

# ***EXCISE DUTIES ACT***

## ***PART I***

### **I. FUNDAMENTAL PROVISIONS**

#### **Article 1**

This Act shall regulate the system of excise duties levied on alcohol, alcoholic beverages, tobacco products, energy products and electricity (hereinafter referred to as the excise products), released for consumption in the territory of the Republic of Croatia.

#### **Article 2**

(1) Excise duty shall be levied on the excise products manufactured or imported into and released for consumption in the territory of Republic of Croatia (hereinafter referred to as Croatia).

(2) The import of excise products shall be any entry of excise products from other countries into Croatia, unless otherwise stipulated in this Act.

#### **Article 3**

(1) Excise duty shall be levied on the excise products manufactured in the European Union or imported into the European Union from third countries.

(2) The import of excise products shall be any entry into the European Union from third countries or third territories, unless otherwise stipulated in this Act.

(3) The entry of excise products shall be any entry into Croatia from a Member State of the European Union (hereinafter referred to as another Member State), as stipulated in the European Union legislation, except from third territories.

(4) A third territory shall mean a part of the state territory of a Member State which is not a constituent part of the state territory of a Member State concerned or the European Union within the meaning of paragraph 3 of this Article, namely:

- in the case of the Federal Republic of Germany: the Island of Heligoland, the territory of Büsingen,
- in the case of the Italian Republic: Livigno, Campione d'Italia, Italian waters of Lake Lugano;
- in the case of the Kingdom of Spain: Ceuta, Melilla, the Canary Islands,

The French Republic may, by a declaration, inform about the status of its overseas departments.

Greece may keep the special status for the Mount Athos.

(5) A third country shall be any country other than Croatia and another Member State.

(6) Within the meaning of this Act, the movement of excise products into or from:

- the Principality of Monaco shall be treated as movement into or from the French Republic,
- Jungholz and Mittelnerg (Kleines Walsertal) shall be treated as movement into or from the Federal Republic of Germany,
- the Isle of Man shall be treated as movement into or from the United Kingdom of Great Britain and Northern Ireland,
- San Marino shall be treated as movement into or from the Italian Republic.
- The Sovereign Base Areas of Akrotiri and Dhekelia shall be treated as movement into or from Cyprus.

#### **Article 4**

Excise duties revenues shall accrue to the Budget of the Republic of Croatia.

#### **Article 5**

Within the meaning of this Act, the following terms shall have the following meanings:

1. The **excise authorisation** shall mean the authorisation issued to a natural person or a legal entity by the competent customs house under which they may, as part of their registered business activity, receive, produce, store or carry out other actions on excise products at the excise warehouse, and dispatch excise products under excise-duty suspension arrangements.
2. The **authorised excise warehousekeeper** shall mean a legal entity or a natural person that has been granted the warehousekeeping authorisation by the competent customs house under which they may, as part of their registered business activity, receive, produce, store or carry out other actions on excise products at the excise warehouse, as well as dispatch excise products under excise-duty suspension arrangements.
3. The **excise warehouse** shall mean a place approved by the competent customs house, visibly marked and physically separated or enclosed from other areas or spaces, where the authorised warehousekeeper receives, produces, stores or carries out other actions involving excise products, and from which the excise products are dispatched under excise-duty suspension arrangements.
4. The **excise-duty suspension arrangements** shall mean the arrangements related to the receipt, production, storage or other actions involving excise products, as well as the dispatch of excise products under excise-duty suspension arrangements.
5. The **exempt user of excise products** shall mean a legal entity or a natural person that has been granted an authorisation by the competent customs under which they may, as part of their registered business activity and for the purposes referred to in Article 47, paragraph 1, items 3 to 11, and Article 79, paragraph 1 items 4. and 5. of this Act, procure excise products without being liable to pay excise duty. (hereinafter referred to as **the exempt user**).

6. The **exempt user's premises** shall mean a space or an area for storing the excise products which the exempt user has procured for the purposes of its registered business without being liable to pay excise duty.

7. The **importer of excise products** shall mean a customs debtor as defined in the customs regulations.

8. The **registered consignee** shall mean a legal entity or a natural person that does not have the status of the authorised warehousekeeper but has been granted by the competent customs house the authorisation to receive, as part of their registered business activity, excise products from persons or entities from another Member State under excise duty suspension arrangements. The registered consignee may not store or dispatch excise products under excise-duty suspension arrangements.

9. The **temporary registered consignee** shall mean a legal entity or a natural person not having the status of the authorised warehousekeeper but having the authorisation of the competent customs house for occasionally receiving, as part of their registered business activity, excise products under excise-duty suspension arrangements from another Member State. The temporary registered consignee may not store or dispatch excise products under excise-duty suspension arrangements and has to lodge a security for the payment of excise duty with the competent customs house before the consignor dispatches the excise products concerned.

10. The **excise duty representative** shall mean a legal entity or a natural person empowered by an authorised excise warehousekeeper from another Member State to perform services and exercise rights in Croatia under this Act in the name and for the account of the latter.

11. The **release for consumption of excise products** shall mean:

- any derogation, including irregular derogation, from excise-duty suspension arrangements,
- any production, including irregular production, or excise products outside excise-duty suspension arrangements,
- any import, including irregular import, of excise products if they are not placed under excise-duty suspension arrangements.

12. The **Customs Administration** shall mean the administrative unit within the Ministry of Finance responsible for the application of customs, excise and other regulations within its scope of competence.

13. The **Central Office** shall mean the organisational unit within the Customs Administration responsible for legal, efficient and uniform application of customs, excise and other regulations within its scope of competence.

14. The **customs house** shall mean an organisational unit within the Customs Administration where the activities provided for under the customs, excise and other regulations are performed.

15. The **Financial Police** shall mean an organisational unit within the Ministry of Finance responsible for financial supervision of application of excise and other regulations within its scope of competence defined by special regulations.

## **II. EXCISE-DUTY SUSPENSION ARRANGEMENTS**

### **Article 6**

(1) The payment of excise duty shall be suspended if the excise products concerned are produced and/or stored at the excise warehouse, placed in the exempt user's facility and used for the purposes stated in the authorisation or dispatched under the excise-duty suspension arrangements in accordance with the conditions stipulated in this Act.

(2) The payment of excise duty shall be suspended in respect of the excise products which have been placed, immediately after their import, under a customs suspension procedure or brought into a free zone or a free warehouse.

(3) The payment of excise duty shall also be suspended in respect of the excise products imported in accordance with the customs regulations if the products are placed into an excise warehouse or the exempt user's facility immediately after being released for free circulation.

(4) If the authorised excise warehousekeeper or the exempt user terminate their business operations on account of bankruptcy proceedings or liquidation, the payment of excise duty shall be suspended so long as the excise products in stock at the date of the opening of bankruptcy or issuing the decision on initiating liquidation proceedings remain at the excise warehouse or the exempt user's facility, or until they are released for consumption or dispatched to the creditor, except in the case where creditor is the authorised excise warehousekeeper, pursuant to the decision on asset distribution.

(5) If the excise warehousekeeping authorisation or the exempt user authorisation should cease to be valid on account of a merger of economic entities, the payment of excise duty shall be suspended so long as the excise products remain stored at the excise warehouse or the exempt user's facility or until they are released for consumption. The payment of excise duty shall be suspended for the period of 180 days from the day of entry of the merger into the company register at the latest.

## **III. MOVEMENT OF EXCISE PRODUCTS**

### **Article 7**

(1) Excise products shall be deemed to move under excise-duty suspension arrangements when:

1. they are moved from one excise warehouse to another,
2. they are moved from the excise warehouse to the exempt user's facility and from the exempt user's facility to the excise warehouse subject to previous approval of the competent customs house,
3. moved from the excise warehouse to exports,

4. after being released for free circulation, they are brought into the excise warehouse or the exempt user's facility, if the importer is the authorised excise warehousekeeper or the exempt user,
5. at the time of their importation, a customs suspension procedure is approved or they are brought into a free zone or a free warehouse,
6. they are dispatch from one excise warehouse to another across the territory of another state.

(2) The excise products may move under excise-duty suspension arrangements between Croatia and other Member States:

1. when dispatched from the excise warehouse in Croatia to a person/entity in another Member State, provided that such person/entity may, under the legal regulations in force in the country concerned, receive excise products under excise-duty suspension arrangements,
2. when the authorised warehousekeeper, and the registered and temporary registered consignee in Croatia receive excise products from a person/entity in another Member State, provided that such person/entity may, under the legal regulations of the country concerned, dispatch excise products under excise-duty suspension arrangements,
3. when the movement under excise-duty suspension arrangements between other Member States takes place across the territory of Croatia.

(3) The movement of excise products under excise-duty suspension arrangements shall be allowed only with the accompanying excise document (hereinafter referred to as the AED), unless otherwise stipulated in this Act or other regulations.

## **Article 8**

(1) The AED is a document accompanying the consignment of excise products and certifying that the stated types and quantities of excise products are moved under excise-duty suspension arrangements.

(2) The authorised excise warehousekeeper shall submit the AED on the prescribed form and in five (5) copies, of which:

1. the first copy shall be kept by the consignor,
2. the second copy shall be kept by the consignee,
3. the third copy, duly endorsement by the competent authority, shall be returned by the consignee to the consignor,
4. the fourth copy shall be kept by the consignee's competent authority, and
5. the fifth copy shall be kept by the consignor's competent authority.

## **Article 9**

(1) The consignee of excise products moving under excise-duty suspension arrangements shall confirm the receipt of excise products to the consignor.

(2) The consignee shall confirm the receipt of excise products by returning the verified copy of the AED to the consignor:

1. not later than 5 days after receiving excise products in Croatia,
2. by the 15th day in the month following the month in which he received the consignment from another Member State.

(3) Before the consignee returns the verified copy of the AED to the consignor, he shall submit it to the competent customs house for endorsement.

(4) The export of excise products shall be endorsement by the competent customs house on the AED at the time when excise products leave the customs territory of Croatia.

(5) The export of excise products shall be endorsement by the competent customs house on the AED at the time when excise products leave the European Union.

(6) If the consignor does not receive the verified copy of the AED, he shall inform the competent customs house thereof:

1. not later than tenth days after the dispatch within Croatia,
2. not later than sixty days after the dispatch to another Member State,

and the customs house shall determine in accordance with this Act whether excise duty has become chargeable.

(7) If excise products are brought into the excise warehouse or the exempt user's facility after being released for free circulation, the movement of excise products under excise-duty suspension arrangements shall be allowed only with a copy of the single administrative document, by virtue of which the excise products have been released for free circulation. The consignee shall confirm the receipt of excise products by verifying a copy of the single administrative document and returning it, within the period referred to in paragraph 2 of this Article, to the customs house where the import custom clearance has taken place.

(8) The Minister of Finance shall stipulate the ordinance on the method of completing and handling the AED.

## **Article 10**

(1) Unless otherwise stipulated in this Act, the movement between the Member States of excise products on which excise duty has been paid shall be allowed with a simplified accompanying excise document (hereinafter referred to as the SAED).

(2) By way of derogation from the provisions of paragraph 1 above, the SAED shall also be used for the movement of completely denatured alcohol in Croatia and between other Member States.

(3) When requesting a reimburse of excise duty paid, the consignor shall file an application to the customs house competent according to its registered office or his/her place of residence before dispatching the excise products and provide proof that excise duty has been paid in Croatia.

(4) The SAED shall be submitted on the prescribed form in three copies, of which:

1. the first copy shall be kept by the consignor,
2. the second copy shall be kept by the consignee,
3. the third copy shall be returned to the consignor by the consignee.

(5) When the consignee in Croatia receives excise products on which excise duty has been paid in another Member State and excise duty is also chargeable in Croatia under this Act, the consignment shall be accompanied with the administrative accompanying document issued by the consignor in accordance with the legislation in force in the Member State from which the excise products have been delivered. The consignee shall inform the customs house in writing of the intended receipt of excise products and provide a security for the payment of excise duty.

(6) If the excise products released for consumption in Croatia are dispatched from one place to another within Croatia, but across the territory of another Member State, the consignor shall submit the SAED, and the consignment must move along the previously determined route. In such a case:

- before dispatching the excise products, the consignor shall inform the customs house of dispatch about the delivery of excise products,
- the consignee shall confirm the receipt of the consignment on the SAED within the period stipulated in Article 9, paragraph 6 of this Act and inform the customs house of destination accordingly,
- the consignor and consignee shall enable the competent authority to check whether the consignee has actually received the excise products.

(7) Instead of the AED and the SAED, a commercial document may be used.

(8) When excise products are moved under excise-duty suspension arrangements between excise warehouses of the same authorised excise warehousekeeper, and when the same consignor frequently and regularly dispatches excise products to the same consignee, a simplified procedure of issuing excise documents may be approved.

(9) The Minister of Finance shall stipulate the ordinance on the manner in which the simplified excise accompanying documents are to be completed and handled, the conditions under which a commercial document may be used instead of the AED and the SAED, and describing the simplified procedure of issuing excise accompanying documents.

## **IV. EXCISE DUTY PAYER**

### **Article 11**

(1) Any person/entity liable to pay excise duty shall be deemed to be the excise duty payer, and in particular:

1. the authorised excise warehousekeeper,
2. the importer of excise products,

3. the producer of excise products outside excise-duty suspension arrangements.
- (2) The following shall also be considered excise duty payers:
1. the registered and the temporary registered consignee,
  2. the excise duty representative,
  3. the consignee of excise products on which excise duty has been paid in another Member State, and excise duty is chargeable also in Croatia,
  4. the supplier of electricity and natural gas to end consumers.
- (3) Besides the persons/entities referred to in paragraphs 1 and 2 of this Article, excise duty shall also be paid by:
1. the buyer referred to in Article 14, item 1 of this Act,
  2. the buyer referred to in Article 14, item 2 of this Act,
  3. the merged entity referred to in Article 14, item 3 of this Act,
  4. the creditor referred to in Article 14, item 4 of this Act,
  5. a person/entity which has irregularly produced, imported, introduced, transported, possessed, sold or bought excise products,
  6. a person/entity having participated in irregular production, introduction or imports of excise products, as well as a person/entity keeping irregularly produced, introduced or imported excise products,
  7. a person/entity that has lodged a security for the payment of excise duty in accordance with this Act or a guarantor stated on such instrument,
  8. the exempt user of excise products when dispatching or using excise products for purposes other than those stated in the authorisation.
- (4) If several persons/entities are liable to pay excise duty, they shall pay excise duty on a joint basis.

