

GOVERNMENT OF THE REPUBLIC OF LITHUANIA

Resolution No 1137

16 October 1997

Vilnius

ON APPROVAL OF THE PROCEDURE OF SALE OF NON-DENATURED ETHYL ALCOHOL MANUFACTURED IN THE REPUBLIC OF LITHUANIA TO ECONOMIC ENTITIES AND RULES OF LICENSING WHOLESALE TRADE IN NON-DENATURED ETHYL ALCOHOL MANUFACTURED IN THE REPUBLIC OF LITHUANIA

In order to regulate the sale of non-denatured ethyl alcohol manufactured in the Republic of Lithuania to economic entities utilising it for manufacturing, technical, medical and veterinary needs and for the scientific research activities, the Government of the Republic of Lithuania hereby has resolved:

1. to approve the attached:

- 1.1 Procedure of Sale of Non-denatured Ethyl Alcohol Manufactured in the Republic of Lithuania to Economic Entities;
 - 1.2 Rules of Licensing Wholesale Trade in Non-denatured Ethyl Alcohol Manufactured in the Republic of Lithuania.
2. To instruct the State Agency of Tobacco and Alcohol Control under the Government of the Republic of Lithuania to issue and re-register licences to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania.

Prime Minister

Gediminas Vagnorius

Minister of Finance

Algirdas Šemeta

Procedure of Sale of Non-denatured Ethyl Alcohol Manufactured in the Republic of Lithuania

Approved by the Resolution No 1137 of the Government of the Republic of Lithuania of 16 October 1997

1. The non-denatured ethyl alcohol manufactured in the Republic of Lithuania (hereinafter referred to as the non-denatured ethyl alcohol) shall be sold to enterprises, institutions and organisations for utilisation for manufacturing, technical, medical and veterinary needs and for scientific research activities on the basis of lists approved by the State Agency of Tobacco and Alcohol Control under the Government of the Republic of Lithuania (hereinafter referred to as the State Agency of Tobacco and Alcohol Control) as well as to enterprises holding licenses to engage in wholesale trade in non-denatured ethyl alcohol.
2. The lists of economic entities entitled to obtain non-denatured ethyl alcohol on the basis of submitted applications shall be drawn up by the Ministry of Agriculture and Forestry, Ministry of National Economy, Ministry of Health Care, Ministry of Science and Education, State Veterinary Service under the Government of the Republic of Lithuania (hereinafter referred to as the State Veterinary Service) and other ministries or state agencies, within whose regulatory competence such economic entities fall (hereinafter referred to as the institutions). Upon recommendation of the above mentioned institutions such lists shall be approved by the State Agency of Tobacco and Alcohol Control who shall provide them to enterprises (possessing the right to manufacture non-denatured ethyl alcohol and licences to engage in wholesale trade in it) and the State Tax Inspectorate under the Ministry of Finance.
3. Economic entities wishing to obtain non-denatured ethyl alcohol next year, must not later than by 1 October of the current year submit applications to those ministries and institutions within whose regulatory competence they fall. The applications must specify the amount of non-denatured ethyl alcohol intended to be obtained in an year. The newly founded economic entities and economic entities wishing to obtain an additional amount of non-denatured ethyl alcohol in the current year, must at least one month prior to the next quarter submit applications indicating the specific reasons for such acquisition.
4. Institutions listed in Paragraph 2 of the present procedure shall draw up the lists of purchasers of non-denatured ethyl alcohol on the basis of applications (approved by the city (district) state tax inspectorates) of economic entities, entitled to tax benefits relating to the acquisition of non-denatured ethyl alcohol foreseen in the Law on the Excise Tax or the Law on the Value Added Tax of the Republic of Lithuania. Such lists, before being submitted for approval to the State Agency of Tobacco and Alcohol Control, shall be additionally co-ordinated with the Ministry of Finance.

