colorimetric index of which is less than 2.0 and kinematic viscosity at 50°C is less than 25 mm²/s, the substitute products and components thereof, except the fuel oils referred to in Clause 7 of this Paragraph (per 1000 litres) – 234 lats; and
- 7) for fuel oil, the colorimetric index of which is equal to 2.0 or larger and kinematic viscosity at 50°C is equal to 25 mm²/s or larger, the substitute products and components thereof (per 1000 kilograms) – 11 lats.

(2) For mineral oils referred to in Paragraph one, Clauses 3, 4 and 6 of this Section the duty shall be calculated according to the rate 40 lats per 1000 litres, if the relevant mineral oils are labelled (marked) in accordance with Section 28 of this Law and they are used as heating fuel for the production of heat for heating, combustion installations or for the production of heat energy in a production (processing) of products technological process (hereinafter – heating fuel). If in such case the rapeseed oil forms at least five per cent of the total amount of products in the composition of the referred to oil products or biodiesel derived from rapeseed oil, the duty shall

be calculated according to the rate 15 lats per 1000 litres.

(2¹) For waste oils, which are classified within the Combined Nomenclature under the code 2710, except the products referred to in Paragraph one, Clause 7 of this Section, according to the procedures specified by the Cabinet, the applicable duty shall be the duty specified in Paragraph two of this section if they are marketed or intended to be marketed, are used or are intended for use as heating fuel. In such case, the provision regarding labelling (marking) shall not be applicable for the waste oils.

(3) If for the products referred to in Paragraph one, Clause 1 of this Section in an excise goods warehouse in the Republic of Latvia, ethyl alcohol which is acquired from agricultural raw materials and which has been dehydrated (with alcohol content of at least 99.5 per cent by volume) is added, for the relevant products (for 1000 litres) the duty shall be calculated as follows:

1) on the basis of a rate of 256 lats, if the absolute alcohol content forms 5.0 per cent by volume of the total amount of the product;

2) the duty shall be calculated according to the rate 80.7 lats, if the content of absolute alcohol forms from 70 up to 85 per cent by volume of the total amount of the product; or

3) the duty shall be calculated according to the rate 37.7 lats, if the content of absolute alcohol forms from 86 up to 95 per cent by volume of the total amount of the product.

(4) If to the mineral oil products referred to in Paragraph one, Clause 4 of this Section in an excise goods warehouse in the Republic of Latvia rapeseed oil or biodiesel fuel acquired from rapeseed oil is added, the duty for the relevant mineral oils shall be calculated:

1) on the basis of a rate of 223 lats per 1000 litres if the biodiesel fuel constitutes from 5 up to 30 (non-inclusive) per cent by volume of the total amount of mineral oils; and

2) on the basis of a rate of 164 lats per 1000 litres, if the rapeseed oil or biodiesel fuel constitutes at least 30 per cent by volume of the total amount of mineral oils.

(5) For rapeseed oil, which is marketed or used for heating oil or fuel, and biodiesel fuel, which is totally acquired from rapeseed oil, the duty shall be calculated according to the rate 0 lats per 1000 kilograms.

(6) For the mineral oils referred to in Paragraph one, Clause 5 of this Section the duty shall be calculated according to the rate 0 lats per 1000 kilograms if the relevant mineral oils are supplied to persons who use them as heating fuel or in gas furnaces and other equipment, not as fuel.

(7) The Cabinet shall determine the procedures for circulation of the mineral oils referred to in Paragraphs three, four and five of this Section and for the administration of the relevant duty.

(8) If the products are marketed or intended to be marketed, are used or are intended for use as fuel, heating fuel or for the substitute products and components thereof and the duty rate has not been specified in this Law, a duty corresponding to the use thereof shall be applied on the basis of the equivalent fuel or heating fuel rates, which are specified in Paragraphs one and two of this section. The provision regarding labelling (marking) in accordance with Section 28 of this Law shall be applicable to the heating fuel.

[18 March 2004; 20 December 2004; 14 April 2005; 19 December 2006; 8 November 2007; 12 December 2008; 12 June 2009]

Section 15. Duty Rates for Non-alcoholic Beverages and Coffee

(1) The duty rate for non-alcoholic beverages (per 100 litres) shall be 4 lats.

(2) The duty rate for coffee (per 100 kilograms) shall be 100 lats.

[12 December 2008]

**Chapter V
Exemptions and Relief**

Section 16. Duty Exemptions for Alcoholic Beverages

(1) The following alcoholic beverages shall be exempt from the duty:

- 1) denatured alcohol;
- 2) alcoholic beverages, which are utilised for the determination of the quality of alcoholic beverages;
- 3) alcohol intended for medical and veterinary medical purposes, which is used in medical and veterinary medical treatment institutions and pharmacies;
- 4) alcohol for the production of medicinal products and veterinary medicinal products in accordance with the requirements of regulatory enactments regarding the circulation of medicinal products and veterinary medicinal products;
- 5) alcohol (if denatured alcohol may not be used in the relevant cases):
 - a) that is used for scientific research purposes,
 - b) that is used for the determination of the quality of other products or goods (except alcoholic beverages),
 - c) that is included in devices and mechanisms as an integral component or ensures operation of devices and mechanisms,
 - d) that is used for the production of cosmetic products,
 - e) that is used in food industry (except for the use as a raw material for the production of alcoholic beverages);
- 6) wine, fermented beverages or beer produced by a natural person for his or her own consumption, provided that they are not marketed;
- 7) alcoholic beverages contained in chocolate products or other food products if the conditions specified in Paragraph three of this Section are complied with;
- 8) alcohol contained in vinegar and other products that fall within the Combined Nomenclature under the code 2209;
- 9) alcohol contained in products that fall within the Combined Nomenclature under the codes 2106 and 3302 or which are intended for the production of such food products or non-alcoholic beverages in which the actual alcoholic strength does not exceed 1.2 per cent by volume; and
- 10) products that conform to the definition of alcoholic beverages and which are

destroyed or it is otherwise ensured that they are not suitable for consumption or usable for the production of alcoholic beverages or other products to be used for consumption.

(2) The Cabinet shall determine the procedures for denaturing of alcohol and circulation of denatured alcohol.

(3) The duty exemption referred to in Paragraph one, Clause 7 of this Section shall be applied to alcoholic beverages if the alcoholic content does not exceed 8.5 litres of absolute alcohol per 100 kilograms of chocolate products or 5 litres of absolute alcohol per 100 kilograms of other food products.

(4) If the conditions specified in Paragraph three of this Section are not complied with, duty on the referred to alcoholic beverages shall be calculated in regard to the entire volume of alcohol used according to the duty rates specified in Section 12 of this Law.

(5) The Cabinet shall prescribe the procedures by which the duty exemptions specified in Paragraph one, Clauses 5, 7, 8, 9 and 10 of this Section are applied.

[20 December 2004; 14 April 2005]

Section 17. Duty Exemptions and Relief for Tobacco Products

(1) In accordance with the procedures prescribed by the Cabinet the following shall be exempt from the duty:

- 1) denatured tobacco products and tobacco products, which are destroyed; and
- 2) tobacco products used for the determination of the quality of tobacco products.

(2) Duty shall be repaid for destroyed or processed tobacco products taking into account the conditions in Section 27 of this Law.

[20 December 2004; 8 November 2007]

Section 18. Duty Exemptions and Relief applied to Mineral Oils

(1) In accordance with the procedures determined by the Cabinet, those mineral oils shall be exempt from the duty, which, in accordance with the conditions of Paragraph three of this Section, are supplied to and used:

- 1) for purposes other than fuel or heating fuel;
- 2) in aircraft, which are not used for private recreation and entertainment;
- 3) in ships, which are not used for private recreation and entertainment;
- 4) for the generation of energy or in combined equipment generating electricity and heat energy;
- 5) in the chemical treatment process, adding to coke which is used as heating fuel; and
- 6) dually, except for the case specified in Section 5, Paragraph four of this Law.

(2) Private recreation and entertainment referred to in Paragraph one, Clauses 2 and 3 of this Section shall be cases where the owner of an aircraft or a ship or another natural person or legal person hiring the aircraft or the ship or using it with another justification, does not use the

aircraft or ship for commercial purposes, in particular for the carriage of passengers or goods or provision of services for charge, or for the needs of public institutions.

(3) If in the cases referred to in Paragraph one, Clauses 2, 3, 4, 5 or 6 of this Section diesel fuel, kerosene or fuel oil, the colorimetric index of which is less than 2.0 and kinematic viscosity at 50°C is less than 25 cSt, or substitute products and components of these mineral oils are used, the relevant mineral oils shall be exempt from the duty if they have been labelled (marked) in accordance with Section 28 of this Law. If diesel fuel, kerosene or fuel oil, the colorimetric index of which is less than 2.0 and kinematic viscosity at 50°C is less than 25 cSt, or substitute products and components of these mineral oils are used for international carriage (also between Member States) in accordance with Paragraph one, Clauses 2 and 3 of this Section, as well as if jet fuel is used in accordance with Paragraph one, Clause 2 of this Section, the referred to mineral oils may not be labelled (marked).

(4) In accordance with the procedures determined by the Cabinet mineral oils (fuel), which ensure operation and maintenance of a means of transport entering the Republic of Latvia from another Member State and the equipment installed therein, shall be exempt from the duty.

(5) A producer of agricultural products shall receive a duty refund for diesel fuel (gas oil) and diesel fuel (gas oil), which in accordance with the provisions of this Law has had rapeseed oil or biodiesel fuel acquired from rapeseed oil added to it, used for the cultivation of utilised agricultural areas taking into account the following conditions:

1) the producer of agricultural products:

- a) performs economic activities – production of agricultural products in respect of which taxes are paid according to procedures specified in concrete tax laws, and
- b) keeps accounting records in respect of the production of agricultural products according to procedures specified by law;

2) in one calendar year 100 litres of diesel fuel (gas oil) and diesel fuel (gas oil), which in accordance with the provisions of this Law has had rapeseed oil or biodiesel fuel acquired from rapeseed oil added to it, is calculated for every hectare of utilised agricultural area in ownership, permanent use or lease;

3) diesel fuel (gas oil) and diesel fuel (gas oil), which in accordance with the provisions of this Law has had rapeseed oil or biodiesel fuel acquired from rapeseed oil added to it, is acquired utilising one of the following means of payment:

- a) funds have been transferred from a credit institution account of the producer of agricultural products to the credit institution account of the seller of the fuel (non-cash payment);

- b) accounting cards (credit cards, debit cards and other similar cards) which are considered to be means of payment in accordance with the Credit Institution Law and which belong to the producer of agricultural products have been used; or

- c) cash payments into the credit institution account of the seller of the fuel have been made if the producer of agricultural products performs the accounting – a natural person;

4) diesel fuel (gas oil) and diesel fuel (gas oil), which in accordance with the provisions of this Law has had rapeseed oil or biodiesel fuel acquired from rapeseed oil added to it, has been acquired in the same calendar year regarding which a refund of the duty is requested;

5) if the producer of agricultural products has tax or fee or any other State specified

mandatory payment debts – the amount to be refunded shall firstly be transferred to cover such debts; and

6) the amount to be refunded is calculated for:

a) the product referred to in Section 14, Paragraph one, Clause 4 and Paragraph four, Clause 1 of this Law – according to the duty rate specified in Section 14, Paragraph four, Clause 1 of this Law, and

b) the product referred to in Section 14, Paragraph four, Clause 2 of this Law – according to the duty rate specified in Section 14, Paragraph four, Clause 1 of this Law.

