

LAW ON EXCISE DUTY

(„Official Gazette of Republic of Macedonia“-32/2001, 50/2001, corrigendum 52/2001, 45/2002, 98/2002, 24/2003, 96/2004, 38/2005, 88/2008, 105/2009, 34/2010, 24/2011, 55/2011, 135/2011, 82/2013, corrigendum 98/2013, 43/2014, 167/2014, 188/2014,129/2015, 192/2015, 23/2016, corrigendum 31/2016 and 171/2017)

- UNOFFICIAL CONSOLIDATED TEXT –

I. SECTION ONE CHAPTER I GENERAL PROVISIONS

Article 1 Scope of application

This Law shall regulate the excise duty paid directly or indirectly for consumption on the territory of the Republic of Macedonia (hereinafter: excise territory) of the following products:

- mineral oils,
- alcohol and alcoholic beverages,
- tobacco products, and
- passenger vehicles.

Article 2 Definitions

The terms used in this Law shall have the following meaning:

a) *lack of conditions for excise debt occurrence*: in case products subject to excise duty are put in lack of conditions for excise debt occurrence procedure, no excise occurs;

b) *Procedure for lack of conditions for excise debt occurrence*:

provisions of this Law applicable on production, storage and transport of products at lack of conditions for excise debt occurrence;

c) *Excise warehouse*: any facility where under the conditions stipulated in this Law, in a procedure of lack of conditions of excise debt occurrence on the part of the excise license holder, a product subject to excise duty is produced, stored, received or shipped;

d) *Excise license holder*: an entity, authorized by the competent authority, which in performing its activities in a procedure on lack of conditions for excise debt occurrence, produces, stores, receives or delivers excise products subject to excise duty;

e) *Product subject to excise duty*: the products stipulated in Article 1 of this Law, detailed in the Second Section of this Law;

f) *Customs nomenclature*: nomenclature in compliance with the Customs Tariff Law (Official Gazette of the Republic of Macedonia No. 38/96, 45/97, 61/97, 26/98 and 15/2001);

g) *Excise-legal free circulation*: products subject to excise duty that are not in a procedure of lack of conditions for excise debt occurrence are placed in excise-legal free circulation;

h) *Import*: import of products subject to excise duty shall mean their entry on the excise territory, when they are released in excise-legal free circulation;

i) *Excise approval holder*: an entity authorized by the competent body to use excise products for preferential purposes;

j) *Production for obtainment*: a production process through which an excise product is obtained from a non-excise product.

k) *Production for processing*: a production process through which an excise good is processed into another excise good.

l) *Competent body*: the Ministry of Finance - Customs Administration.

Article 3

Subject to excise duty

The products stipulated in Article 1 of this Law shall become subject to excise duty with their production on the excise territory or upon their import. According to Article 4, paragraph 2 of this Law these goods shall be considered subject to excise duty while under customs supervision.

Article 3-a

Unless otherwise specified by this Law, the provisions of the Law on Tax Procedure shall apply for any issue in relation to the procedures, while customs regulations shall apply for any issue connected with the import and export of excise products not regulated by this Law,.

CHAPTER II

TAXATION

Article 4

Procedure in conditions of lack of excise debt occurrence

(1) No excise duty shall arise for products subject to excise duty when they are in an excise warehouse or they are transported in a procedure of lack of excise debt occurrence.

(2) Products subject to excise duty under customs supervision according to the customs regulations shall be at the same time considered to be in procedure of lack of excise debt occurrence.

(3) The Minister of Finance shall enact more detailed regulations regarding the implementation of paragraph 2 of this Article if necessary for the provision of tax principles.

Article 5 **Excise warehouse**

(1) Products subject to excise duty in conditions of lack of excise debt occurrence can be produced, stored, received or delivered in excise warehouses. The production can be either for obtainment or processing, if not otherwise stipulated in the provisions of this Law.

(2) Entities that want to produce or store products subject to excise duty in a procedure of lack of conditions for excise debt occurrence shall acquire excise license.

Article 6 **Conditions for excise license acquisition**

(1) Excise license shall be granted only to an entity that fulfils the following conditions:

1) performs or intends to independently perform an activity and with seat in the Republic of Macedonia;

2) keeps business records according to the current regulations and regularly submits annual statement of accounts for the last two years;

3) against whom there is no pending bankruptcy or liquidation procedure; and

4) regularly pays tax and customs duty.

(2) In case signs of tax principle imbalance occur even prior the issuance of the excise license, an excise guarantee has to be submitted for the excise assumed to occur within two months for products to be released from an excise warehouse into excise-legal free circulation. The excise license can be revoked in cases when one of the conditions referred to in paragraph 1 of this Article is not met, or no guarantee has been submitted or the submitted guarantee is insufficient.

(3) The Minister of Finance shall enact more detailed regulations on the issue and type of guarantee referred to in paragraph 2 of this Article.

(4) The proofs for the fulfillment of the requirements for granting an excise license referred to in paragraph (1) of this Article shall be acquired by an authorized official of the Customs Administration, who, is obliged to request the proofs from the competent public authority.

(5) The authorized official of the competent public authority is obliged to provide the requested proofs referred to in paragraph (4) of this Article within three days of the receipt of the request.

Article 7
Request for issuance of an excise license

- (1) The excise license shall be issued on the basis of a request.
- (2) The request stipulated in paragraph 1 of this Article shall contain the following data: description of the activity or type of excise product for which the excise license is requested; identification of the entity applying for the excise license; proof that the conditions for supervision by the competent bodies have been met; nature and description of the individual production procedures; data for the apparatuses that provide measurement of the produced, processed, stored and shipped excise products according to international standards; ways of excise product shipment; amount of equity and the equity of the partners; planned annual production with the number, location and description of the production and storage facilities. The entities registered in the trade or court register should also submit a copy of the registration.
- (3) The entity applying for an excise license shall have an approval for the measurement instruments referred to in paragraph 2 of this Article, issued by the body competent for standardization and metrology.

Article 8
Issuance of excise license

- (1) The excise license shall be issued by the Customs Administration upon prior consent by the Minister of Finance.
- (2) The excise license shall be issued to the applicant, and it can be revoked.
- (3) The excise license shall not be transferred to another entity.
- (4) The excise license can cover one or more excise warehouses.
- (5) The following data has to be included in the excise license: location of the excise warehouses; types of excise products that shall be produced, stored or shipped in and from the excise warehouse; other obligations of the excise warehouse holder; provided ways of excise duty payment; the supervision body and the validity term of the excise license.
- (6) The Customs Administration shall decide upon the request for issuance of an excise license within a period of two months of the day of receipt of the request.

Article 8-a

Deleted

Article 9
Obligations of the excise license holder

(1) The excise license holder shall be obligated:

1) to provide adequate storage of the excise products in the excise warehouse; to supervise all stages, including shipment and receipt of excise products; to determine losses, that is, the shortage; to investigate all irregularities in the excise warehouse operations;

2) to provide everything necessary for smooth supervision;

3) to keep record of excise products in stock by type and quantity and record of the excise product movement for each excise warehouse and submit a quarterly report of the stock to the Public Revenue Office;

4) to inform the Customs Administration about all changes in data stated in the excise license request;

5) in case of status change, enlargement, limitation or termination of activities, or foundation and function of new excise warehouse to apply to the Customs Administration for change of the excise license.

(2) In case the Customs Administration determines that the excise license holder fails to meet the obligations referred to in paragraph 1 of this Article, it shall determine a deadline for rectification of the irregularities.

(3) The Minister of Finance shall enact more detailed regulations on the content and manner of keeping records referred to in paragraph 1, item 3 of this Article.

Article 10
Expiration of excise license validity

(1) The excise license shall expire:

1) in case of death of the holder of the excise license;

2) when the legal entity - excise license holder ceases to exist;

3) when the license is returned; and

4) when the Customs Administration withdraws the excise license.

(2) The Customs Administration shall decide to withdraw an excise license when its holder fails to meet the set conditions and particularly when no adequate system for supervision of the stock is provided and no inventory of stock is carried out in the time periods set forth in the excise license; when the reasons and conditions for which the excise license was issued cease to exist; when the license is issued on the

basis of incomplete or incorrect data; when the irregularities are not amended in the time limit set forth by the Customs Administration; when a bankruptcy or liquidation procedure is initiated.

(3) The lawsuit against the decision referred to in paragraph 2 of this Article shall not withhold the execution of the decision. The Customs Administration can postpone the revoking of the excise license if it finds that the lawsuit may be accepted as founded.

(4) The Minister of Finance shall enact more detailed regulations for the manner and procedure on the termination of the excise license validity.

Article 11

Transport of products through the excise territory in conditions of lack of conditions for excise debt occurrence

(1) The products subject to excise duty may be transported in conditions of lack of conditions for excise debt occurrence from one to another excise warehouse within the excise territory, or to the excise permit holders.

(2) The products subject to excise duty can be exported to an excise warehouse located on the excise territory in a procedure of lack of conditions for excise debt occurrence. The Customs Administration shall determine the cases when the procedure for lack of conditions for excise debt occurrence at export could be substituted with a customs export procedure when it secures the tax principles.

(3) The products subject to excise duty, upon termination of the customs surveillance referred to in Article 4 paragraph 2 of this Law, can be transported in a procedure of lack of conditions for excise debt occurrence to the excise warehouse or to the holder of the excise permit in the excise territory.

(4) In case of signs of tax principle disturbance, the excise license holder for the excise warehouse from which the products exit shall provide the transport guarantee. The competent body may allow upon request that the transport guarantee of the products in a procedure of lack of conditions for excise debt occurrence be provided by the transporter, the customs declarer or the owner of the products instead of the supplier.

(5) In the cases referred to in paragraph 1 of this Article, the products subject to excise duty must be admitted in an excise warehouse without delay by the excise license holder or excise permit holder, or in the cases referred to in paragraph 2 of this Article be exported without delay by the excise license holder.

(6) The Minister of Finance shall prescribe detailed regulations on the particularities concerning the transport of products subject to excise duty in a procedure of lack of conditions for excise debt occurrence.

(7) The Minister of Finance shall prescribe the form and content of the request referred to in paragraph (4) of this Article.

(8) The Customs Administration shall decide upon the request referred to in paragraph (4) of this Article. within 30 days of the day of receipt of the request

Article 12

Excise document

(1) Any product subject to excise duty that is being transported in a procedure of lack of conditions for excise debt occurrence shall be accompanied by an excise document issued by the consignor.

(2) Except as otherwise provided by this Law, an excise document shall be a document that accompanies the transport of excise products and shall be used to prove the movement of the excise products in a procedure of lack of conditions for excise debt occurrence, or at export from an excise warehouse in a procedure of nonexistence of conditions for excise debt occurrence.

(3) In case the transport of excise products is performed between excise warehouses that belong to the same holder of excise license in a procedure of non- existence of conditions for excise debt occurrence, but an economic need exists and the tax principles are not violated, the Customs Administration may, upon prior consent by the Minister of Finance, approve the use of a simplified excise document instead of excise document.

(4) The Minister of Finance shall prescribe the form, the content, the manner of issuance of the excise document, as well as the form, the content, the manner of issuance of the request referred to in paragraph (3) of this Article.

(5) The Customs Administration shall decide upon the request for use of simplified excise document within 60 days of the day of receipt of the request.

