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24 April 2012 [shall come into force on 9 May 2012];

29 June 2021 [shall come into force on 1 July 2021];

21 June 2022 [shall come into force on 1 July 2022].

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

Republic of Latvia

Cabinet

Regulation No. 684

Adopted 30 August 2011

**Procedures for the Application of the Exemption from the Excise Duty to Certain Alcoholic Beverages**

*Issued pursuant to*

*Section 3, Paragraph seven and Section 16, Paragraphs five and six of the law On Excise Duties*

[*21 June 2022*]

**I. General Provisions**

1. The Regulation prescribes:

1.1. the procedures by which the exemptions from the excise duty referred to in Section 16, Paragraph one, Clauses 4.1, 5, 7, 8, 9, and 10 of the law On Excise Duties (hereinafter – the Law) shall be applied to alcoholic beverages;

1.2. the requirements and procedures by which the State Revenue Service shall issue, re-register, and cancel a permit for the purchase of alcoholic beverages in order to use the alcoholic beverages in accordance with Section 16, Paragraph one, Clauses 4.1, 5, 7, 8, 9, and 10 of the Law, the requirements and procedures for supplying alcoholic beverages to a user, and also shall determine the information to be included in a permit for the purchase of alcoholic beverages, the conditions for entry into effect of a permit for the purchase of alcoholic beverages and the validity period thereof, and also the requirements for a supplier and user of alcoholic beverages which are to be complied with for the application of the duty exemption;

1.3. the requirements and procedures by which alcoholic beverages shall be used for the production of such food supplements which are registered, distributed, sold, processed, and supplied in accordance with the laws and regulations regarding the mandatory safety and labelling requirements for food supplements and the procedures for the registration of food supplements (hereinafter – the food supplements).

[*21 June 2022*]

1.1 In order for a merchant to be able to use alcoholic beverages in conformity with Section 16, Paragraph one, Clauses 4.1, 5, 7, 8, 9, and 10 of the Law (hereinafter – the user), the merchant shall obtain the permit from the State Revenue Service for the purchase of alcoholic beverages to which the exemption from the excise duty is applied (hereinafter – the user’s permit) (Annex 1.1).

[*21 June 2022*]

2. Alcoholic beverages shall be exempted from the excise duty on the basis of Section 16, Paragraph one, Clauses 4.1, 5, 7, 8, 9, and 10 of the Law if the excise duty payer supplies alcoholic beverages in accordance with this Regulation (hereinafter – the supplier) to the person who has the user’s permit.

[*21 June 2022*]

3. The user’s permit is also necessary if the supplier himself or herself uses alcoholic beverages which are exempted from the excise duty. For obtaining the user’s permit in such case, it shall not be necessary to submit the document referred to in Sub-paragraph 15.8 of the Regulation.

[*21 June 2022*]

4. Alcoholic beverages shall be exempted from the excise duty from the moment when they, in accordance with this Regulation, are received at the address indicated in the user’s permit and the supplier or user has ensured entering of the information referred to in Paragraph 12 of this Regulation in the Electronic Declaration System of the State Revenue Service (hereinafter – the Electronic Declaration System).

[*29 June 2021*]

5. The food supplements for the production of which the use of alcoholic beverages is necessary shall be permitted to be manufactured in the Republic of Latvia, using alcohol.

[*21 June 2022*]

6. Exemption from the excise duty shall be applied for the alcoholic beverages referred to in Section 16, Paragraph one, Clauses 4.1 and 7 of the Law, when bringing them into the Republic of Latvia from the Member States of the European Union or from foreign states other than the Member States of the European Union. In such case, the user’s permit shall not be necessary.

7. Exemption from the excise duty shall be applied to the products referred to in Section 16, Paragraph one, Clause 9 of the Law which correspond to the codes 2106 and 3302 of the Combined Nomenclature of Latvia if the abovementioned products are produced at the tax warehouse. In such case, the user’s permit shall not be necessary.

8. In accordance with Section 16, Paragraph one, Clause 9 of the Law, the products which correspond to the codes 2106 and 3302 of the Combined Nomenclature of Latvia shall be exempted from the excise duty if such products are brought in the Republic of Latvia from the Member States of the European Union or from foreign states other than the Member States of the European Union, or brought out from the tax warehouse in the Republic of Latvia. In such case, the user’s permit shall not be necessary.

9. In accordance with Section 16, Paragraph one, Clause 10 of the Law, the alcoholic beverages which are destroyed in the tax warehouse in accordance with the requirements referred to in Chapter III of this Regulation shall be exempted from the excise duty. In such case, the user’s permit shall not be necessary.