(6) The Cabinet shall determine the procedures (also documents to be submitted, time periods for the submission of documents, time periods for the duty refund, as well as the institutions which shall perform inspections of utilised agricultural areas) according to which the duty for diesel fuel (gas oil) is to be refunded to the producers of agricultural products in accordance with Paragraph five of this Section.

(7) [12 June 2009]

(8) [20 December 2004]

(9) Mineral oils (fuel), which ensure the operation of such concrete commercial mechanical means of transport, which enters the territory of the Republic of Latvia from a foreign state, which is not a Member State, from the territories referred to in Section 2, Paragraph 3.1 of this Law, and from the Åland Islands or the Channel Islands, and which exempt from customs duty in accordance with Council Regulation (EEC) No. 918/83 of 28 March 1983 setting up Community system of reliefs from customs duty (hereinafter – Regulation No. 918/83), shall not have duty imposed.

[18 March 2004; 20 December 2004; 19 December 2006; 14 November 2008; 12 June 2009]

Section 19. Duty Exemptions for Non-alcoholic Beverages and Coffee

(1) Coffee used for the determination of the quality of coffee, as well as the following non-alcoholic beverages shall be exempt from the duty:

1) non-alcoholic beverages which are utilised for determination of the quality of non-alcoholic beverages;

2) non-alcoholic beverages produced by a natural person for his or her own consumption, provided that they are not marketed; and

3) non-packaged non-alcoholic beverages which are prepared at a public catering undertaking for consumption at such undertaking.

(2) Non-alcoholic beverages and coffee used for the production of other food commodities (including alcoholic beverages) shall be exempt from the duty.

(3) Non-alcoholic beverages and coffee, which are destroyed in the presence of authorised officials of the State Revenue Service shall be exempt from the duty.

[8 November 2007]

Section 20. Duty Exemptions and Relief for Diplomats and International

Organisations

(1) In compliance with the conditions of Paragraphs two and three of this Section excisable goods which are delivered to the following representatives or organisations of Member States or other foreign states shall be exempt from the duty:

1) in connection with diplomatic or consular relations;

2) for international organisations which have been recognised as such by the institutions of the states where these organisations are located, as well as members of these organisations in accordance with the international conventions establishing such organisations or the agreements of headquarters thereof;

3) for the armed forces of any State party to the North Atlantic Treaty other than the Member State within which the excise duty is chargeable, as well as the armed forces referred to in Article 1 of Council Decision 90/640/EEC, for the consumption of those armed forces, as well as for the civilian staff accompanying them or for the needs of messes or canteens of these armed forces; and

4) for consumption under agreements concluded with foreign states other than Member States or international organisations provided that such an agreement is allowed or authorised with regard to exemption from value added tax.

(2) The representatives or organisations of Member States or other foreign states referred to in Paragraph one of this Section in the Republic of Latvia are permitted to receive excisable goods from excise goods warehouses in the Republic of Latvia or other Member States, applying duty suspension arrangements thereto. In this case the consignor of excisable goods shall use the documents referred to in Section 25, Paragraph eight of this Law, as well as the document specified in Commission Regulation (EC) No. 31/96 of 10 January 1996 on the excise duty exemption certificate (hereinafter – Commission Regulation No. 31/96) and which certifies that the excisable goods referred to are exempt from the duty. The Cabinet shall prescribe the procedures by which the document referred to in Commission Regulation No. 31/96 is approved and by which the rights to use this document without approval are granted or revoked.

(3) The representatives or organisations of Member States or other foreign states referred to in Paragraph one of this Section in other Member States are permitted to receive excisable goods from the Republic of Latvia, applying duty suspension arrangement thereto in accordance with Section 25 of this Law.

(4) If representatives or organisations of Member States or other foreign states referred to in Paragraph one of this Section, which are located in the Republic of Latvia, purchase excisable goods in the Republic of Latvia, the excise duty shall be refunded in accordance with the procedures determined by the Cabinet. The duty to be refunded for the product referred to in Section 14, Paragraph one, Clause 1 of this Law, which in accordance with regulatory enactments regarding conformity assessment of petrol and diesel fuel complies with 95 petrol, shall be calculated according to the duty rate specified in Section 14, Paragraph three, Clause 1 of this Law. The duty to be refunded for the product referred to in Section 14, Paragraph one, Clause 4 and Paragraph four, Clause 1 of this Law shall be calculated according to the duty rate specified in Section 14, Paragraph four, Clause 1 of this Law.

(5) Excisable goods, which have been imported into the Republic of Latvia for release for free circulation from a foreign state, which is not a Member State, from the territories referred to

in Section 2, Paragraph 31 of this Law, and from the Åland Islands or the Channel Islands, for the needs of the persons referred to in Paragraph one of this Section, shall be exempt from excise duty.

[20 December 2004; 14 November 2008; 12 June 2009]

Section 21. Other exemptions

(1) Excisable goods, which have been lost as a result of *force majeure* if there is evidence, confirmed by appropriate documents issued by the relevant State supervision and control institutions, attesting that the loss referred to did not occur through the fault of the payer of the duty, shall be exempt from the duty.

(2) Excisable goods, which have been lost during manufacture, treatment, processing, storage, pre-packaging, movement or mixing of mineral oils when the duty suspension arrangement in accordance with the norms approved by the Cabinet was applied, shall be exempt from the duty.

(2¹) Excisable goods, which have been lost in other Member States (in the carriage of excisable goods to other Member States in accordance with Section 25 of this Law), shall be exempt from the duty, taking into account the presentation of the documents referred to in Section 25, Paragraph eight of this Law and information certified by the competent institution of the relevant Member State regarding the losses. The tax warehousekeeper, who has sent the excise goods, shall pay the excise duty for the losses, taking into account the amount of loss and other conditions of the receiving Member State. The excise duty shall be paid into the budget of such Member State in which the losses have been determined, on the basis of the excise duty rates and other conditions of such Member State. The State Revenue Service shall, on the basis of a request from the tax administration of the relevant Member State, control the collection and transfer of such excise duty to the budget of the Member State in which the loss was determined.

(3) In accordance with the procedures determined by the Cabinet excisable goods brought in by a natural person for his or her own consumption in the Republic of Latvia from other Member States shall be exempt from the duty.

(4) Such excisable goods shall be exempted from the duty which are imported by a natural person in his or her own personal luggage, which is considered to be such within the meaning of the Law On Value Added Tax (hereinafter – personal luggage), and which are imported by this person from a foreign state other than the Member State, from territories referred to in Section 2, Paragraph 3.¹ of this Law, from the Åland Islands or Channel Islands without exceeding the following amounts and with a condition that such import of goods is not commercial:

- 1) tobacco products, if a natural person travels by aircraft:
 - a) 200 cigarettes,
 - b) 100 cigarillos,
 - c) 50 cigars,
 - d) 250 g smoking tobacco,
 - e) tobacco products referred to in Paragraph four, Clause 1, Sub-clauses “a”, “b”, “c” and “d” of this Section in any combination, if the part of per cent which is used from

individually determined amounts, does not exceed 100 per cent in total. Each amount specified in Paragraph four, Clause 1, Sub-clauses “a”, “b”, “c” and “d” of this Section shall separately form 100 per cent of the amount of the tobacco product indicated in the relevant Sub-clause;

1¹) tobacco products, if a natural person does not travel by aircraft:

- a) 40 cigarettes,
- b) 20 cigarillos,
- c) 10 cigars,
- d) 50 g smoking tobacco,

e) tobacco products referred to in Paragraph four, Clause 1.¹, Sub-clauses “a”, “b”, “c” and “d” of this Section in any combination, if the part of per cent which is used from individually determined amounts, does not exceed 100 per cent in total. Each amount specified in Paragraph four, Clause 1.¹, Sub-clauses “a”, “b”, “c” and “d” of this Section shall separately form 100 per cent of the amount of the tobacco product indicated in the relevant Sub-clause;

2) alcoholic beverages:

a) one litre of alcoholic beverage with alcohol content above 22% by volume or undenatured ethyl alcohol with alcohol content of 80% or more,

b) two litres of alcoholic beverage with alcohol content up to 22% by volume, except for still wine and beer,

c) alcoholic beverages referred to in Paragraph four, Clause 2, Sub-clauses “a” and “b” of this Section in any combination, if the part of per cent which is used from individually determined amounts, does not exceed 100 per cent in total. Each amount indicated in Paragraph four, Clause 2, Sub-clauses “a” and “b” of this Section shall separately form 100 per cent of the amount of the alcoholic beverage indicated in the relevant Sub-clause,

d) four litres of still wine and 16 litres of beer;

3) non-alcoholic beverages and coffee, observing the conditions and restrictions for the value of goods specified in the Law On Value Added Tax; and

4) mineral oil products (fuel) that is located:

- a) in the standard fuel tank of a vehicle,
- b) mobile fuel tanks – not more than 10 litres for one vehicle.

(4¹) Provisions of Division XXVII of Regulation No. 918/83 shall be applicable to mineral oil products (fuel) referred to in Paragraph four of this Section.

(4²) Duty exemptions provided for in Paragraph four, Clauses 1, 1.¹ and 2 of this Section shall apply to a natural person who has reached the age of 18 years.

(4³) Import of excisable goods shall not be considered as commercial within the meaning of Paragraph four of this Section, if it conforms with the following conditions:

- 1) it does not take place on a regular basis (not more than once a day); and
- 2) excisable goods are provided for personal use or use in the family of the natural person.

(4⁴) Import of excisable goods shall not be considered as commercial within the meaning of Paragraph 4.³ of this Section, if excisable goods are imported in such amount and value that does not imply that they are imported for commercial purposes.

(5) Excisable goods, which a natural person from a foreign state other than the Member State, from territories referred to in Section 2, Paragraph 3.¹ of this Law, from the Åland Islands or Channel Islands sends by post to a natural person in the Republic of Latvia and which are exempt from the customs duty in accordance with Regulation No. 918/83, shall be exempt from the duty.