Article 13

Excise occurrence

(1) The excise shall occur with the delivery of products subject to excise duty for consumption in an excise warehouse or with their exit from it, except when it is connected to the usage of products in the excise warehouse relieved from excise duty or in a new procedure of lack of conditions for excise debt occurrence. Excise payer shall be the excise license holder. In case of illegal release of products in excise-legal free circulation, the excise payer shall become the person who perpetrated the activity.

(2) In case the product subject to excise duty is produced outside a procedure of lack of conditions for excise debt occurrence, the excise shall occur with the production. The producer shall be the excise payer. He shall be obligated to submit an excise declaration for the product subject to excise duty for which an excise occurred. The excise duty shall be paid immediately.

(3) The products subject to excise duty located in an excise warehouse at the moment the excise license expires shall be treated as released in excise-legal free circulation, except when they are transferred to another excise warehouse within a time period of ten days after the excise license expired. The excise payer shall be the excise license holder.

(4) The excise shall occur for the shortage determined at prescribed or officially conducted inventory of stock, except when loss of products is determined. The quality loss shall be treated as loss. The excise payer shall be the excise license holder.

(5) The excise shall also occur the moment the products exit the procedure of lack of conditions for excise debt occurrence when transported in such procedure, except in case of quality loss of the products. The same shall apply when the products are not delivered to the buyer stated in the excise document, except in cases when they are directly handed to another entity in the excise territory authorized to accept products subject to excise duty in procedure of lack of conditions for excise debt occurrence or in cases of proven loss of the products due to unforeseen circumstances or force majeure. The excise payer shall be the recipient, or the transporter, the customs declarer or the owner of the products, in case someone has given a guarantee in the procedure for shipment of the products instead of the supplier. The entity receiving the product in the excise territory shall become the excise payer in case it is in his possession before the excise occurred. The person who has appropriated the product illegally shall become the excise payer.

(6) Excise shall occur on excise preferential products used contrary to their purpose. The use contrary to the purpose shall be determined in cases when the product subject to excise is used contrary to the excise preferential use stated in the purpose or when it cannot be used any more for the determined purpose. Excise shall not occur in cases when the products are lost due to unforeseen circumstances or force majeure. The quality loss shall be treated as loss of the product due to unforeseen circumstances or force majeure. The excise payer shall be the entity that owns the excise preferential usage license when it uses the product contrary to its purpose. The excise payer should submit an excise declaration for the product subject to excise on which excise has occurred in which it would calculate the excise. The excise duty shall be paid immediately.

(7) In case of import of excise products in the excise territory the relevant customs regulations apply (except when otherwise stipulated in this Law) regarding: the occurrence of the excise, the moment determined for its calculation, the determination of the excise payer, the payment deadlines, the return and additional payment of the excise duty, as well as for the excise procedure.

Article 14

Excise period

The excise period for which the excise duty is calculated and paid shall be the calendar month in which the excise occurred.

Article 15

Excise calculation

(1) The excise payer shall calculate the excise duty for the excise period in cases when the excise occurred as stipulated in Article 13 of this Law.

(2) At import of excise products, the excise shall be calculated by the competent customs authority performing the customs clearance procedure.

Article 16

Submission of an excise declaration and excise payment

(1) The excise payer shall be obliged to file an excise declaration and pay the excise for every excise period within a time limit of 15 days after the end of each calendar month, except when otherwise stipulated by this Law.

(2) The excise license holder shall be obliged to file an excise declaration submitted within the deadline referred to in paragraph 1 of this Article even there is no excise debt for the relevant excise period.

(3) When the excise license holder has more than one excise warehouse, the excise license holder can submit a joint excise declaration for all the excise warehouses.

(4) When an excise license expires, the submission of the excise declaration and the payment shall be done within 30 days after the expiry date, except in case of liquidation, bankruptcy or merger.

(5) In case of bankruptcy, liquidation or merger the excise declaration shall be submitted and the excise shall be paid within 30 days after the completion of the procedures.

(6) The Minister of Finance shall prescribe the form and content of the excise declaration.

Article 17

Excise supervision and determination of excise duty by a competent body

(1) The Customs Administration shall determine the excise for the relevant excise period with a decision, when:

- 1) the excise payer does not submit an excise declaration in the prescribed deadline;
- 2) the excise has not been calculated correctly, or is not adequate to the occurred excise duty;
- 3) during control it is determined that the records of the excise payer is incomplete or contains incorrect data.

(2) Besides the customs authority, the inventory of stock of the products, the marking and adequate use of the excise products shall be supervised by the market inspectorate, and when necessary by authorized person of the Ministry of Interior.

CHAPTER III

EXCISE PREFERENCES

Article 18

Excise preferential use

(1) Within excise preferential use the products subject to excise duty may be used for purposes relieved of excise or with a preferential excise.

(2) The entity intending to use the products subject to excise duty for the relevant purposes with excise preferential use should have a permit issued by the Customs Administration, except in cases referred to in Articles 24 and 25 paragraph 1 items 2, 3, 5, and 6 of this Law.

Article 19

Conditions for granting excise preferential use permit

The excise preferential use permit (hereinafter: permit) may be granted only to an entity that meets the following requirements:

1) performs or intends to independently perform an activity and has its seat in the Republic of Macedonia;

2) keeps business records pursuant the applicable regulations and regularly submits annual accounts in the last two years;

3) against whom there is no bankruptcy or liquidation procedure pending; and

4) regularly pays its tax and customs duties.

Article 20

Requests for issuance of excise preferential use permit

(1) The permit shall be granted on the basis of a request.

(2) The request referred to in paragraph 1 of this Article shall contain the following data: description of the activity and type of excise product for which the excise permit is requested; identification of the entity requesting the excise permit; proof that the conditions for supervision by competent authorities have been met; nature and description of the individual production procedures; data about the measurement instruments allowing the measurement of the shipped excise products according to international standards; the way in which the excise products are shipped, the amount of the equity capital and the capital of partners, planned annual production per quantity, location and description of the production and storage facilities. The entities registered in the trade or court register should submit a registration document.

(3) The excise permit applicant shall have an approval for the measurement instruments referred to in paragraph 2 of this Article issued by the competent authority for standardization and metrology.

Article 21

Granting excise preferential use approval

(1) The permit shall be granted by the Customs Administration upon prior consent from the Minister of Finance.

- (2) The permit shall be issued on the name of the applicant and it can be revoked.
- (3) The permit cannot be transferred to another entity.
- (4) The permit shall contain the following: permit holder, place of the excise preferential use; types and quantities of excise products that can be produced within the place approved for excise preferential use; the authority competent for supervision and the validity period of the permit.
- (5) The Customs Administration shall decide on the request for permit within two months of the day of receipt of the request.

Article 21-a

Deleted

Article 22

Obligations of the holder of excise preferential use permit

(1) The permit holder shall be obligated:

1) to provide adequate storage of the excise products in the warehouse; to supervise all procedures, including the shipment and receipt of excise products, to determine the losses, that is the shortages; to register and report all irregularities in the excise preferential use to the Customs Administration;

2) to ensure smooth supervision;

3) to keep records of the excise products in stock by type and quantity and records about the movement of excise products and to submit a quarterly inventory of stock to the Customs Administration;

4) to inform the Customs Administration about all changes in the data indicated in the permit application.

(2) In case the Custom Administration determines that the permit holder does not meet the obligations stipulated in the previous paragraph, it shall determine a deadline for overcoming the irregularities.

(3) The Minister of Finance shall enact detailed regulations on the content and manner of keeping records referred to in paragraph 1, item 3 of this Article.

Article 23

Termination of validity of excise preferential use permit

(1) The permit shall cease to be valid in the following cases:

1) in the case of death of the permit holder- a natural person;

2) when the legal entity - holder of the permit ceases to exist;

3) with the return of the permit; and

4) in case the Customs Administration revokes the approval.

(2) The Customs Administration shall pass a decision to revoke a permit when its holder no longer meets the conditions determined in it, and particularly when it does not provide an adequate system for supervision of the stock and fails to conduct inventory of stock within the deadline set forth in the permit; when the reasons and conditions on the basis of which the permit was issued cease to exist; when the permit is issued on grounds of incomplete or incorrect information; when the irregularities are not overcome within the deadline set forth by the competent authority; when bankruptcy or liquidation procedure starts.

(3) The lawsuit against the Decision to revoke a permit shall not postpone the execution of the Decision. The Customs Administration may decide to postpone the revoking of the permit after the lawsuit is filed, if it assesses that the lawsuit could be accepted as founded.

(4) The Minister of Finance shall enact more detailed regulations on the termination of validity of the excise preferential use permit.

CHAPTER IV EXCISE DUTY RELIEF

Article 24

Excise duty relief for diplomatic and consular missions and international organizations

(1) Without prejudice to the provisions in the Second section of this Law, the products subject to excise duty shall be relieved of excise duty in the following cases:

1) for circulation within diplomatic and consular missions on the basis of separate agreements signed with the country supplier, on the basis of the principle of reciprocity;

2) for international organizations, recognized as such by the host country, as well as their members, according to the conditions determined with international agreements for the establishment of these organizations or in the agreements by which their seats are determined;

3) for military forces of the Contracting Parties of the North Atlantic Treaty, for use and consumption by the forces or their personnel, or as supplies for their casinos and canteens;

(2) The excise products relieved of excise duty according to this Article shall not be expropriated, except after payment of the excise duty.

(3) By way of derogation of paragraph (1) of this Article, excise duty relief shall be provided by excise duty refund for the circulation within the excise territory,

(4) If the foreign diplomatic or consular mission purchases excise products for official use, excise duty refund shall be done upon the request of the representative office in case the amount of the paid

invoice exceeds 5.000 Denars, value added tax included. The refund shall be made on grounds of special agreements signed in the country-supplier, according to the conditions of reciprocity.

(5) Excise duty refund shall be granted to the Head of mission, members of the diplomatic personnel of foreign diplomatic mission, as well as consular officials if they have acquired excise products for personal needs or family members' needs, in case the amount of the paid invoice exceeds 5.000 Denars, value added tax included. The refund shall be limited to a total amount of 50.000 Denars for the relevant calendar year. In case of purchase of passenger vehicles, the excise duty refund shall be approved once in three years, except in cases of necessary purchase of a new passenger vehicle as replacement an old one, as a result of theft or heavy damage. The excise duty for this kind of purchase shall not be calculated in the total amount for refund of 50.000 Denars.

(6) When a passenger vehicle is purchased as replacement of an old one, before the expiry of the three year period of the purchase of the replaced passenger vehicle, an amount of excise duty shall be refunded which corresponds to the time period within which the passenger vehicle that is being replaced has been used, if excise duty refund has been approved for this kind of purchase.

(7) Upon request, the excise duty shall be refunded to international organizations and their members for the circulation of excise products, according to the terms and conditions determined by international agreements.

(8) The procedure and the manner for excise duty refund of paragraphs (4), (5), (6) and (7) of this Article shall be prescribed by the Minister of Finance by the Regulation of Article 58 of this Law.

Article 25

Other excise duty reliefs

(1) Without prejudice to the provisions of the Second Section of this Law, the products subject to excise duty shall be relieved of it when they are:

- 1) used as test for analysis, for necessary production tests or scientific purposes;
- 2) destroyed under customs supervision;
- 3) denatured under customs supervision;
- 4) used for scientific and research purposes;
- 5) taken abroad by a passenger in his personal baggage, if not of commercial nature; and
- 6) mineral oils and gas kept in standard reservoirs of motor vehicles or airplanes coming from abroad and are not aimed for sale and are also exempted from import tax payment according to the customs regulations.