10. The exemption from the excise duty specified in Section 16, Paragraph one, Clause 10 of the Law which comply with the definition of other alcoholic beverages and are used for the production of tobacco products may be used only by an approved warehousekeeper who is permitted to carry out the activities with tobacco products if the abovementioned alcoholic beverages are completely processed into the tobacco products during the production process of the tobacco products.

**II. Requirements for the Supplier and User**

11. When supplying alcoholic beverages to the user, the supplier shall, by using the supply document specified in the laws and regulations regarding conducting of accounting and circulation of excise goods, indicate the number and date of entering into effect of the user’s permit in addition to the information specified in the laws and regulations regarding conducting of accounting and circulation of excise goods.

[*29 June 2021*]

12. If alcoholic beverages are supplied to the user by a warehousekeeper of the Republic of Latvia, the supplier shall, prior to the supply of alcoholic beverages, enter the information in the Electronic Declaration System on the quantity of alcoholic beverages to be supplied, without exceeding the quantity of alcoholic beverages permitted for the supply. If the user himself or herself brings in alcoholic beverages in the Republic of Latvia from the Member States of the European Union or from foreign states other than the Member States of the European Union, the entering of the information in the Electronic Declaration System on the quantity of alcoholic beverages to be brought in shall be ensured by the user on the day of receipt.

[*29 June 2021*]

13. The supplier shall supply alcoholic beverages to the user, without exceeding the quantity of alcoholic beverages to be supplied and entered in the Electronic Declaration System.

[*29 June 2021*]

14. In order to obtain the user’s permit to purchase alcoholic beverages, the merchant shall submit a submission to the State Revenue Service for the receipt of the permit for the acquisition of alcoholic beverages which are exempted from the excise duty (Annex 2).

[*21 June 2022*]

14.1 When submitting the submission for the receipt of the permit electronically, the user shall use the Electronic Declaration System.

[*29 June 2021*]

14.2 Data regarding the quantity of alcoholic beverages granted to and remaining at the user are registered in the Electronic Declaration System.

[*29 June 2021*]

15. The following documents shall be appended to the submission referred to in Paragraph 14 of this Regulation:

15.1. the technical norms, consumptions norms, or other information in which the time period (for example, month, year) when the relevant quantity of alcoholic beverages is to be used (in litres and litres of absolute alcohol) is determined;

15.2. if the merchant produces food supplements, the technical norms, consumption norms, or other information indicating what quantity of alcoholic beverages (in litres and litres of absolute alcohol) is necessary in order to produce one unit of the relevant food supplement;

15.3. if the merchant produces chocolate products or other food products, the technical norms, consumption norms, or other information indicating what quantity of alcoholic beverages (in litres and litres of absolute alcohol) is necessary in order to produce 100 kilograms of the relevant food product;

15.4. if the merchant produces cosmetic products, the technical norms, consumption norms, or other information indicating what quantity of alcoholic beverages (in litres and litres of absolute alcohol) is necessary in order to produce one unit of the relevant product;

15.4.1 if the merchant produces such substances which are used for the manufacture of medicinal products and veterinary medicinal products, the technical norms, consumption norms, or other information indicating what quantity of alcoholic beverages (in litres and litres of absolute alcohol) is necessary in order to produce the quantity of the relevant substances;

15.5. the technical norms, consumption norms, or other information indicating what quantity of alcoholic beverages (in litres and litres of absolute alcohol) is necessary in order to carry out other activities referred to in the submission (for example, the quantity of alcohol is necessary for ensuring the operation of the particular device or mechanism);

15.6. if a merchant wants to purchase the alcoholic beverages referred to in Section 16, Paragraph one, Clause 5 or 10 of the Law – the confirmation of the merchant and the documents which confirm that the user needs alcoholic beverages for the purposes specified in the submission and denatured alcohol cannot be used for such purposes;

15.7. a confirmation of the merchant that the possibility to control the circulation of alcoholic beverages and the documentary and computerised information related thereto will be ensured for the persons authorised by the State Revenue Service at the places of production, sale, and storage of alcoholic beverages of the undertaking;

15.8. the plan for the place of use of the alcoholic beverages (premises, territories) approved by the merchant (or a copy thereof). If it is planned to concurrently store more than 2000 litres of alcoholic beverages, the stationary tanks for the storage of alcoholic beverages, their volume (m3) and number shall be additionally indicated in the plan;

15.9. [24 April 2012].