## **V. CHARGEABILITY OF EXCISE DUTY**

### **Article 12**

- (1) The excise duty shall become chargeable at the time of releasing the excise products for consumption, unless otherwise stipulated in this Act:
1. at the time of dispatch of excise products by the authorised excise warehousekeeper to a person/entity not authorised to receive excise products under excise-duty suspension arrangements,
  2. at the time of production of excise products by the producer referred to in Article 55 of this Act,
  3. at the time of consumption of excise products for one's own purposes within the excise warehouse,

4. at the time of establishing a loss or shortage of excise products, with the exception of the loss or shortage occurred during the period of excise duty suspension, if the authorised warehousekeeper is able to prove that such loss/shortage is a result of an unforeseen event or force majeure, or that the loss or shortage inseparably related to the characteristics of the goods has occurred during the production, warehousing and transport of excise products,

5. on the day when the excise warehousekeeping authorisation and the exempt user authorisation cease to be valid, as stipulated in Articles 25 and 29 of this Act,

6. at the time when the registered or the temporary registered consignee receives excise products under excise-duty suspension arrangements.

(2) Excise duty shall become chargeable when the consignee in Croatia receives excise products on which excise duty has been paid in another Member State for the purpose of performing its business activity.

(3) No excise duty shall become chargeable in Croatia in respect of the excise products on which excise duty has been paid in another Member State and which have been introduced into Croatia by a natural person for his/hers personal needs.

(4) In order to establish whether the excise products referred to in paragraph 3 of this Article are intended for personal needs or commercial purposes, the competent customs house shall take into account:

- the status of the person possessing the excise products concerned,
- the place of delivery of excise products and, if appropriate, the transportation method,
- the documents related to the excise products,
- the characteristics and quantity of the products.

(5) The Minister of Finance shall stipulate the ordinance on the type and amount of recognised losses or shortages of excise products referred to in paragraph 1, item 4 of this Article, and the quantities of the excise products referred to in paragraph 4 of this Article which may be introduced by natural persons for their personal needs from another Member State.

### **Article 13**

Upon importation of excise products, excise duty shall become chargeable on the same day as the incurrance of customs debt in accordance with the customs regulations governing the calculation and collection of customs debt, except in those cases when excise duty is suspended in accordance with this Act.

### **Article 14**

Excise duty shall also become chargeable when:

1. the customs house sells or assigns confiscated excise products, except when it sells or assigns them to the authorised excise warehousekeeper or the exempt user,

2. excise products are released for consumption during the merger of economic entities, except when the buyer is the authorised excise warehousekeeper or the exempt user,
3. after the merger of economic entities, when excise products are dispatched to the merged entity, except when the merged entity is the authorised excise warehousekeeper or the exempt user, not later than 180 days from the day of filing the application for entry of the merger in the company register,
4. when excise products are released for consumption or dispatched to the creditor during bankruptcy proceedings, except when the creditor is the authorised excise warehousekeeper or the exempt user.

### **Article 15**

(1) Excise duty shall also become chargeable when it is established that excise products have been:

1. irregularly produced, imported, acquired, conveyed, used or consumed, or irregularly released for consumption,
2. dispatched or used by the exempt user for purposes other than those stated in the authorisation,
3. irregularly introduced into Croatia from another Member State, except if the natural person not performing any activity in connection with the excise products proves that he/she has acquired the excise products in good faith.

(2) Chargeability of excise duty on the excise products for which the consignor has not received the certificate of receipt in accordance with Article 9, paragraph 6, item 1 of this Act, shall be determined by the customs house competent according to the consignor's registered office. Excise duty shall become chargeable at the time of dispatch according to the excise duty basis and at the rates, or in the nominal amounts, in effect at the date of dispatch.

(3) Chargeability of excise duty on the excise products for which the consignor has not received the certificate of receipt in accordance with Article 9, paragraph 6, item 2 of this Act, shall be determined by the competent customs house unless the consignor presents, within four months after the dispatch of excise products, proof to the customs house that the transaction has been carried out in accordance with the applicable regulations or he submit the proof of the place where the offence or irregularity has occurred. Excise duty shall become chargeable at the time of dispatch according to the excise duty basis and at the rates, or in the nominal amounts, in effect at the date of dispatch.

(4) If irregularities have occurred during the movement of excise products under excise-duty suspension arrangements between the Member States, and if excise duty becomes chargeable as a result of such irregularities, it shall be calculated in accordance with this Act if:

1. the irregularity has occurred in Croatia,
2. the irregularity has been detected in Croatia, but it is not possible to determine in which Member State it has occurred,
3. the consignment has been dispatched to another Member State from Croatia, but has not arrived at its place of destination, and it is not possible to determine in which Member State the irregularity has occurred.

(5) If excise duty is calculated in accordance with items 1 or 2 of paragraph 4 of this Article, the competent Croatia authority shall inform about that the competent institution in the Member State from which the consignment of excise products has been dispatched.

(6) The competent customs house shall discharge the payment of excise duty or reimburse the excise duty already paid in accordance with paragraph 4 of this Article if the consignor or the excise duty payer or another person acting for his/her account is able to present, within three years after the issuance of the excise document, proof to the customs authority that excise duty has been paid in the Member State in which the irregularity has actually occurred. The competent customs house shall reimburse the amount of the excise duty actually paid.

## **VI. SUBMITTING DAILY EXCISE DUTY ACCOUNTS AND MONTHLY EXCISE DUTY RETURNS, EXCISE DUTY PAYMENT**

### **Article 16**

(1) Excise duty payers shall calculate and pay excise duty themselves according to the prescribed excise duty basis and rates or in nominal amounts in effect on the day of excise duty becomes chargeable.

(2) The excise duty payer shall disclose the calculated excise duty in the daily excise duty accounts to be supplied twice a month to the customs house that is competent according to the excise duty payer's registered office or place of residence. The daily account for the period from the first to the fifteenth day of a month shall be delivered by the twentieth day of the same month, and for the period from the sixteenth to the last day of a month by the eighth day of the following month. The calculated excise duty shall be payable within thirty days after it has become chargeable, unless otherwise stipulated in this Act.

(3) By way of derogation from the provision of paragraph 2 of this Article, the excise duty payer of tobacco products, shall have the obligation to state excise duty calculated at the time of dispatching tobacco products from the excise warehouse in daily excise duty accounts that have to be submitted on the working day following the day of emerging the obligation of calculation of excise duty.

(4) The excise duty payers shall not submit daily excise duty accounts referred to in paragraphs 2 and 3 of this Article for the period in which no excise duty has become chargeable or if it amounts to HRK 0.00.

(5) If the authorised excise warehousekeeper operates more than one excise warehouse, they shall submit cumulative daily excise duty accounts, provided that separate records of calculated excise duty are maintained for each warehouse.

(6) The excise duty payer shall present the information on the state of inventories, on received, manufactured, dispatched or imported excise products, as well as the information on the calculated excise duty in the monthly excise duty return to be delivered to the customs house by the twentieth day of a month for the preceding month, unless otherwise stipulated in this Act.

(7) The excise duty payer shall submit the monthly excise duty return referred to in paragraph 6 of this Article also for the month in which no excise duty has become chargeable.

(8) If the authorised excise warehousekeeper operates more than one excise warehouse, they shall submit a cumulative monthly excise duty return on condition that records of inventories, of received, manufactured, dispatched and imported excise products are maintained, and information on calculated excise duty presented separately for each warehouse.

(9) If the authorised excise warehousekeeper does not calculate excise duty on tobacco products marked with tobacco stamps in accordance with this Article within 60 days after taking over the tobacco stamps at the latest, the tobacco products shall be deemed to have been released for consumption in Croatia, and excise duty shall be payable within 30 days after the expiry of that period at the latest.

(10) If the excise warehousekeeping authorisation should cease to be valid, with the exception of the cases referred to in paragraph 12 of this Article, the authorised excise warehousekeeper shall submit the daily excise duty account and the monthly excise duty return for excise products in stock, and excise duty on those products shall be payable within 30 days after the day when the authorisation has ceased to be valid at the latest.

(11) If the authorisation granted to the exempt user should cease to be valid, with the exception of the cases referred to in paragraph 12 of this Article, the exempt user shall pay excise duty on the excise products in stock at the exempt user's facility not later than 30 days after the authorisation has ceased to be valid.

(12) In the case of bankruptcy, liquidation or merger of economic entities, excise duty on the excise products in stock at the warehouses on the day when the proceedings are completed shall be payable within 30 days after the proceedings are completed or the products dispatched to the creditor.

(13) The Minister of Finance shall stipulate the ordinance on the content, form and method of submitting daily excise duty accounts and monthly excise duty return, as well as the method of excise duty payment.

## **Article 17**

(1) On importation of excise products, excise duty shall be paid in accordance with the customs regulations unless the payment of excise duty is suspended or otherwise stipulated in this Act.

(2) If the import of tobacco products fails to take place within 60 days after the tobacco stamps have been taken over, the tobacco products shall be deemed to have been released for consumption in Croatia, and the importer shall be liable to pay excise duty within 30 working days after the expiry of that period.

(3) By way of exception, the period referred to in paragraph 2 of this Article may be prolonged if the importer is able to prove to the Customs Administration Central Office that the request for prolongation is justified.

(4) The importer liable to pay excise duty, referred to in Article 11, paragraph 1, item 2 of this Act, shall submit only the monthly excise duty return referred to in Article 16, paragraph 6 of this Act only for the month in which he has imported the products concerned.

(5) The Minister of Finance shall stipulate the ordinance on the conditions and procedure of prolonging the period referred to in paragraph 3 of this Article.

## **VII. REIMBURSEMENT OF EXCISE DUTY PAID**

### **Article 18**

(1) The following shall be entitled to reimburse of excise duty paid in Croatia:

1. the producer of excise products, who has procured excise products on which excise duty has already been paid and has used them to produce new excise products,
2. the exporter of excisable goods on which excise duty has been paid in Croatia,
3. the exempt user who has purchased excise products at a price inclusive of excise duty and uses them in accordance with Article 47, paragraph 1, items 3 to 11 and Article 79, paragraph 1, items 4 and 5 of this Act,
4. the person who has paid excise duty on energy products which are polluted or accidentally mixed and returned to the excise warehouse for recycling.

(2) Entitled to a reimburse of excise duty shall be legal entities and natural persons who, as part of their business activity, dispatch to another Member State the excise products on which excise duty has been paid in Croatia.

(3) Entitled to the refund referred to in paragraph 2 of this Article shall be the consignor if:

1. he/she files with the customs house competent according to his/hers registered offices or place of residence, an application for a refund of excise duty before the dispatching begins,
2. he/she presents a copy of the SAED on which the consignee has confirmed the receipt of excise products,
3. he/she provides a document certifying that a security for the payment of excise duty has been lodged in the country of destination,
4. he/she provides any other proof as may be required by the customs house with regard to the specific circumstances in order to establish justifiability of excise duty reimbursement.

(4) The Minister of Finance shall stipulate the ordinance on the conditions and manner of exercising the right to a refund of excise duty.

## **VIII. EXEMPTIONS FROM EXCISE DUTY**

### **Article 19**

(1) Excise duty shall not be payable on excise products intended for:

1. office needs of diplomatic and consular missions and special missions accredited in Croatia, on condition of reciprocity, with the exception of consular missions lead by honorary consular officers,

2. personal needs of foreign staff of diplomatic missions and consular posts and special missions accredited in Croatia,
3. needs of international organisations, if so stipulated in international agreements applying to Croatia,
4. personal needs of foreign staff of international organisations, if so stipulated in international agreement applying to Croatia,
5. the consumption in accordance with an international agreement concluded between Croatia and another state or an international organisation, if such an agreement provides for an exemption from VAT tax in the case of delivery of excise products,
6. the needs of the armed forces of other state parties to the North Atlantic Alliance or the civilian staff accompanying them or for supplying their messes and canteens.

(2) The exemption from excise duty referred to in paragraph 1, items 1 and 2 of this Article shall be granted on the basis of certification by the ministry competent for foreign affairs, and the exemptions referred to in paragraph 1, items 3, 4, 5 and 6 of this Article on the basis of certification of the competent state authority responsible for the implementation of the particular international agreement.

(3) If, under an international agreement, the exemption can be granted only on condition of reciprocity, the ministry competent for foreign affairs shall confirm that the condition of reciprocity is satisfied.

(4) The exemptions from excise duty referred to in paragraph 1, items 2 and 4 of this Article may not be granted to the citizens of Croatia or foreign nationals having their usual residence in Croatia.

(5) If the persons exempt from the payment of excise duty in accordance with paragraph 1 of this Article procure excise products from another Member State, the consignor may dispatch them under excise-duty suspension arrangements only if accompanied with an AED and a certificate of exemption from excise duty, as determined by the EU legislation.

(6) The excise products on which no excise duty is payable in accordance with paragraph 1 of this Article may only be disposed of subject to previous notification to the competent customs house and payment of excise duty.

## **Article 20**

(1) Excise duty shall not be payable on the excise products:

1. which are delivered from an excise warehouse to customs warehouses for the purpose of supplying ships and aircraft on international routes,
2. which are delivered from an excise warehouse to the facilities of a customs warehouse located at airports or harbours opened to international traffic for the purpose of being sold to passengers travelling to another state against presentation of a boarding pass,
3. which are brought by a traveller from another state as part of personal luggage and are exempt from customs duties in accordance with the customs regulations,

4. which a natural person from another state sends to another natural person in the Republic of Croatia in consignments free of charge, which are not of a commercial nature and are exempt from customs duties in accordance with the customs regulations.

(2) The authorised excise warehousekeeper and the exempt user are exempt from the payment of excise duty on the excise products:

1. which are used as samples in the analyses for trial production, or for scientific purposes;
2. which are used for quality control,
3. which are used for the purpose of excise monitoring,
4. which have been destroyed under customs supervision,
5. on which losses or shortages have been established, if proven that such loss/shortage can be ascribed to unforeseen events or force majeure, or that losses or shortages inseparably related to the characteristics of the goods have occurred during the production, warehousing and transport of excise products and if recognised by the competent customs house.

(3) If applicable, the provisions of paragraph 2 of this Article shall apply both to the registered and the temporary registered consignee.

(4) The losses or shortages referred to in paragraph 2, item 5 and paragraph 3 of this Article which have occurred within the European Union during the transport of excise products shall be determined in accordance with the rules of the Member State of destination.