(6) Excisable goods (except for mineral oils), which have been supplied to a ship and an aircraft, which perform international carriage (also between Member States), on the condition that such goods shall be sold (also in cases where the value of the goods is included in the price of the ticket) on the relevant ship or aircraft in retail for consumption on site (except for sale in retail for off-premises consumption) or are utilised for supply to the crew of the vessel, shall be exempt from the duty. In such case, the specific ship or aircraft captain shall certify in writing to the supplier-payer of the duty that the received excisable goods (indicating the type of product, name, amount and the purpose the excisable goods shall be utilised for) shall not be utilised in any other way.

(7) Excisable goods, which are real evidence or attached property in a criminal proceeding, removed property in an administrative violation matter or property falling within the jurisdiction of the State, shall be exempt from duty if the referred to excisable goods are destroyed, however, the destruction of the referred to excisable goods shall not free from liability the person to whom the liability specified in Chapter XI of this Law applies.

[20 December 2004; 14 April 2005; 19 December 2006; 14 November 2008; 24 September 2009]

Section 22. Calculation of the Duty

(1) The duty for excisable goods shall be calculated according to the rate specified in Sections 12, 13, 14 and 15 of this Law.

(2) In the calculation of duty, the volume of alcoholic beverages in litres referred to in Section 12, Paragraph one, Clause 5 of this Law in accordance with the procedures prescribed by the Cabinet shall be determined in conformity with the volume thereof at 20°C.

(3) Duty applied to cigarettes shall be calculated by summing up the amounts obtained when applying the duty rates specified in Section 13, Paragraph one, Clause 2, Sub-clauses “a” and “b” of this Law.

(4) If the maximum retail selling price of cigarettes is unknown, in cases referred to in Section 32 of this Law or in other cases prescribed by this Law the duty shall be calculated by summing up the amounts obtained when applying the duty rates specified in Section 13, Paragraph one, Clause 2, Sub-clauses “a” and “b” of this Law and for the calculation of the duty one of the following prices shall be used:

1) the maximum retail selling price determined most frequently in the previous taxable period by an importer, an approved trader, a non-approved trader or a warehousekeeper in the Republic of Latvia or a tax representative appointed by a warehousekeeper of another

Member State or by a distance seller, but not less than the most popular retail selling price in the previous calendar year if the duty is paid by an importer or a warehousekeeper in the Republic of Latvia or a tax representative appointed by a warehousekeeper of another Member State or by a distance seller;

2) the actual selling price of cigarettes, but not less than the most popular retail selling price in the previous calendar year if the duty is paid by persons other than importers, approved traders, non-approved traders or warehousekeepers in the Republic of Latvia or a tax representative appointed by a warehousekeeper of another Member State or by a distance seller; or

3) the most popular retail selling price in the previous calendar year if the price referred to in Clauses 1 and 2 of this Paragraph cannot be determined.

(4¹) Up to the specification of the most popular retail selling price in accordance with Section 30 of this Law, in the cases referred to in Paragraph four of this Section the previously specified most popular retail selling price shall be applied.

(5) In calculating the duty, the quantity of mineral oils in litres referred to in Section 14, Paragraph one, Clauses 1, 2, 3, 4 and 6 of this Law in accordance with the procedures prescribed by the Cabinet shall be determined in conformity with their quantity at 15°C.

[10 November 2005; 19 December 2006; 14 November 2008]

Section 23. Payment of the Duty

(1) For a warehousekeeper, approved trader and tax representative the taxable period of the duty shall be one calendar month.

(2) The payer of the duty shall pay the duty calculated for excisable goods, which are imported from foreign states other than Member States into the Republic of Latvia for release for free circulation, into the State budget before presenting the excisable goods at a customs authority, except for such excisable goods to which deferred payment of duty is applicable in accordance with the provisions of Section 25 of this Law. A natural person who imports excisable goods in his or her own personal luggage that exceeds the amount or value specified in Section 21 of this Law shall pay the duty prior to putting the excisable goods into free circulation.

(3) A warehousekeeper shall pay the duty, calculated during the taxable period for the excisable goods, which have been moved out of the tax warehouse during the taxable period, into the State budget within 15 days after the end of the taxable period, except for the duty calculated for such excisable goods to which deferred payment of duty is applicable in accordance with the provisions of Section 25 of this Law.

(4) A registered trader shall pay the duty calculated for the excisable goods, which have been received by him or her in the Republic of Latvia from another Member State during the taxable period, into the State budget within 15 days after the end of the taxable period, except for the case when the duty is paid by a tax representative in accordance with Paragraph six of this Section.

(5) A non-registered trader shall pay the duty calculated for the excisable goods, which have been received by him or her in the Republic of Latvia from another Member State, into the State

budget not later than within the next five working days after receipt of the excisable goods in the Republic of Latvia, except for the case when the duty is paid by a tax representative in accordance with Paragraph six of this Section.

(6) If a tax warehousekeeper of another Member State has appointed a tax representative in the Republic of Latvia in accordance with this Law, the calculated duty for the excisable goods which have been dispatched by the tax warehousekeeper of another Member State to an approved or non-registered trader in the Republic of Latvia, shall be paid by the tax representative in respect of the excisable goods received in the Republic of Latvia during the previous tax period into the State budget within 15 days after the end of the taxable period.

(7) A tax representative shall pay the duty calculated for the excisable goods dispatched by a distance seller of another Member State to the relevant person in the Republic of Latvia in respect of the excisable goods received in the Republic of Latvia during the previous taxable period into the State budget within 15 days after the end of the taxable period.

(8) A natural person or legal person bringing in or receiving excisable goods from another Member State in the Republic of Latvia which goods have already been released for free circulation in another Member State shall pay the calculated duty into the State budget not later than within the next five working days after bringing in or receipt of the excisable goods in the Republic of Latvia, or prior to the sending of the relevant excisable goods from another Member State, except for the case referred to in Section 21, Paragraph three of this Law and in the case where the duty has been paid by the tax representative in accordance with Paragraph seven of this Section. If the relevant person pays the duty prior to the sending of the relevant excisable goods from another Member State, he or she shall submit to the State Revenue Service a document certifying the payment of the duty.

(9) A warehousekeeper shall pay the duty for the shortage of excisable goods (for example, theft, loss, disappearance) determined during the taxable period which has occurred in the tax warehouse or while moving the relevant excisable goods in accordance with Section 25 of this Law (except for the shortages referred to in Section 21, Paragraphs one, two and 2¹ of this Law), into the State budget within 15 days after the end of the taxable period.

(10) An importer shall pay the duty for the determined shortage of excisable goods (for example, theft, loss, disappearance, except for the shortage referred to in Section 21, Paragraphs one and two of this Law) which has occurred while moving the relevant excisable goods in accordance with Section 25 of this Law, into the State budget not later than within the next five working days after determination of the relevant shortage.

(10¹) A tax warehousekeeper of another Member State, who brings into the Republic of Latvia excisable goods in accordance with Section 25 of this Law, for shortages in the excisable goods determined in the Republic of Latvia (for example, theft, loss, disappearance, except for the shortages referred to in Section 21, Paragraphs one, two and 2¹ of this Law), which have occurred in the carriage of the relevant excisable goods to the Republic of Latvia or through the territory of the Republic of Latvia, shall pay within a period of 90 days after the end of the taxation period in which the relevant shortage was determined. The State Revenue Service in co-operation with the competent institutions of other Member States shall ensure the fact that the excise duty payment is paid into the Latvian State budget.

(11) A warehousekeeper shall pay the duty for the excisable goods, which have been consumed in the tax warehouse during the taxable period (including presentations, exhibitions,

tasting, except for the production of excisable goods), into the State budget within 15 days after the end of the taxable period.

(12) In the cases referred to in Section 2, Paragraph five of this Law, as well as in respect of the determined shortage of excisable goods in cases referred to in Section 2, Paragraph four of this Law the duty shall be paid in conformity with the appropriate regulatory enactments.

(13) The payment procedures specified in this Section shall also apply to excisable goods marked with excise duty stamps. If the payer of the duty fails to pay the duty for the excisable goods which are marked with excise duty stamps in accordance with Paragraphs two, three, four, five, six, seven, eight, nine, ten, eleven and twelve of this Section within 180 days from receipt of the excise duty stamps, it shall be considered that the excisable goods have been released for free circulation in the Republic of Latvia and the duty for the relevant excisable goods shall be paid by the payer of duty who has received the excise duty stamps in conformity with the received excise duty stamps. A payer of duty who has received the excise duty stamps shall pay the duty in accordance with Section 23 of this Law. An importer and non-approved trader who has received the excise duty stamps shall pay the duty not later than five working days after the moment of the coming into effect of the previously referred to provision.

(14) If the duty has been paid in accordance with Paragraph thirteen of this Section in conformity with the received excise duty stamps, the duty in accordance with Paragraphs two, three, four, five, six, seven, eight, nine, ten, eleven and twelve of this Section need not be paid.

(15) The duty shall not be paid if within the time period specified in Paragraph thirteen of this Section the payer of the duty returns the excise duty stamps in accordance with Section 27 of this Law.

(16) Duty for waste oils, which are classified within the Combined Nomenclature under the code 2710, shall be paid in accordance with Paragraphs two, three, four, five, six, seven, eight, nine, ten, 10¹, eleven or twelve of this Section.

(17) A person for whom the issued special permit (licence) for the operation of a warehousekeeper, approved trader operations or taxpayer representative operations has ceased to be in effect or has been cancelled, for the remaining relevant excise goods, utilising security, shall be paid duty into the State budget or shall have applied duty relief within a period of 45 days after the relevant special permit (licence) has ceased to be in effect or in conformity with the regulatory enactments regarding circulation of excise goods a decision has come into effect regarding the cancellation of the relevant special permit (licence). A person for whom the issued special permit (licence) for the operation of a warehousekeeper has ceased to be in effect or has been cancelled is entitled to not pay the duty within the specified time period if he or she, utilising security, in conformity with the regulatory enactments regarding circulation of excise goods received permit, transfers to another excise goods warehouse in the Republic of Latvia or sells to another excise goods warehouse in the Republic of Latvia, or exports to a state, which is not a Member State, or destroys the remaining relevant excise goods.

[14 April 2005; 19 December 2006; 8 November 2007; 14 November 2008]

Section 24. Duty Declaration

(1) A warehousekeeper, approved trader or a tax representative shall submit the duty

declaration for a taxable period to the State Revenue Service within 15 days after the end of the relevant taxable period. In the case referred to in Section 23, Paragraph eight of this Law, where the duty is paid prior to the sending of the excisable goods from another Member State, the duty declaration shall be submitted not later than within a period of five working days after the receipt of the excisable goods in the Republic of Latvia. Other payers of the duty shall submit the duty declaration not later than five working days after the relevant time period for the duty payment prescribed by this Law. Importers who have paid the duty in accordance with Section 23, Paragraph two of this Law shall not submit a duty declaration.

