

FINAL DRAFT OF THE LAW AMENDING THE LAW ON EXCISE TAXES ON TOBACCO PRODUCTS

Article 1

Article 6 changes and reads as follows:

- (1) Tobacco products - cigarettes are classified into groups according to the Law on Tobacco.
- (2) The Ministry of Finance classifies cigarettes into groups on the basis of the opinion of the Ministry of Agriculture.
- (3) The cigarettes that are not accompanied by an opinion under paragraph 2 above are classified into the group with the highest excise tax.

Article 2

In Article 8, item 1, the wording "standard length of 84 mm (+- 2 mm)" is replaced with the wording "of length of 120 mm (+- 2 mm)".

Article 3

Article 9 changes and reads as follows:

Article 9

- (1) Excise tax on cigarettes is charged:
 1. cigarettes classified into group A
(popular group) 3,90 kunas
 2. cigarettes classified into group B
(standard group) 4,30 kunas
 3. cigarettes classified into group C
(luxury group) 7,00 kunas

(2) Excise tax on other tobacco products is charged:

1. on tobacco under Article 5, paragraph 1,
items 2 and 3 35,00 kunas
2. on cigars 1,00 kunas
3. on cigarillos 4,00 kunas

(3) The amounts under paragraph 1 above are proportionally reduced or increased if there are less or more than 20 cigarettes in the package or if their length exceeds 120 mm.

(4) The amounts under paragraph 2 above are proportionally reduced or increased depending on the weight of tobacco and if there is one or more cigars and if there are less or more than 20 cigarillos in the package.

Article 4

In Article 11, paragraph 1, number "15" is replaced by number "30".

Article 5

Article 14 changes and reads as follows:

- (1) Legal persons registered with Court Register for carrying out trade activities are allowed to import and export tobacco products and to supply airports, aircraft in international traffic, ships in international traffic and duty free shops on the basis on an approval issued on their request by the Ministry of Finance - Central Tax Administration Office.
- (2) If legal person under paragraph 1 above does not comply with the provisions of this Law, if he/she is punished by a legally binding decision for violation of tax regulations or if he/she does not pay taxes, the Ministry of Finance may refuse to issue the approval, may revoke the approval issued or prohibit import and export of tobacco products for a certain period of time, and if the case is repeated even prohibit it permanently.

Article 6

In Article 15, paragraph 3 is added and it reads as follows:

"Persons liable for payment of taxes as well as all other legal and natural persons are not allowed to sell products under Articles 4 and 5 herein in the

places designated as markets and places for special sales, or other outdoor sales except within the framework of providing catering services and machine sale in accordance with the relevant laws."

Article 7

In Article 16, paragraph 3, after the word "prices" the words "lower and" are added.

Article 8

In Article 17, paragraph 2 changes and reads as follows:

"(2) Tobacco products that are exported, sold in duty free shops in airports, aircraft in international traffic and ships in international traffic have to be marked with an identification label of the Ministry of Finance containing the text "Republic of Croatia - Ministry of Finance" and the words "for export" in Croatian or any foreign language and a serial number.

In paragraph 3, the wording "be damaged when opened" is replaced with the wording "can be seen and is broken off when opened".

Paragraph 5 changes and reads as follows:

"(5) Exceptionally, exported products may be marked by a label requested by the importing country, what has to be proven by taking the labels over or other relevant documentation".

Article 9

In Article 20, after the word "importers" the wording "producers taking over labels for the first time" is added.

Article 10

In Article 26, after number "109/93" the numbers "95/94, 25/95, revised text, 52/95 and 106/96 are added."

Paragraph 2 is added after paragraph 1 and it reads as follows:

"(5) Notwithstanding provisions of paragraph 1 above, when subsequently calculating excise tax on cigarettes and other tobacco products, customs office shall act in compliance with the provisions of the Customs Law governing the procedure of subsequent calculation of customs and adopting of the decision on payment and refund of customs which was not calculated or which was calculated in an amount lower or higher than this which is prescribed.

Article 11

In Article 28, paragraph 1, item 5 after the word "prices", the words "lower and" are added.

In item 6, after the word "control", the words "or identification" is added.

In item 7, after the word "mark" the words "intended for export" are deleted and the words "of the importing country, proof of taking the labels over or other relevant document" are added.

After item 8, item 9 is added and reads as follows:

"if the person sells in the places designated as markets and places for special sales, or other outdoor sales except within the framework of providing catering services and machine sale in accordance with the relevant laws (Article 15, paragraph 3)."

Article 12

The Committee for Laws of the House of Representatives of the Croatian State Parliament is entitled to determine and adopt the revised text of the Law on Excise Tax on Tobacco Products.

Article 13

The Ministry of Finance classifies cigarettes into groups before the opinion from the Ministry of Agriculture on classification into the Register of marks of tobacco products is not received.

Article 14

This Law enters into force the eighth day from its publication in the Official Gazette.