(5) The Minister of Finance shall stipulate the ordinance on the manner and conditions on which the right to exemptions from excise duty referred to in Articles 19 and 20 of this Act may be exercised.

## **IX. GENERAL CONDITIONS FOR OPERATION OF EXCISE WAREHOUSES**

### **Article 21**

(1) Receiving, production, storage or other actions, as well as the dispatch of excise products under excise-duty suspension arrangements may be performed only in the excise warehouse having the excise warehousekeeping authorisation issued by the competent customs house to an authorised warehousekeeper, unless otherwise stipulated in this Act

(2) The excise warehousekeeping authorisation shall be issued by the customs house competent according to the registered office or place of residence of a legal entity or natural person meeting the following requirements:

1. performs a business activity in connection with excise products in accordance with the prescribed conditions and has the registered office or residence in Croatia,
2. settles tax and customs liabilities regularly,
3. has not committed a serious or repeated breach of tax or customs regulations,
4. has lodged a security for the payment of excise duty before the authorisation has been issued,

5. maintains records of products stored at the excise warehouse,
6. meets the requirements for electronic exchange of data related to the movement of excise products.

## **Article 22**

(1) The excise authorisation for authorised excise warehousekeeper and for excise warehouse shall be issued upon written application of a legal entity or a natural person wishing to operate under excise-duty suspension arrangements, and it may not be transferred to another person/entity.

(2) The application referred to in paragraph 1 of this Article, shall contain the following information: the applicant's identification data, the type of excise goods, a description of the registered business activity, the type, the trade name and the Combined Nomenclature code (hereinafter referred to as CN code) and the quantity of excise products for which the excise warehousekeeping authorisation is requested, the foreseen annual production quantities, and the quantities of stored products or products to be stored. Together with the application, the applicant shall also provide documents showing the location of the excise warehouse, describing the warehouse facilities, the method of dispatching excise products, individual production procedures, and including also information on the devices used to measure the quantities of produced, processed, stored and dispatched excise products and a description of the accounting system.

(3) Before issuing the excise authorisation for the authorised excise warehousekeeper and the excise warehouse, the customs house shall verify the authenticity of the facts and information stated in the application referred to in paragraph 2 of this Article and establish on the spot whether the requirements for issuing the excise warehousekeeping authorisation are satisfied. If it is found that the applicant does not meet the stipulated requirements, the competent customs house shall set a period within which the irregularities have to be removed.

(4) The authorised excise warehousekeeper shall file a separate application for opening each new excise warehouse.

(5) The Minister of Finance shall stipulate the ordinance on setting out the requirements for establishing and operating an excise warehouse and describing the procedure of issuing the warehousekeeping authorisation.

## **Article 23**

(1) The authorised warehousekeeper shall:

1. take all necessary measures to ensure that excise products are secure at the excise warehouse; supervise all procedures, including the dispatch and receipt of excise products; determine and report to the customs house any losses or shortages of excise products; check whether there are any irregularities in the operations of the excise warehouse,

2. ensure conditions for smooth supervision,
  3. maintain records of the stock of excise products by type and quantity, separate records of the movement of excise products for each excise warehouse, and supply the competent customs house with daily excise duty accounts and monthly excise duty returns,
  4. inform the customs house about all changes of data stated in the excise warehousekeeping authorisation,
  5. in the event of a change in its status, the expansion, restriction or termination of its business activity, as well as the establishment and operation of new excise warehouses, request the customs house to amend the excise warehousekeeping authorisation accordingly.
- (2) If the customs house establishes that the authorised excise warehousekeeper fails or has failed to perform the obligations referred to in paragraph 1 of this Article, it shall set a time limit within which the irregularities have to be removed and, if necessary, take other actions in accordance with this Act.
- (3) The Minister of Finance shall stipulate the ordinance on defining the content and method of keeping the records referred to in paragraph 1, item 4 of this Article.

#### **Article 24**

- (1) The authorised excise warehousekeeper shall lodge with the Customs Administration a security for the payment of a potential excise debt in respect of excise products under excise-duty suspension arrangements in accordance with the provisions of this Act.
- (2) The lodging of security shall be mandatory when dispatching excise products under excise-duty suspension arrangements for the excise products produced and warehoused at the excise warehouse, unless they are dispatched by means of fixed pipelines.
- (3) The state administration bodies shall not be required to lodge a security.
- (4) By way of derogation from paragraph 1 of this Article, instead of the authorised excise warehousekeeper dispatching the excise products under excise-duty suspension arrangements from Croatia to another Member State, the security may also be lodged by the transporter or the owner of the excise products.
- (5) The provisions of paragraph 4 above shall also apply when excise products are dispatched from another Member State to Croatia by a person/entity authorised in accordance with the legislation of that Member State to dispatch excise products under excise-duty suspension arrangements to other Member States.
- (6) The amount of the security lodged for excise products dispatched from the excise warehouse under excise-duty suspension arrangements shall be determined by the customs house depending on the amount of a potential excise debt.
- (7) The amount of the security lodged for excise products produced and stored at the excise warehouse under excise-duty suspension arrangements shall be determined by the customs house depending on the amount of a potential excise debt in the relevant taxation period.

(8) The Customs Administration can decide that the amount of the security for the payment of excise duty may be lower than the amount referred to in paragraph 7 of this Article.

(9) If the authorised excise warehousekeeper operates several excise warehouses, it may lodge a single security for all the excise warehouses.

(10) The lodging of a security shall not be necessary for excise products where the amount of excise duty in HRK 0.00.

(11) If the excise warehousekeeping authorisation expires, the security may be released only after the excise duty has been paid on the excise products in stock and the excise products for which excise duty has become chargeable before the expiry of the excise warehousekeeping authorisation, and when excise duty on excise products moving under excise-duty suspension arrangements may no longer become chargeable.

(12) The Minister of Finance shall stipulate the ordinance on the type and amount of the payment security, and the manner in which it has to be lodged, along with the criteria when a the amount of the security may be reduced.

## **Article 25**

(1) The excise warehousekeeping authorisation shall cease to be valid:

1. at the point of death of the authorised excise warehousekeeper - a natural person,
2. at the point of dissolution of the legal entity,
3. when the excise warehousekeeping authorisation is returned to the customs house,
4. when the customs house withdraws the excise warehousekeeping authorisation.

(2) The customs house shall withdraw the excise warehousekeeping authorisation: if the authorised excise warehousekeeper no longer meets the requirements set out in the excise warehousekeeping authorisation or does not ensure adequate system of monitoring the state of stock, or does not compile lists of stock within the time limits stipulated in the excise warehousekeeping authorisation; if it does not lodge an appropriate security for the payment of excise duty or does not lodge a security in an amount sufficient to ensure payment of excise debt; if the grounds and conditions for issuing the excise warehousekeeping authorisation no longer exist; if the authorisation has been issued on the basis of incomplete or inaccurate information; if it does not remove the irregularities within the time limit determined by the customs house; if it is involved in criminal actions; if it evades the payment of excise duty.

(3) An appeal against the withdrawal of the excise warehousekeeping authorisation shall not postpone the enforcement of the decision. By the time the decision on the appeal is made, the customs house may postpone the withdrawal of the authorisation if they estimate that the appeal might be accepted.

(4) The Minister of Finance shall stipulate the ordinance on the conditions and procedure of the expiry of validity of a warehousekeeping authorisation.

## **X. EXEMPT USER OF EXCISE PRODUCTS**

### **Article 26**

(1) The exempt user of excise products may procure excise products without being liable to pay excise duty by virtue of an authorisation granted by the customs house competent according to the exempt user's registered office or place of residence.

(2) The authorisation referred to in paragraph 1 of this Article may be applied for by a legal entity or natural person meeting the following requirements:

1. performs a business activity in accordance with the prescribed conditions and uses for the purpose of that activity excise products within the meaning of Article 47, paragraph 1, items 3 to 11 and Article 79, paragraph 1, items 4 and 5 of this Act, and its registered office or place of residence is in Croatia,
2. settles tax and customs liabilities regularly,
3. has committed no serious or repeated breaches of tax or customs regulations.

(3) Besides the requirements referred to in the preceding paragraph, the following requirements must also be met:

1. the production area, the warehouse or another area used for storing excise products are organised and equipped in such a way that enables safe storage and use of the excise products procured, as well as correct measurement of stock of those products,
2. the accounting records give a true and accurate picture of the consumption of excise products and of the state of stock of the products for whose production the excise products have been used.

### **Article 27**

(1) The authorisation shall be granted to the exempt user by the customs house upon written application.

(2) The authorisation shall be issued in the name of the applicant and may not be transferred to another person.

(3) In the authorisation, the customs house shall state the quantities and types of excise products that can be procured free of excise duty for the prescribed purposes and within a specific period which may not be longer than 12 months, then the space or area and the purpose of use of excise products. The quantities shall be determined according to the production capacities and the period for which the authorisation is issued.

(4) The quantities determined in the authorisation referred to in paragraph 3 of this Article may be changed upon subsequent application.

(5) The Minister of Finance shall stipulate the ordinance on the conditions of operation of the exempt user's facility, and the procedure for issuing and amending the exempt user authorisation.

## **Article 28**

(1) The exempt user of excise products shall:

1. maintain records of the purchase, production and consumption of excise products by type and quantity and submit, at the request of the customs house, a report on the state of stock of excise products procured free of excise duty,
2. inform the customs house about all changes of information stated in the authorisation,
3. ensure conditions for smooth supervision.

(2) The Minister of Finance shall stipulate the ordinance on the content and method of maintaining the records referred to in paragraph 1, item 1 of this Article.

## **Article 29**

(1) The authorisation referred to in Article 27 of this Act shall cease to be valid:

1. upon expiry of validity of the authorisation,
2. at the point of death of the exempt user of excise products being a natural person,
3. at the point of dissolution of the legal entity,
4. when the authorisation is returned to the customs house,
5. when the customs house withdraws the authorisation.

(2) The customs house shall withdraw the authorisation if the exempt user no longer meets the requirements set out in the authorisation, does not ensure adequate system of stock monitoring; if the authorisation has been issued on the basis of incomplete or inaccurate information, if the user does not remove the irregularities within the period determined by the customs house.

(3) An appeal against the withdrawal of the authorisation shall not postpone the enforcement of the decision. By the time the decision on the appeal is made, the customs house may postpone the withdrawal of the authorisation if they estimate that the appeal might be accepted.

(4) The Minister of Finance shall stipulate the ordinance on the conditions and procedure of the expiry of validity of the authorisation.

## **XI. REGISTERED AND TEMPORARY REGISTERED CONSIGNEE AND EXCISE DUTY REPRESENTATIVE**

## **Article 30**

(1) The registered consignee may, as part of its business activity, receive excise products from another Member State under excise-duty suspension arrangements if it has registered offices or the place of residence or a business unit in Croatia and has obtained the authorisation to do so from the customs house competent according to the registered office or place of residence.

(2) The authorisation referred to in paragraph 1 of this Article shall be issued by the customs house upon written application which must contain the following information: the applicant's identification data and registered office if the applicant is a legal entity, or the place of residence if it is a natural person, the tax number (Personal Identification Number), a description of the business activity, the trade name and CN code of the products for which the authorisation is requested, the full name of the applicant's responsible person, information on the security for the payment of excise duty and proof that the conditions ensuring smooth supervision are fulfilled, and a description of the accounting system operation.

(3) Before issuing the authorisation, the customs house shall verify the authenticity of the facts and information stated in the application referred to in paragraph 2 of this Article and establish on the spot whether the requirements for issuing the authorisation have been met. If it is found that the applicant does not meet the prescribed requirements, the customs house shall determine the time limit within which the irregularities are to be removed.

(4) The authorisation shall be issued in the name of the applicant and may not be transferred to another person.

(5) The registered consignee has to:

1. lodge a security for the payment of excise duty before the authorisation is issued,
2. settle tax and customs liabilities regularly,
3. maintain records of excise products received by trade name, CN code, quantity, date of receipt and consignor,
4. meet the requirements regarding electronic exchange of data related to the movement of excise products,
5. inform the customs house about all changes of information stated in the application,
6. ensure smooth supervision.

(6) The authorisation shall terminate at the point of dissolution of a legal entity, at the point of death of a natural person, when the authorisation is returned to the customs house or when the customs house withdraws the authorisation.

(7) The customs house shall withdraw the authorisation if the registered trader no longer meets the requirements stated in the authorisation: if it fails to ensure an adequate supervision system, if it fails to lodge an adequate security for the payment of excise duty or to provide it in an amount ensuring the payment of excise debt; if the grounds and conditions for issuing the authorisation no longer exist; if the authorisation has been issued on the basis of incomplete or incorrect information; if the irregularities are not removed within the time limit set by the customs house.

(8) An appeal against the withdrawal of the authorisation shall not postpone the enforcement of the decision. By the time the decision on the appeal is made, the customs house may

postpone the withdrawal of the authorisation if they estimate that the appeal might be accepted.

(9) The Minister of Finance shall stipulate the ordinance on the conditions and procedure for issuance and expiry of validity of the authorisation granted to the registered trader, the procedure of lodging the payment security, its type and amount, as well as the content and method of maintaining records.

### **Article 31**

(1) In the course of its business activities, the temporary registered consignee may from occasionally receive excise products from another Member State under excise-duty suspension arrangements if has registered offices or place of residence or a business unit in Croatia.

(2) The temporary registered consignee has to:

1. inform the customs house competent according to its registered office or place of residence or business unit about the consignment of excise products before they are dispatched by the consignor and the place of their receipt,
2. lodge with the customs house a security for the payment of excise duty on excise products which it receives in the capacity as the temporary registered consignee under excise-duty suspension arrangements before the excise products are dispatched by the consignor,
3. enable the customs house to perform supervision of the type and quantity of the excise products received and the amount of excise duty paid,
4. pay excise duty in accordance with this Act,
5. maintain records of the excise products received by trade name, CN code, quantity, date of receipt and consignor.

(3) The Minister of Finance shall stipulate the ordinance on the type of security for the payment of excise duty and procedure of lodging it in accordance with this Article.

### **Article 32**

(1) A registered excise warehousekeeper from another Member State may appoint an excise duty representative in Croatia to fulfil the obligations and exercise the rights in accordance with this Act. The excise duty representative may be a legal entity or a natural person having its registered office or place of residence or a business unit in Croatia and duly authorised by the customs house.

