

Republic of Macedonia
GOVERNMENT OF THE REPUBLIC OF MACEDONIA
No.23-4505/1
30 August 2002
Skopje

TO THE MINISTRY OF FINANCE
SKOPJE

EXCERPT

**from the Draft Minutes of the Fifty Ninth Session of
the Government of the Republic of Macedonia**

held on 27 August 2002

The Government has reviewed and approved: (1) the Proposal for Enacting a Draft Law on Amending the Law on Excise Taxes and (2) the Draft Law on Amending the Law on Excise Taxes and decided to submit these two documents to the Parliament of the Republic of Macedonia with a guideline to consider them on a same session pursuant to Article 152, paragraph 1 of the Rules of Procedure of the Parliament.

The Prime Minister appointed Mr. Nikola Gruevski, Minister of Finance and Mr. Petar Duljanov, Deputy Minister of Finance to represent the Government and Ms. Svetlana Janevska, State Councilor in the Ministry of Finance to represent the Ministry of Finance at the Parliament session.

**GENERAL SECRETARY
OF THE GOVERNMENT**

Mr. Gorgi Kotev

MINISTRY OF FINANCE

**PROPOSAL FOR ENACTING A LAW
on Amending the Law on Excise Taxes
with**

DRAFT LAW

(Harmonization of wine/beverage rates)

Skopje, August 2002

I. REASONS FOR THE ENACTMENT OF THE LAW

With the new Law on Excise Taxes (Official Gazette of the Republic of Macedonia, No. 32/01, 50/01, 52/01 and 45/02) to be applied from 1 July 2001, the allotment of beverages under the groups which are subject to excise taxes shall be made according to their particular characteristics and their tariff classification.

The group of non-sparkling and sparkling wines falls, according to its tariff classification and the EU excise taxes guidance, into the group of non-sparkling wines and sparkling wines obtained exclusively from grapes, with a specific excise tax of 0 Denars/litre prescribed for them. This means that the excise taxes legislation does not result in discrimination in tax levy, as the excise tax rate is identical for the domestically produced non-sparkling and sparkling wines and for the imported non-sparkling and sparkling wines made of grapes.

Certain types of wine obtained from other fruit fall, according to their tariff classification, into another group of alcohol beverages where both the domestically produced and the imported beverages are subject to an identical excise tax rate of 30 Denars/litre.

The above shows that in the Republic of Macedonia there is no discrimination in the tax levy between the domestic and imported alcohol beverages, and consequently between the wines.

However, some Members of the WTO still persist that the excise taxes in the Republic of Macedonia will lead to discrimination between certain types of wines and sparkling wines obtained from grapes which are subject to lower excise tax (0 Denars) and the wines obtained from other fruit which are subject to a higher excise tax. They insist that any differences in the application of the excise taxes for the alcohol beverages should be eliminated upon the accession to the WTO at the latest.

In order to overcome the problem arising from the understanding of some WTO Members of the differences in the tax levy on certain types of wine and sparkling wines according to the origin, and bearing in mind the importance of the accession of the Republic of Macedonia to WTO, it is proposed that a Law on Amending the Law on Excise Taxes be enacted to equalize the specific excise tax for wines and sparkling wines obtained from other fruit with the specific excise tax for the wines and sparkling wines obtained from grapes.

The above stated reasons show that a Law on Amending the Law on Excise Tax is necessary and it is hereby proposed that such law be enacted.

II. BASIC PRINCIPLES SUBSTANTIATING THE LAW

The Law proposed for enactment is based on the same principles as the Law being amended.

III. CONTENTS OF THE LAW

The contents of the Law is given as a Draft Law.

IV. PROPOSAL FOR THE ENACTMENT OF THE LAW IN A SUMMARY PROCEDURE

In view of the fact that the Law to be enacted is voluminous and complex, it is proposed, in accordance with Article 152 of the Rules of Procedure of the Assembly of the Republic of Macedonia, that the Draft Law be discussed at the same meeting of the Assembly of the Republic of Macedonia as the Proposal for the Enactment of the Law.

DRAFT LAW
on Amending the Law on Excise Taxes

Article 1

In the Law on Excise Taxes (Official Gazette of the Republic of Macedonia, Nos 32/2001, 50/2001, 52/2001, and 45/2002), in Article 36 paragraphs (4) and (5) the words: “30 Denars/litre” shall be replaced by the words: “0 Denars/litre”.

Article 2

This Law shall enter into force as of the date of its publication in the Official Gazette of the Republic of Macedonia.