

National Board of Customs  
Excise Duty Unit  
NK

20 September 2010

## EXEMPTIONS FROM EXCISE DUTY

### **Diplomatic missions, diplomats, consuls, international organisations and institutions of the European Union**

In Finland, excise duty is levied on energy products, electricity, alcohol, alcoholic beverages, tobacco, soft drinks and beverage containers. From the beginning of 2011, excise duty will also be levied on sweets and ice cream.

#### **Basis of exemption from excise duty**

According to the Excise Duty Act (182/2010), products supplied in the context of diplomatic and consular relations are exempt from excise duty. Products supplied to an international organisation, as provided in the international treaty establishing the organisation or in its headquarter agreement, are also exempt from excise duty.

Exemption from excise duty also applies to products supplied for official use to an institution of the European Union located in Finland. The total taxable purchase price of these products has to be at least 80 euros. Products supplied to an institution of the European Union located in another Member State are also exempt from excise duty under the same conditions as in Finland.

#### **Specific instructions regarding alcohol products**

The determining factor for exemption from excise duty is the intended use of the alcohol products.

##### 1. Official use

Diplomatic and other comparable missions, international organisations and institutions of the European Union are entitled to acquire alcohol products exempt from excise duty for official use only. Official use means that alcohol is served by a mission,

organisation or institution at their premises or at other specified premises reserved for their use, free of charge, to a specified group of guests invited by an ambassador or another member of diplomatic staff or other similar person.

If the event is arranged at a restaurant, the use will not be considered official even if the other above requirements are met.

The use is not official, either, if the event where alcohol is served is not arranged by the above parties entitled to exemption from excise duty, particularly if the products presented are on sale (e.g. a wine fair or other sales promotion event). Excise duty on alcohol, alcoholic beverages and beverage containers has to be paid for the alcohol served at these events, and a temporary wholesale licence granted by the National Supervisory Authority for Welfare and Health (Valvira) is required.

Excise products can be served without paying the excise duty only if all the following conditions are met:

- alcohol is served free of charge
- the event is arranged by a diplomatic mission, an international organisation or by an institution of the European Union
- serving takes place at the premises of the above party or at other specified premises reserved for its use
- the guests have been invited by an ambassador or another member of diplomatic staff, or by a representative of an international organisation or of an institution of the European Union
- the event is intended for a specified group of invited guests

## 2. Personal use

Diplomatic agents and career consuls posted in Finland are entitled to acquire alcohol products exempt from excise duty for personal use by themselves or their family members living in the same household.

## 3. Gifts

Alcohol products which missions, international organisations, institutions of the European Union and persons entitled to purchases exempt from excise duty give as normal gifts are exempt from excise duty.

## **Acquisition of products exempt from excise duty**

### **1. Acquisitions in Finland**

#### **Acquisitions with the so-called "French paper"**

All excise products, except for electricity, can be acquired exempt from excise duty with the so-called "French paper". A party entitled to use exempt from excise duty can acquire such products exempt from excise duty from a customs warehouse, a free warehouse or an excise warehouse.

The buyer has to present to the seller a certificate confirmed by the Protocol Department of the Finnish Ministry for Foreign Affairs showing that the buyer is entitled to purchases exempt from excise duty (the so-called "French paper"). Also, when excise products are sold from a customs warehouse or a free warehouse as third country goods, exemption from excise duty can be granted with the "French paper".

For sales of alcohol from a tax warehouse, it is also required that the warehouse keeper has a wholesale licence. The holder of a wholesale licence has the right to sell alcohol exempt from excise duty in the context of diplomatic and consular relations or to an international organisation.

Regarding acquisitions of energy products, e.g. fuel, the Ministry for Foreign affairs sends the "French paper" to the Southern Customs District after approving it.

#### **Exemption from excise duty through a refund procedure**

As for acquisitions of excise products for which excise duty has been paid, exemption from excise duty can be implemented by refunding the paid excise duty on application. Refund can be applied for from the Excise Duty Group of the Southern Customs District. Copies of the invoices have to be enclosed to the free-form refund application.

Exemption from excise duty on electricity can only be implemented through a refund procedure. Parties entitled to acquisition of electricity exempt from excise duty can apply for a refund of the paid excise duty on electricity from the Excise Duty Group of the Southern Customs District. A copy of the electricity bill has to be enclosed to the free-form refund application.

## **2. Acquisitions from EU Member States**

When purchasing from a retail shop (e.g. a wholesale wine shop) in another Member State excise goods for which excise duty already has been paid in the country of departure, the buyer has to complete a "VAT and Excise Duty Exemption Certificate" (Customs form No. 663, parts A and B), confirmed by the Ministry for Foreign Affairs. The form functions as a certificate of exemption from VAT and excise duty when products are imported to Finland. The certificate is completed in duplicate; one copy is held by the seller and the other is returned to the buyer together with the products supplied.

If the products have been acquired from another Member State exempt from excise duty (e.g. from a tax warehouse), they can be transported to Finland under a duty suspension arrangement within the EU. In such case, a copy of the exemption certificate (Customs form No. 663, parts A and B) and a commercial document (e.g. an invoice) showing the quality and amount of the received products has to be submitted to the EMCS Group of Finnish Customs in the Southern Customs District within 30 days after receipt of the products. The administrative reference code (ARC) of the e-AD (electronic administrative document) also has to be submitted to Customs. The code can be found in the e-AD printout accompanying the transport or in another commercial document.

The Customs form No. 663 is only used for alcohol, tobacco products or energy products. Other excise products can be imported to Finland from other EU Member States without the exemption certificate. To acquire these products, the buyer has to have the "French paper", which has to be presented to Customs on request.

## **3. Import from outside the EU**

When excise products are ordered from outside the fiscal territory of the European Union or from third countries, the products have to be declared at the place of import. The "French paper" granted by the Ministry for Foreign Affairs has to be presented in connection with the customs clearance.

### **Application**

This instruction is applied as of 1 October 2010, and it replaces instruction No. 13/350/07 of 5 November 2007.

**Further information**

Excise duty: Southern Customs District, tel. 020 492 1259.  
Value added tax: Uusimaa Regional Tax Office, tel. 09 731120.

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