(2) The authorisation referred to in paragraph 1 of this Article shall be issued by the customs house upon written application which must contain the following information: the trade name of the excise products for which the authorisation is required, and the corresponding CN codes; the full name/company name of the applicant, the registered office, the name of the applicant's responsible person; information about the authorised excise warehousekeeper in another Member State being represented by the applicant in the capacity as the excise duty

representative; accounting records in accordance with law; proof that the requirements for performance of supervision are satisfied.

(3) The authorisation shall be issued in the name of the applicant, and it may not be transferred to another person or entity.

(4) The excise duty representative shall:

1. lodge an adequate security for the payment of excise duty with the customs house,
2. maintain records of the movement of excise products by trade name, CN code, quantity, date of receipt and consignee,
3. inform the customs house about the place of delivery of excise products,
4. settle tax and customs liabilities regularly,
5. satisfy the requirements for electronic exchange of data related to the movement of excise products,
6. inform the customs house about all changes of data stated in the application that may affect the validity of the authorisation,
7. ensure smooth supervision.

(5) The authorisation shall terminate at the point of dissolution of a legal entity, or death of a natural person, or by returning the authorisation to the customs house, or by the customs house withdrawing the authorisation.

(6) The customs house shall withdraw the authorisation if the excise duty representative no longer meets the requirements stated in the authorisation: if it fails to ensure an adequate supervision system, fails to provide an adequate security for the payment of excise duty or to provide it in an amount sufficient to ensure the payment of excise duty debt; if the grounds or conditions for issuing the authorisation no longer exist; if the authorisation has been issued on the basis of incomplete or incorrect information; if the irregularities are not removed within the time limit set by the customs house.

(7) An appeal against the withdrawal of the authorisation shall not postpone the enforcement of the decision. By the time the decision on the appeal is made, the customs house may postpone the withdrawal of the authorisation if they estimate that the appeal might be accepted.

(8) The Minister of Finance shall stipulate the ordinance on the conditions and procedure of the issuance and expiry of validity of the authorisation issued to the excise duty representative, the procedure of lodging the payment security, its type and amount, as well as the content and method of maintaining the records.

## **XII. REGISTRATION OF BUSINESS ACTIVITY, REGISTRATION OF EXCISE DUTY PAYERS**

### **Article 33**

(1) Any legal entity or natural person performing a business activity that involves excise products shall file an application for entry into the register of excise duty payers with the customs house competent according to their registered office or place of residence at least eight days before the beginning of the registered business activity or before another event that constitutes an activity subject to excise duty within the meaning of this Act.

(2) The Minister of Finance shall stipulate the ordinance on the method of registration, as well as the content and form of the application for entry into the register or excise duty payers.

### **Article 34**

(1) The Customs Administration shall establish and maintain a separate register of registered consignees, temporary registered consignees and authorised excise warehousekeepers, including also excise warehouses.

(2) The register referred to in paragraph 1 of this Article shall contain the following information:

1. excise ID number issued by the customs house to the authorised excise warehousekeeper, the authorised excise warehouse, the registered consignee and periodically registered consignees. If the authorised excise warehousekeeper operates more than one excise warehouses, the customs house shall issue separate excise ID numbers for each excise warehouse,
2. the name and address of the craft, or the company name and address of the authorised excise warehousekeeper, the registered consignee and temporary registered consignees,
3. the name(s) and address(es) of excise warehouse(s) operated by a single warehousekeeper,
4. the date of issue of the authorisation, changes to it, and the expiry of validity date,
5. the category of excise products and code,
6. the information on the excise duty payment security and its issuer,
7. the registered office of the competent customs house.

(3) The Central Office of the Customs Administration shall exchange the information referred to in paragraph 2 of this Article with the competent authorities in other Member States.

(4) Upon request, the Central Office of the Customs Administration shall ensure the persons/entities involved in the movement of excise products under excise-duty suspension arrangements among Member States the right to receive confirmation of the information from a special register.

### **Article 35**

(1) If the excise duty payer should cease to perform the registered business activity, the customs house shall, at the request of the excise duty payer or *ex officio*, remove the excise duty payer from the register of excise duty payers.

(2) The Minister of Finance shall stipulate the ordinance on the procedure of removing excise duty payers from the register.

### **XIII. RECORDS MAINTAINED BY THE EXCISE DUTY PAYER**

#### **Article 36**

(1) The excise duty payer shall maintain records in order to provide all information necessary for the calculation and payment of excise duty, and in particular the information on:

1. the quantities of produced excise products,
2. the quantities of excise products in production, at warehouse or other business premises, and in stock,
3. the quantities of raw materials and excise products delivered to the warehouse,
4. the quantities of excise products released for consumption in respect of which excise duty has become chargeable at the prescribed rates and in the prescribed amounts,
5. the quantities of delivered excise products exempt from excise duty,
6. the quantities of excise products for one's own consumption within the warehouse,
7. the quantities of dispatched excise products under excise-duty suspension arrangements,
8. the quantities of excise products in respect of which excise duty is no longer chargeable,
9. the amounts of excise duty calculated and paid.

(2) The excise duty payer – importer shall maintain the records of the quantities of imported excise products, and on excise duty calculated and paid.

### **XIV. SUPERVISION OVER EXCISE DUTY CALCULATION AND PAYMENT**

#### **Article 37**

(1) The calculation and payment of excise duty on excise products, the list of stock of excise products, the use of excise products for designated purposes, their dispatch and movement, and the maintenance of records shall be supervised by the Customs Administration and Financial Police, and other persons/entities authorised to perform supervision in accordance with special regulations.

(2) Neither excise duty payers nor any other legal entity or natural person may sell excise products in places designated as marketplaces and places where occasional trading is permitted, or in open-air places at which cash sales are not recorded via cash registers or issuing of invoices within the meaning of the Valued Added Tax Act.

### **Article 38**

For the purpose of performing excise supervision and checks, the excise duty payer shall keep all issued and received invoices, excise documents, single administrative documents, the documents on the basis of which the excise duty payer is exempted from excise duty, daily excise duty accounts, monthly excise duty returns and all other accounting records related in any way to production, storage, importation or exportation of excise products and relevant for the purpose of excise duty calculation and payment during the period stipulated in special regulations, and not longer than 10 years after the end of the year to which such documents relate.

## ***PART II***

### **XV. ALCOHOL AND ALCOHOLIC BEVERAGES**

#### **Products subject to excise duty**

#### **Article 39**

(1) Within the meaning of this Act, alcohol and alcoholic beverages shall be deemed to include beer, wine and other beverages obtained by fermenting except for beer and wine, intermediate products and ethyl alcohol.

(2) The types of alcohol and alcoholic beverages referred to in paragraph 1 of this Article shall be determined by a code of the Combined Nomenclature, and on the basis of their actual alcoholic strength by volume.

(3) The actual alcoholic strength by volume is a volume percentage of alcohol measured at the temperature of 20° C and expressed as % vol.

#### **Article 40**

(1) Within the meaning of this Act, beer shall be deemed to be:

1. every product falling within CN code 2203, having an actual alcoholic strength by volume exceeding 0.5 % vol,
2. every product that is a mixture of beer and a non-alcoholic beverage falling within CN code 2206, having an actual alcoholic strength by volume exceeding 0.5 % vol.

#### **Article 41**

(1) Within the meaning of this Act, wine shall be deemed to be still and sparkling wines.

(2) Still wines are all products falling within CN codes 2204 and 2205, with the exception of the sparkling wine referred to in paragraph 3 of this Article, and in particular those:

1. having an actual alcoholic strength by volume exceeding 1.2 % vol but not exceeding 15 % vol, provided that alcohol contained in the finished product is entirely of fermented origin,
2. having an actual alcoholic strength by volume exceeding 15 % vol but not exceeding 18 % vol, provided that they are produced without any enrichment and that alcohol contained in the finished product is entirely of fermented origin.

(3) The sparkling wines shall be all products falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205:

1. contained in bottles with mushroom stoppers held in place in a special way, or which have an excess pressure due to carbon dioxide in solution of three bar or more,
2. having an actual alcoholic strength by volume exceeding 1.2 % vol but not exceeding 15 % vol, provided that alcohol contained in the finished product is entirely of fermented origin.

#### **Article 42**

(1) Within the meaning of this Act, other beverages obtained by fermenting other than beer and wine shall include other still beverages obtained by fermenting and other sparkling beverages obtained by fermenting.

(2) Other still beverages obtained by fermenting other than beer and wine shall include all products falling within CN codes 2204 and 2205 and not listed in Article 41 of this Act and the products falling within CN code 2206 other than the beer referred to in Article 40 of this Act and the other sparkling beverages obtained by fermenting referred to in paragraph 3 of this Article, and in particular:

1. having an actual alcoholic strength by volume exceeding 1.2 % vol, but not exceeding 10 % vol,
2. having an actual alcoholic strength by volume exceeding 10% vol, but not exceeding 15 % vol, provided that alcohol contained in the finished product is entirely of fermented origin.

(3) Other sparkling beverages obtained by fermenting other than beer and wine shall be all products falling within CN codes 2206 00 31 and 2206 00 39 and the products falling within CN codes 2204 10, 2204 21 10, 2204 29 10 and 2205, not listed in Article 41 of this Act:

1. contained in bottles with mushroom stoppers held in place in a special way, or which have an excess pressure due to carbon dioxide in solution of three bar or more,
2. having an actual alcoholic strength by volume exceeding 1.2 % vol, but not exceeding 13 % vol,
3. having an actual alcoholic strength by volume exceeding 13 % vol, but not exceeding 15 % vol, provided that alcohol contained in the finished product is entirely of fermented origin.

#### **Article 43**

Within the meaning of this Act, the intermediate products shall be all the products having an actual alcoholic strength by volume exceeding 1.2 % vol, but not exceeding 22 % vol and falling within CN codes 2204, 2205 and 2206, but not referred to in Articles 40, 41 and 42 of this Act.

#### **Article 44**

(1) Within the meaning of this Act, ethyl alcohol shall be deemed to include:

1. all products falling within CN codes 2207 and 2208, having an actual alcoholic strength by volume exceeding 1.2 % vol, even when those products form part of a product that falls within another chapter of the Combined Nomenclature,
2. products of CN codes 2204, 2205 and 2206 having an actual alcoholic strength exceeding 22 % vol,
3. potable spirits containing products, whether in solution or not.

### **Establishment of excise duty**

#### **Article 45**

(1) The excise duty on beer shall be fixed per 1 % of pure alcohol in one hectolitre of the finished product.

(2) The excise duty on wine, other beverages obtained by fermenting other than beer and wine and intermediate products shall be fixed per 1 hl of the finished product.

(3) The excise duty basis on ethyl alcohol shall be fixed per 1 hl of pure alcohol expressed as volume percentage measured at 20° C.

### **Amount of excise duty**

#### **Article 46**

(1) Excise duty on beer shall be paid in the amount of HRK 40,00 per 1% of pure alcohol contained in one hectolitre of the finished product.

(2) Excise duty on still and sparkling wines shall be paid in the amount of HRK 0,00.

(3) Excise duty on other beverages obtained by fermenting other than beer and wine shall be paid in the amount of HRK 0,00.

(4) Excise duty on intermediate products containing 15 % vol of pure alcohol or more shall be paid in the amount of HRK 800,00 per one hectolitre of the finished product.

(5) Excise duty on intermediate products containing less than 15% vol of pure alcohol shall be paid in the amount of HRK 500,00 per one hectolitre of the finished product.

(6) Excise duty on ethyl alcohol shall be paid in the amount of HRK 5.300,00 per one hectolitre of pure alcohol.

(7) The Government of the Republic of Croatia may change the amounts of excise duty stipulated in this Article by virtue of a regulation.

## **Exemptions from excise duty**

### **Article 47**

(1) Excise duty on alcohol and alcoholic beverages shall not be levied:

1. on denatured alcohol deemed to be alcohol denatured by using the prescribed means of denaturation, or when imported as denatured alcohol from another state,
2. on denatured alcohol deemed to be alcohol denatured by using the prescribed means of denaturation in accordance with the requirements of another Member State, if accompanied with the SAED during its movement.
3. when used for the production and processing of non-food products,
4. when used for the production of medicines,
5. when used for the production of vinegar falling within CN code 2209,
6. when used either directly or as a constituent of semi-finished products for the production of foodstuffs, filled or otherwise, provided that in each case the alcoholic content does not exceed 8.5 litres of pure alcohol per 100 kg of the product for chocolates, and 5 litres of pure alcohol per 100 kg of the product for other products,
7. when used for the production of flavours for the preparation of foodstuffs and non-alcoholic beverages with an alcohol strength not exceeding 1.2 % vol,
8. when used in a manufacturing process provided that the final product does not contain alcohol,
9. for the preservation of preparations and the pulping of fruit,
10. when used for medical purposes at hospitals, medical centres and pharmacies,
11. when used for scientific research or teaching purposes at faculties, institutes and other scientific institutions using alcohol to perform their teaching and scientific activities.

(2) Ethyl alcohol may be dispatched to an exempt user from the excise warehouse, introduced or imported into Croatia free of excise duty for the purpose of producing non-food products only if denatured.

### **Article 48**

Excise duty on alcohol and alcoholic beverages shall not be paid:

1. on the beer referred to in Article 40 of this Act, produced by a private individual who is the agricultural land owner from barley grown for his/her own consumption and consumption by the members of his/her household or their guests, provided that no sale is involved,

2. on the wine referred to in Article 41, and other beverages obtained by fermenting other than beer and wine, referred to in Article 42 of this Act, produced by a private individual who is the owner or user of agricultural land and he is owner of substances for the production of wine and other beverages obtained by fermenting other than beer and wine, if used for his/her own consumption and the consumption by the members of his/her own household or guests provided that no sale is involved.

## **Denatured alcohol**

### **Article 49**

(1) Within the meaning of this Act, denatured alcohol shall be deemed to be alcohol which has been mixed during the production process with the prescribed substances in the prescribed amounts, so that in further processing denaturants cannot be easily eliminated and alcohol suitable for ingestion cannot be produced.

(2) Alcohol may be denatured only at the excise warehouse of the producer that has also been issued the authorisation for alcohol denaturation by the competent customs house.

(3) The authorised warehousekeeper being also the producer of denatured alcohol shall keep records on denaturation, which must state the quantities of alcohol and the quantities of prescribed substances that have been used for denaturation, the quantities of denatured alcohol produced and dispatched expressed in litres of pure alcohol, and records of buyers.