(2) The Minister of Finance shall prescribe detailed regulations on the implementation of the provisions of this Article.

Article 26
Refund or non-payment of excise duty

(1) Upon request, the excise shall not be paid or refunded for the provable taxed and unused excise products that:

- 1) are returned to an excise warehouse, and
- 2) are destroyed or fully denaturalised under customs supervision.

(2) In the cases stipulated in paragraph 1 item 1 of this Article, the excise permit holders shall have the right to exemption, while in the cases stipulated in item 2 of this Article the persons possessing the products when they were destroyed or denaturalised.

(3) The excise shall be refunded for provably damaged excise stamps for labeling tobacco products of the person who has been issued the excise stamps.

(4) The Minister of Finance shall adopt more detailed regulations for the manner of refund of excise duties for the provably damaged excise stamps for labeling tobacco products.

(5) The request for excise duty refund shall be submitted to the Customs Administration within 12 months of the day the excise duty was paid, at the latest.

(6) The time period of paragraph (5) of this Article does not refer to excise duty refund in cases referred to in Article 24 of this Law.

(7) The Minister of Finance shall prescribe the form and content of the request of paragraph (1) and (3) of this Article.

(8) The Customs Administration shall decide upon the request referred to in paragraph (1) and (3) of this Article within 30 days of the day of receipt of the request.

II. SECTION TWO
CHAPTER V
MINERAL OILS

Article 27
Subject to taxation

(1) The following mineral oils shall be subject to excise duty:

- 1) Products of tariff heading 2706;
- 2) Products of tariff subheadings 2707 10, 2707 20; 2707 30, 2707 50, 2707 91 00, 2707 99 11 and 2707 99 19;

- 3) Products of tariff heading 2709;
- 4) Products of tariff heading 2710;
- 5) Products of tariff heading 2711, including chemically pure methane and propane gas, with the exception of natural gas;
- 6) Products of tariff sub-headings 2712 10, 2712 20, 2712 90 31, 2712 90 33, 2712 90 39, 2712 90 91 and 2712 90 99;
- 7) Products of tariff sub- headings 2713 11 00 00 и 2713 12 00 00;
- 8) Products of tariff heading 2715;
- 9) Products of tariff heading 2901;
- 10) Products of tariff sub- headings 2902 11, 2902 19, 2902 20, 2902 30, 2902 41 00, 2902 42 00, 2902 43 00 and 2902 44;
- 11) Products of tariff sub- headings 3403 11 00, 3403 19 and 3403 99;
- 12) Products of tariff heading 3811;
- 14) Products of tariff heading 3817.

(2) Except the products stipulated in paragraph 1 of this Article, all other goods intended for use as engine fuel or as additives to engine fuel, which as such are offered for sale or use, as well as other carbohydrates, intended for use as heating oil or are offered as such for sale, shall be considered as mineral oils subject to excise duty. Exceptions are mineral coal, brown coal, peat or other comparable hard carbohydrates or earth gas. Their use shall create excise liability, payable immediately. These goods shall be subject to excise tax rate applicable for homogeneous mineral oils.

Article 28

Specific excise duty

(1) Unless otherwise prescribed under the Law on Excise Duty, the specific excise for the mineral oils mentioned below, shall be:

1) Engine oils of tariff code 2710 12 31 00, 2710 12 41 00, 2710 12 45 00, 2710 12 49 00, 2710 12 51 00 and 2710 12 59 00, as follows:

1.1 petrol with lead content higher than 0.013 g / l and airplane petrol = 24.396 den / liter and

1.2. unleaded petrol with lead content up to 0.013 g / l = 21.692 den / liter;

2) Gas oil of tariff codes 2710 19 43 00, 2710 19 46 00, 2710 19 47 00, 2710 19 48 00, 2710 20 11 00, 2710 20 15 00, 2710 20 17 00 and 2710 20 19 00, as follows:

- 2.1 as engine oil = 15.121 den / liter and
- 2.2 as heating oil = 6,136 den / liter;

3) Liquid petroleum gas of tariff codes 2711 12 11 00 to 2711 19 00 00 and methane of the tariff code 2711 29 00 00, as follows:

- 3.1 as engine oil = 4,900 den / kg and
- 3.2 as heating oil = 4,900 den / kg;

4) Kerosene of tariff codes 2710 19 21 00 and 2710 19 25 00, as follows:

- 4.1. as engine oil = 9,000 den / kg and
- 4.2 as heating oil = 1,800 den / kg;

5) Heating oils of the tariff codes 2710 19 62 00, 2710 19 64 00, 2710 19 68 00, 2710 20 31 00, 2710 20 35 00 and 2710 20 39 00 = 0,100 den / kg.

6) Petroleum coke of the tariff codes 2713 11 00 00 and 2713 12 00 00 = 84,6 den / GJ (giga Joule).

(2) Liter, within the meaning of paragraph (1) of this Article, shall be a liter measured at a temperature of + 15 ° C.

(3) Excise in the amount of 80% shall be refunded to persons who have provenly used liquefied petroleum gas as engine oil, as well as those who have provenly used it as an additive to other mineral oil as a engine oil in the industry.

(4) The excise refund of paragraph (3) of this Article shall be done by the Customs Administration upon a request for refund of excise duty. The deadline for submission of the request shall be 12 months following the day of purchase or import of liquid petroleum gas.

(5) The Minister of Finance shall prescribe the details concerning the excise duty refund.

(6) Mineral oils that are not stated in paragraph (1) of this Article shall be taxed as mineral oils that are closest to them in terms of composition and content.

(7) When determining the retail price of certain oil derivatives, and in order to round them up, the specific excise tax on mineral oils of paragraph (1), items 1), 2) and 5) of this Article may vary from 0 to + 3%.

(8) The Customs Administration shall decide upon the request of paragraph (4) of this Article within 30 days of the day of the receipt of the request.

Article 28a

(1) In case of increased excise duty on mineral oils, the mineral oil wholesaler and retailer, on the day of start of application of increased excise duty rate, are obliged to make inventory of stocks of mineral oils and to prepare a report on the inventory and to submit it to the Customs Administration no later than 5 working days of the day of conducted inventory.

(2) In case of increased excise duty on mineral oils, the payment of difference by the excise payers referred to in paragraph (1) of this Article shall be made by submitting an excise declaration no later than 30 days of the day of increase of excise duty.

(3) The Minister of Finance shall prescribe the form and content of the excise declaration referred to in paragraph (2) of this Article.

Article 29

Specific excise duty on lubricating oils

(1) Specific excise duty on mineral oils of tariff codes 2710 12 90 00, 2710 19 81 00, 2710 19 83 00, 2710 19 85 00, 2710 19 87 00 and 2710 19 91 00 and 2710 20 90 00 is 7 den/kg.

(2) Specific excise duty on preparations of tariff codes 3403 19 10 00, 3403 19 90 00 and 3403 99 00 00 is 22 den/kg.

Article 30

Mineral oils marking

(1) Gas oils of tariff codes 2710 19 43 00, 2710 19 46 00, 2710 19 47 00, 2710 19 48 00, 2710 20 11 00, 2710 20 15 00, 2710 20 17 00, and 2710 20 19 00 and kerosene of 2710 19 21 00 and 2710 19 25 00, used as heating fuel shall be marked with the prescribed color and/or other elements. The marking of the mineral oils shall be made exclusively in an excise warehouse that has a license for marking, issued by the competent authority.

(2) The mineral oils imported in the excise territory shall contain marking substances in quantities prescribed by the regulation referred to in paragraph 4 of this Article. The importer is obliged to submit a certificate from a foreign tax or customs body, i.e. the producer or authorized marker, confirming it has been marked outside the excise territory and that it contains the substances for marking prescribed on the basis of this Law. In case the certificate is not submitted or it is not relevant proof, the mineral oil shall be considered unmarked.

(3) The storage of mineral oils shall be made in a way that prevents neutralization of the color and/or the other components under the influence of other substances.

(4) The Minister of Finance shall enact more detailed regulations related to the procedure of mineral oils marking.

Article 31
Use of marked mineral oils

- (1) Mineral oils that contain substances for marking prescribed by this Law must not be used and consumed as engine fuel.
- (2) Mineral oils that contain marking substances, pursuant Article 30 paragraph (1) of this Law are not allowed to have their marking substance removed, its concentration reduced or other substances added that shall prevent determination of the marking.
- (3) Mineral oils that contain marking substances, pursuant Article 30 paragraph (1) of this Law shall not be used as a motor vehicles fuel or for other purposes, except as heating fuel.
- (4) If mineral oils with marking substances are found to be used in motor vehicles during inspection, the owner of the motor vehicle or the person driving it shall be obliged to pay the excise duty calculated on the amount of the volume of the engine fuel tank, increased by one hundred times.
- (5) The person driving the motor vehicle is equally responsible for payment of the calculated excise, pursuant Article (4) of this Article together with the owner of the motor vehicle, if the owner knew or must have known that the motor vehicle will use mineral oils that contain marking substances.

Article 31-a
Trade in mineral oils

- (1) Entities involved in trade in mineral oils shall provide:
 - 1) mineral oils that are used as engine fuel shall not contain marking substances referred to in Article 30 of this Law, and
 - 2) mineral oils that contain marking substances shall not be poured contrary to their purpose, referred to in Article 31 paragraph (1) of this Law.
- (2) Persons involved in trade in mineral oils that contain marking substances shall be registered by the Customs Administration.
- (3) A person involved in retail trade in mineral oils shall establish a GPRS terminal and provide communication and transfer of data related to the trade in mineral oils that contain marking substances to a server in the Customs Administration on daily basis. The mobile operators shall provide VPN (Virtual Private Network) to the persons deal with trade in mineral oils and a server of the Customs Administration, network reliability and security of data transferred through their network from the GPRS terminal of the persons dealing with trade in mineral oils and the Customs Administration.
- (4) The person that performs retail trade in mineral oils that contain marking substances shall keep records of the buyers, per tax number for legal entities and unique identification number and address for natural persons that buy quantities over 20 liters.

(5) The Minister of Finance shall enact more detailed regulations on the manner on registration procedure referred to in paragraph (2) of this Article and the manner of communication and transfer of data on the retail trade in mineral oils as well as the form, content and the manner of record keeping referred to in paragraph (4) of this Article.

Article 32

Excise Duty Relief on Mineral Oils

(1) If the conditions referred to in Article 18 paragraph 2 have been met, mineral oils shall be relieved of excise duty, in cases when:

1) they are not used as engine fuel or for heating, except for mineral oils stipulated in Article 29 of this Law,

2) they are used in air traffic, except when used in a air traffic for private purposes,

3) they are used in blast furnaces as an additive to the main fuel - coke within the chemical reduction procedures, and

4) they are purchased by the Ministry of Defense and the Ministry of Interior for special vehicles used for defense or security purposes.

(2) Mineral oils shall be relieved of excise duty when they are used for production of mineral oils referred to in Article 28 of this Law. This exemption does not refer to non-production purposes, including the use as vehicle fuel.

(3) Mineral oils shall be relieved of excise duty at import and when released in excise-legal free circulation if they are used for realization of projects financed by funds obtained on grounds of a donor agreement between the Republic of Macedonia and foreign donors, containing a provision that the donated funds shall not be used for paying taxes.