5. Only the enterprises holding licences to manufacture or licences to engage in wholesale trade in non-denatured ethyl alcohol shall be permitted to sell non-denatured ethyl alcohol. Enterprises engaged in wholesale trade in non-denatured ethyl alcohol and acquiring it under the tax benefits provisions foreseen in the Law on the Excise Tax or the Law on the Value Added Tax of the Republic of Lithuania, shall be entitled to apply a markup of not higher than 15 per cent.
6. It shall be prohibited to sell non-denatured ethyl alcohol to entities, not included in the lists of non-denatured ethyl alcohol purchasers approved by the State Agency of Tobacco and Alcohol Control.
7. Enterprises selling non-denatured ethyl alcohol must maintain accounting books to account for sales of non-denatured ethyl alcohol which shall be registered with the city (district) state tax inspectorates. Entries must be made in the accounting books at the time of sale of non-denatured ethyl alcohol upon issuing of value added invoice. At the end of the quarter and at least prior to the 20th day of the first month of the next quarter, enterprises selling non-denatured ethyl alcohol must submit to the State Tax Inspectorate under the Ministry Finance and the State Agency of Tobacco and Alcohol Control a certificate of an established form on the amount of non-denatured ethyl alcohol sold in a quarter.
8. At the end of the quarter, at least prior to the 25th day of the first month of the next quarter, the State Tax Inspectorate under the Ministry of Finance shall submit to the city (district) state tax inspectorates information about the economic entities-purchasers registered in their territories who acquired non-denatured ethyl alcohol in the last quarter.
9. Together with the application for acquisition of non-denatured ethyl alcohol the economic entities-purchasers must submit an order by the head of the enterprise establishing the procedure for acquisition, storage, accounting and utilisation of non-denatured ethyl alcohol in the enterprise and bearing the name of a responsible person.
10. The forms of lists of purchasers of non-denatured methyl alcohol (i.e. economic entities entitled to acquire non-denatured ethyl alcohol), applications for purchasing of non-denatured ethyl alcohol, accounting book for accounting for sale of non-denatured ethyl alcohol and certificates about the sold non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall be approved by the Ministry of Finance together with the State Agency of Tobacco and Alcohol Control.
11. The city (district) state tax inspectorates, pursuant to the respective laws of the Republic of Lithuania (Law on Alcohol Control, Law on the Excise Tax and Law on the Value Added Tax) and other legal acts shall control, whether the economic entities who acquired non-denatured ethyl alcohol, are utilising it for its designated purpose, and report the established violations not later than within 3 days to the State Tax Inspectorate under the Ministry of Finance and the State Agency of Tobacco and Alcohol Control, shall delete the economic entity from the lists of purchasers of non-denatured ethyl alcohol.
12. Economic entities who infringe the present procedure shall be held responsible pursuant to the procedure established by laws.

Rules of Licensing Wholesale Trade in Non-denatured Ethyl Alcohol Manufactured in the Republic of Lithuania

Approved

by Resolution No 1137 of the Government of the Republic of Lithuania

1. The present rules regulate activities related to wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania (code number according to the EEC Combined Nomenclature of Goods - 2207.10) in supplying it to economic entities utilising it for manufacturing, technical, medical needs and for scientific research activities.
2. Only enterprises holding the licence of an established form shall be entitled to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania.

Issuance of Licences

3. Licences to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania can be issued to all types of enterprises registered in the Republic of Lithuania the registration certificates or Statutes of which provide for wholesale trade activities and who possess licenses issued by the Ministry of Health Care to engage in wholesale trade in medicines and medicinal substances, or licences issued by the State Veterinary Service under the Government of the Republic of Lithuania (hereinafter referred to as the State Veterinary Service) to engage in pharmaceutical activities in veterinary sector (manufacture and supply of, retail and wholesale trade in medicines and medicinal substances), and supply of non-denatured ethyl alcohol to economic entities, utilising non-denatured ethyl alcohol for manufacturing, technical, medical and veterinary needs, and for scientific research activities.
4. Licenses to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall be issued and re-registered by the State Agency of Tobacco and Alcohol Control under the Government of the Republic of Lithuania (hereinafter referred to as the State Agency of Tobacco and Alcohol Control).
5. The enterprise wishing to obtain a license to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania, shall submit to the State Agency of Tobacco and Alcohol Control the following documents:
 - 5.1 a justified application containing the following information: the name of the enterprise, its registration number, address, telephone number, names and surnames, addresses of the founders of the enterprise, addresses of warehouses from which the wholesale trade shall be

- conducted and where the non-denatured ethyl alcohol shall be stored, as well as specify the needs of the economic entities utilising non-denatured ethyl alcohol intended to be met;
- 5.2 copies of the enterprise's Articles of Association, its registration certificate and its Statute (excluding enterprises functioning without the Statute) certified by notary public;
- 5.3 certificate from the State Tax Inspectorate of the city (district) in which the enterprise is registered, confirming that the enterprise declared income and paid taxes in time and that no cases of deceitful accounting have been detected;
- 5.4 certificate from the State Social Insurance Office confirming the taxes paid;
- 5.5 a copy of the licence to engage in wholesale trade in medicines and medicinal substances issued by the Ministry of Health Care and a consent (to be submitted by enterprises supplying non-denatured ethyl alcohol to the institutions and enterprises of health care);
- 5.6 a copy of the licence to engage in pharmaceutical activities in the veterinary sector (manufacture and supply of, retail and wholesale trade in medicines and medicinal substances) issued by the State Veterinary Service and a consent (to be submitted by enterprises supplying non-denatured ethyl alcohol to veterinary institutions, enterprises manufacturing veterinary preparations, as well as private veterinary surgeons applying veterinary anti-epizootic and curative measures);
- 5.7 procedure for the delivery, accounting, storage and utilisation of non-denatured ethyl alcohol in the enterprise;
- 5.8 certificates from 'Stumbras' Special Purpose Joint-Stock Company and 'Vilniaus Degtinė' Joint-Stock Company certifying that the enterprise has no overdue debts for the supplied non-denatured ethyl alcohol;
- 5.9 copies of agreements to lease or use warehouse certified by notary public (if premises are hired or an agreement on use thereof is concluded);
- 5.10 a remittance with the bank seals or receipt confirming that the stamp duty of a fixed amount has been paid (to be submitted after the decision to issue the licence has been adopted).
6. the enterprise wishing to re-register its licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall submit to the State Agency of Tobacco and Alcohol Control the following documents:
- 6.1 an applications to re-register the licence;
- 6.2 certificate from the State Tax Inspectorate of the city (district) in which the enterprise is registered, confirming that the enterprise declared income and paid taxes in time and that no cases of deceitful accounting have been detected;
- 6.3 certificate from the State Social Insurance Office confirming the taxes paid;
- 6.4 certificates from 'Stumbras' Special Purpose Joint-Stock Company and 'Vilniaus Degtinė' Joint-Stock Company certifying that the enterprise has no overdue debts for the supplied non-denatured ethyl alcohol;