(4) The excise warehouse where alcohol is to be denatured must be fitted with such equipment that will ensure alcohol denaturation by means of the prescribed substances and in the prescribed manner.

(5) The Minister of Finance, after obtaining the opinion of the minister competent for agriculture and the director general of the state authority competent for standardisation and metrology, shall stipulate the ordinance on substances for denaturation of alcohol imported or produced in Croatia.

## **Marking, measurement and release for circulation of alcohol and alcoholic beverages**

### **Article 50**

(1) The products referred to in Articles 42, 43 and 44 of this Act, with the exception of the products falling within CN code 2207 and the products regulated by the Act on Wine, which have been produced or introduced or imported and released for consumption in Croatia, which are exported or sold at a customs warehouse must be marked with a special stamp of the Ministry of Finance of the Republic of Croatia. Besides the wording "Republic of Croatia – Ministry of Finance", the stamps must have a quantity marking, an alphabetical marking of the series and the number of the series, and actual alcoholic strength expressed as volume percent.

(2) The products referred to in paragraph 1 of this Article being exported may, by way of exception, be marked with a mark required by the importing country or have no marks, in

which case the exporter has to present the Customs Administration with the proof of the stamps' takeover or another appropriate document.

- (3) The products referred to in paragraph 1 of this Article may be released for circulation only in bottles or other appropriate containers in accordance with special regulations governing their release for circulation.
- (4) The special stamp must be glued over the bottle cork so that it is damaged when the bottle is opened.
- (5) The excise duty payers shall file an application for the printing of the special stamps referred to in paragraph 1 of this Article with the competent customs house.
- (6) The products referred to in Article 40 of this Act must correspond to the producer's specification and the declaration shown on the label and meet the requirements stipulated in special regulations on beer.
- (7) The Minister of Finance shall stipulate the ordinance on the procedure of ordering the special stamps, their form and content, handling the stamps and keeping the records.

#### **Article 51**

- (1) The facilities for the production and storage of alcohol and alcoholic beverages referred to in Articles 40, 43 and 44 of this Act must be fitted with the measuring instruments prescribed by the national authority competent for metrology, as well as vessels and containers which have a proper authenticated seal or a proper certificate of authentication concerning the satisfaction of the metrology requirements issued by the national authority for standardisation and metrology.
- (2) Besides additional sealing of the measuring instruments referred to in paragraph 1 of this Article, the competent customs house shall also provide lead seals for the ancillary piping, the fittings, the control panels, the fuses and all other things connected with the measurement of the quantities of alcohol and alcoholic beverages produced.
- (3) Repairs, replacements and other activities requiring the removal of the lead seals affixed by the competent customs house within the meaning of paragraph 2 of this Article may be carried out only in the presence of an authorised customs officer.
- (4) Each time the lead seal is removed or affixed the authorised customs officer shall compose a memorandum about the reasons for removing the lead seal and enter the state of the dials of the counter on the measuring instrument.
- (5) A copy of the memorandum shall be given to the excise duty payer, and the original copy shall be lodged at the competent customs house.
- (6) Croatian Chamber of Commerce. Minister of finance after obtaining the opinion of the director general of the national authority competent for metrology, shall stipulate the ordinance on the measuring instruments for production and storage of alcohol and alcoholic beverages.

## **Article 52**

- (1) The sellers (producers, importers and traders) of devices for the production of alcohol or alcoholic beverages shall be bound to inform the competent customs house about the purchasers or end consumers of such devices according to the registered office or residence of the purchaser, supplying it with a copy of the sales invoice.
- (2) Legal entities and natural persons that buy such devices for the production of alcohol or alcoholic beverages shall be considered the end consumers.

## **Small producers**

### **Article 53**

- (1) A small wine producer shall be deemed to be a person defined in the special regulations not producing more than 1 000 hl of wine a year.
- (2) A small wine producer shall file an application for entry into the register of excise duty payers with the customs house competent according to its registered office or place of residence at least eight days before the beginning of production.
- (3) Small wine producers shall be exempted from the requirements set out in the provisions of Titles III and IX of this Act.
- (4) Small wine producers shall submit to the customs house that is competent according to their registered office a report on their annual production, deliveries and stock of wine as at 31 December, along with the information on chargeable excise duty, not later than 31 January for the preceding year.

### **Article 54**

- (1) For the purposes of this Act, natural persons – owners or users of the agricultural land and owners of the substance for production of strong alcoholic beverages producing the strong alcoholic beverage for their own use in a quantity not exceeding 20 litres of pure alcohol a year per household shall be deemed small producers of strong alcoholic beverages.
- (2) Small producers of strong alcoholic beverages are forbidden to sell them.
- (3) Within the meaning of this Article, strong alcoholic beverages shall be deemed to include the products falling within CN code 2208.
- (4) A small producer of strong alcoholic beverages shall file an application for entry into the register of excise duty payers with the customs house competent according to his/her place of residence not later than eight days before the beginning of production, and at the same time provide information on the volume of individual devices for alcohol production, i.e. stills, owned or used by him.

(5) A small producer of strong alcoholic beverages shall be liable to pay excise duty depending on the capacity of the still. Excise duty payable in respect of each still with a capacity of 40 to 100 litres shall be HRK 100.00, and in respect of stills with a capacity of over 100 litres shall be HRK 200. 00.

(6) If a small producer of strong alcoholic beverages produces strong alcoholic beverages in a quantity exceeding the one stated in paragraph 1 of this Article, excise duty shall be levied in the amount stipulated in Article 46, paragraph 6 of this Act.

(7) Small producers of strong alcoholic beverages shall submit to the customs house competent according to their place of residence annual report containing information on overall quantities of strong alcoholic beverages produced for their own use, on the capacity of the still and on excise duty chargeable not later than 20 January for the preceding year. Excise duty calculated in accordance with paragraphs 5 and 6 of this Article shall be payable by 31 January for the preceding year.

(8) If by 31 January the owner or the user of the still informs the competent customs house that the still is out of use and requests that the still be sealed, no excise duty shall become chargeable in the future tax periods so long as the still remains sealed. For the year in which the customs house removes the seal or establishes that the seal has been removed without approval of the competent customs house, excise duty shall become chargeable in accordance with paragraphs 5 and 6 of this Article.

(9) The seal shall be affixed to and removed from the still by the competent customs house at the request and at the expense of the owner or user of the still.

(10) Small producers of strong alcoholic beverages shall be exempted from the requirements stipulated in the provisions of Title IX of this Act.

(11) The Minister of Finance shall stipulate the ordinance on the implementation of this Article.

## **Article 55**

Producers of ethyl alcohol, intermediate products and other beverages obtained by fermenting that produce alcohol, intermediate products and other beverages for commercial purposes in a quantity not exceeding 1 000 litres a year, and the producers of beer that produce beer for commercial purposes in a quantity not exceeding 50 000 litres a year shall be exempted from the requirements stipulated in the provisions of Title IX of this Act.

## **XVI. TOBACCO PRODUCTS**

### **Products subject to excise duty**

## **Article 56**

The tobacco products shall be deemed to include: cigarettes, cigars, cigarillos and smoking tobacco.

#### **Article 57**

(1) Within the meaning of this Act, cigarettes shall be deemed to be:

1. rolls of tobacco suitable for smoking other than cigars and cigarillos within the meaning of the provisions of this Act,
2. rolls of tobacco placed, through a simple non-industrial process, in a paper wrapper for cigarettes or wrapped in paper leaves.

(2) A roll of tobacco whose length, without a filter or mouthpiece, does not exceed 9 cm shall be considered as one cigarette.

(3) In the case of rolls of tobacco whose length, without a filter or mouthpiece, exceeds 9 cm, the number of cigarettes for which the specific excise duty has to be calculated shall be determined by dividing the length of the tobacco roll by 9 and rounding the resulting amount to next whole number.

(4) Cigarettes shall also be deemed to include products which are made in part or in whole of substances other than tobacco and meet the requirements referred to in paragraph 1 of this Article.

#### **Article 58**

(1) Within the meaning of this Act, cigars and cigarillos, if suitable for smoking, shall be deemed to be rolls of tobacco:

1. made entirely of natural tobacco,
2. with an outer wrapper of natural tobacco,
3. with a threshed blend filler and with an outer wrapper of the normal colour of a cigar covering the product in full, including where appropriate the filter but not in the case of tipped cigars, the tip, and a binder, both being of reconstituted tobacco, where the unit weight, not including filter or mouthpiece, is not less than 1.2 g and where the wrapper is fitted in spiral form with an acute angle of at least 30° to the longitudinal axis of the cigar;
4. with a threshed blend filler and with an outer wrapper of the normal colour of a cigar, of reconstituted tobacco, covering the product in full, including where appropriate the filter but not, in the case of tipped cigars, the tip, where the unit weight, not including filter or mouthpiece, is not less than 2.3 g and the circumference over at least one third of the length is not less than 34 mm;

(2) The products which partly contain substances other than tobacco and meet the requirements referred to in paragraph 1 of this Article shall also be considered cigars and cigarillos, provided that they have:

1. a wrapper of natural or reconstituted tobacco,
2. a wrapper and binder of tobacco, both of reconstituted tobacco.

### **Article 59**

(1) Within the meaning of this Act, smoking tobacco shall be deemed to be:

1. tobacco which has been cut or otherwise split, twisted or pressed into blocks, suitable for smoking without further industrial processing,

2. tobacco refuse suitable for smoking and released for retail sales, other than the products referred to in Articles 57 and 58 of this Act.

(2) Smoking tobacco shall also include fine-cut tobacco for the rolling of cigarettes in which more than 25 per cent by weight of the tobacco particles have a cut width of more than 1 mm, when intended to be sold for the rolling of cigarettes.

(3) Smoking tobacco shall also include the products partly or entirely containing substances other than tobacco and meeting the requirements stipulated in paragraph 1 of this Article.

### **Article 60**

(1) The products containing no tobacco and used exclusively for medical purposes shall not be deemed tobacco products within the meaning of this Act.

(2) The products used exclusively for medical purposes shall be determined by the ministry competent for health.

### **Excise duty base and excise duty yield**

### **Article 61**

(1) The excise duty base for cigarettes shall be 1 000 pieces and the retail selling price.

(2) Excise duty on cigarettes shall be paid as the specific excise duty stipulated in a defined amount for the quantity of 1 000 cigarettes and as the proportional excise duty stipulated at a defined percentage of the retail selling price of cigarettes.

(3) Excise duty on cigarettes as of 1 January 2010 shall be comprised of:

1. the specific excise duty of HRK 180,00 for 1 000 cigarettes,
  2. the proportional excise duty of 30% of the retail selling price.
- (4) The minimum excise duty on cigarettes sold at a price lower than the retail selling price for cigarettes of the price category most in demand shall be HRK 375,00 for 1 000 pieces.
- (5) By virtue of a regulation, the Government of the Republic of Croatia shall determine the amount of the specific excise duty and the rate of the proportional excise duty on the basis of the retail selling price for the cigarettes of the price category most in demand on 1 January, for the current year.
- (6) The price category most in demand shall be the cigarette category which was most in demand during the preceding year, according to the information of the Ministry of Finance as at 1 January.
- (7) Notwithstanding the provisions of paragraphs 3, 4 and 5 of this Article, the Government of the Republic of Croatia, may by passing a Regulation and until the moment of accession of the Republic of Croatia to the European Union, change the amount of the specific excise duty, the rate of the proportional excise duty and the minimum excise duty, should in the course of the year the cigarette retail selling prices be changed.

## **Article 62**

- (1) Excise duty calculation base for cigars and cigarillos shall be 1 000 pieces. Excise duty shall be determined as the specific excise duty stipulated in a defined amount for the quantity of 1 000 pieces as follows:
1. HRK 1.100.00 for 1 000 cigars,
  2. HRK 220.00 for 1 000 cigarillos.
- (2) The excise duty calculation base for fine-cut tobacco and other smoking tobacco shall be one kilogram. Excise duty shall be determined as the specific excise duty stipulated in a defined amount for 1 kilogram, as follows:
1. HRK 136.00 for one kilogram of fine-cut tobacco,
  2. HRK 92.00 for one kilogram of other smoking tobacco.
- (3) Notwithstanding the provisions of paragraph 2 of this Article, as of 1 January 2011 excise duty shall amount to:
1. HRK 234.00 for one kilogram of fine-cut tobacco,
  2. HRK 146.00 for one kilogram of other smoking tobacco.

### **Determination of the retail selling price**

### **Article 63**

- (1) The retail selling price of tobacco products shall be the price determined by the authorised excise warehousekeeper and the importer according to the brands of tobacco products. The retail selling price shall be also including excise duty, customs duty and value-added tax.
- (2) The persons referred to in paragraph 1 of this Article must report the retail selling price to the Customs Administration thirty days before releasing the tobacco products for consumption at so determined prices.
- (3) The tobacco products may not be sold at retail selling prices lower or higher than those reported.

### **Exemptions from excise duty**

#### **Article 64**

- (1) Excise duty on tobacco products shall not be paid on the products intended exclusively for scientific research and product quality testing.
- (2) The use of tobacco products for the purposes referred to in paragraph 1 of this Article shall be subject to the authorisation of the Customs Administration.

### **Marking of tobacco products with stamps**

#### **Article 65**

- (1) The tobacco products produced and released for consumption in Croatia must be marked with tobacco stamps of the Ministry of Finance. Besides the wording “Republic of Croatia – Ministry of Finance”, the stamps must have an alphabetical indication of the series, a number and, in the case of cigarettes, the retail selling price.
- (2) The tobacco products imported and released for consumption in Croatia must be marked with tobacco stamps of the Ministry of Finance. Besides the wording “Republic of Croatia – Ministry of Finance”, the stamps must have an alphabetical indication of the series, a number and, in the case of cigarettes, the retail selling price.
- (3) The domestic tobacco products being exported or sold at a customs warehouse must be marked with an identification stamp of the Ministry of Finance. Besides the wording “Republic of Croatia – Ministry of Finance”, those stamps shall bear the words “for export” in Croatian or a foreign language, an alphabetical mark of the series, and a number.
- (4) By way of derogation from paragraph 3 of this Article, the tobacco products being exported may have a marking required by the importing country or no marking at all, in which case the exporter shall present evidence to the competent customs house that the stamps of the importing country have been taken over or present another relevant document.