(4) Mineral oils shall be relieved of excise duty when they are imported and placed in excise-legal free circulation when they are intended for realization of projects financed within the instrument for pre-accession assistance (IPA), implemented in conditions of decentralized management, as well as for the part of the national co-financing funds, provided by the Budget of the Republic Of Macedonia or from a loan.

(5) For the purposes of excise duty relief at import referred to in paragraphs (3) and (4), the importer of mineral oils shall submit a request for excise duty relief.

(6) The Minister of Finance shall prescribe the manner of excise duty relief referred to in paragraph (3) and paragraph (4) of this Article and the form and content of the request referred to in paragraph (5) of this Article.

Article 33

Special cases not considered as mineral oils production

- (1) The cases when taxed or mineral oils relieved of excise duty are mixed between them or with other substances outside the mineral oil production facilities shall not be considered as mineral oil production.
- (2) The cases of re-production of used mineral oils shall not be considered as mineral oil production when they do not affect the tax principles.
- (3) The Minister of Finance shall enact more detailed regulations about the cases referred to in paragraph 1 and 2 of this Article.

Article 34

Mineral oil excise warehouse

The excise license referred to in Article 5 paragraph 2 of this Law for the storage of mineral oil shall be granted only in cases when the warehouse serves for wholesale trade, wholesale distribution by the producer, for mixing mineral oils or supply of excise approval holders.

CHAPTER VI

ALCOHOL, ALCOHOL BEVERAGES

Article 35

Subject to taxation

(1) The following shall be subject to beer excise duty:

- 1) Products of tariff heading 2203 with alcohol content more than 0.5% vol., and
- 2) Products of tariff heading 2206 containing a mixture of beer and alcohol-free beverage and with alcohol content more than 0.5% vol.

(2) The following shall be subject to sparkling wine excise duty:

All products of tariff codes 2204 10 11 00, 2204 10 91 00, 2204 10 93 00, 2204 10 94 00, 2204 10 96 00, 2204 10 98 00, 2204 21 06, 2204 21 07 00, 2204 21 08 00, 2204 21 09 00, 2204 29 10 00 and tariff heading 2205, which:

- 1) are bottled with cork strengthened with special supporters or products under dissolved carbon dioxide pressure of 3 bars or more and
- 2) products with an alcohol content exceeding 1.2% vol., and 15% vol. at the most, when the alcohol content of the finished product has been obtained only by fermentation.

(3) The following shall be subject to wine excise duty:

All products of tariff headings 2204 and 2205 with the exemption of sparkling wines referred to in paragraph 2 of this Article as follows:

- whose alcohol content exceeds 1.2% vol., and 15% vol. at the most, when the alcohol in the finished product comes exclusively as a result of fermentation or
- whose alcohol content exceeds 15% vol. and 18% vol. at the most, if not produced by enrichment and when the alcohol content of the finished product comes exclusively as a result of fermentation.

(4) Except sparkling wine, wine and beer, the following products shall be subject to excise duty under the name:

1) "Other sparkling fermented beverages" of tariff code 2206 00 31 00 and 2206 00 39 00, as well as the products of tariff code 2204 10 11 00, 2204 10 91 00, 2204 10 93 00, 2204 10 94 00, 2204 10 96 00, 2204 10 98 00, 2204 21 06 00, 2204 21 07 00, 2204 21 08, 2204 21 09 00, 2204 29 10 00 and tariff heading 2205 of the customs nomenclature, not referred to in paragraph (2) of this Article that:

- have been bottled with a cork sustained by special supporters, or with dissolved carbon dioxide pressure of 3 bars or more, and

- have more than 1.2% vol. alcohol content and 13% vol. at the most, or

- have more than 13% vol. alcohol content and 15% vol. at the most, when the alcohol in the finished product has been obtained exclusively by fermentation.

2) "Other non-sparkling fermented beverages" of tariff heading 2204 and 2205 and not referred to in paragraph 3 of this Article, as well as the products with tariff heading 2206 with the exception of the other sparkling fermented beverages referred to in item 1 of this paragraph and beverages referred to in paragraph 1 of this Article

- with alcohol content exceeding 1.2% vol. and 10% vol. at the most or

- with alcohol content exceeding 10% vol. and 15% vol. at the most when the alcohol contained in the finished product is obtained exclusively by fermentation.

(5) The following shall be subject to intermediate products excise duty:

All products of under tariff headings 2204, 2205, and 2206 with an alcohol content more than 1.2% vol. and 22% vol. at the most, not falling in the area of application, referred to in paragraphs 2 and 3 of this Article.

(6) The following shall be subject to ethyl alcohol excise duty:

1) all products of tariff headings 2207 and 2208 with an alcohol content exceeding 1.2% vol. even when these products are part of another product that falls under separate chapter of the customs nomenclature;

2) all products of tariff headings 2204, 2205, and 2206 of the customs nomenclature with alcohol content exceeding 22% vol.;

3) Drinkable ethyl alcohol, regardless of whether it contains dissolved products or not.

(7) The procedure for measurement of alcohol percentage volume shall be performed in accordance with the regulations for sampling methods and chemical and physical analysis of alcohol beverages.

Article 36

Specific excise duty

(1) The excise duty on beer, referred to in Article 35 paragraph 1 of this Law shall be 4 denars per liter/percentage of alcohol or 1.65 denars per liter/extract rate.

(2) The excise duty on sparkling wine referred to in Article 35 paragraph 2 of this Law shall be 0 denars/liter.

(3) The excise duty on wine referred to in Article 35 paragraph 3 of this Law shall be 0 denars/liter.

(4) The excise duty on other sparkling beverages referred to in Article 35 paragraph 4 item 1 of this Law shall be 0 denars/liter.

(5) The excise duty on other non-sparkling beverages referred to in Article 35 paragraph 4 item 2 of this Law shall be 0 denars/liter.

(6) The excise duty on intermediate products referred to in Article 35 paragraph 5 of this Law shall be 340 denars/liter pure alcohol.

(7) The excise duty on ethyl alcohol referred to in Article 35 paragraph 6 of this Law shall be 340 denars/liter pure alcohol, measured at temperature of 20°C.

Article 36a

(1) In case of increased excise duty, on the day of start of application of increased excise duty rate the producer or importer of intermediary products or ethyl alcohol is obliged to conduct inventory of intermediary products or ethyl alcohol in stock in excise warehouses or warehouses of the importer or in other premises that belong to the importer or producer that are marked with excise stamps, that are without excise stamps and the found stock of collected excise stamps and to prepare a report on the conducted inventory.

(2) In cases referred to in paragraph 1 of this Article, on the day of start of application of the increased excise duty rate on intermediary products and ethyl alcohol, the authorized distributors of the producer and the importers of intermediary products and ethyl alcohol are obliged to conduct inventory of stocks of intermediary products and ethyl alcohol in their warehouses and other facilities that belong to them and facilities that belong to companies related to them, to prepare and submit a Report on conducted inventory to the Customs Administration and to the

manufacturer or importer of intermediary products and ethyl alcohol, no later than 2 business days of the conducted inventory.

- (3) The producer and importer shall calculate the increased excise tax on the total stock referred to in paragraphs (1) and (2) of this Article and to submit a request for additional payment of excise duty, together with the calculation made and records, if on the day of the inventory the excise duty is greater than the paid excise duty for the collected excise stamps.
- (4) The request for additional payment of excise duty, together with the calculation made and records referred to in paragraphs (1) and (2) of this Article shall be submitted to the Customs Administration no later than five business days of the day of conducted inventory.
- (5) Based on the submitted request referred to in paragraph (4) of this Article, the Customs Administration shall pass a Decision on payment of the difference between the paid excise duty and the increased excise duty in case of increased excise duty.
- (6) In case of increased excise duty, the authorized distributor shall cover the difference in excise duty to the producer and importer of intermediate products and ethyl alcohol for the stock referred to in paragraph (2) of this Article, found in his warehouses and other facilities that belong to it, as well as in warehouses and facilities that belong to companies related to it, within 30 days of the day of conducted inventory.
- (7) Related company, within the meaning of paragraph (2) of this Article is a legal entity with registered seat in the Republic of Macedonia, within the meaning of the provisions of the Law on Trade Companies, that is a related company to the distributor of intermediate products and ethyl alcohol and which is authorized for wholesale trade in intermediate products and ethyl alcohol, as laid down by Law.
- (8) The Minister of Finance shall prescribe the form and content of the request referred to in paragraph (4) of this Article.
- (9) The Customs Administration shall decide upon the request of paragraph (5) of this Article within 30 days of the day of the receipt of the request.

Article 37 **Excise stamps**

- (1) The excise on intermediate products and ethyl alcohol shall be paid by use of excise stamps.
- (2) The excise license holder or importer shall be provided with excise stamps.
- (3) The release of intermediate products and ethyl alcohol in excise-legal free circulation on the excise territory shall be allowed only when these products are marked with excise stamps.

(4) The excise stamp shall be affixed on the adequate packaging of the alcohol beverage, that is, on the bottle so that it would be damaged when opened.

(5) With the provision of the excise stamps, excise stamp debt arises in the amount of the excise value of the stamps.

(6) Passengers carrying intermediate products and ethyl-alcohol from abroad, not referred to in Article 25 paragraph (1) item 5) of this Law, and citizens of the Republic of Macedonia and foreign citizens receiving intermediate products and ethyl alcohol from abroad shall pay the excise duty otherwise than by excise stamps, pursuant to the customs regulations. The excise duty shall be immediately declared to the competent customs authority and paid.

(7) In cases intermediate products and ethyl alcohol are placed in excise-legal free circulation at international fairs, exhibition or other events or in cases they are released as samples, the excise duty may be paid otherwise than by use of excise stamps.

The Excise duty shall be immediately declared to the competent customs authority.

(8) The obligation concerning the use of excise stamps shall not apply to intermediate products and ethyl alcohol that are relieved from excise duty and in cases of paragraphs (6) and (7) of this Article, except in the cases referred to in Article 24 paragraph (3) of this Law.

(9) The Minister of Finance shall enact more detailed regulations related to the excise stamp acquisition, the payment of the excise stamp debt, as well as their form, content and the manner of their issuance.

(10) The excise license holder or the importer shall declare monthly needs of excise stamps in the period from 1 to 5th of the current month for the next month. The deadline for collection of the declared excise stamps is three months.

(11) The printing and storage costs for excise stamps shall be determined by the Customs Administration by separate decision and shall be borne by the excise license holder or the importer upon their issuance.

Article 38

Deadline for payment of excise stamps excise debt

(1) The excise stamp excise debt shall be paid before they are collected.

(2) In case a guarantee securing the excise debt is submitted, it shall be paid within 30 days of the day of adoption of the Decision on excise stamps issuance.

Article 38a

Small independent beer producers

- (1) Small independent beer producer is a person that produces beer as part of its registered activity and meets the following conditions:
 - 1) has annual production not exceeding 150,000 litres,
 - 2) is legally and economically independent of any other beer producer ,
 - 3) its production and operational facilities are not technologically related with the its production and operational facilities of another person that produced beer as part of its registered activity and
 - 4) does not produce beer with a license.
- (2) Annual production of beer referred to in paragraph (1), item 1) of this Article means planned quantity of beer that refers to the following calendar year, i.e. produced beer during a calendar year.
- (3) The provisions referring to the procedures for submission of a request and granting excise license, as well as the obligations of the holder of the excise license shall apply for small independent beer producer.
- (4) In case a small independent beer producer produces beer with a license, it shall pay excise duty for the produced beer pursuant Article 36 paragraph (1) of this Law.
- (5) The produced beer with a license shall fall into the total annual beer production, and the produced beer without a license shall be subject to payment of the difference of excise duty during transition from one group into another pursuant Article 38b of this Law.