[*24 April 2012; 21 June 2022*]

16. If a merchant submits the submission referred to in Paragraph 14 of this Regulation to the State Revenue Service for the receipt of the user’s permit to purchase the alcoholic beverages referred to in Section 16, Paragraph one, Clause 5 or 10 of the Law in the amount up to five litres per year, the documents attesting that the user needs alcoholic beverages for the purposes specified in the submission and that denatured alcohol cannot be used for such purposes shall be appended to the submission. In such case, the merchant need not submit the documents referred to in Paragraph 15 of this Regulation.

[*24 April 2012*]

16.1 If it is intended to use alcoholic beverages for the production of such food supplements which contain ethyl alcohol and the packaging unit of which exceeds 150 millilitres, the purpose of use specified in Section 16, Paragraph one, Clause 5, Sub-clause “e” of the Law shall be indicated in the submission for obtaining the permit.

[*21 June 2022*]

17. In order to repeatedly obtain the user’s permit, the user shall submit the submission referred to in Paragraph 14 of this Regulation to the State Revenue Service. If the information indicated in the documents submitted previously for obtaining the user’s permit has changed, the user shall submit the relevant documents referred to in Paragraph 15 of this Regulation in an updated form.

[*24 April 2012*]

17.1If the name of the merchant indicated in the user’s permit has changed or a new address has been granted to the place of operation indicated in the user’s permit, the State Revenue Service shall update the information indicated in the permit.

[*29 June 2021*]

18. The State Revenue Service shall examine the submitted documents in accordance with the procedures laid down in the Administrative Procedure Law and issue or re-register the user’s permit or take the decision to refuse to issue or re-register the user’s permit.

[*29 June 2021*]

19. The user’s permit shall be issued for each type of an alcoholic beverage and it shall be valid for one year.

[*21 June 2022*]

20. The State Revenue Service need not issue or re-register the user’s permit if:

20.1. all the necessary information has not been indicated in the submission or all the documents referred to in Paragraph 15 of this Regulation have not been submitted, or incomplete information has been provided in the documents appended to the submission and if the deficiencies established have not been eliminated within the time period stipulated by the State Revenue Service;

20.2. [24 April 2012];

20.3. false information has been provided in the submission or in the documents appended thereto;

20.4. the quantity of the alcoholic beverages which are used as raw material for the production of food products exceeds the restriction referred to in Section 16, Paragraph three of the Law;

20.5. the user’s permit has been cancelled for the merchant within one year before submitting the submission due to violations of this Regulation;

20.6. the official of the merchant has violated the requirements laid down in the Law or in this Regulation within one year before submitting the submission;

20.7. the user has a debt of taxes (duties) administered by the State Revenue Service the total amount of which exceeds EUR 150, except for the case if the due dates of the relevant payments have been extended in accordance with the procedures laid down in laws and regulations or if the decision on voluntary fulfilment of late tax payments has been taken and the person fulfils the abovementioned debt obligations.

[*24 April 2012; 21 June 2022*]

21. The State Revenue Service shall cancel the user’s permit if:

21.1. the State Revenue Service has established that the user uses alcoholic beverages for the purposes not indicated in the permit;

21.2. the user has submitted a submission for the cancellation of the user’s permit.

22. The State Revenue Service has the right to cancel the user’s permit if:

22.1. false information has been provided in the user’s submission or in the documents appended thereto;

22.2. the user has violated the requirements of this Regulation or other laws and regulations related to the circulation of alcoholic beverages;

22.3. the user has not ensured the fulfilment of the conditions referred to in Sub-paragraph 15.7 of this Regulation;

22.4. the user has not voluntarily paid the imposed fine within the time period specified in laws and regulations which has been applied due to the violations of this Regulation or other laws and regulations related to the circulation of excisable goods;

22.5. [21 June 2022];

22.6. there are no evidence of the production and sale of the final product for the production of which alcoholic beverages were purchased.

[*21 June 2022*]

23. [21 June 2022]

23.1 If the user’s permit is cancelled or becomes invalid, the user shall, within 10 working days after entering into effect of the decision to cancel the user’s permit or on the day when the permit becomes invalid, perform an inventory and declare the remainder of alcoholic beverages to the State Revenue Service.