(5) The tobacco stamp must be stuck to the packet intended for retail sale below the cellophane or other paper enclosing the packet of tobacco products in such a way that it can be seen and must be torn during opening.

(6) By way of derogation from paragraph 5 of this Article, in the case of original packaging for cigars and cigarillos which does not include cellophane or other paper, the tobacco stamp may be stuck directly to the packaging in such a way that it can be seen and must be torn during opening.

(7) The tobacco products not marked with tobacco stamps in accordance with this Article shall be deemed products on which no excise duty has been calculated and paid, and their release for consumption, purchase and possession shall be deemed illegal.

### **Article 66**

(1) The tobacco stamps shall be issued to the authorised excise warehousekeeper and the importer of tobacco products upon their request for taking over the tobacco stamps which is submitted to the Central Office of the Customs Administration.

(2) Before taking over the tobacco stamps, authorised excise warehousekeepers and importers of tobacco products shall lodge a security for the payment of excise duty on tobacco products.

(3) The ordered tobacco stamps shall be taken over from the printing house and delivered to the persons/entities referred to in paragraph 1 of this Article by the authorised officers of the Central Office of the Customs Administration.

(4) The tobacco stamps shall not be issued to the authorised excise warehousekeeper and the importer of tobacco products who have not paid excise duty in accordance with this Act.

(5) Unauthorised production of the tobacco stamps, their unauthorised printing and offering for sale shall be deemed illegal.

(6) Deliberate damaging of the tobacco stamps shall be deemed illegal.

(7) The Central Office of the Customs Administration shall supervise the ordering, usage, keeping records and handling of the tobacco stamps.

(8) Authorised excise warehousekeepers and importers of tobacco products shall submit reports on daily consumption of the tobacco stamps to the Customs Administration on the next working day.

(9) The Minister of Finance shall stipulate the ordinance on printing, the conditions and methods of ordering and handling the tobacco stamps, and record-keeping, as well as the content of the report on daily consumption of the tobacco stamps.

### **Release for circulation of tobacco products**

### **Article 67**

- (1) The tobacco products may only be circulated in packets intended for retail sale.
- (2) No items other than tobacco products may be added to the packets intended for retail sale.

### **Refund of excise duty**

#### **Article 68**

- (1) The right to a reimbursement of excise duty paid, shall be granted to the payers of excise duty on tobacco products that have become unsuitable for use and if they return damaged tobacco stamps unless the products' unsuitability for use is due to their inadequate quality, oldness or non-marketability.
- (2) The refund of excise duty referred to in paragraph 1 of this Article shall be approved on condition that the excise duty payer has destroyed the tobacco products unsuitable for use under customs supervision.
- (3) The Minister of Finance shall stipulate the ordinance on the procedure of destruction under customs supervision and the refund of excise duty on tobacco products unsuitable for use.

## **XVII. ENERGY PRODUCTS AND ELECTRICITY**

### **Products subject to excise duty**

#### **Article 69**

- (1) Products subject to excise duty shall include energy products used as motor fuel or a heating fuel, and electricity.
- (2) The types of energy products and electricity referred to in paragraph 1 of this Article shall be determined by a code of the Combined Nomenclature, according to the Article 2. Paragraph 5 of the Directive 2003/96/EC, or on the basis of the characteristics of individual products.
- (3) Within the meaning of this Act, the following shall be deemed energy products:
  1. the products falling within CN codes 2701, 2702 and 2704 to 2715,
  2. the products falling within CN codes 2901 and 2902,
  3. the products falling within tariff subheading KN 3403,
  4. the products falling within CN code 3811,
  5. the products falling within CN code 3817.

(4) The following shall also be deemed energy products provided that they are intended to be used as an motor fuel, additive or extender added to motor fuels or as a heating fuel:

1. the products falling within CN codes 1507 to 1518,
2. the products falling within CN code 2905 11 00 which are not of synthetic origin,
3. the products falling within CN code 3824 90 99.

(5) The following shall also be deemed energy products:

1. other products intended for consumption, offered for sale or used as an motor fuel,
2. additives or fillers added to the motor fuel if declared as such,
3. other hydro carbonates intended for consumption, offered for sale or used for heating, with the exception of peat or biomass.

(6) The biomass shall include a biodegradable fraction of a product, waste and residues from agriculture (including the substances of plant and animal origin), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste.

(7) The biofuel shall be liquid or gaseous fuel intended for the use in transportation and produced from biomass, which meets the biofuel compatibility and quality requirements in proportions stipulated by special regulations.

(8) Electricity falling within CN code 2716 shall also be deemed a product subject to excise duty within the meaning of this Act.

## **Excise duty basis and the level of excise duty**

### **Article 70**

(1) The excise duty basis for energy products shall be 1000 kg net weight, 1 000 litres, Gigajoul gross calorific value or a cubic meter of an individual excise product. If the excise duty basis is determined in litres, it shall be measured at the temperature of +15° C.

(2) The excise duty basis for electricity shall be the quantity of electricity measured in megawatt hours.

(3) The level of excise duty shall be determined as follows:

#### **1. Petrol used as an motor fuel:**

**1.1. Leaded petrol falling within CN codes 2710 11 31, 2711 51 and 2710 11 59**  
..... HRK 3.600,00 / 1 000 l

**1.2. Unleaded petrol falling within CN codes 2710 1131, 2710 1141,**  
**2 710 1145, 2 710 1149**

..... HRK 2.850,00 / 1 000 l

#### **2. Gas oil falling within CN codes 2710 19 41 to 2710 19 49**

2.1. for motor fuels..... HRK 2.200,00 / 1000l

- 2.2. for heating ..... HRK 300,00 /1000 l
- 3. Kerosene – petroleum falling within CN codes 2710 19 21 and 2710 19 25**
- 3.1. for motor fuels..... HRK 2.200,00 /1000 l
- 3.2. for heating..... HRK 1.752,00 /1000 l
- 4. LPG – liquid petroleum gas falling within CN codes 2711 12 11 to 2711 19 00**
- 4.1. for motor fuels..... HRK 912,50 /1000 kg
- 4.2. for heating ..... HRK 0,00 /1000 kg
- 5. Heavy fuel oil falling within CN codes 2710 19 61 to 2710 19 69**  
..... HRK 110,00 /1000 kg
- 6. Natural gas falling within CN codes 2711 11 00 and 2711 21 00**
- 6.1. for motor fuels..... HRK 0.00 /m3,
- 6.2. for heating ..... HRK 0.00 /m3,
- 7. Coal and coke falling within CN codes 2701, 2702 and 2704**  
..... HRK 2.20 / Gj gross calorific value
- 8. Electricity falling within CN code 2716**  
..... HRK 0.00 /Mwh,
- 9. Biofuels-pure** referred to in Article 69, paragraph 7 of this Act ..... **HRK 0.00.**

(4) Excise duty on the energy products referred to in Article 69, paragraph 3, item 1 of this Act not listed in paragraph 3 of this Article and on the energy products referred to in Article 69, paragraph 3, item 2 of this Act shall be paid according to their purpose and in the amounts stipulated for the equivalent motor fuel or heating fuel referred to in paragraph 3 of this Article.

(5) Excise duty on the energy products referred to in Article 69, paragraph 3, items 3, 4 and 5, and paragraph 4 of this Act shall be paid according to their purpose and in the amounts stipulated for the equivalent motor fuel or heating fuel referred to in paragraph 3. of this Article.

(6) Excise duty on the energy products referred to in Article 69, paragraph 5, item 1 of this Act shall be paid according to their purpose and in the amounts stipulated for the equivalent motor fuel.

(7) Excise duty on the energy products referred to in Article 69, paragraph 5, item 3 of this Act shall be paid according to their purpose and in the amount stipulated for the equivalent heating fuel referred to in paragraph 3 of this Article.

(8) Excise duty on the additives and fillers referred to in Article 69, paragraph 5, item 2 of this Act added to the energy product shall be paid in the same amount as stipulated for the energy product to which they are added.

(9) Excise duty on the gas oil purchased against presentation of the fuel card by the gas oils consumers for use in agriculture, fishery and aquaculture referred to in Article 77 of this Act shall be HRK 0.00.

(10) By virtue of a regulation, the Government of the Republic of Croatia may change the amounts of excise duty stipulated in paragraph 3 of this Article.

### **Article 71**

The provisions of this Act with regard to the production, storage, processing and movement of products under excise duty suspension arrangements, and to the supervision and reporting shall apply only to the following energy products referred to in Article 69, paragraph 3, items 1 and 2:

1. falling within CN codes **2707 10, 2707 20, 2707 30 and 2707 50,**
  2. falling within CN codes **2710 11 to 2710 19 69,**
  3. falling within CN codes **2710 11 21, 2710 11 25,** and **2710 19 29** for commercial bulk movements,
  4. falling within CN code **2711** except for **2711 11, 2711 21** and **2711 29,**
  5. falling within CN code **2901 10** (acyclic carbohydrates),
  6. falling within CN codes **2902 20, 2902 30, 2902 41, 2902 42, 2902 43** and **2902 44,**
- and on all the energy products referred to in Article 69, paragraph 4 of this Act.

### **Measurement of energy products**

#### **Article 72**

(1) The excise duty payers shall measure the input and output quantities of energy products by using flowmeters or scales certified by the standardisation and metrology authority and additionally sealed by the competent customs house.

(2) Besides additional sealing of the flowmeters and scales referred to in paragraph 1 of this Article, the customs house competent according to the location of the excise warehouse shall also provide lead seals for the ancillary piping, the fittings, the control panels, the fuses and all other things connected with the measurement of the output quantities of energy products.

(3) Repairs, replacements and other activities requiring removal or affixing of the customs lead seal may be carried out only in the presence of an authorised official of the competent customs house, who shall compose a memorandum.

### **Marking of gas oils**

#### **Article 73**

(1) Before being dispatched from the excise warehouse, the gas oils falling within CN codes 2710 19 41, 2710 19 45 and 2710 19 49 used as a heating fuel must be marked with the appropriate indicator in accordance with the standardisation regulations and dyed red.

(2) The gas oils referred to in paragraph 1 of this Article imported as a heating fuel must be properly marked. At the time of their importation, the marked gas oils must be accompanied with a certificate of the foreign supplier showing the type and quantity of the marking substance used, endorsement by the competent authority. If no such certificate is provided or if there is no other proof that the imported gas oils have been properly marked, the gas oils shall be deemed unmarked.

(3) The gas oils referred to in paragraph 1 of this Article which are used as a heating fuel and introduced from other Member States or imported from a third country shall be deemed marked if accompanied with a certificate of the foreign supplier showing the type and quantity of the marking substance, endorsement by the competent institution and certifying that the gas oils have been marked in another Member State or a third country and proving that the gas oils have been marked in accordance with paragraph 1 of this Article. If no such certificate or other proof of the gas oils having been properly marked is provided at the time or their entry or importation, they shall be considered unmarked.

(4) The marked gas oil must be stored in such a way as to ensure that other products do not affect neutralisation of the marking substance.

(5) The marking of gas oil may be carried out only at the excise warehouse operated by the authorised excise warehousekeeper whose excise warehousekeeping authorisation includes also the authorisation for the marking of gas oils and whose warehouse is fitted with facilities for dosage and mixing or similar facilities that can ensure proper marking.

(6) In the cases when gas oils are not properly marked or when the facilities do not ensure proper marking, the competent customs house shall withdraw its authorisation for marking gas oils.

(7) The Minister of Finance shall stipulate the ordinance on the type and quantity of the marking substance and the procedure of marking energy products.

### **Use of the marked gas oils**

#### **Article 74**

(1) The marked gas oils referred to in Article 73 of this Act may be used and sold only for the purpose stipulated in this Act.

(2) The marked gas oils referred to in Article 73 of this Act may not be used for the propulsion of motor vehicles, floating objects, vessels or other engines and machinery or for other purposes, except as heating fuels.

(3) The marking substances may not be removed from the gas oils marked in accordance with Article 73 of this Act, and their concentration may not be reduced, nor may other substances be added which would render it impossible to determine if the gas oils are properly marked.

### **Releasing the marked gas oils for circulation**

#### **Article 75**

(1) The marked gas oils referred to in Article 73, paragraph 1 of this Act may not be released for circulation at petrol stations or other retail points of sales designated for the sale of motor fuels.

(2) The marked oils referred to in Article 73, paragraph 1 of this Act may be sold only from the specially determined warehouses that must be registered with the competent customs house.

(3) The marked gas oils may not be sold by being directly poured into fuel tanks of motor vehicles, floating objects, vessels, other engines or machinery.

(4) The excise duty payers and other legal entities and natural persons selling the gas oils referred to in paragraph 1 of this Article shall maintain records of buyers of the marked gas oil.

(5) The Minister of Finance shall stipulate the ordinance on the requirements which the specially determined warehouses for the sale of gas oils must meet, the procedure of selling the marked gas oils and maintaining records of buyers of the marked gas oils.

### **Supervision over the use and sale of the marked gas oils**

#### **Article 76**

(1) The inspection control of the use and sale of the marked gas oil shall be performed by persons duly authorised to perform such activities in accordance with the provision of this Act and special regulations.

(2) If it is established during the control of motor vehicles, floating objects, vessels, other engines or machinery, or during the inspection of bookkeeping or other documents that the marked gas oils referred to in Article 73 of this Act are not used for the purposes and in the manner provided for in Article 74 of this Act, the owner of the motor vehicle, floating object, vessel, other engine or machine shall be charged excise duty on the quantity which corresponds to the volume of the fuel tank multiplied by hundred, whereas the company and/or owner of the craft shall be charged excise duty on the quantities that are determined on the basis of bookkeeping and other documents as having been used in contravention of the provisions of this Act, multiplied by ten. Excise duty shall be calculated by reference to the amounts stipulated in Article 70, paragraph 3, item 2.2.1 of this Act.

(3) Gas oils in fuel tanks of motor vehicles, floating objects, vessels or other engines or machines shall be considered marked if they contain the marking substance referred to in Article 73, paragraph 1 of this Act regardless of its concentration.

(4) The excise duty referred to in paragraph 2 of this Article shall be calculated and charged by the competent customs house and Financial Police on the basis of the findings of the supervisory authority referred to in paragraph 1 of this Article.

(5) The Minister of Finance shall stipulate the ordinance on the method according to which the presence of the marking substance is established.