Article 38b

Excise duty on beer produced by a small independent producer

- (1) The excise duty on beer produced by small independent producers, which is sold in the territory of the Republic of Macedonia shall be paid according to the following groups, depending on the annual production of beer:
 1. For annual production of beer not exceeding 50,000 litres, in the amount of 50% of the excise duty referred to in Article 36 paragraph (1) of this Law;
 2. For annual production of beer exceeding 50,000 but not exceeding 75,000 litres, in the amount of 60% of the excise duty referred to in Article 36 paragraph (1) of this Law,
 3. For annual production of beer exceeding 75,000 but not exceeding 100,000 litres, in the amount of 70% of the excise duty referred to in Article 36 paragraph (1) of this Law and

4. For annual production of beer exceeding 100,000, but not exceeding 150,000 litres in the amount of 80% of the excised duty referred to in Article 36 paragraph (1) of this Law.
- (2) The excise duty shall be calculated on the basis of the monthly beer produced in the specified group referred to in paragraph (1) of this Article. In case of transition in total beer production from one group to another, the excise duty shall be calculated in percentage amount applicable for the group referred to in paragraph (1) of this Article. The small independent beer producer shall be obliged to submit an excise application for the difference from one to another quantity in the course of transition from one group to another where excise duty shall be paid in a higher amount than the previously determined. For the quantities already produced and for which lower excise duty has been paid, the difference in excise duty shall be paid.
- (3) If during the calendar year the small independent beer producer produces a quantity of beer greater than the quantity referred to in paragraph (1) item 1) of Article 38-a of this Law, within 15 days it shall be obliged to inform the Customs Administration for the new situation and to request amendment in of the excise license. For a produced quantity of beer under the one referred to in Article 38-a paragraph (1) item 1) of this Law, it shall calculate and pay the difference in excise duty up to the amount stipulated in Article 36 paragraph (1) of this Law. For a produced quantity of beer over the one referred to in Article 38-a, paragraph (1) item 1) of this Law, it shall calculate and pay the excise duty referred to in Article 36 paragraph (1) of this Law.
- (4) The Minister of Finance shall enact the form and content of the excise declaration referred to in paragraph (2) of this Article.

Article 39

Relief from excise duty for alcohol and alcohol beverages

- (1) Ethyl-alcohol shall be relieved from excise duty when the conditions referred to in Article 18, paragraph 2 of this Law are met, in the following cases:
 - (a) when used for production of vinegar in the meaning of tariff heading 2209 of the customs nomenclature,
 - (b) when totally denatured, in accordance with the relevant regulations, is released in excise-legal free circulation,
 - (c) when used for production of a product unsuitable for human ingestion out of denatured alcohol,
 - (d) when used for production of medications,
 - (e) when used for medical purposes in hospitals, clinics and pharmacies,

(f) when used for production of foodstuffs and soft drinks aromas with alcohol content of 1.2% vol. at the most,

(g) when used directly or as part of semi-final products for the production of foodstuffs, stuffed or in other form. The content of alcohol in the praline products shall not exceed the limit of 8.5 litres of pure alcohol per 100 kg of the product, and with products other than praline products - 5 litres of pure alcohol per 100 kg of the product.

(2) The Minister of Finance shall enact more detailed provisions related to the manner and procedure for excise duty relief referred to in paragraph 1 of this Article.

Article 40 **Small producers**

(1) Small producers in the meaning of this Article shall be entities that annually produce less than

1) 5 hl wine

2) 2 hl ethyl-alcohol

(2) The wine and the ethyl-alcohol produced by small producers for individual needs shall be relieved from specific excise duty.

CHAPTER VII **TOBACCO PRODUCTS**

Article 41 **Subject to taxation**

(1) The following shall be subject to tobacco product excise duty:

1) Cigars and cigarillos

2) cigarettes

3) smoking tobacco, being:

- finely chopped tobacco for wrapping cigarettes and

- other tobacco for smoking

(2) Cigars and cigarillos shall be tobacco wraps aimed for smoking with internal leaf or with inner leaf and outer leaf that are:

1) made exclusively of natural tobacco;

2) with an outer leaf of natural tobacco or

3) with an outer leaf in the color of a cigar and inner leaf, both made of homogenized and reconstructed tobacco, when at least 60% of the tobacco particles inside are wide and long more than 1.75 mm, the outer leaf is wrapped in a spiral way, while the cigar has a head 30% sharper than the axis of the cigar, or

4) with outer leaf in cigar color and inner leaf, both made of homogenized and reconstructed tobacco, if their weight per piece without the filter and the additional part for the mouth is 2,3gr or more and when at least 60% of the tobacco particles in them are wide and long more than 1.75 mm, while the width of the wrapping is at least one third of the length of the roll is 34mm. The weight per piece shall be the average weight of 1000 pieces without filter and mouth addition at the time of the excise duty occurrence.

(3) Cigarettes shall be:

1) tobacco wraps, directly aimed for smoking, and not cigars or cigarillos referred to in paragraph 2 of this Article,

2) tobacco wraps that in a simple non-industrial process are put in a cigarette paper wrap,

3) tobacco wraps that in a simple non-industrial process are wrapped in cigarette paper.

4) Tobacco for smoking (finely chopped tobacco and other tobacco for smoking) is chopped or in other ways grinded, woven (de-stemmed) or tobacco pressed in boards that can be smoked without further industrial processing. Tobacco waste shall be considered for tobacco for smoking when it is aimed for smoking and retail sales and does not fall under cigars and cigarillos referred to in paragraph 2 of this Article and cigars referred to in paragraph 3 of this Article.

5) Tobacco for smoking referred to in paragraph (4) of this Article shall be considered finely chopped tobacco for wrapping cigarettes when 25% per weight of the tobacco particles in it are less than 1 mm wide. Tobacco for smoking shall be also considered as finely chopped tobacco when 25% per weight of the tobacco particles in it are more than 1 mm wide and which has been sold or intended to be sold for wrapping cigarettes.

6) Tobacco for smoking as another tobacco for smoking, shall be considered the tobacco for smoking referred to in paragraph (4) of this Article, except the finely chopped tobacco for wrapping cigarettes referred to in paragraph (5) of this Article.

Article 42

Combined excise duty

(1) The excise duty on the following tobacco products when released from an excise warehouse in free legal-excise circulation shall be:

1) for cigars and cigarillos in the meaning of Article 41 paragraph 2 of this Law, 0 denars per piece and 33% of the retail price.

- 2) for cigarettes in the meaning of Article 41 paragraph 3 of this Law, 0 denars per piece and 33% of the retail price.
- 3) for smoking tobacco as fine chopped tobacco in the meaning of Article 41 paragraph 5 of this Law 0 denars per kilogram and 33% of the retail price.
- 4) for smoking tobacco as other smoking tobacco in the sense of Article 41 paragraph (6) of this Law 0 denars per kilogram and 33% of the retail price.

(2) The excise duty on the following tobacco products at import shall be:

- 1) for cigars and cigarillos in the meaning of Article 41 paragraph 2 of this Law 1.35 denars per piece and 0% of the retail price.
- 2) for cigarettes in the meaning of Article 41 paragraph 3 of this Law 1.35 denars per piece and 0% of the retail price.
- 3) for smoking tobacco as fine chopped tobacco in the meaning of Article 41 paragraph 5 of this Law 1,350.00 denars per kilogram and 0% of the retail price and
- 4) for smoking tobacco as other smoking tobacco in the meaning of Article 41 paragraph (6) of this Law 1,350.00 denars per kilogram and 0% of the retail price.

Article 42a
Combined excise

(1) The excise duty on the following tobacco products when released from an excise warehouse in free legal-excise circulation shall be:

- 1) for cigars and cigarillos in the meaning of Article 41 paragraph 2 of this Law, 1.35 denars per piece and 0% of the retail price;
- 2) for cigarettes in the meaning of Article 41 paragraph 3 of this Law 0.04 denars per piece and 33% of the retail price;
- 3) for smoking tobacco as fine chopped tobacco in the meaning of Article 41 paragraph 5 of this Law 1,350.00 denars per kilogram and 0% of the retail price and
- 4) for smoking tobacco as other smoking tobacco in the meaning of Article 41, paragraph 6 of this Law 1,350.00 denars per kilogram and 0% of the retail price.

(2) The excise duty on the following tobacco products at import shall be:

- 1) for cigars and cigarillos in the meaning of Article 41 paragraph 2 of this Law 1.35 denars per piece and 0% of the retail price;

- 2) for cigarettes in the meaning of Article 41 paragraph 3 of this Law 1.10 denars per piece and 8% of the retail price;
- 3) for smoking tobacco as fine chopped tobacco in the meaning of Article 41 paragraph 5 of this Law 1,350.00 denars per kilogram and 0% of the retail price and
- 4) for smoking tobacco as other smoking tobacco in the meaning of Article 41 paragraph 6 of this Law 1,350.00 denars per kilogram and 0% of the retail price.

Article 42b
Combined excise duty

(1) The excise duty on the following tobacco products when released from an excise warehouse in free legal-excise circulation shall be:

- 1) for cigars and cigarillos in the meaning of Article 41 paragraph 2 of this Law 1.35 denars per piece and 0% of the retail price;
- 2) for cigarettes in the meaning of Article 41 paragraph 3 of this Law 0.07 denars per piece and 34% of the retail price;
- 3) for smoking tobacco as fine chopped tobacco in the meaning of Article 41 paragraph 5 of this Law 1,350.00 denars per kilogram and 0% of the retail price and
- 4) for smoking tobacco as other smoking tobacco in the meaning of Article 41 paragraph 6 of this Law 1,350.00 denars per kilogram and 0% of the retail price.

(2) The excise duty on the following tobacco products at import shall be:

- 1) for cigars and cigarillos in the meaning of Article 41 paragraph 2 of this Law 1.35 denars per piece and 0% of the retail price;
- 2) for cigarettes in the meaning of Article 41 paragraph 3 of this Law 0.80 denars per piece and 19% of the retail price;
- 3) for smoking tobacco as finely ground tobacco in the meaning of Article 41 paragraph 5 of this Law 1,350.00 denars per kilogram and 0% of the retail price and
- 4) for smoking tobacco as other smoking tobacco in the meaning of Article 41 paragraph 6 of this Law 1,350.00 denars per kilogram and 0% of the retail price.

Article 42c
Combined excise duty

(1) The excise duty on cigars and cigarillos in the meaning of Article 41 paragraph 2 of this Law shall be 21,37 denars per piece and 0% of the retail price;

(2) The excise duty on cigarettes in the meaning of Article 41 paragraph 3 of this Law shall be 1,353 denars per piece and 9% of the retail price; If the combined excise duty is under the amount of 1,553 denars per piece, the minimal excise duty in that amount shall be applied.

(3) The excise duty on smoking tobacco as fine chopped tobacco in the meaning of Article 41 paragraph 5 of this Law shall be 1,500.00 denars per kilogram and 0% of the retail price and

(4) The excise duty on smoking tobacco as other smoking tobacco in the meaning of Article 41 paragraph 6 of this Law shall be 1,350.00 denars per kilogram and 0% of the retail price.