[*21 June 2022*]

23.2 If the user’s permit has been cancelled or has become invalid, the destruction, return to the supplier, selling, or transfer of alcoholic beverages to another user to which the user’s permit has been issued or the movement of alcoholic beverages from the place of storage and use of alcoholic beverages to other structural units of the user shall be permitted only with permission of the State Revenue Service. The permit shall be issued on the basis of a submission. The following information shall be indicated in the submission:

23.21. the name of the user;

23.22. the taxpayer registration code of the user;

23.23. the number of the user’s permit;

23.24. the address of the place of storage of alcoholic beverages;

23.25. the type of alcoholic beverages;

23.26. the remainder of alcoholic beverages;

23.27. the planned activities with the remainder of alcoholic beverages;

23.28. the name of the recipient of alcoholic beverages, the registration code of the taxpayer, the permit or licence number and address of the place of delivery if it is planned to return the remainder of alcoholic beverages to the supplier of alcoholic beverages, to sell or return to another user who has the user’s permit;

23.29. the information on the merchant who will destroy the remainder of alcoholic beverages, the place of destruction of alcoholic beverages if it is planned to destroy the remainder of alcoholic beverages;

23.210. the date of submitting the submission, the given name, surname, and signature of the responsible official.

[*21 June 2022*]

23.3 A copy of the document confirming the purchase of alcoholic beverages which is confirmed by the user and the documents which justify the activities with alcoholic beverages (for example, the contract on the sale or destruction of goods) shall be appended to the submission referred to in Paragraph 23.2 of this Regulation.

[*21 June 2022*]

24. If the information indicated in the user’s permit has changed (except for the case referred to in Paragraph 17.1 of this Regulation), the user shall, within five working days, submit the submission for re-registration (Annex 2) to the State Revenue Service, appending copies of the documents confirming the changes.

[*29 June 2021*]

24.1 If the information in the documents submitted for obtaining the permit has changed and the permit need not be re-registered, the user shall, within five working days, inform the State Revenue Service thereof, submitting copies of the documents confirming the changes.

[*29 June 2021*]

**III. Conditions for the Destruction of Alcoholic Beverages**

25. Alcoholic beverages shall be exempted from the duty in accordance with Section 16, Paragraph one, Clause 10 of the Law if the approved warehousekeeper destroys them in one of the following ways:

25.1. if the quantity of alcoholic beverages is less than 1000 litres, they shall be emptied in conformity with the environmental protection and fire safety requirements into sewerage (alcoholic beverages which contain more than 40 % of alcohol shall be diluted with water up to the abovementioned concentration);

25.2. if the quantity of alcoholic beverages is more than 1000 litres, they shall be emptied in conformity with the environmental protection and fire safety requirements at the places indicated by the relevant regional environmental board and local government (alcoholic beverages which contain more than 40 % of alcohol shall be diluted with water up to the abovementioned concentration);

25.3. by grinding together with the packaging in specially equipped installations or by using other method which complies with the environmental protection and fire safety requirements, after harmonisation with the Ministry of Environmental Protection and Regional Development or institutions under the subordination thereof and the relevant local government.

26. An approved warehousekeeper shall destroy alcoholic beverages in the presence of an authorised official of the State Revenue Service.

27. An approved warehousekeeper shall, at least two working days before destruction of alcoholic beverages, inform the State Revenue Service in writing of the time and place of destruction of alcoholic beverages.

28. A deed of destruction shall be drawn up in relation to destruction of alcoholic beverages where the name (type) and quantity (in litres and litres of absolute alcohol) of the destroyed alcoholic beverages is indicated. The deed shall also be signed by the invited official of the State Revenue Service.

29. The deed of destruction of alcoholic beverages shall confirm the right of the approved warehousekeeper to use exemption from the excise duty.

**IV. Closing Provision**

30. The Regulation shall be applicable from 1 September 2011.

31. The user to whom the permit has been issued before 30 June 2021 shall, after the last purchase of alcoholic beverages which has occurred until the abovementioned date, submit the permit to the State Revenue Service in order to ensure indication of the quantity of purchase of the remainder of alcoholic beverages until the end of the term of validity of the permit in the Electronic Declaration System.

[*29 June 2021*]

Prime Minister V. Dombrovskis

Minister for Finance A. Vilks

**Annex 1**

Cabinet Regulation No. 684

30 August 2011

**Table for the Registration of the Quantity of Alcoholic Beverages**

[29 June 2021]

**Annex 1.1**

Cabinet Regulation No. 684

30 August 2011

[*29 June 2021*]

(Supplemented lesser State coat of arms)

(Office of the State Revenue Service)

**Permit**

**for the purchase of alcoholic beverages to which exemption from the excise duty is applied**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Series A No. | | |  |
|  | | | | |
| Name of the user | |  | | |
|  | | | | |
| Taxpayer’s registration code | |  | | |
|  | | | | |
| Type of alcoholic beverage | |  | | |
|  | | | | |
| Alcohol content | |  | | |
|  | | | | |
| Volume of purchase (in litres) |  | | Volume of purchase (in litres of absolute alcohol) |  |
|  | | | | |
| Purpose of use | |  | | |