(1¹) A tax warehousekeeper of another Member State, who pays excise duty in accordance with Section 23, Paragraph 10¹ of this Law shall not submit an excise duty declaration.

(2) A warehousekeeper shall submit a duty declaration for each tax warehouse separately.

(3) The Cabinet shall approve the form of the duty declaration and the procedures for the completion thereof.

[14 April 2005; 19 December 2006]

Chapter VII

Movement of Excisable Goods

Section 25. Movement of Excisable Goods under Duty Suspension Arrangement

(1) In accordance with the procedures prescribed by this Law an importer is permitted to apply duty suspension arrangement to excisable goods, which are imported by him or her for transfer to a tax warehouse in the Republic of Latvia.

(2) An importer performing the activities referred to in Paragraph one of this Section shall not pay the duty if documents certifying that the excisable goods have been received at the tax warehouse are submitted to the State Revenue Service. If within three working days counting from the day when the excisable goods were imported in the Republic of Latvia no documents certifying that the excisable goods have been received at the tax warehouse are submitted to the State Revenue Service, the importer shall pay the duty according to the rate prescribed by this Law.

(3) If the importer does not submit security for the activities referred to in Paragraph one of this Section in conformity with the requirements of this Law, the duty suspension arrangement is not applied and the importer shall pay the duty according to the rate prescribed by this Law.

(4) A warehousekeeper shall be permitted to apply duty suspension arrangement to the excisable goods that are:

1) from a tax warehouse in the Republic of Latvia:

- a) moved to another tax warehouse in the Republic of Latvia,
- b) moved to another tax warehouse in another Member State,
- c) delivered to a registered trader or non-registered trader in another Member State,

or

d) delivered to the persons or organisations referred to in Section 20 of this Law in

the Republic of Latvia or another Member State;

2) removed from a tax warehouse for the further exportation thereof from the Republic of Latvia to a foreign state other than a Member State or to which Section 2, Paragraph four of this Law is applied;

3) imported into the Republic of Latvia from a foreign state other than a Member State for transfer to a tax warehouse in the Republic of Latvia; or

4) from a tax warehouse in another Member State are moved to a tax warehouse in the Republic of Latvia.

(5) A warehousekeeper who performs the operations referred to in Paragraph four of this Section shall not pay the duty, if documents certifying that the excisable goods meet at least one of the following conditions are submitted to the State Revenue Service:

1) goods have been received at a tax warehouse;

2) goods have been received by a registered trader or non-registered trader of another Member State. If the consignee is a non-registered trader, a document certifying that the payment of the duty has been ensured in the Member State of destination shall be submitted in addition, as well as the following information shall be specified:

a) the address of the office of the tax authority of the Member State of destination, and

b) the date, registration number and other indications that this tax authority has received the payment of the duty or security of the duty;

3) goods have been received by the organisations referred to in Section 20 of this Law in the Republic of Latvia or other Member States. In such case in addition to the documents referred to in Paragraph eight of this Section a document certifying that the excisable goods referred to are exempt from the duty shall be used. This document is specified in Commission Regulation No. 31/96;

4) goods have been exported from the Republic of Latvia to a foreign state other than a Member State; or

5) goods meet the conditions specified in Section 2, Paragraph four of this Law.

(6) A warehousekeeper shall pay the duty according to the duty rate prescribed by this Law if the documents referred to in Paragraphs five and eight of this Section have not been submitted to the State Revenue Service within the following time periods:

1) 15 days after the end of the taxable period – for excisable goods, which are moved only in the Republic of Latvia;

2) 90 days after the end of the taxable period – for excisable goods, which are moved to other Member States (also through other Member States are exported to foreign states, which are not Member States, to the territories referred to in Section 2, Paragraph 3¹ of this Law, and to the Åland Islands or Channel Islands).

(6¹) If the documents referred to in Paragraphs five and eight of this Section are submitted to the State Revenue Service after the time period specified, but not later than within three years after the relevant time period, the paid duty shall be transferred for future duty payments or at a written request by the relevant payer of the duty refunded within 30 days after receipt of the request.

(7) A registered trader or non-registered trader upon receipt of excisable goods from another Member State to which the duty suspension arrangement is applied, shall confirm the receipt of the excisable goods by submitting to the State Revenue Service the documents referred to in Paragraph eight of this Law. A registered trader or non-registered trader upon receipt of excisable goods from another Member State shall pay the duty in accordance with this Law or not pay the duty if it is paid by the tax representative in the Republic of Latvia appointed by the consignor of the relevant Member State. If the duty is paid by the tax representative, he or she shall submit one copy of the document referred to in Paragraph eight of this Section to the State Revenue Service.

(8) In the cases specified in Paragraphs one, two, four, five, six and seven of this Section the documents specified in Commission Regulation (EEC) No. 2719/92 of 11 September 1992 on the accompanying administrative document for the movement under duty-suspension arrangements of products subject to excise duty shall be used. The procedures for the circulation and control of documents, as well as other conditions regarding the movement of goods referred to in this Section shall be determined by the Cabinet.

(9) A warehousekeeper shall be permitted to apply duty suspension arrangement to non-alcoholic beverages and coffee if these goods are:

- 1) from a tax warehouse in the Republic of Latvia:
 - a) moved to another tax warehouse in the Republic of Latvia,
 - b) moved to another foreign state (including Member State) or Section 2, Paragraph four of this Law is applied thereto, or
 - c) are supplied to the persons or organisations referred to in Section 20 of this Law in the Republic of Latvia or another Member State;
- 2) imported in the Republic of Latvia from another foreign state (including Member States) for transfer to a tax warehouse in the Republic of Latvia.

(10) A warehousekeeper who performs the operations referred to in Paragraph nine of this Section shall not pay the duty, if documents certifying that non-alcoholic beverages and coffee meet at least one of the following conditions are submitted to the State Revenue Service:

- 1) these goods have been received at a tax warehouse;
- 2) these goods have been brought out from the Republic of Latvia to another Member State;
- 3) these goods have been exported from the Republic of Latvia to a foreign state other than a Member State;
- 4) these goods meet the conditions of Section 2, Paragraph four of this Law; or
- 5) these goods have been received by the organisations referred to in Section 20 of this Law in the Republic of Latvia or another Member State.

(11) If within 15 days after the end of the taxable period the documents referred to in Paragraph ten of this Section in respect of the non-alcoholic beverages and coffee moved during the taxable period in accordance with Paragraph nine of this Section are not submitted to the State Revenue Service, the warehousekeeper shall pay the duty according to the duty rate prescribed by this Law. If the relevant documents are submitted after the time period specified, but not later than within three years after the relevant time period, the paid duty shall be transferred for future duty payments or at a written request by the relevant payer of the duty

refunded within 30 days after receipt of the request.

(12) Upon receipt of non-alcoholic beverages and coffee from another Member State a registered trader or non-registered trader shall submit to the State Revenue Service a duty declaration and pay the duty in accordance with this Law. A registered trader or non-registered trader shall not pay the duty if the duty is paid by the tax representative in the Republic of Latvia appointed by the consignor of the relevant Member State.

[20 December 2004; 14 November 2008]

Section 26. Conditions for Movement of Excisable Goods already Released for Free Circulation from Another Member State or to Another Member State

(1) A natural person, except for the case referred to in Section 21, Paragraph three of this Law, or legal person who brings in or receives in the Republic of Latvia excisable goods from another Member State which have already been released for free circulation in another Member State shall, prior to the sending of the excisable goods from the relevant Member State submit to the State Revenue Service information and pay the duty or submit an appropriate security. If the consignment trader of the relevant Member State has appointed a tax representative in the Republic of Latvia, then the security shall be submitted and the duty paid by the tax representative according to the procedures specified in this Law. If the Member State consignment trader has requested a document certifying payment of the duty, then the State Revenue Service may issue it to the relevant payer of the duty after the duty for the excisable goods indicated in the information has been paid in the Republic of Latvia.

(2) In the case referred to in Paragraph one of this Section the specific persons shall certify the receipt of the excisable goods in the Republic of Latvia by submitting appropriate documents to the State Revenue Service.

(3) In respect of excisable goods which have been released for free circulation in the Republic of Latvia and for which the duty has been paid, but which are brought out for commercial purposes by merchants from the Republic of Latvia to another Member State, on the basis of a written request of the relevant person the duty shall be paid over to cover a duty debt, for subsequent duty payments, other tax payments or the duty shall be refunded.

(4) In the cases referred to in this Section the documents specified in Commission Regulation (EEC) No. 3649/92 of 17 December 1992 on a simplified accompanying document for the intra-Community movement of products subject to excise duty which have been released for consumption in the Member State of dispatch shall be used. The procedures for the circulation and control of documents, as well as other conditions regarding the movement of excisable goods referred to in this Section shall be determined by the Cabinet.

(5) The Cabinet shall determine the procedures (documents to be submitted, terms for the refund of the duty, requirements for the certification of the duty payment and other conditions) by which the duty shall be paid over to cover a duty debt, for subsequent duty payments, other tax payments or the duty shall be refunded.

[18 March 2004; 19 December 2006; 8 November 2007; 14 November 2008]

Chapter VIII

Labelling of Excisable Goods

Section 27. Labelling of Alcoholic Beverages and Tobacco Products

(1) All alcoholic beverages and tobacco products shall be labelled with excise duty stamps except for cases specified in Paragraph three of this Section.

(2) It is permitted to label alcoholic beverages and tobacco products with excise duty stamps:

1) in the Republic of Latvia — only in tax warehouses or customs warehouses; and

2) in foreign states (including Member States) — for importation into the Republic of Latvia.

(3) It is permitted not to label with excise duty stamps:

1) alcoholic beverages:

a) alcoholic beverages which have been filled into bottles with a volume up to 100 millilitres,

b) beer, and

c) alcoholic beverages, which in accordance with regulatory enactments in the field of customs are sold in duty-free shops;

2) alcoholic beverages and tobacco products which have been exempt from the duty in accordance with Sections 16, 17, 20 and 21 of this Law or are subject to the duty in accordance with Section 16, Paragraph four of this Law;

3) alcoholic beverages and tobacco products which are stored, transported or marketed or supplied applying deferred duty payment in accordance with Section 25 of this Law or which are subject to the conditions of Section 2, Paragraph four of this Law; and

4) alcoholic beverages and tobacco products that are imported by a natural person in his or her own personal luggage and the amount of which exceeds the amount specified in Section 21, Paragraph four of this Law.

(4) Excise duty stamps shall be issued by the State Revenue Service.