(5) From 1st of July 2014 until 1st of July 2015, the rates of the specific and minimal excise on cigarettes, referred to paragraph (2) of this article, shall increase by 0,15 denars per piece on 1st of July each year.

(6) From 1st of July 2016 until the 1st of July 2023, the rates of the specific and minimal excise duty on cigarettes, referred to paragraph (2) of this Article, shall increase by 0,20 denars per piece on 1st of July each year.

(7) From 1st of July 2014 until 1st of July 2023, the amount of excise duty on smoking tobacco as a fine chopped tobacco, referred to paragraph (3) of this Article, shall increase by 50 denars per kilogram on 1st of July each year.

Article 42d

(1) In case of increase of the excise duty and increase of the retail price, on the day it becomes applicable the producer and the importer of tobacco products are obliged to conduct inventory of stock of the current tobacco products in stock including those marked with excise stamps, without excise stamps and the current acquired excise stamps in stock in excise warehouses or excise warehouses of the importer or in other facilities that belong to them and to prepare a Report on the inventory conducted.

(2) In the cases referred to in paragraph 1 of this Article the authorized distributors of the producer and the importers of tobacco products, on the day of start of the application of increased excise duty on tobacco products and on the day of start of the application of increased retail price are obliged to conduct inventory of stock of the current tobacco products in their warehouses and other facilities that belong to them, as well as in warehouses and facilities that belong to companies related to them, and to prepare and submit a Report on conducted inventory to the Customs Administration and to the producer or importer of tobacco products, no later than two business days of the day of conducted inventory.

(3) The producer and importer shall calculate the increased excise tax on the total stock referred to in paragraphs (1) and (2) of this Article and to submit a request for additional payment of excise duty, together with the calculation made and records, if on the day of the conducted inventory the excise duty is greater than the paid excise duty for the collected excise stamps.

found stocks of collected quantities of excise stamps in the excise warehouse, outside the excise warehouse, in warehouses and other facilities of the authorized distributors and the current acquired excise stamps in stock on the day when the Article 42c paragraphs (2), (5), (6) and (7) of this Law becomes applicable, and to submit it to the Customs Administration within three working days.

(2) The producer and the importer of tobacco products are obliged to calculate the new excise duty on the day of increasing the excise on tobacco products.

(3) If the excise of the tobacco products is higher than the paid excise for the acquired excise stamps according to different price categories on the day of increase, the producer and the importer of tobacco products are obliged to submit a request for additional payment of the excise to the Customs Administration and on the basis of a decision by the Customs Administration to pay the distinction within 30 days after the day of increase of the excise on tobacco products excise.

(4) The request for additional payment, in case of change of the excise duty or the retail price, together with the calculation made and records referred to in paragraphs (1) and (2) of this Article shall be submitted to the Customs Administration no later than five business days of the day of conducted inventory.

(5) Based on the submitted request referred to in paragraph (4) of this Article, the Customs Administration shall pass a Decision on payment of the difference between the paid excise duty and the increased excise duty in case of change of the excise duty or the retail price .

(6) The authorized distributor shall cover the difference in excise duty to the producer and importer of tobacco products for the stock referred to in paragraph (2) of this Article, found in its warehouses and other facilities that belong to it, as well as in warehouses and facilities that belong to companies related to it, within 30 days of the day of conducted inventory.

(7) Related company, within the meaning of paragraph (2) of this Article is a legal entity with registered seat in the Republic of Macedonia, within the meaning of the provisions of the Law on Trade Companies, that is a related company to the distributor of tobacco products and which is authorized for wholesale trade in tobacco products, as laid down by Law.

(8) The Minister of Finance shall prescribe the form and content of the request referred to in paragraph (4) of this Article.

(9) The Customs Administration shall decide upon the request of paragraph (5) of this Article within 30 days of the day of the receipt of the request.

Article 43
Calculation basis

(1) Retail price shall be the price determined by the producer or importer as unit trade price for cigars, cigarillos and cigarettes per piece and for smoking tobacco per kilogram.

In case only the price per pack is determined, the price deriving from the price per pack and the content of the pack shall be considered as retail price.

(2) The net weight at the moment of excise duty occurrence shall be used for the calculation of the excise duty on smoking tobacco.

(3) The producer, i.e. the importer shall determine the retail price also for the products that are expropriated without compensation. This price shall not be lower than the individual price of the relevant tobacco products.

(4) The producer, i.e. the importer shall be obligated to report the retail price of the tobacco products to the Customs Administration and publish it in the „Official Gazette of the Republic of Macedonia” prior to the release of the tobacco products at the determined prices in excise-legal free circulation.

Article 44
Excise stamps

(1) The excise on tobacco products shall be paid with the use of excise stamps.

(2) Excise stamps shall be provided to the producer or the importer.

(3) The release of tobacco products in excise legal free circulation on the excise territory shall be allowed only when the tobacco products are marked with excise stamps.

(4) The excise stamp shall be affixed on the packaging under the cellophane or other paper, so as to be visible and damaged at opening the package. On the original packages of cigars and cigarillos not wrapped in cellophane or other paper, the excise stamp may be affixed directly on the packaging.

(5) With the acquisition of the excise stamp an excise debt for excise stamps arises in the amount of the excise value of the stamps.

(6) The excise value of an excise stamp shall be calculated from the excise for one cigarette, cigar, cigarillo or 1 kg of smoking tobacco and the data on the quantity indicated on the excise stamp.

(7) Passengers carrying tobacco products from abroad, not included in Article 25 paragraph (1) item 5) of this Law, and citizens of the Republic of Macedonia and foreign citizens receiving tobacco products from abroad pursuant to the customs regulations, shall pay excise duty otherwise than with excise stamps. Excise duty shall be immediately declared to the competent customs authority and immediately paid.

(8) In cases when tobacco products are released in excise-legal free circulation at international fairs, exhibitions or other events or in cases they are released as samples, the excise duty may be paid otherwise than with excise stamps. The excise duty shall be immediately declared to the competent customs authority and immediately paid.

(9) The obligation on the use of excise stamps shall not apply to tobacco products that are relieved from excise duty, and in cases referred to in paragraphs (7) and (8) of this Article, except in the cases referred to in Article 24 paragraph (3) of this Law.

(10) The Minister of Finance shall prescribe more detailed provisions related to the acquisition of excise stamps, payment of excise stamps debt, as well as their form, content and manner of their issuance.

(11) The printing and storage costs for excise stamps shall be determined by the Customs Administration with a separate Decision and shall be borne by the producer or the importer upon their issuance.

(12) The producer or the importer shall declare monthly needs of excise stamps from 5th to 10th of the current month for the next month. The deadline for collection of the declared excise stamps is three months.

**Article 44-a
(erased)**

**Article 45
Deadline for payment of excise stamp debt**

(1) The excise stamp debt shall be paid before their collection.

(2) If a guarantee securing excise debt is submitted, it shall be paid within 30 days from the day of adoption of the decision for excise stamps issuance.

**Article 46
Excise warehouse for tobacco products**

The excise license referred to in Article 5 paragraph 2 of this Law for storage purposes shall be granted to entities authorized:

- to acquire excise stamps (producer and importer) or
- to test the quality of tobacco products or
- to ship non-taxed tobacco products.

**Article 47
Exception to the rule for excise occurrence**

Notwithstanding Article 13 paragraph 1 of this Law, the excise on tobacco products shall not occur when the taxed tobacco products are returned to the excise warehouse and released again in excise-legal free circulation from it in closed retail packaging with undamaged excise stamps or when transferred for consumption in the warehouse.

Article 48

Excise occurrence in case of unauthorized increase of the retail price

In case of unauthorized increase of the retail price above the reported in the Customs Administration and published in the Official Gazette of the Republic of Macedonia, an excise duty in the amount of the difference between the excise debt before and after the increase of the price shall occur. The excise payer shall be the tradesman. The excise duty shall be paid immediately.

Article 49

Regulations for packaging, prohibition to add items in the packaging

(1) The tobacco products may exit the excise warehouses in excise-legal free circulation, to be given for use in excise warehouse or to be imported or transported in the excise territory only in closed retail packaging.

(2) No other items shall be packed with the tobacco products in the retail packaging referred to in paragraph 1 of this Article. Other items shall not be added to the packaging from the outside, except in cases when these items are aimed for the reseller. This shall apply irrespectively whether the other items would be handed over directly or indirectly to the consumer.

Article 50

Packaging in trade, sales by piece

The tradesman shall keep the retail packaging closed and must not damage the excise stamps. By exception, he may open the packaging to control the content, show the product, test it or hand them out to consumers for marketing purposes. The packages of cigars, cigarillos or cigarettes may be opened for sale by piece. The tradesman may open the packaging only by damaging the excise stamp.

Article 51

Prohibition of expropriation under and over the retail price

Release of tobacco products in excise legal-free circulation under and above the retail price reported in the Customs Administrations and published in the Official Gazette of the Republic of Macedonia shall not be allowed. Exempt from this principle shall be the expropriation for testing or marketing purposes. The retailer may not give rebate or other discounts. During sale, the tradesman shall neither give the consumers other additional items nor link the sales of tobacco products to the sales of other goods.

Chapter VII – a
PASSENGER VEHICLES

Article 51a
Subject to taxation

The following passenger vehicles shall be subject to excise:

1) with internal combustion piston engine (except rotation piston engine) with ignition by spark plugs, with the following tariff sub-headings: 8703 21, 8703 22, 8703 23 and 8703 24 and

2) with internal combustion piston engine with ignition by compression (diesel or semi-diesel), with the following tariff sub-headings: 8703 31, 8703 32 and 8703 33.

Article 51b

Excise duty on passenger vehicles

(1) The basis for calculating of the excise duty on passenger vehicles is:

1) the selling price, and it, within the meaning of this Law, shall be the price without the value added tax or

2) in the import – the customs value determined in accordance with the customs regulations increased for the amount of customs duty

(2) Depending on the determined value of the passenger vehicles in euro currency, expressed in denar counter value in accordance with paragraph (1) of this Article, the excise duty rates on passenger vehicles shall be as follows:

Passenger vehicle value in Euros		Excise rate
over	up to	
0	3 000	0,00%
3.000	4.000	0,05%
4.000	5.000	1,00%
5.000	6.000	1,50%
6.000	8.500	2,00%
8.500	12.000	3,00%
12.000	14.000	4,00%

14.000	16.000	6,00%
16.000	18.000	9,00%
18.000	22.000	11,50%
22.000	25.000	13,50%
25.000	30.000	15,50%
30.000		18,00%

Article 51c
Passenger Vehicle Excise duty relief

(1) Passenger vehicles shall be relieved of excise duty at their import and when released in excise-legal free circulation when they are intended for realization of a project financed by financial means received on grounds of a donor agreement between the Republic of Macedonia and foreign donors, provided the agreement contains a clause that the donated funds cannot be used for paying taxes.

(2) Passenger vehicles shall be relieved of excise duty at their import and when released in excise-legal free circulation when they are intended for realization of projects financed within the Instrument for Pre-accession Assistance (IPA) implemented under decentralized management, and in the part of the national co-financing funds, provided from the Budget of the Republic Of Macedonia or a loan.

(3) Passenger vehicles shall be relieved of excise duty at their import if they are received as gift from a foreign donor, and intended for government agencies, municipalities, the City of Skopje, municipalities within the City of Skopje and for public institutions.