### **Use of the gas oils for the purposes of agriculture, fisheries and aquaculture**

#### **Article 77**

(1) The right to consume the gas oil referred to in Article 70, paragraph 9 of this Act for the purposes of agriculture shall be granted to agricultural holdings duly entered in the register of agricultural holdings-at the ministry competent for agriculture in accordance with special regulations,

(2) The right to consume the gas oil referred to in Article 70, paragraph 9 of this Act for the purposes of fisheries shall be granted to:

1. natural persons and legal entities holding the licence for seawater commercial fishing activities – the catching of fish,
2. natural persons and legal entities holding the commercial fishing licence and/or the licence for farming of sea fish and other sea organisms, in accordance with the special regulations on seawater fishing, or the aquaculture licence in accordance with the special regulations on freshwater fishing.

(3) The holders of the right to consume the gas oil referred to in paragraphs 1 and 2 of this Article shall exercise this right on the basis of the authorisation granted by the authority competent for agriculture and fisheries and stipulating the permitted annual consumption of the gas oil, as shown on the fuel card.

**(4) The consumers referred to in paragraphs 1 and 2 of this Article shall use the gas oil for the propulsion of agricultural machinery and for the operation of facilities on the agricultural holdings, for the operations of traction engines and ancillary engines of the fishing floating objects used in commercial seawater fishing and ancillary machines and vessels in aquaculture.**

**(5) Taxpayers subject to excise duty and other legal entities or natural persons selling the gas oils referred to in Article 70, paragraph 9 of this Act to the consumers referred to in paragraphs 1 and 2 of this Article, shall fulfil terms and conditions on electronic data exchange from the central data base on consumers referred to in paragraphs 1 and 2 of this Article, and perform the gas oil selling referred to in Article 70, paragraph 9 only against presentation of a fuel card.**

(6) The Minister of Finance, after obtaining the opinion of the minister competent for agriculture, shall stipulate the ordinance on the content and form of the fuel card, the manner in which the gas oils referred to in Article 70, paragraph 9 of this Act may be used and the control of their consumption.

### **Reimbursement of excise duty on the gas oils used for the purposes of agriculture, fisheries and aquaculture**

#### **Article 78**

(1) When selling the gas oil to the consumers referred to in Article 77, paragraphs 1 and 2 of this Act, legal entities or natural persons shall be entitled to a reimbursement of the excise duty paid in accordance with Article 70, paragraph 3, item 2.2.1 of this Act.

(2) The sellers referred to in paragraph 1 of this Article shall file an application for a reimbursement of excise duty with the customs house competent according to their registered

office. The application shall be filed on the last day of a month for the quantities sold in the preceding month.

(3) The Minister of Finance, after obtaining the opinion of the minister competent for agriculture, shall stipulate the ordinance on the conditions and procedure of the excise duty refund referred to in this Article.

## **Exemptions from excise duty**

### **Article 79**

(1) Excise duty shall not be paid on:

1. the energy products dispatched and used as an fuel in air navigation, with the exception of private pleasure flights,
2. the energy products supplied for use as an fuel in international navigation, with the exception of private pleasure floating objects and vessels,
3. the energy products supplied for use as an fuel in navigation with third countries, or other Member States, with the exception of private pleasure floating objects and vessels, and electricity produced on the vessel,
4. the energy products that the producer of energy products and electricity uses at its own production facilities for further processing or the production of other energy products and electricity, except when used as an motor fuel for means of transport,
5. the energy products used for other purposes other than motor fuel or heating fuel.

(2) Moreover, excise duty shall not be paid on:

1. the energy products kept in standard fuel tanks of motor vehicles, vessels and aircraft coming from other countries, intended for consumption as motor fuel by those vehicles rather than for resale, and exempted from import duties in accordance with the customs regulations,
2. the energy products kept in the tanks of special containers coming from other states, intended specifically for the operation of supply systems of those containers during the transportation and exempted from import duties in accordance with the customs regulations.

(3) Private pleasure flights shall be deemed to mean personal use of aircraft by its owner or by a natural person or legal entity who enjoys its use either through hire or through any other means, for other than commercial purposes and in particular other than for the carriage of passengers or goods or for the supply of services for consideration or for the purposes of public authorities.

(4) Private pleasure floating objects and vessels shall be deemed to be all floating objects and vessels used by its owner or used by natural persons or legal entities who enjoys its use either through hire or through any other means, for other than commercial purposes and in particular other than for the carriage of passengers or goods or for the supply of services for consideration or for the purposes of public authorities.

(5) Standard fuel tanks within the meaning of this Article shall be:

1. tanks fixed permanently by the manufacturer into all motor vehicles of the type concerned, fitted with a fixed system enabling direct consumption of fuel used as propellant and, as

appropriate, for the operation of cooling and other systems during transport. Gas tanks mounted into motor vehicles enabling direct consumption of gas as the propellant, and tanks mounted into other possible systems of a vehicle shall also be deemed to be standard tanks,

2. tanks fixed permanently by the manufacturer into all special containers of the type concerned and fitted with a fixed system enabling direct consumption of fuel during transport for the operation of the cooling and other systems making part of the equipment of the special container.

(6) Within the meaning of this Article, special containers shall be any containers with special mounted equipment used for cooling systems, oxygen supply systems, thermal insulation systems or any other systems.

(7) The Minister of Finance shall stipulate the ordinance on the conditions and method of application of the exemptions from excise duty referred to in this Article.

## ***PART III***

### **XVIII. PENAL PROVISIONS**

#### **Article 80**

(1) A legal entity shall be fined for an offence from HRK 40,000.00 to HRK 1,000,000.00 and the responsible person at the legal entity shall be fined from HRK 3,000.00 to HRK 50,000.00 if:

1. moving excise products under excise-duty suspension arrangements without the accompanying excise document (Article 7, paragraph 3),
2. issuing an incorrectly completed accompanying excise document (Article 8, paragraph 1),
3. the consignee of excise products, fails to inform the competent customs house about the intended receipt of excise products and to provide a security for the payment of excise duty (Article 10, paragraph 5),
4. the consignor of excise products, fails to inform the customs office at the place of dispatch of the delivery of excise products or determine their route in advance (Article 10, paragraph 6),
5. failing to transport excise products along the previously determined route (Article 10, paragraph 6),
6. irregularly produces, introduces, imports, acquires, transports, possesses, sells, buys, exports, consumes or illegally releases excise products for consumption, participates in irregular production, entry or importation of excise products or stores irregularly produced, introduced or imported excise products (Article 11, paragraph 3, items 5 and 6, Article 54, paragraph 2),

7. the exempted user dispatches excise products or use them for other purposes other than the once obtained within the authorisation (Article 11, paragraph 3, item 8),
8. failing to calculate excise duty or to calculate it correctly by applying the prescribed excise duty bases and rates, or in the amounts valid at the excise duty chargeability date (Article 16, paragraph 1),
9. failing to submit or to submit in time daily excise duty accounts or submits an incorrect daily excise duty account, fails to submit or to submit in time monthly excise duty returns or submits an incorrect monthly excise duty return, or fails to pay excise duty within the prescribed time limit (Article 16, paragraphs 2, 3, 5, 6, 7, 8, 9, 10, 11, and 12, Article 17, paragraphs 2 and 4, Article 23, paragraph 1, item 3),
10. applying for a reimbursement of excise duty paid on the basis of incorrect information (Article 10, paragraph 3, Article 18, Article 68 and Article 78),
11. transferring the excise warehousekeeping authorisation to another person/entity (Article 22, paragraph 1),
12. the authorised excise warehousekeeper, fails to fulfil his/hers obligations and fails to remove the irregularities found in operations with excise products within the time limit set by the customs house (Article 23, paragraph 1, items 1,2,4 and 5 and paragraph 2),
13. the authorised excise warehousekeeper, fails to provide a security for the payment of excise duty in accordance with the provisions of this Act (Article 24),
14. transferring the exempt user authorisation to another person/entity (Article 27, paragraph 2),
15. the exempt user, fails to comply with its obligations and to remedy the irregularities in its operations with excise products within the time limit set by the customs house (Article 28),
16. transferring the registered consignee authorisation to another person/entity (Article 30, paragraph 4),
17. failing to comply with its obligations of the registered consignee (Article 30, paragraph 5),
18. failing to comply with its obligations as the non-registered consignee(Article 31, paragraph 2),
19. the excise duty representative, transfers its authorisation to another person/entity (Article 32, paragraph 3),
20. failing to comply with its obligations of the excise duty representative (Article 32, paragraph 4),
21. failing to file an application for registration with the competent customs house within the prescribed time limit (Article 33),
22. failing to maintain the prescribed records (Article 36),

23. selling excise products in places designated as marketplaces and places where occasional trading is permitted, or in open-air places at which cash sales are not recorded via cash registers or issuing of invoices (Article 37, paragraph 2),
24. dispatching ethyl alcohol or enables it to be dispatched from the excise warehouse or introduced from another Member State or imported into Croatia free of excise duty in order to use it in the production of non-food products, if it is not denatured (Article 47, paragraph 2),
25. failing to treat denatured alcohol during the production process in such a way that by further processing it is not possible to produce alcohol suitable for ingestion (Article 49, paragraph 1),
26. failing to release alcohol and alcoholic beverages for circulation in the prescribed manner (Article 50),
27. failing to equip the facilities for production and storage of alcohol in the prescribed manner (Article 51, paragraph 1),
28. removing the lead seal without the presence of an authorised officer of the competent customs house (Article 51, paragraph 3),
29. a small wine producer, fails to apply with the competent customs house for entry into the register of excise duty payers within the prescribed time limit and fails to provide data on annual production, deliveries and inventories of wine within the prescribed time limit (Article 53, paragraphs 2 and 4),
30. a small producer of strong alcoholic beverages, fails to apply with the competent customs house for entry into the register of excise duty payers within the prescribed time limit and fails to provide data on the capacity of stills owned or used by him, fails to submit the annual accounts and pay excise duty within the prescribed time limit (Article 54, paragraphs 4 and 7),
31. a small producer of strong alcoholic beverages, affixes or removes the lead seal on the still in a manner other than prescribed (Article 54, paragraph 9);
32. failing to advise the Customs Administration of the determined retail price of tobacco products within the prescribed time limit (Article 63, paragraph 2),
33. selling tobacco products at retail prices lower or higher than those reported (Article 63, paragraph 3),
34. failing to mark properly tobacco products released for consumption or marks them with counterfeit tobacco stamps or in a manner other than prescribed (Article 65, paragraphs 1, 2, 3,5 and 6),
35. failing to mark tobacco products intended for exportation with a mark of the importing country or provide proof of tobacco stamps' takeover or another appropriate document (Article 65, paragraph 4),
36. printing or making or releasing tobacco stamps for circulation without authorisation or deliberately damaging tobacco stamps (Article 66, paragraphs 5 and 6),

37. the authorised excise warehousekeeper and/or importer of tobacco products fails to submit, or timely submit or submits an inaccurate report on daily consumption of the tobacco stamps (Article 66, item 8),
38. releasing for circulation tobacco products not packed in packets intended for retail sale or adds items other than tobacco products to the packets (Article 67),
39. failing to pay excise duty on energy products used as a propellant or for heating, according to their purpose and in the amounts for equivalent fuels (Article 70, paragraphs 4, 5, 6, 7 and 8),
40. failing to measure the input and output quantities of energy products by using flowmeters or certified and additionally sealed scales (Article 72, paragraph 1),
41. removing the lead seal without presence of an authorised officer of the competent customs house (Article 72, paragraph 3),
42. failing to mark the gas oils falling within CN codes 2710 19 41, 2710 19 45, 2710 19 49 and used as a heating fuel in the prescribed manner (Article 73, paragraph 1),
43. importing a gas oil not marked in the prescribed manner or imports it without the accompanying certification of the foreign marker, or the certification does not contain required information (Article 73, paragraph 2),
44. the registered and/or temporary registered consignee, fails to enclose the certification or other proof that the received gas oil is properly marked (Article 73, paragraph 1),
45. failing to store the marked gas oil in the prescribed manner (Article 73, paragraph 4),
46. failing to mark the gas oil at the excise warehouse (Article 73, paragraph 5),
47. failing to use the marked gas oils in the prescribed manner (Article 74, paragraph 2),
48. removing from the marked gas oils the marking substances or reduces their concentration or adds the substances which render it impossible to determine if the gas oils are properly marked (Article 74, paragraph 3),
49. failing to sell or release the marked gas oils for circulation in the prescribed manner (Article 75, paragraphs 1, 2 and 3),
50. failing to maintain the prescribed records or maintains them inaccurately or fails to maintain up-to-date records of buyers of the marked gas oils (Article 75, paragraph 4),
51. the owner of a motor vehicle, floating object, vessel or another machine or engine, uses the marked oil referred to in Article 73, paragraph 1 as the engine fuel in the tank of the motor vehicle, floating object, vessel, or another machine or engine (Article 76, paragraph 2 and Article 92 paragraph 4),
52. the seller of the gas oil intended for agriculture, fisheries and aquaculture, abuses the fuel card system (Article 77, paragraph 5),

53. the warehousekeeper, fails to calculate and pay excise duty in time (Article 89, paragraph 3),

54. the seller, i.e. special warehouses for supply of aircraft selling jet fuel and aviation gasoline fail to provide and/or fails to provide in time the memorandum of the state of stock and the records of sales (Article 90, paragraphs 2, 3 and 4 and Article 91),

55. the seller, applies for a refund of excise duty on the sold quantities of Eurodiesel - diesel fuel coloured with blue dye (Article 90, paragraph 5).

56. new- according to new Article 92

57. new according to new Article 92

(2) A natural person – a craftsman shall be fined from HRK 20,000.00 to HRK 500,000.00 if an offence referred to in paragraph 1 of this Article has been committed in connection with his/her performance of the craft.