(5) Excise duty stamps shall be received by:

1) an importer;

2) a warehousekeeper in the Republic of Latvia;

3) a tax representative appointed by a warehousekeeper of another Member State or by a distance seller;

4) an approved trader; and

5) a non-approved trader.

(6) Upon receipt of the excise duty stamps, the relevant payer of the duty in accordance with this Law shall submit security for the amount of the duty, which corresponds to the number of the issued excise duty stamps.

(7) Alcoholic beverages and tobacco products in respect of which excise duty stamps have

been issued, shall be subject to the duty suspension arrangement until the moment when the duty for them is paid or excise duty stamps are returned in accordance with this Law.

(8) If the payer of the duty returns the received but unused, damaged or removed from excise goods released for free circulation excise duty stamps to the State Revenue Service, expenses for the purchase thereof shall be covered by the relevant payer of the duty, except for the case referred to in Paragraph ten of this Section. If the payer of the duty orders excise duty stamps, but fails to claim them within the term specified, the payer of the duty, which ordered the relevant excise duty stamps, shall cover expenses for the purchase thereof. If the excise duty stamps have been destroyed in another Member State, the payer of duty to whom the excise duty stamps are issued shall cover the expenses for the supply of excise duty stamps.

(9) The returned or ordered, but unclaimed excise duty stamps shall be destroyed by the State Revenue Service. Expenses related to the destruction of the returned excise duty stamps shall be covered by the payer of the duty who has returned the excise duty stamps, except for the case referred to in Paragraph ten of this Section. Expenses related with the destruction of the ordered, but the payer of the duty who ordered the relevant excise duty stamps shall cover unclaimed excise duty stamps.

(10) If the State Revenue Service has issued to the payer of the duty invalid excise duty stamps, the expenses referred to in Paragraphs eight and nine of this Section shall not be covered by the relevant payer of the duty. The State Revenue Service shall exchange the invalid excise duty stamps for new excise duty stamps.

(11) If the payer of the duty returns to the State Revenue Service the received, but unused, invalid or damaged excise duty stamps, the relevant payer of the duty need not pay the duty. The duty shall also not be paid in the case if the payer of the duty submits to the State Revenue Service, a document issued by the tax authority of another Member State, which certifies that the duty stamps have been destroyed in another Member State. The duty shall not be paid for tobacco product excise duty stamps, which have irretrievably lost during the manufacturing process if documents certifying the irreversible loss of the relevant excise duty stamps have been submitted to the State Revenue Service. The amount of irreversibly lost excise duty stamps may not exceed 0.05 per cent of the received amount of excise duty stamps within one calendar year.

(12) If a taxpayer of the duty returns to the State Revenue Service the received, but unused, invalid or damaged excise duty stamps and the duty has been paid in conformity with the returned excise duty stamps, the paid duty shall be transferred for the covering of duty debt, subsequent payments of duty or other tax payments. If the taxpayer of the duty does not have a duty debt, pursuant to a written request by the relevant taxpayer, the paid duty shall be refunded within 30 days after the covering of the expenses referred to in Paragraphs eight and nine of this Section.

(12¹) If the taxpayer of the duty returns to the State Revenue Service excise duty stamps for excisable goods, which have been released for free circulation, which have been exported to another Member State or to a state, which is not a Member State, destroyed or processed and for which duty has been paid, the paid duty shall be transferred for the covering of duty debt, subsequent payments of duty or other tax payments. If the taxpayer of the duty does not have a duty debt, pursuant to a written request by the relevant taxpayer of the duty, the paid duty shall be refunded within 30 days after covering the expenses referred to in Paragraph eight of this Section. The Cabinet shall determine the procedures (including taxpayer requirements and the documents to be submitted) by which in accordance with the provisions of this Paragraph the

referred to duty is transferred for the covering of duty debt, subsequent payments of duty, other tax payments or the duty shall be refunded and the destruction or processing of alcoholic beverages or tobacco products are performed.

(13) Procedures by which alcoholic beverages and tobacco products shall be labelled with excise duty stamps (including conditions regarding the amount of excise duty stamps to be ordered, the time periods for issuing and conditions for receipt, as well as the requirements regarding provision of information on the stamps used) shall be determined by the Cabinet.

[20 December 2004; 10 November 2005; 19 December 2006; 8 November 2007; 14 November 2008]

Section 28. Labelling (Marking) of Mineral Oils

(1) The mineral oils referred to in Section 14, Paragraph two and Section 18, Paragraph three shall be labelled (marked).

(2) It is permitted to label (mark) mineral oils:

- 1) in the Republic of Latvia — only in tax warehouses; and
- 2) in foreign states (including Member States) — for importation into the Republic of Latvia.

(3) The labelled (marked) mineral oils are permitted to be:

- 1) delivered or transferred to persons who have the right to receive them;
- 2) delivered to another tax warehouse in the Republic of Latvia or in another Member State;
- 3) brought out from the Republic of Latvia to another Member State; or
- 4) exported from the Republic of Latvia to a foreign state other than a Member State.

(4) If the mineral oils referred to in Section 14, Paragraph two and Section 18, Paragraph three are not labelled (marked), the duty in respect of them shall be calculated and paid according to the rate specified in Section 14, Paragraph one.

(5) Procedures for the labelling (marking) of mineral oils and the circulation thereof shall be determined by the Cabinet.

Chapter IX

Requirements in Respect of Tobacco Products

Section 29. Maximum Retail Selling Price

(1) An importer, an approved trader, a non-approved trader, a warehousekeeper in the Republic of Latvia or a tax representative appointed by a warehousekeeper of another Member State shall determine the maximum retail selling price to cigarettes to be marketed in the Republic of Latvia and notify the tax authority thereof when ordering the excise duty stamps.

(2) The maximum retail selling price shall not be prescribed for cigarettes to which Section 2, Paragraph four of this Law is applied or which are moved in accordance with Sections 25 or 26

of this Law.

(3) Information regarding the maximum retail selling price, as well as the number of cigarettes in one packet of cigarettes shall be indicated on the excise duty stamp.

(4) In the Republic of Latvia it is prohibited to sell cigarettes for a price that is higher than the maximum retail selling price for cigarettes. When selling cigarettes, the number thereof in the packet shall conform to the number indicated on the excise duty stamp.

[14 November 2008]

Section 30. Most Popular Retail Selling Price

(1) Each year by 1 February the State Revenue Service shall prescribe and forward for publication in the newspaper *Latvijas Vēstnesis* [the Official Gazette of the Government of the Republic of Latvia] the most popular retail selling price in the previous calendar year utilising data regarding the issued excise duty stamps and information regarding the maximum retail selling price and number of cigarettes in a packet.

(2) When determining the most popular retail selling price, such excise duty stamps shall not be taken into account which in the relevant time period have been returned to the State Revenue Service by an importer, an approved trader, a non-approved trader, a warehousekeeper in the Republic of Latvia or a tax representative in the Republic of Latvia appointed by a warehousekeeper of another Member State in accordance with this Law.

(3) The most popular retail selling price shall be prescribed in lats for 1000 cigarettes.

(4) When determining the most popular retail selling price, all maximum retail selling prices determined by the importer, the approved trader, the non-approved trader, the warehousekeeper in the Republic of Latvia or the tax representative in the Republic of Latvia appointed by a warehousekeeper of another Member State shall be expressed in lats for 1000 cigarettes.

[19 December 2006; 14 November 2008]

Chapter X

Security

Section 31. Types of Security

(1) In order to carry out operations with excisable goods and use duty suspension arrangement, the payer of the duty shall submit a security.

(2) A payer of the duty may submit the following securities:

1) a one-time security that is intended for a single specified amount of debt of the calculated duty; or

2) a general security that is intended for a specified time period and a specified amount of debt of the calculated duty.

(3) The following may be used as security:

- 1) a security deposit;
- 2) an insurance policy for the performance of commitments; or
- 3) a guarantee from a credit institution;
- 4) [8 November 2007]

[8 November 2007]

Section 32. Application of Security

(1) The amount of security may not be less than the duty that has been calculated for the relevant amount of excisable goods with which operations are to be carried out applying duty suspension arrangement, except in the cases referred to in Paragraph six of this Section.

(2) Security shall be submitted in conformity with the calculated duty according to the duty rates specified in Sections 12, 13 or 14, Paragraph one of this Law.

(2¹) Security for excisable goods shall be applied until the moment of duty payment therefor or until it is determined that goods are exempt from the payment of the duty in accordance with this Law.

(3) Security shall be submitted:

- 1) for all excisable goods, which are located in a tax warehouse and to which deferred duty payment is applied, except for the excisable goods, which are marked with excise duty stamps, regarding which the relevant tax warehousekeeper has submitted a security, receiving for it excise duty stamps in accordance with Section 27, Paragraph six of this Law;
- 2) for excisable goods which are moved in accordance with Section 25 or 26 of this Law, except for the case where the duty has been paid prior to the sending of the excisable goods from another Member State in accordance with Section 23, Paragraph eight of this Law; and
- 3) in other cases provided for by this Law.

(4) A security shall be submitted irrespective of whether the referred to excisable goods will be exempted from duty, used for the production of other excisable goods or the duty will not be paid for other reasons. The referred to condition shall also apply to alcohol or to any other alcoholic beverage used as a raw material for the production of alcoholic beverages.

(5) If the payer of the duty who in accordance with Section 27 of this Law returns the received but unused or damaged excise duty stamps to the State Revenue Service, prior to the receipt of excise duty stamps has submitted a one-time security which has been calculated according to the issued excise duty stamps, then security conforming to the amount of duty determined according to the excise duty stamps returned shall be cancelled or returned to the submitter after the covering of expenses referred to in Section 27, Paragraphs eight and nine of this Law.

(6) The Cabinet shall:

- 1) provide for cases when security need not be provided and conditions fulfilling which the amount of the security for the payer of the duty may be reduced; and
- 2) prescribe procedures for the submission, administration, cancellation and return of

security.

[14 April 2005; 19 December 2006; 12 June 2009]

Chapter XI

Liability

Section 33. Liability for Violations of this Law in the Republic of Latvia

(1) Liability for violations of this Law shall be determined by this Law and the Law on Taxes and Fees.

(2) In the Republic of Latvia it is prohibited to produce, use, process, store, move and market excisable goods for which excise duty has not been paid, except for the cases specified in this Law.

(3) In the Republic of Latvia it is prohibited to produce, use, process, store, move and market alcoholic beverages and tobacco products that have not been labelled with excise duty stamps, except for the cases specified in regulatory enactments.

(4) The relevant State supervision and control institutions have the right to confiscate, in accordance with procedures prescribed in regulatory enactments, such excisable goods which have been imported into the Republic of Latvia or moved out of a tax warehouse, but for which the duty has not been paid in accordance with this Law or security provided for by this Law has not been submitted for the performance of the operations referred to or which have not been labelled with excise duty stamps if it is provided for by this Law.