(4) Hybrid operation passenger vehicles (combination of petrol motor and electromotor) shall be relieved of excise duty.

(5) For the realization of the excise duty relief at import referred to in paragraphs (1) and (2), the importer of passenger vehicles shall submit a request.

(6) The Minister of Finance shall lay down the manner of realization of the excise duty relief referred to in paragraph (1) and paragraph (2) of this Article and the form and content of the request referred to in paragraph (5) of this Article.

(7) Passenger vehicles relieved of excise duty according to paragraphs (1) and (2) of this Article must not be expropriated if the amount of the excise duty of which they have previously been exempted has not been paid, except in cases referred to in paragraph (3) of this Article.

SECTION THREE

CHAPTER VIII ADMINISTRATIVE OBLIGATIONS

Article 52 Record keeping obligations

(1) The excise license holder shall be obliged to keep orderly and accurate records for the purposes of calculation of the occurred excise.

(2) The records referred to in paragraph 1 of this Article must contain separate data about:

1) produced quantities of excise products;

2) quantities of excise products in stock, in production, in warehouses or other business premises;

3) quantities of excise products for which excise duty has occurred and has been paid according to the prescribed rates.

4) quantities of excise products for which excise duty has occurred but has not been paid;

5) quantities of excise products used in the excise warehouse;

6) amounts of calculated and paid excise duty.

(3) The provisions in paragraph 1 and 2 of this Article shall also respectively apply for excise approval holders.

(4) The Minister of Finance shall prescribe more detailed regulations on the manner and procedure on record keeping obligations.

Article 53 Issuance of invoices, other documents

(1) The excise license holder shall issue an invoice or other document showing delivery of excise products for every release of excise products in free excise circulation.

(2) The invoice or other document for the excise products delivered for excise preferential use should contain the number and date of the permit issued to the entity for excise preferential use.

(3) The invoice, i.e., the other document referred to in paragraphs 1 and 2 of this Article shall be issued in two copies. The first copy shall be delivered to the recipient of the excise products while the second copy shall be kept in the personal records in the time periods referred to in Article 54 of this Law.

Article 54 Keeping documentation

The excise license holder shall keep invoices and other documents, issued on the basis of this Law, as well as the business books for a minimum of five years after the end of the calendar year to which they relate.

CHAPTER IX REGISTERS

Article 55

Register of excise license holders and Register of excise permit holders

(1) The Customs Administration shall keep separate Register of excise license holders and Register of excise permit holders.

(2) The Register of excise license holders contains the following data:

- 1) number of the excise license issued to the excise license holder;
- 2) name and address of the excise license holder and of the excise warehouse i.e. the warehouses;
- 3) type of excise products the excise license relates to; and
- 4) date of issue of the excise license and date of its revoking.

(3) The Register of excise permit holders contains the following data:

- 1) number of excise permit issued to the excise permit holder;
- 2) name and address of the excise permit holder and the warehouse, i.e. the warehouse;
- 3) type of excise products the excise permit relates to, and
- 4) date of issue of the excise permit and date of its revoking.

Article 56

Removal from Register of excise license holders and removal from Register of excise permit holders

(1) The removal from the Register of excise license holders shall be done:

- 1) upon request of the legal successor, that is, the proxy, in cases referred to in Article 10 paragraph 1 item 1 of this Law;
- 2) upon request of the excise license holder in cases referred to in Article 10 paragraph 1 items 2 and 3 of this Law; and
- 3) ex-officio by the Customs Administration in cases referred to in Article 10 paragraph 1 item 4 of this Law.

(2) The removal from the Register of excise permit holders shall be done:

1) upon request of the legal successor, that is, the proxy, in the cases referred to in Article 23 paragraph 1 item 1 of this Law;

2) upon request of the excise permit holder in cases referred to in Article 23 paragraph 1 items 2 and 3 of this Law;

3) ex-officio by the Customs Administration in cases referred to in Article 23 paragraph 1 item 4 of this Law.

CHAPTER X LEGAL PROTECTION

Article 57 (erased)

CHAPTER XI CLOSER REGULATIONS

Article 58 Closer regulations

The Minister of Finance shall prescribe more detailed regulations concerning the implementation of this Law.

CHAPTER XII PENALTY PROVISIONS

Article 59

Illegal transfer of the excise products i.e. goods or illegal use of excise license or permit

(1) Entity that intends to fully or partially evade excise duty laid down by law, transports goods or products subject to excise duty contrary to the Law, or releases products from an excise warehouse in excise-legal free circulation without having calculated and paid the excise duty, or transfers the excise license or excise preferential use permit to another person or uses it contrary to its original purpose, and the amount of the excise duty is higher than the value, shall be punished by imprisonment of six months to three years and a fine.

(2) If the amount of the excise duty is of significant value, the perpetrator shall be punished by imprisonment in duration from one to ten years and a fine.

(3) If the amount of the excise duty is of large scale, the perpetrator shall be punished by an imprisonment sentence of at least four years and a fine.

(4) The attempt referred to in paragraph 1 is punishable.

(5) If the crime referred to in this Article is committed by a legal entity, it shall be fined.

(6) The goods i.e. products subject to the crime referred to in paragraphs (1), (2) and (3) and the means of their transport or delivery shall be seized. If their seizure is not possible, other property equivalent to their value at the time of commitment of the crime that belongs to the perpetrator shall be confiscated.

(7) The means of transport and delivery of the goods i.e. products shall be seized even if they are property of a third person, that knew or must have known that these means would be used for transport or delivery. The means shall be always seized if they are specially constructed, adapted, changed or customized in any way for the purpose of concealment of goods i.e. products.

Article 60

Illegal trade in intermediate products, ethyl-alcohol and tobacco products i.e. goods

(1) The persons that shall release intermediate products, ethyl-alcohol and tobacco products in excise legal-free circulation without excise stamps with the intent of attaining larger property gain shall be punished with imprisonment from six months to three years and a fine.

(2) If the amount of the attained property gain is of significant value, the perpetrator shall be punished with imprisonment from one to ten years and a fine.

(3) If the amount of the attained property gains is of large scale, the perpetrator shall be punished with imprisonment of a minimum of four years and a fine.

(4) The crime referred to in paragraph (1) is punishable.

(5) If the crime referred to in this Article is committed by a legal entity, it shall be punished by a fine.

(6) The goods i.e. products subject to the crime referred to in paragraphs (1), (2) and (3) and the means of its transport or delivery shall be seized. If their seizure is not possible, other property, equivalent to their value at the time of commitment of the crime, that belongs to the perpetrator shall be confiscated.

(7) The means of transport and delivery of the goods i.e. products shall be seized even if they are property of a third person, that knew or must have known that these means would be used for transport or delivery. The means shall be always seized if they are specially constructed, adapted, changed or customized in any way for the purpose of concealment of goods i.e. products.

Article 60-a

Misdemeanors

(1) Fine in amount of 15,000 Euros in denar counter-value shall be imposed to the taxpayer - legal entity and individual trader for a misdemeanor, in case of:

1) failure to conduct inventory, failure to prepare and submit a Report on stocks of intermediate products and ethyl-alcohol in its warehouses and other facilities that belong to it, as well as in warehouses and premises that belong to companies related to it on the day of start of application of increased excise duty on intermediate products and ethyl-alcohol (Article 36-a, paragraph (2)).

2) failure to conduct inventory, failure to prepare and submit a Report on stocks of tobacco products in its warehouses and other facilities that belong to it, as well as in warehouses and premises that belong to companies related to it on the day of start of application of increased excise duty on tobacco products (Article 42-d, paragraph (2)).

(2) Fine in amount of 30% of the imposed fine for the legal entity and individual trader shall be imposed to the responsible person in the legal entity and to the responsible person in the individual trader for the misdemeanors referred to in paragraph (1) of this Article.

(3) For repeated perpetration of misdemeanors referred to in paragraph (1) of this Article within a time period of two years, against the legal entity a misdemeanor sanction shall be pronounced – temporary prohibition to perform activity in duration from three to thirty days and against the responsible person in the legal entity - prohibition to perform profession, activity or duty in duration from three to fifteen days.

Article 61

Misdemeanors

(1) Fine in amount of 15,000 Euros in denar counter-value shall be imposed to the taxpayer - legal entity and individual trader for a misdemeanor, in case of:

1) failure to conduct inventory, failure to prepare a Report on stocks of mineral oils on the day of start of application of increased excise duty on mineral oils and failure to and submit the Report within five days to the Customs Administration (Article 28-a, paragraph (1)).

2) failure to submit excise declaration for payment of the difference in excise duty, in case of increase of the excise duty on mineral oils (Article 28-a, paragraph (2)).

3) failure to conduct inventory and failure to prepare a Report on stocks of intermediate products and ethyl-alcohol in excise warehouses or warehouses of the importer or in other facilities that belong to them including goods that are marked with excise stamps, that are without excise stamps and the found stock of collected excise stamps on the day of start of application of increased excise duty on intermediate products and ethyl-alcohol (Article 36-a, paragraph (1)).

4) failure to calculate the increased excise duty on the total stock of intermediate products and ethyl-alcohol referred to in paragraphs (1) and (2) of Article 36-a of this Law and failure to submit a request for additional payment of excise duty, together with calculation made and records, in case on the day of the inventory the excise duty is greater than the paid excise duty for the collected excise stamps (Article 36-a, paragraph (3)).

5) failure to submit a request for additional payment of excise duty, together with the calculation made and records referred to in paragraphs (1) and (2) of Article 36-a of this Law to the Customs Administration no later than five business days of the day of conducted inventory on intermediate products and ethyl-alcohol (Article 36-a, paragraph (4)).

6) failure to conduct inventory of stock of the current tobacco products in excise warehouses and warehouses of the importer or in other facilities that belong to them including those marked with excise stamps, without excise stamps and the current collected excise stamps in stock, on the day of start of application of increase of the excise duty on tobacco products and the day of start of application of increased retail price on tobacco products (Article 42-d, paragraph (1)).

7) failure to calculate the increased excise duty on the total stock of tobacco products referred to in paragraphs (1) and (2) of Article 42-d of this Law and failure to submit a request for additional payment of excise duty, together with calculation made and records, in case on the day of the inventory the excise duty is greater than the paid excise duty for the collected excise stamps (Article 42-d, paragraph (3)) and

8) failure to submit a request for additional payment of excise duty, together with the calculation made and records referred to in paragraphs (1) and (2) of Article 42-d of this Law to the Customs Administration no later than five business days of the day of conducted inventory on tobacco products (Article 42-d, paragraph (4)).

(2) Fine in amount of 30% of the imposed fine for the legal entity and individual trader shall be imposed to the responsible person in the legal entity and to the responsible person in the individual trader for the misdemeanors referred to in paragraph (1) of this Article.

(3) For repeated perpetration of misdemeanors referred to in paragraph (1) of this Article within a time period of two years, against the legal entity a misdemeanor sanction shall be pronounced – temporary prohibition to perform activity in duration from three to thirty days and against the responsible person in the legal entity - prohibition to perform profession, activity or duty in duration from three to fifteen days.