Address (addresses) where alcoholic beverages will be stored and used

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | | | |
|  | | | | | |
| Permit issued | |  | | Permit is valid from |  |
|  | | | | |  |
| until | | | | |  |
| Permit re-registered1 | |  | |  |  |
|  | | |  | | |
| Official of the State Revenue Service | | |  | | |
|  | | | (given name, surname) | | |

Note. 1 To be indicated only if the permit is re-registered. The last date of re-registration shall be indicated.

THE DOCUMENT HAS BEEN SIGNED ELECTRONICALLY WITH SAFE ELECTRONIC SIGNATURE AND CONTAINS A TIME STAMP

(Indicate the sequence number of the page)

**Annex 2**

Cabinet Regulation No. 684

30 August 2011

[*21 June 2022*]

To the STATE REVENUE SERVICE

**Submission for the Receipt/Re-registration of the Permit to Purchase Alcoholic Beverages which are Exempted from the Excise Duty**

|  |  |
| --- | --- |
| **Name of the user** |  |
| **taxpayer’s registration code** |  |
| **phone** |  |
| **electronic mail address** |  |

|  |  |  |
| --- | --- | --- |
| **Type of alcoholic beverage** |  | |
| **Content of absolute alcohol (in %)** |  | |
| **Required quantity of alcoholic beverage** | in litres | in litres of absolute ethanol |
|  |  |  |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Address (addresses)** where alcoholic beverages will be stored and used (according to the plan for a territory and premises) | | | |  | | | |
| **Working hours** | Monday | Tuesday | Wednesday | Thursday | Friday | Saturday | Sunday |
|  |  |  |  |  |  |  |

|  |  |
| --- | --- |
| **Purpose of use** (several may be marked): | |
| 1) food supplements which contain ethyl alcohol and which are registered, distributed, sold, processed, and supplied in accordance with the laws and regulations regarding the mandatory safety and labelling requirements for food supplements and the procedures for the registration of food supplements if the packaging unit of a food supplement does not exceed 150 millilitres  (Section 16, Paragraph one, Clause 4.1 of the law On Excise Duties) |  |
| 2) alcohol that is used for scientific research purposes  (Section 16, Paragraph one, Clause 5, Sub-clause “a” of the law On Excise Duties) |  |
| 3) alcohol that is used for the determination of quality of other products or goods (except for alcoholic beverages)  (Section 16, Paragraph one, Clause 5, Sub-clause “b” of the law On Excise Duties) |  |
| 4) alcohol that is included in installations and mechanisms as an integral component or ensures operation of installations and mechanisms  (Section 16, Paragraph one, Clause 5, Sub-clause “c” of the law On Excise Duties) |  |
| 5) alcohol that is used for the production of cosmetic products  (Section 16, Paragraph one, Clause 5, Sub-clause “d” of the law On Excise Duties) |  |
| 6) alcohol that is used in food industry (except for the use as a raw material for the production of alcoholic beverages and for the production of products containing alcohol that fall within the Combined Nomenclature under the codes 2106 and 3302)  (Section 16, Paragraph one, Clause 5, Sub-clause “e” of the law On Excise Duties) |  |
| 7) alcohol that is used for the production of such substances which are used for the production of medicinal products and veterinary medicinal products  (Section 16, Paragraph one, Clause 5, Sub-clause “f” of the law On Excise Duties) |  |
| 8) alcoholic beverages contained in chocolate products or other food products  (Section 16, Paragraph one, Clause 7 of the law On Excise Duties) |  |
| 9) alcohol contained in vinegar and other products that fall within the Combined Nomenclature under the code 2209  (Section 16, Paragraph one, Clause 8 of the law On Excise Duties) |  |
| 10) alcohol contained in products 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  (Section 16, Paragraph one, Clause 9 of the law On Excise Duties) |  |
| 11) 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  (Section 16, Paragraph one, Clause 10 of the law On Excise Duties) |  |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Responsible person:** | | | | | | | | | | | | |
| position |  | | | | | | | | | | | |
| given name, surname |  | | | | | | | | | | | |
| date1 |  |  | / |  |  | / |  |  |  |  | signature1 |  |

Note.

1 Need not be completed if the electronic document has been prepared in accordance with the laws and regulations regarding drawing up of the electronic documents.