(5) Confiscation of excisable goods for violations of this Law or other regulatory enactments or application of other regulatory enactments in respect of violations in the circulation of excisable goods shall not exempt the specific person from liability to pay duty in accordance with this Law and a fine in accordance with the Law On Taxes and Fees. The State Revenue Service shall not calculate the duty and fee for confiscated excisable goods that do not exceed the following amounts:

- 1) alcoholic beverages:
 - a) intermediate products and other alcoholic beverages – 5 litres,
 - b) beer, wine and fermented beverages – 30 litres;
- 2) tobacco products:
 - a) cigarettes – 300 cigarettes,
 - b) cigars or cigarillos – 900 cigars or cigarillos,
 - c) smoking tobacco – 500 grams;
- 3) mineral oil products – 40 litres;
- 4) non-alcoholic beverages – 500 litres;
- 5) coffee – 20 kilograms.

(6) *[8 November 2007]*

(7) If a person performs any operation with excisable goods without complying with the provisions of this Law (including undeclared or other importation in the State of excisable goods without complying with the importation procedures specified in regulatory enactments or without fulfilling the relevant customs procedures, performs unregistered or other production of excisable goods without complying with the procedures specified in regulatory enactments for the production of excisable goods, performs any other operations with excisable goods for which duty has not been paid or security provided for by this Law has not been submitted or which have not been labelled with excise duty stamps in accordance with this Law), the State Revenue Service shall collect by uncontested procedures into the State budget in accordance with the duty rates specified in this Law, the unpaid amounts of the duty and a fine in accordance with the Law On Taxes and Fees.

(8) If the State Revenue Service upon inspecting the operations of the relevant person with excisable goods determines a surplus of excisable goods which is not specified in the account books of this person and he or she may not prove that the duty for the determined surplus has been paid, it shall be considered that the relevant person has produced, purchased or performed other operations with excisable goods for which the duty has not been paid, and the amount of the unpaid duty and a fine in accordance with the Law on Taxes and Fees shall be collected from such person.

(9) In the cases referred to in Paragraphs seven and eight of this Section the State Revenue Service shall calculate the duty according to the rates which were in force on the day when the relevant operations were performed. If it may not be determined, the duty shall be calculated according to the rates, which were in force on the day when the operations referred to were determined.

(10) If a State institution other than the State Revenue Service determines within its competence that a person has performed the operations referred to in Paragraph seven or eight of this Section, the relevant State institution shall notify the State Revenue Service in writing thereof (not later than within a period of three working days). The State Revenue Service shall recover the duty and the fine.

(11) In cases referred to in Paragraph seven of this Section the duty and fine shall be recovered from the person who possesses excisable goods with which operations referred to in Paragraph seven of this Section have been performed, or from the person who has performed operations referred to in Paragraph seven of this Section if the possessor of the referred to excisable goods has not been determined.

(12) The payer of the duty is prohibited from supplying excisable goods to which duty exemption or relief is applied in accordance with this Law to a person who does not have the right to receive them.

(13) If the requirements specified in Paragraph twelve of this Section are not met, the duty and fine shall be paid for the referred to excisable goods in accordance with the procedures prescribed by this Section. The duty and fine shall be recovered from the payer of the duty who supplies excisable goods and has not complied with the procedures provided for in Paragraph twelve of this Section or the relevant Cabinet Regulations by which it is permitted to apply duty exemption or relief to the referred to excisable goods in accordance with this Law.

(14) A payer of the duty is prohibited from supplying mineral oils to which the conditions of Section 14, Paragraph two of this Law are applied to a person who does not have the right to

receive them.

(15) If the requirements specified in Paragraph fourteen of this Section are not met, the duty and fine for the referred to excisable goods shall be paid in accordance with the procedures prescribed by this Section. The duty and fine shall be recovered from the payer of the duty who has supplied mineral oils and has not complied with the procedures provided for in Paragraph fourteen of this Section or the relevant Cabinet Regulations by which it is permitted to apply the conditions of Section 14, Paragraph two of this Law to the referred to mineral oils.

(16) Persons who have received excisable goods to which the provision specified in Section 14, Paragraph two or six of this Law is applied or duty exemption or relief in accordance with this Law is applied are prohibited from using them for other purposes (than prescribed for the specified duty exemption or relief or the relevant provision specified in the Law) or transfer them to another person who does not have the right to receive them.

(17) If the requirements specified in Paragraph sixteen are not met, the duty and fine for the referred to excisable goods shall be paid in accordance with the procedures specified in this Section. The duty and fine shall be recovered from the person who has received excisable goods and has not complied with the procedures provided for in Paragraph sixteen of this Section or the relevant Cabinet Regulations by which it is permitted to apply to the referred to excisable goods a duty exemption or relief in accordance with this Law or have not complied with that specified in Section 14, Paragraph two and six of this Law. This Paragraph shall not apply to the cases referred to in Section 16, Paragraph four of this Law.

(18) Persons who have received labelled (marked) mineral oils are prohibited from transferring them to another person who has no right to receive them.

(19) If the requirements specified in Paragraph eighteen are not met, the duty and fine for the labelled (marked) mineral oils shall be paid in accordance with the procedures specified in this Section. The duty and fine shall be recovered from the person who has received labelled (marked) mineral oils and has violated the procedures provided for in Paragraph eighteen of this Section or the relevant Cabinet Regulations by which it is permitted to use labelled (marked) mineral oils.

(20) It is prohibited to utilise labelled (marked) mineral oils as fuel in mechanical means of transport or for purposes other than prescribed by the Law. A person who utilises the labelled (marked) mineral oils as fuel for mechanical means of transport or for purposes other than prescribed by this Law, shall be liable for the violation committed in accordance with the Administrative Violations Code of Latvia.

[19 December 2006; 8 November 2007; 14 November 2008]

Section 34. Liability for Violations in Moving Excisable Goods from Another Member State or to Another Member State

(1) If it is determined that a natural person or a legal person upon importing or receiving excisable goods in the Republic of Latvia from another Member State has violated the requirements of this Law, he or she shall pay the duty in accordance with Section 33 of this Law.

(2) If in moving excisable goods from the Republic of Latvia to another Member State a violation has been committed which is related to the payment of the duty, the duty in the

Member State where the violation was committed shall be paid by the person moving the excisable goods.

(3) If the excise duty in accordance with Paragraph two of this Section is collected in another Member State, the relevant person does not have to pay the duty in the Republic of Latvia.

(4) In a case when upon movement of excisable goods from the Republic of Latvia to another Member State they do not reach the intended destination and it is not possible to determine where the violation has been committed, the consignor of the excisable goods shall pay the duty in accordance with this Law, if this Law does not provide for otherwise and if within four months from the dispatch of excisable goods the State Revenue Service has not received proof of the legality of the transaction or the place where the violation has been committed, as well as proof that the duty for the referred to excisable goods has been paid in another Member State.

(5) If within three years it is determined that the violation referred to in Paragraph four of this Section has been committed in another Member State or proof is submitted that the duty has been paid in another Member State, the duty paid in the Republic of Latvia shall be refunded to the relevant person.

(6) If it is determined that a violation related with the payment of the duty has been committed in another Member State with excisable goods for which excise duty stamps have been received in the Republic of Latvia, the duty in the Republic of Latvia need not be paid (except for the provisions of Section 23, Paragraphs thirteen, fourteen and fifteen of this Law) if it is paid in the relevant Member State.

Transitional Provisions

1. With the coming into force of this Law the following are repealed:

1) Law On Excise Duty for Alcoholic Beverages (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1998, No. 24; 1999, No. 17, 24; 2003, No. 2);

2) Law On Excise Duty for Beer (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1999, No. 24);

3) Law On Excise Duty for Tobacco Products (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1998, No. 24; 1999, No. 17; 2002, No. 14; 2003, No. 2);

4) Law On Excise Duty for Mineral Oils (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1997, No. 24; 1998, No. 13; 1999, No. 2, 6, 17, 24; 2000, No. 1, 14; 2001, No. 7, 24; 2002, No. 14; 2003, No. 2, 8); and

5) Law On Excise Duties (*Latvijas Republikas Saeimas un Ministru Kabineta Ziņotājs*, 1999, No. 24; 2000, No. 10; 2001, No. 15).

2. The duty rate for cigarettes specified in Section 13, Paragraph one, Clause 2 of this Law shall come into force on 1 January 2009.

[19 December 2006]

3. Until coming into force of the duty rate for cigarettes specified in Section 13, Paragraph

one, Clause 2 of this Law, the duty shall be imposed according to the following rates:

1) until 31 December 2004 — by summing up the amounts obtained by applying the duty rates referred to in Sub-paragraphs a) and b):

- a) 6.3 lats for 1000 cigarettes,
- b) 6.1 per cent of the maximum retail selling price;

2) from 1 January 2005 until 31 December 2005 — by summing up the amounts obtained by applying the duty rates referred to in Sub-paragraphs a) and b):

- a) 6.9 lats for 1000 cigarettes,
- b) 10.5 per cent of the maximum retail selling price;

3) from 1 January 2006 until 31 December 2006 — by summing up the amounts obtained by applying the duty rates referred to in Sub-paragraphs a) and b):

- a) 7.6 lats for 1000 cigarettes,
- b) 14.8 per cent of the maximum retail selling price;

4) from 1 January 2007 until 30 June 2007 — by summing up the amounts obtained by applying the duty rates referred to in Sub-paragraphs a) and b):

- a) 8.4 lats for 1000 cigarettes,
- b) 19.2 per cent of the maximum retail selling price;

5) from 1 July 2007 until 31 December 2007 — by summing up the amounts obtained by applying the duty rates referred to in Sub-paragraphs a) and b):

- a) 10 lats for 1000 cigarettes,
- b) 25 per cent of the maximum retail selling price;

6) from 1 January 2008 until 31 December 2008 — by summing up the amounts obtained by applying the duty rates referred to in Sub-paragraphs a) and b):

- a) 17.8 lats for 1000 cigarettes,
- b) 32.2 per cent of the maximum retail selling price.

[19 December 2006]

4. The duty rate specified in Section 13, Paragraph one, Clause 3, Sub-clause a) of this Law, for fine-cut tobacco intended for the rolling of cigarettes, shall come into force on 1 July 2004.

5. Until the coming into effect of the duty rate specified in Section 13, Paragraph one, Clause 3, Sub-clause a) of this Law for fine-cut tobacco intended for the rolling of cigarettes, it shall be levied with a duty — 19 lats for 1000 grams of tobacco.