Article 61-a

Misdemeanors

(1) Fine in the amount of 5,000 Euro, counter-value in denars shall be imposed to the taxpayer - legal entity and individual trader for a misdemeanor, in case of:

- 1) the excise license is transferred to another entity (Article 8 paragraph (3));
- 2) failure to meet the obligations stipulated in Article 9 paragraph (1);
- 3) failure to meet the obligations referred to in Article 11 paragraphs (1) to (5) are not met;

4) failure to issue an excise document for transport of excise products and failure to issue an excise document (Article 12 paragraphs (1) and (3));

5) the products subject to excise are not transferred to another excise warehouse in the prescribed time period (Article 13 paragraph (3));

6) failure to submit excise declaration and failure to pay the excise duty is not paid in the prescribed time period (Article 16 paragraph (1) to (5));

7) the excise preferential use permit is transferred to another entity (Article 21 paragraph (3));

8) failure to meet the obligations referred to in Article 22 paragraph (1);

9) excise products relieved of excise duty are expropriated (Article 24 paragraph (2));

10) failure to mark the gas oil and kerosene with the prescribed color and/or other substances, usage unmarked mineral oil or failure to organize the storage in the prescribed manner (Article 30 paragraphs (1), (2) and (3));

11) acting contrary to Article 31 paragraph (1) and Article 31-a of this Law;

12) failure to suitably determine the item subject to taxation in accordance with Articles 27, 35 and 41 of this Law;

13) mineral oils containing substances for marking have their marking materials eliminated, the concentration lowered or other substances added that shall disable the marking determination (Article 31 paragraph (2));

14) the motor vehicle tank as an engine fuel uses mineral oils that contain marking materials (Article 31, paragraph (3));

15) no records kept or kept incorrectly (Article 52 paragraphs (1) and (2));

16) no invoice or other document for the shipment of the excise products issued (Article 53);
and

17) the invoices and other documents and the business records are not kept in the prescribed time period (Article 54).

(2) A fine in amount of 30% of the imposed fine to the legal entity and individual trader shall be pronounced to the responsible person in the legal entity and to the physical person for the offenses referred to in paragraph (1) of this Article.

(3) A fine in amount of 500 to 750 Euros in denar counter-value shall be pronounced to an individual for the offenses from paragraph (1) of this Article.

(4) In case a misdemeanor referred to in paragraph (1) items 11), 13) and 14) of this Article is repeated the perpetrator shall have the motor vehicle that uses mineral oils that contain marking materials seized in accordance with this Law.

(5) The motor vehicle shall be seized even when it is not a property of the perpetrator of the offense.

(6) The application of the provisions of this paragraph shall be without prejudice to the rights of third persons to indemnification of damages from the perpetrator of the offense.

(7) For repeated misdemeanors referred to in paragraph (1) of this Article in a period of two years, a security measure - temporary prohibition for performing an activity for a period of three to 30 days shall be imposed against the legal entity and a security measure prohibition of performing a profession, activity or duty for a period of three to 15 days shall be imposed against the responsible person in the legal entity, and prohibition of performing an activity in duration of three to 15 days shall be imposed against an individual tax payer.

(8) In the case of misdemeanors referred to in paragraph (1) item 10 of this Article, and in meaning of Article 30, paragraph (2) of this Law, the Customs Administration shall order the perpetrator to return the excise products abroad.

Article 61-b

(1) A fine in amount of 4,000 Euros in denar counter-value will be pronounced for a misdemeanor to the tax payer-legal entity and individual trader in case:

1) intermediate products and ethyl-alcohol released in excise-free legal circulation on the excise territory are not marked with excise stamp affixed on the packaging in a way that it has to be damaged at opening (Article 37 paragraphs (3) and (4)) of failure to submit excise declaration and failure to pay the excise duty in the prescribed deadline for alcoholic beverages that are not subject to the obligation for marking with excise stamps (Article 13 (2)) ;

2) the excise stamp debt is not paid in the prescribed time periods (articles 38 and 45);

3) the producer, that is the importer fails to register and publish the retail price of the tobacco products (Article 43 paragraph (4));

4) the tobacco products released in excise-free legal circulation on the excise territory are not marked with excise stamp affixed on the packaging under cellophane or other paper that has to be damaged at the opening (Article 44 paragraphs (3) and (4));

5) other items other than tobacco products are also packed in the retail packages (Article 49 paragraph (2));

6) the tradesman fails to keep the retail packages closed and damages the excise stamps (Article 50);

7) the tobacco products are released in circulation at a price higher than the registered and published retail price (Article 51 paragraph 1);

8) failure to keep orderly (Article 52 paragraphs (1) and (2)).

(2) A fine in amount of 30% of the imposed fine to the legal entity and individual trader shall be pronounced to the responsible person in the legal entity and to the physical person for the misdemeanors referred to in paragraph (1) of this Article.

(3) A fine in amount of 400 to 600 Euros in denar counter-value shall be imposed to an individual for the misdemeanors referred to in paragraph (1) of this Article.

(4) the excise goods subject to a misdemeanor referred to in paragraph (1), items)1 and 4) of this Article shall be seized.

(4) For repeated misdemeanors referred to in paragraph (1) of this Article committed in a period of two years, a security measure - temporary prohibition for performing an activity for a period of three to 30 days shall be pronounced against the legal entity, a security measure - prohibition of performing a profession, activity or duty for a period of three to 15 days shall be pronounced against the responsible person in the legal entity and prohibition of performing an activity in duration of three to 15 days shall be pronounced against an individual tax payer.

Article 61-c

Mandatory procedure by issue of pay order

(1) For the offenses of this Law, except the offenses referred to in Articles 61 paragraph (1) item 2),3),5) and 6), 61-a paragraph (1) items 11, 13 and 14 of this Law, the customs officer shall serve the perpetrator a pay order which imposes payment of a fine of 750 Euros in denar counter value for a legal entity, 500 Euros in denar counter-value for individual trader and 250 Euros in denar counter-value for an individual.

(2) A fine in amount of 30% of the imposed fine to the legal entity and individual trader shall be pronounced to the responsible person in the legal entity and to the responsible person in the individual trader for the misdemeanor referred to in paragraph (1) of this Article.

(3) If the perpetrator fails to voluntarily pay the fine within eight days of the moment the pay order has been served, the pay order becomes executive document and the customs officer shall submit it to the competent authority for forceful execution.

(4) The competent customs officers shall keep records on the issued pay orders and on the outcome of the initiated procedures.

(5) The following data shall be collected, processed and stored in the record keeping referred to in paragraph (4) of this Article: name and surname, i.e. name of perpetrator of the misdemeanor,

residence, i.e. temporary residence, seat, type of misdemeanor, number of pay order issued and outcome of the procedure.

(6) Personal data referred to in paragraph (5) of this Article shall be kept for five years of the day of their entry in the record-keeping.

(7) The Minister of Finance shall prescribe the form and content of the pay order.

Article 61-d

(1) Customs misdemeanor authority shall be competent for conducting misdemeanor procedure and pronouncing misdemeanor sanction for the misdemeanors referred to in this Law.

(2) A misdemeanor procedure for the misdemeanors referred to in this Law cannot be initiated after the expiry of more than five years of the day when the misdemeanor was committed.

(3) The obsolescence shall be terminated with each action of the competent authority taken for execution of the fine. With each termination, the obsolescence time period shall start again. Obsolescence of execution of a fine shall become effective in any case when twice as much time as needed for obsolescence has passed.

(4) In cases of payment of a fine by installments, obsolescence shall start at the last installment, and in case of delay of payment following the expiry of the period for which the payment was delayed.

Article 61-e

(1) The fine cannot be executed if more than two years have passed from day of the fine become effective. The obsolescence of the fine shall start on the day when the misdemeanor decision has become effective.

(2) The time within which the fine cannot be executed in accordance with the Law shall not be considered as part of the obsolescence.

(3) The obsolescence shall be terminated with each action taken by the misdemeanor authority for execution of the fine. With each termination, the time period of obsolescence starts again. The obsolescence of the execution of the fine shall start when twice as much time as the time necessary for obsolescence has passed.

(4) in cases when the fine is paid by installments, the obsolescence starts from the last installment, and in case of delay of the payments, after the time period of duty suspension.

Article 61-f

The fines against legal entities and individual traders shall be meted out pursuant the Law on Misdemeanors.

Article 61-g

(1) A fine in amount of 25 to 50 Euros in denar counter-value shall be imposed to an authorized official at the Customs Administration if he/she fails to decide within the deadlines laid down in Article 8, paragraph (6), Article 11, paragraph (8), Article 12, paragraph (5), Article 21, paragraph (5), Article 26, paragraph (8), Article 28, paragraph (8), Article 36-a, paragraph (9) and Article 42-d, paragraph (9) of this Law, following orderly filed request with enclosed all necessary evidence.

(2) A fine in amount of 25 to 50 Euros in denar counter-value shall be imposed to an authorized official at the Customs Administration if he/she fails to ex-officio request the evidence within the deadlines laid down in Article 6, paragraph (4) and 19, paragraph (2) of this Law.

(3) A fine in amount of 25 to 50 Euros in denar counter-value shall be imposed to an authorized official at the competent customs authority from whom the evidence had been requested ex-officio if he/she fails to provide the evidence within the deadlines laid down in Article 6, paragraph (5) and 19, paragraph (3) of this Law.

(4) The Competent Court shall lead the misdemeanor procedure and shall pronounce misdemeanor sanctions for the misdemeanors referred to in paragraphs (1), (2) and (3) of this Article.

CHAPTER XIII TRANSITIONAL AND FINAL PROVISIONS

Article 62

Request for excise license and excise preferential use permit prior to the start of application of this Law

(1) The persons who intend to acquire an excise license prior to the start of application of this Law shall submit a written request for an excise license to the **Public Revenue Office**???, two months prior to the start of application of this Law, in case the conditions set forth in Articles 6 and 7 of this Law are met.

(2) The persons who intend to acquire an excise preferential use permit prior to the start of application of this Law, shall submit a written request for excise preferential use permit to the **Public Revenue Office**, two months prior to the start of application of this Law in case the conditions set forth in Articles 19 and 20 of this Law are met.

Article 63

Clearing of excise duty contained in stock

(1) The persons who hold excise license on the of start of application of this Law, pursuant Article 62 of this Law and who on 30th of June 2001 have mineral oils and beer in stock with excise duty paid by sale price or at import pursuant the Law on Excise duty ("Official Gazette of RM" no. 78/93, 70/94, 14/95, 42/95, 71/96, 5/97, 36/97, 7/98, 63/98, 39/99, 43/99, 9/2000, 25/2000 and 11/2001), have the right to clearing.

(2) The amount of the excise duty that can be cleared pursuant paragraph 1 of this Article, starting with the day of the application of this shall be cleared by the excise duty that occurred with their release from the excise warehouse in an excise- legal free circulation or with the delivery of the products for consumption in the excise warehouse.

(3) The Minister of Finance shall enact more detailed regulations on the clearing procedure and shall determine the manner for proving the conditions for exercising the right to clearing pursuant paragraph 1 of this Article.

Article 64

Termination of validity of the Law on Excise duty

As of the day of the application of this Law, the Law on Excise duty (Official Gazette of Republic of Macedonia number 78/93, 70/94, 14/95, 42/95, 71/96, 5/97, 36/97, 7/98, 63/98, 39/99, 43/99, 9/2000, 25/2000 and 11/2001) shall expire, except the provisions in the section related to passenger vehicles, that shall continue to be in force until 31st of December 2003.

Article 65

Entry into force of this Law

This Law shall enter into force on the day it is published in the Official Gazette of the Republic of Macedonia, and shall be applied as from 1 July 2001, except the provisions in Article 62 of this Law that shall be applied as of the day this Law enters into force.