(3) An individual shall be fined from HRK 2,000.00 to HRK 10,000.00 for the offences referred to in paragraph 1, items: 6, 23, 29, 30, 31, 47, 48 and 51 of this Article

### **Article 81**

(1) A legal entity shall be fined from HRK 20,000.00 to HRK 800,000.00 and the responsible person at the legal entity shall be fined from HRK 1,500.00 to HRK 25,000.00 for an offence if:

1. failing to issue the accompanying excise document on the prescribed form and in the prescribed number of copies (Article 8, paragraph 2),

2. the consignee of excise products, fails to confirm the receipt of excise products and to return the accompanying excise document, previously endorsement by the competent customs house, to the consignor within the prescribed time limit (Article 9, paragraphs 1, 2 and 3),

3. the consignor of excise products who has not received the authenticated copy of the excise document, fails to inform the competent customs house accordingly in the prescribed time limit (Article 9, paragraph 6),

4. the consignee of excise products, fails to confirm the receipt of excise products by authenticating a copy of the single administrative document which is to be returned to the customs house where the import customs clearance has taken place within the prescribed time limit (Article 9, paragraph 7),

5. transporting excise products on which excise duty has been paid and completely denatured alcohol without the simplified accompanying excise document (Article 10, paragraphs 1 and 2),

6. failing to issue the simplified accompanying excise document on the prescribed form and in the prescribed number of copies (Article 10, paragraph 4),

7. the consignee of excise products, fails to confirm the receipt of the consignment on the simplified accompanying excise document within the prescribed time limit and to inform the customs house at the place of destination thereof (Article 10, paragraph 6),

8. the excise duty payer, fails to keep the documents during the prescribed time limits (Article 38),

9. failing to classify excise products in the prescribed manner (Article 40, Article 41, Article 42, Article 43, Article 44, Article 57, Article 58, Article 59 and Article 69),

10. failing to carry out the process of denaturation at the excise warehouse by using such equipment that will ensure alcohol denaturation by means of the prescribed substances and in the prescribed manner (Article 49, paragraphs 2 and 4),

11. the excise duty payer, fails to maintain the prescribed records on denaturation (Article 49, paragraph 3),

12. failing to provide information about the buyers of devices for the production of alcohol and alcoholic beverages to the customs house competent according to the registered office or residence of the buyer and to provide a copy of invoice (Article 52, paragraph 1),

(2) A natural person – a craftsman shall be fined from HRK 10,000.00 to HRK 200,000.00 if he/she has committed an offence referred to in paragraph 1 of this Article in connection with his/her performance of the craft.

#### **Article 82**

(1) For the offences referred to in Article 80, paragraph 1, item 1, item 6, item 7, item 23, item 24, item 25, item 26, item 31, item 33, item 34, item 35, item 38, and Article 81, paragraph 1, item 5 and item 10 of this Act, besides the fine, the protective measure of confiscation of excise products may be imposed.

(2) For the offence referred to in Article 80, paragraph 1, item 51 of this Act, if committed again within three years, besides the fine, the protective measure of confiscation of the vehicle, floating object, vessel or another machine or engine by which the offence has been committed may be imposed.

#### **Article 83**

For the offences referred to in Article 80, paragraph 1, item 26, item 32, item 33, item 34, item 36, item 38, item 48, item 49, item 50, and item 52 of this Act, besides the fine, the protective measure of prohibiting the performance of the business activity during a period from one month to one year may be imposed.

#### **Article 84**

Besides the protective measures referred to in Article 82 and Article 83 of this Act, the economic benefits arising from the offence shall be seized from the legal entity or natural person having committed the offence.

### **XIX. PROCEDURAL PROVISIONS**

## **Article 85**

- (1) The appeal proceedings, renewal proceedings, statute of limitations, calculation, collection, refund of excise duty and inspection controls shall be subject to the provisions of the General Tax Act.
- (2) By way of derogation from the provisions of paragraph 1 of this Article, the provisions of the Customs Act shall apply to appeal proceedings, renewal proceedings, statute of limitations, calculation, collection, refund of excise duty and inspection control in respect of the excise products which have been or are being imported into the customs area of Croatia.
- (3) The Customs Administration shall be competent for prosecution of excise misdemeanours. The provisions of the General Tax Act shall apply to the statute of limitations of excise duty misdemeanours.
- (4) The decision on the classification of excise products into the Combined Nomenclature codes shall be reached by the Customs Administration in accordance with the customs regulations and fundamental rules applicable to the classification of goods according to the customs tariff.

## **Article 86**

The provisions of this Act with regard to the definition of the products subject to excise duty shall apply respectively in the case of changes of CN codes under the Regulation on the Customs Tariff, which may not affect the scope and amount of excise duty.

## **XX. TRANSITIONAL AND FINAL PROVISIONS**

### **Article 87**

The persons liable to pay excise duties under the Act on Excise Duty on Tobacco Products (OG 51/94, 56/95, 67/99, 105/99, 55/00, 107/01, 95/04, 152/08, 38/09), the Act on Excise Duty on Alcohol (OG 51/94, 141/98, 55/00, 67/01, 107/01, 107/07), the Act on Excise Duty on Beer (OG 51/94, 139/97, 55/00 and 107/01) and the Act on Excise Duty on Oil Products (OG 55/00, 101/00, 27/01, 107/01, 123/03, 57/06) who will be liable to pay excise duty under the provisions of this Act shall file, by 31 January 2010 at the latest, an application for entry into the register of excise duty payers with the customs house competent according to their registered office.

### **Article 88**

- (1) The excise duty which has become chargeable before the entry into force of this Act shall be calculated and paid in accordance with the provisions of the laws in force before the date of entry into force of this Act.
- (2) The administrative and misdemeanour proceedings initiated before the entry into force of this Act shall be completed in accordance with the regulations in force before the date of entry into force of this Act.
- (3) By way of derogation from the provisions of paragraph 2 of this Article, all misdemeanour proceedings initiated before the entry into force of this Act shall be completed in accordance with the provisions of this Act if that is more favourable for perpetrators.
- (4) All misdemeanour proceedings initiated before the entry into force of this Act in respect of the offences not covered by this Act shall be closed.
- (5) If products subject to excise duty under the laws referred to in Article 87 of this Act have been placed under a customs suspension procedure in accordance with the provisions of the Customs Act before the entry into force of this Act and released for free circulation afterwards, the time of incurrence of tax liability, its calculation and payment shall be determined in accordance with the customs regulations. Excise duty shall be charged at the same time as customs duty, at the rates and in the amounts applicable at the time of incurrence of the customs debt.

#### **Article 89**

- (1) Producers' warehouses, producers' own wholesale warehouses, producers' warehouses where oil products of the government administration bodies are stored as commodity reserves, importers' own wholesale warehouses, along with special warehouses for supply of aircraft, registered in accordance with the provisions of the laws in force until the date of entry into force of this Act shall continue to operate as excise warehouses in accordance with the provisions of this Act, on condition that the warehousekeeper obtains the excise warehousekeeping authorisation and the excise warehouse authorisation in accordance with the provisions of this Act not later than 31 March 2010.
- (2) By the time of obtaining the excise warehousekeeping authorisation and the excise warehouse authorisation referred to in paragraph 1 of this Article, the warehousekeeper may dispatch excise products under excise-duty suspension arrangements in accordance with the provisions of this Act only from a producer's own warehouse to a producer's own wholesale warehouses or a special warehouse for supply of aircraft and to exports.
- (3) If the warehousekeepers referred to in paragraph 1 of this Article fail to obtain the excise warehousekeeping authorisation and the excise warehouse authorisation by the date referred to in paragraph 1 of this Article, they shall calculate excise duty upon expiry of that time limit and pay it in accordance with the provisions of this Act.

#### **Article 90**

- (1) Applications for special warehouses for heating oils (EL and LS) pursuant to Article 15, paragraph 3 of the Act on Excise Duty on Oil Products submitted by the sellers shall remain in full force and effect under this Act.

(2) Petrol stations – sellers of Eurodiesel – a diesel fuel coloured with blue dye in accordance with the Act on Excise Duty on Oil Products shall perform an inventory of Eurodiesel – a diesel fuel coloured with blue dye as at the date of entry into force of this Act, prepare an stock report and deliver it to the competent customs house within 8 days after taking inventory.

(3) The sale of the inventories referred to in paragraph 2 of this Article is possible only until the current stock are exhausted and only to the consumers of gas oils for the purposes in agriculture, fisheries and aquaculture referred to in Article 77 of this Act, and the records of sales must be kept.

(4) After the entire quantity of the stock referred to in paragraph 2 of this Article is sold, the seller shall deliver the records referred to in paragraph 3 of this Article to the competent customs house within eight days.

(5) The sellers of the stock referred to in paragraph 2 of this Article shall not be entitled to excise duty refund provided for in Article 78 of this Act.

#### **Article 91**

(1) Special warehouses for supply of aircrafts selling jet fuel and aviation gasoline, in accordance with Article 15, paragraph 4 of the Act on Excise Duty on Mineral Oil Products shall take inventory of the jet fuel and aviation gasoline as at the date of entry into force of this Act, prepare an stock report by type and quantity and deliver it to the competent customs house within eight days after taking inventory.

(2) The sale of the stock referred to in paragraph 1 of this Article is possible only until the stock are exhausted, but latest till 30 June 2010., and for the purposes referred to in Article 79, paragraph 1, item 1 of this Act, and the records of sales must be kept.

(3) After the entire quantity of the stock referred to in paragraph 1 of this Article is sold, special warehouse for supply of aircraft selling jet fuel and aviation gasoline must deliver the records referred to in paragraph 2 of this Article to the competent customs house within eight days.

#### **Article 92 (new)**

(1) Until the introduction of fuel cards, the excise duty payers shall mark the gas oils for the purposes of agriculture, fisheries and aquaculture before their delivery from the excise warehouse or at the time of their importation with the indicators prescribed in the regulations on standardisation and colour them with blue dye.

(2) Until the introduction of fuel cards, the consumers of the gas oils for the purposes of agriculture, fisheries and aquaculture, as defined in Article 70, paragraph 9 and Article 77, paragraphs 3 and 5 of this Act, shall use special forms for the control of consumption of the gas oil coloured with blue dye to be supplied to the beneficiaries of that right, according to the licences provided for under special regulations, by the authority competent for agriculture and fisheries, which shall also enter the approved quantities.

(3) The excise duty payers and other legal entities and natural persons selling the gas oils for the purposes of agriculture, fisheries and aquaculture, shall maintain records of buyers by entering and certifying the sold quantities in the buyer's form for the control of consumption of the gas oil coloured with blue dye.

(4) The provisions of Article 76 of this Act concerning the tax inspection over the use of marked gas oils shall apply accordingly to the control of the use of the gas oil coloured with blue dye.

(5) The provisions of Article 90, paragraphs 2, 3, 4 and 5 of this Act shall not be applied until the introduction of fuel cards.

(6) The Minister of Finance, after obtaining the opinion of the minister competent for agriculture and fisheries, shall enact an ordinance stipulating the content, form and manner of use of the form for the control of gas oil consumption,

### **Article 93**

(1) The amount of excise duty on individual excise products shall be adjusted to the value of EUR on an annual basis. The medium exchange rate of the Croatian National Bank applicable on the first working day in October shall be applied, and the new amounts of exchange-rate adjusted excise duty shall begin to apply on 1 January of the next calendar year and be published in the Official Gazette.

(2) If the kuna exchange rate against the euro should change by more than 5% after the entry into force of an excise duty rate or after the latest change of an excise duty rate, the Government of the Republic of Croatia may change the rates or amounts of excise duty.

### **Article 94**

The Minister of Finance shall adopt the ordinances referred to in Article 9, paragraph 8, Article 10, paragraph 9, Article 12, paragraph 5, Article 16, paragraph 13, Article 17, paragraph 5, Article 18, paragraph 4, Article 20, paragraph 5, Article 22, paragraph 5, Article 23, paragraph 3, Article 24, paragraph 12, Article 25, paragraph 4, Article 27, paragraph 5, Article 28, paragraph 2, Article 29, paragraph 4, Article 30, paragraph 9, Article 31, paragraph 3, Article 32, paragraph 8, Article 33, paragraph 2, Article 35, paragraph 2, Article 49, paragraph 5, Article 50, paragraph 7, Article 54, paragraph 11, Article 66, paragraph 9, Article 68, paragraph 3, Article 73, paragraph 7, Article 75, paragraph 5, Article 76, paragraph 5, Article 77, paragraph 6, Article 78, paragraph 3, Article 79, paragraph 7 and Article 92 paragraph 3 of this Act 30 days after the entry into force of this Act at the latest.

### **Article 95**

At the date of entry into force of this Act, the following Acts shall cease to be in force:

1. Act on Excise Duty on Alcohol (OG 51/94, 141/98, 55/00, 67/01, 107/01 and 107/07),
2. Act on Excise Duty on Beer (OG 51/94, 139/97, 55/00 and 107/01),
3. Act on Excise Duty on Tobacco Products (OG 51/94, 56/95, 67/99, 105/99, 55/00, 107/01, 95/04 and 152/08 OG),
4. **Act on Special Tax on Petroleum Products (OG 55/00, 101/00, 27/01, 107/01, 123/03 and 57/06), save provisions of Article 3, paragraph 1, item 3 and Article 5 paragraph 1 item 4 remaining valid by establishment of fuel card business as stipulated by provisions of Article 77, paragraph 3 and paragraph 5 of this Act**

#### **Article 96**

The implementation regulations adopted on the basis of the laws ceasing to be in force at the date of entry into force of this Act shall remain in full force and effect until the entry into force of the implementation regulations (i.e. the ordinance) adopted on the basis of the authorities provided for in this Act, provided that they are not contrary to the provisions of this Act.

#### **Article 97**

At the date of accession of Croatia to the European Union, the provisions of Article 2, Article 9, paragraph 4, Article 73, paragraph 2, and Article 79, paragraph 1, item 2 of this Act shall cease to be in force.

#### **Article 98**

This Act shall be published in the Official Gazette and enter into force on 1 January 2010. except for the provisions of Article 3, Article 5, paragraph 1, items 8 do 10, Article 7, paragraph 2, Article 9, paragraph 2, item 2, paragraph 3, paragraph 5, paragraph 6, item 2, Article 10, paragraphs 1 to 6, Article 11, paragraph 2, Article 12, paragraph 1, item 6, paragraphs 2 to 4, Article 15, paragraph 1, item 3, paragraphs 3 to 6, Article 18, paragraphs 2 and 3, Article 19, paragraph 1, item 6, paragraph 5, Article 20, paragraph 3 and 4, Article 21, paragraph 1, item 6, Article 24, paragraphs 4 and 5, Article 30, Article 31, Article 32, Article 34, paragraphs 3 and 4, Article 47, paragraph 1, item 2, Article 51, paragraph 1, Article 70, paragraph 3, items 6 to 8, Article 73, paragraph 3, Article 79, paragraph 1, item 3 and Article 93 of this Act which shall enter into force at the date of accession of Croatia to the European Union.