6. Until 31 December 2004 Section 1, Paragraph two, Clause 2, Section 23, Paragraphs thirteen, fourteen and fifteen, Section 27 and other conditions regarding excise duty stamps shall apply only to cigarettes but shall not apply to other tobacco products.

7. Until 30 June 2005 in the Republic of Latvia it is permitted to market tobacco products

(except for cigarettes) also without excise duty stamps.

8. Legal persons carrying out commercial activities with mineral oils according to the situation on the day of coming into force of this Law shall take inventory of the stocks of mineral oils in the ownership thereof and shall pay excise duty for the amount of mineral oils determined as a result of inventory, the amount of which duty shall be calculated as a difference between the excise duty according to the excise duty rate specified in this Law and excise duty according to the rate specified in the Law On Excise Duty for Mineral Oils.

9. During the period from 1 April 2004 until 30 April 2004 Section 2, Paragraph six and Paragraph seven, Clause 1, as well as Sections 31 and 32 of this Law shall be applicable in order to implement transition to licences and securities in conformity with the requirements of this Law and ensure the validity thereof from 1 May 2004.

[18 March 2004]

10. Requirements of Clause 8 of the Transitional Provisions of this Law regarding calculation and payment of the excise duty difference are not applicable to the following mineral oils:

1) unleaded petrol, the substitute products and components thereof if ethyl alcohol has been added thereto which has been acquired from agricultural raw materials and which has been dehydrated (with alcohol content of at least 99.5 per cent by volume) and which has been denatured — at least 4.5 per cent by volume of the total amount of mineral oils; and

2) diesel fuel (gas oil), its substitute products and components if biodiesel fuel has been added thereto which has been obtained from rape seed oil and biodiesel fuel constitutes 5 and more per cent by volume of the total amount of mineral oils.

[29 April 2004]

11. Clause 10 of the Transitional Provisions of this Law shall be applicable to the relevant amount of specific mineral oils for which excise duty has been paid in compliance with the provisions of Section 6, Paragraphs seven, eight and ten of the Law on Excise Duty for Mineral Oils. It is permitted to modify the relevant amount of the specific mineral oils in a tax warehouse for mineral oils so that these products meet the conditions of Section 14, Paragraph three or four of this Law and to export these products without paying excise duty.

[29 April 2004]

12. Up to 30 June 2007, with an increase in the rate of excise duty, merchants, who perform commercial activities with mineral oils shall, on the day when the change in the rate excise duty for mineral oil products occurs, perform an inventory of the stocks of mineral oil products, which are referred to in Section 14, Paragraph one of this Law, and in respect of the amounts of mineral oil products determined by the inventory shall within 15 days (including the day when the change in the rate excise duty occurs) pay into the State budget the excise duty thereof, the amount of which shall be calculated as the difference between the rate of excise duty, which is in effect on the day of the inventory (the day when the new rate of excise duty came into effect),

and the rate of excise duty, which was in effect up to the day when the rate of excise duty changed, as well as in respect of the inventory performed shall submit to the State Revenue Service the inventory list. If the rate of excise duty is reduced, the difference in excise duty shall not be refunded.

[20 December 2004; 19 December 2006]

12.¹ Commencing with 1 January 2008, with an increase in the rate of excise duty for alcoholic beverages, tobacco products or mineral oils in the situation on the day when the change in the rate of excise duty occurs, an inventory shall be performed:

1) an accounting of existing relevant stocks of alcoholic beverages, tobacco products or mineral oils:

a) by the approved trader.

b) by the person who has received a special permit (licence) for the wholesale trade of alcoholic beverages, tobacco products or mineral oils, and

c) by the person who has received a special permit (licence) for the retail trade of alcoholic beverages, tobacco products or mineral oils; and

2) an accounting of existing relevant stocks of alcoholic beverage and tobacco product excise duty stamps if in respect of the relevant excise goods a duty in conformity with received excise duty stamps has been paid in accordance with Section 23, Paragraph thirteen of this Law:

a) by the excise goods warehousekeeper,

b) by the importer if the excise goods to be marked or marked with the relevant excise duty stamps are not suitable for the customs procedure – release for free circulation, and

c) by the representative of the taxpayer, approved trader and non-approved trader if the excise goods marked with the relevant excise duty stamps have not been received in the Republic of Latvia.

[19 December 2006; 8 November 2007; 14 November 2008]

12.² Commencing with 1 January 2008, with an increase in the rate of excise duty for tobacco products in the situation on the first day of the following month after the change in the rate of excise duty occurs, a person who has received a special permit (licence) for retailing of tobacco products shall perform an inventory and account for the existing stocks of tobacco products.

[8 November 2007]

12.³ The person referred to in Paragraph 12.¹ of these Transitional Provisions:

1) in accordance with the requirements of the regulatory enactments regulating accounting shall compile inventory lists in at least three copies of which one within a period of 15 days (including the day when the change in the rate of excise duty occurred) shall be submitted to the State Revenue Service in conformity with the place of registration of the taxpayer, and one copy shall be kept at every location of storage and sale of the relevant excise goods. The tobacco product inventory list shall indicate the following additional

requisites: unit of measurement (packs – pieces, number of cigarettes in a pack – pieces), maximum retail price for one pack, duty for one pack up to the change in the rate, duty for one pack after the change in the rate, the difference in duty for one pack, and the total amount of the duty difference;

2) together with the inventory lists shall submit to the State Revenue Service in conformity with the place of registration of the taxpayer, a duty calculation with the calculated total amount of the duty difference to be paid into the budget. If on the basis of the circumstances on the day when the change in the rate of duty occurs, the referred to excise goods stocks are not in the accounting, they shall be indicated in the duty calculation to be submitted; and

3) shall pay into the State budget the calculated total amount of the duty difference within 45 days (including the day when the change in the rate of excise duty occurred). If the rate of duty is reduced, the duty difference shall not be refunded.

[8 November 2007; 14 November 2008; 12 June 2009]

12.⁴ The person referred to in Paragraph 12.² of these Transitional Provisions:

1) in accordance with the requirements of the regulatory enactments regulating accounting shall compile inventory lists in at least three copies of which one within a period of 15 days (including the day when the change in the rate of excise duty occurred) shall be submitted to the State Revenue Service in conformity with the place of registration of the taxpayer, and one copy shall be kept at every location of storage and sale of tobacco products. The inventory list of tobacco products (cigarettes) shall indicate the following additional requisites:

a) the maximum retail price for one pack of the cigarettes in existing stocks and the relevant unit of measurement (packs – pieces, number of cigarettes in a pack – pieces),

b) the time period between the change in the rate of duty and the day of inventory – the received number of cigarette packs with the relevant maximum retail price and number of cigarettes in the relevant pack,

c) the relevant number of cigarette packs with the relevant maximum retail price and number of cigarettes in the relevant pack (the number of such packs is acquired by subtracting the number of cigarette packs referred to in Sub-clause “b” from the number cigarettes packs referred to in Sub-clause “a”). If number of cigarette packs referred to in Sub-clause “b” is larger than the number cigarettes packs referred to in Sub-clause “a” or the equal to it, 0 shall be indicated,

d) the duty for one cigarette pack referred to in Sub-clause “c” up to the change in the rate of duty,

e) the duty for one cigarette pack referred to in Sub-clause “c” after the change in the rate of duty,

f) the duty difference for one cigarette pack referred to in Sub-clause “c”, and

g) the total amount of the duty difference;

2) together with the inventory lists shall submit to the State Revenue Service in conformity with the place of registration of the taxpayer, a duty calculation with the calculated total amount of the duty difference to be paid into the State budget. If according to

the situation when the stocks are inventoried, there no stocks of tobacco products in the accounting, this shall be indicated in duty calculation to be submitted; and

3) the amount of duty difference to be paid into the State budget shall be calculated and paid within 15 days (including the day when the inventory was performed) in respect of the amount of such relevant tobacco products, which are acquired by subtracting the amount of tobacco products received between the day of the change in the rate of duty and the day of inventory from the amount accounted for in the inventory list.

[8 November 2007; 12 June 2009]

12.⁵ If the person referred to in Paragraph 12.¹ of these Transitional Provisions within one month after the change in the rate of duty has received tobacco products from the tobacco product retail trade, he or she shall perform a duty recalculation for the relevant tobacco products, and pay the amount of the rate of duty difference, as well as submit the necessary documents within a period of 45 days after the change in the rate of duty (including the day when the change in the rate of duty occurred), taking into account the provisions of Paragraph 12.⁴, Clauses 1 and 2 of these Transitional Provisions.

[8 November 2007]

13. Amendments to Section 2, Paragraph seven, Clause 1 of this Law in relation to the delegation to the Cabinet to specify the rate of State fee and procedures for payment for the issuance and re-registration of special permits (licences) shall come into force on 1 September 2005.

[20 December 2004]

14. The Cabinet shall, by 1 July 2005, issue the regulations provided for in Section 5, Paragraph five; Section 14, Paragraph seven and Section 18 of this Law. Up to the day of the coming into force of the new Cabinet regulations, but not longer than up to 1 July 2005, the following relevant Cabinet regulations shall be applicable insofar as they not in contradiction with this Law:

1) Cabinet Regulation No. 359 of 20 April 2004, Procedures by which Reduced Rate of Excise Duty or Exemption from Excise Duty shall be Applied to Some Mineral Oils; and

2) Cabinet Regulation No. 432 of 27 April 2004, Procedures for the Circulation of Biofuels and the Administration of the relevant Excise Duty.

[20 December 2004]

15. The Cabinet shall harmonise the regulations provided for in Section 17 and Section 21, Paragraph two of this Law with the amendments to the Law On Excise Duty. Up to the day that the relevant amendments made in such regulations have come into force, but not longer than up to 1 September 2005, the following relevant Cabinet regulations shall be applicable insofar as they not in contradiction with this Law:

1) Cabinet Regulation No. 173 of 25 March 2004, Procedures by which Individual Tobacco Products are Exempted from Excise Duty; and

2) Cabinet Regulation No. 232 of 1 April 2004, Procedures for the Circulation of Excisable Goods.

[20 December 2004]

16. Section 1, Paragraph two, Clause 15 and Section 12, Paragraphs two and three of this Law shall come into force on 1 January 2006.

[14 April 2005]

17. Section 14, Paragraph three, Clause 2 of this Law shall come into force on 1 July 2007.

[19 December 2006]

18. The Cabinet shall by 1 July 2007 issue the regulations provided for in Section 5, Paragraph five; Section 14, Paragraphs 2¹ and seven and Section 24, Paragraph three of this Law. Up to the day that the new Cabinet regulations have come into force, but not longer than up to 1 July 2007, the following Cabinet regulations shall be applicable appropriately insofar as they are not in contradiction with this Law:

1) Cabinet regulation No. 485 of 28 June 2005, Procedures by which Reduced Rate of Excise Duty or Exemption from Excise Duty shall be Applied to Some Mineral Oils;

2) Cabinet regulation No. 498 of 5 July 2005, Procedures for Circulation of Fuel Containing Bioproducts and Administration of the Relevant Excise Duty; and

3) Cabinet regulation No. 97 of 31 January 2006, Regulations regarding Excise Duty Declaration Forms.

[19 December 2006]

19. The Cabinet shall by 1 July 2008 issue the regulations provided for in Section 26, Paragraph five and Section 27, Paragraph 12¹ of this Law. Up to the day of the coming into force of the new Cabinet regulations, but not later than up to 1 July 2008, Cabinet regulation No. 356 of 20 April 2004, Procedures by which Excise Duty is Refunded for Excisable Goods Brought out from the Republic of Latvia to other European Union Member States, shall be applied insofar as it is not in contradiction with this Law.

[8 November 2007]

20. The duty rate for beer specified in Section 12, Paragraph one, Clause 1 of this Law shall come into force on 1 February 2009. Until the date when the duty rate for beer specified in Section 12, Paragraph one, Clause 1 of this Law comes into force, a duty shall be imposed on beer (for 100 litres) according to the rate of 1.30 lats per each per cent of absolute alcohol by volume that has been determined with a precision up to one-tenth, but not less than 2 lats per 100 litres of beer.

[14 November 2008]

21. The duty rate for other alcoholic beverages specified in Section 12, Paragraph one, Clause

5 of this Law shall come into force on 1 February 2009. Until the date when the duty rate for other alcoholic beverages specified in Section 12, Paragraph one, Clause 5 of this Law comes into force, a duty shall be imposed on other alcoholic beverages according to the rate of 630 lats per 100 litres of absolute alcohol.

[14 November 2008]

22. The duty rate for other smoking tobacco specified in Section 13, Paragraph one, Clause 3, Sub-clause “b” of this Law shall come into force on 1 February 2009. Until the date when the duty rate for other smoking tobacco specified in Section 13, Paragraph one, Clause 3, Sub-clause “b” of this Law comes into force, a duty shall be imposed on other smoking tobacco according to rate 14 lats per 1000 grams of tobacco.

[14 November 2008]

23. After the coming into force of amendments to Section 5, Paragraph five and Section 18, Paragraph one of this Law and until the date of the coming into force of the relevant Cabinet regulations, but not later than until 1 July 2009, Cabinet Regulation No. 525 of 31 July 2007, Procedures by which Reduced Excise Duty Rate is Imposed on Separate Mineral Oil Products or Exemption from Excise Duty is Applied shall be applied insofar as it is not in conflict with this Law.

[14 November 2008]

24. Amendments to Section 14, Paragraph three, amendment to Section 18, Paragraph five regarding adding Clause 6 to the Paragraph, amendment regarding deletion of Section 18, Paragraph 7 of this Law and amendment to Section 20, Paragraph four shall come into force on 1 January 2010.

[12 June 2009]

25. The Cabinet Regulation No. 213 of 30 March 2004, Procedures for Refunding of Excise Duty for Fuel Oil, Substitute Products and Components Thereof that are Used as Heating Fuel, issued in accordance with Section 18, Paragraph seven of this Law regarding the amount of fuel oil actually purchased and used in 2009 shall be applicable until 20 February 2010.

[12 June 2009]

26. Until the date of coming into force of new Cabinet Regulation specified in Section 32, Paragraph six, Clause 1 of this Law, but no longer than until 1 January 2010 the Cabinet Regulation No. 638 of 30 August 2005, Regulations Regarding Guarantees of Excise Duty for Alcoholic Beverages, Tobacco Products and Mineral Oils, shall be applied insofar as they are not in contradiction with this Law.

[12 June 2009]

27. Amendment to Section 14, Paragraph two shall come into force on 1 July 2010.

[12 June 2009]

Informative Reference to European Union Directives

Legal provisions arising from the following directives have been included in this Law:

- 1) Council Directive 92/12/EEC of 25 February 1992 on the general arrangements for products subject to excise duty and on the holding, movement and monitoring of such products;
- 2) Council Directive 92/79/EEC of 19 October 1992 on the approximation of taxes on cigarettes;
- 3) Council Directive 92/80/EEC of 19 October 1992 on the approximation of taxes on manufactured tobacco other than cigarettes;
- 4) Council Directive 92/83/EEC of 19 October 1992 on the harmonization of the structures of excise duties on alcohol and alcoholic beverages;
- 5) Council Directive 92/84/EEC of 19 October 1992 on the approximation of the rates of excise duty on alcohol and alcoholic beverages;
- 6) Council Directive 95/59/EC of 27 November 1995 on taxes other than turnover taxes which affect the consumption of manufactured tobacco;
- 7) Council Directive 95/60/EC of 27 November 1995 on fiscal marking of gas oils and kerosene;
- 8) Council Directive 2003/96/EC of 27 October 2003 restructuring the Community framework for the taxation of energy products and electricity; and
- 9) Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries.

[18 March 2004; 20 December 2004; 14 November 2008]

This Law shall come into force on 1 May 2004. Section 2, Paragraph six and Paragraph seven, Clause 1, as well as Sections 31 and 32 shall come into force on 1 April 2004.

[18 March 2004; 20 December 2004]

This Law has been adopted by the *Saeima* on 30 October 2003.

President

V. Vīķe-Freiberga

Rīga, 14 November 2003

Annex to the Law On Excise Duties

Mineral Oils to which the Excise Duty Specified in the Law On Excise Duties is Applicable

1. The excise duty specified for unleaded petrol, the substitute products and components thereof, shall be applied to the following goods and for the following reasons:

- 1.1. benzene;
- 1.2. toluene;
- 1.3. xylene;
- 1.4. mixtures of aromatic hydrocarbons, of which not less than 65% by volume (including losses) distils at 250°C (by the ASTM D 86 method):
 - 1.4.1. for use as a power or heating fuel,
 - 1.4.2. for use for other purposes;
- 1.5. crude light oils, of which 90% or more by volume distils at a temperature of up to 200°C and other oils;
- 1.6. natural gas condensate;
- 1.7. light oils and preparations:
 - 1.7.1. for undergoing specific processes,
 - 1.7.2. for undergoing chemical transformation by a process (except for specific processes),
 - 1.7.3. for other purposes:
 - 1.7.3.1. special spirits [lacquer petroleum (white spirit) and other],
 - 1.7.3.2. motor spirits (except aviation spirit) with a lead content not exceeding 0.013 g/l,
 - 1.7.3.3. petrol type jet fuel,
 - 1.7.3.4. other light oils,
 - 1.7.3.5. mineral oils with a lead content not exceeding 0.013 g/l to which ethyl alcohol has been added which is acquired from agricultural raw materials and which has been dehydrated (with alcohol content of at least 99.5 per cent by volume) and which has been denatured or ethyl alcohol derivative ETBE (separately or together with ethyl alcohol);
- 1.8. methanol (methyl alcohol);
- 1.9. lower alkyl tert-butyl ethers [methyl tert-butyl ether (MTBE) and ethyl-tert-butyl ether (ETBE)];
- 1.10. ready-made anti-knock and other ready-made additives to mineral oils, which are used for the same needs as mineral oils;
- 1.11. ready-to-use binding agents, chemical products (also products, which contain natural product mixtures), which have not been referred to or included elsewhere; and
- 1.12. waste oils, which are classified within the Combined Nomenclature under the code 2710.

2. The excise duty specified for leaded petrol, the substitute products and components thereof shall be applied to the following goods:

2.1. motor spirits:

2.1.1. aviation spirit,

2.1.2. other motor spirits with a lead content exceeding 0.013 g/l, and

2.1.3. mineral oils with a lead content exceeding 0.013 g/l to which ethyl alcohol or ethyl alcohol derivative ETBE (separately or together with ethyl alcohol) has been added.

2.2. ready-made anti-knock (based upon lead compounds and otherwise) and other ready-made additives to mineral oils, which are used for the same needs as mineral oils;

2.3. ready-to-use binding agents, chemical products (also products, which contain natural product mixtures), which have not been referred to or included elsewhere; and

2.4. waste oils, which are classified within the Combined Nomenclature under the code 2710.

3. The excise duty specified for kerosene, the substitute products and components thereof shall be applied to the following goods:

3.1. medium oils for undergoing specific processes;

3.2. medium oils for undergoing chemical transformation by a process;

3.3. medium oils for other purposes;

3.4. jet fuel;

3.5. ready-to-use binding agents, chemical products (also products, which contain natural product mixtures), which have not been referred to or included elsewhere; and

3.6. waste oils, which are classified within the Combined Nomenclature under the code 2710.

4. The excise duty specified for diesel fuel (gas oil), the substitute products and components thereof shall be applied to the following goods:

4.1. volatile oils (gas oils) for undergoing specific processes;

4.2. volatile oils (gas oils) for undergoing chemical transformation by a process;

4.3. volatile oils (gas oils) for other purposes;

4.4. fuel oils, the substitute products and components thereof the colorimetric index of which is less than 2.0 and kinematic viscosity at 50°C is less than 25 mm²/s; and

4.5. diesel fuel (gas oil) to which at a tax warehouse biodiesel fuel is added.

4.6. ready-made anti-knock and other ready-made additives to mineral oils, which are used for the same needs as mineral oils;

4.7. ready-to-use binding agents, chemical products (also products, which contain natural product mixtures), which have not been referred to or included elsewhere;

4.8. biodiesel fuel, which is acquired from vegetable oils; and

4.9. waste oils, which are classified within the Combined Nomenclature under the code 2710.

5. The excise duty specified for fuel oil, the substitute products and components thereof shall

be applied to the following goods:

- 5.1. fuel oils for undergoing specific processes;
- 5.2. fuel oils for undergoing chemical transformation by a process;
- 5.3. fuel oils for other purposes;
- 5.4. fuel oils, their substitute products and components the colorimetric index of which is equal to or greater than 2.0 and kinematic viscosity at 50°C is equal or greater than 25 mm²/s;
- 5.5. ready-to-use binding agents, chemical products (also products, which contain natural product mixtures), which have not been referred to or included elsewhere; and
- 5.6. waste oils, which are classified within the Combined Nomenclature under the code 2710.

6. The excise duty specified for petroleum gases and other gaseous hydrocarbons shall be applied to the following goods:

- 6.1. liquid petroleum gases and other gaseous hydrocarbons:
 - 6.1.1. propane,
 - 6.1.2. butanes,
 - 6.1.3. ethylene, propylene, butylene and butadiene,
 - 6.1.4. other (except natural gas); and
- 6.2. petroleum gases and other gaseous hydrocarbons in gaseous state (except natural gas).

[20 December 2004; 19 December 2006]