- 6.5 a remittance with the bank seals or receipt confirming that the stamp duty of a fixed amount has been paid (to be submitted after the decision to issue the licence has been adopted).
7. In the event the enterprise is engaging in wholesale trade in non-denatured ethyl alcohol in several divisions (warehouses, branches etc.), it shall be issued one licence bearing the addresses of all the divisions.
8. The relevant certificates from the city (district) State Tax Inspectorate, State Social Insurance, 'Stumbras' Special Purpose Joint-Stock Company and 'Vilniaus Degtinė' Joint-Stock Company must be issued not earlier than one month prior to the of submittal of the application to obtain or re-register the licence.
9. Licences issued and re-registered shall be entered into and re-registered in a standard registration book.
10. The State Agency of Tobacco and Alcohol Control, having issued or re-registered licence to enterprises to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall announce about it in the Official Gazette. The announcements shall contain the following data:
- 10.1 the name, registration number and address of the enterprises;
- 10.2 types of activity to engage in which the licence has been issued or re-registered;
- 10.3 the number of the licence;
- 10.4 date of issuance or re-registration of the licence;
11. The licence to engage in wholesale trade in non-denatured ethyl alcohol in the Republic of Lithuania shall specify:
- 11.1 the name and number of the licence;
- 11.2 name, address and bank account number of the licence holder;
- 11.3 the code of the licensed non-denatured ethyl alcohol according to the EEC Combined Nomenclature of Goods;
- 11.4 the date of re-registration of the licence;
- 11.5 the date of issuance of the licence;
- 11.6 the institution issuing or re-registering the licence;
- 11.7 addresses of warehouses from which the wholesale trade in non-denatured ethyl alcohol shall be conducted and where non-denatured ethyl alcohol shall be stored.
12. Licences to enterprises shall be issued or re-registered within 30 days from the date of receipt of the documents required to obtain or re-register a licence.
13. Licences to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall be issued without time limit and re-registered annually at the institutions which issued it. The licence which is not re-registered in time shall be invalid.

14. The enterprise shall submit the application to re-register the licence at least 30 days prior to the date fixed for the re-registration of licence.
15. Upon the loss of the licence, the enterprise shall submit a justified explanation to the licence issuing institution, which shall issue a copy of the licence marked with "Duplicate".
16. Licence shall not be issued if:
 - 16.1 not all the required documents are submitted;
 - 16.2 the data submitted is false;
 - 16.3 the enterprise is in debt to the budget of the Republic of Lithuania, the budget of the State Social Security Insurance Fund, cheated in book-keeping or otherwise maliciously evaded paying taxes;
 - 16.4 the enterprise has outstanding debts to 'Stumbras' Special Purpose Joint Stock Company and 'Vilniaus Degtinė' Joint-Stock Company for the supplied non-denatured ethyl alcohol;
 - 16.5 claims have been lodged in writing by the controlling state supervising agencies concerning activities of the enterprise;
 - 16.6 validity of the licence was cancelled pursuant to the requirements of Paragraphs 31.4 to 31.7 of the present rules (the licence shall not be issued five years from the day of cancellation of its validity);
 - 16.7 validity of the licence was cancelled pursuant to the requirements of Paragraph 31.8 of the present rules;
 - 16.8 the founders of new enterprises wishing to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania are founders of the enterprises the validity of licence of which was cancelled pursuant to provisions of Article 44 (10 and 11) of the Law on Alcohol Control of the Republic of Lithuania.
17. Licence shall not be re-registered if:
 - 17.1 not all required documents are submitted;
 - 17.2 the data submitted is false;
 - 17.3 the enterprise is in debt to the budget of the Republic of Lithuania, the budget of the State Social Security Insurance Fund;
 - 17.4 the enterprise has outstanding debts to 'Stumbras' Special Purpose Joint Stock Company and 'Vilniaus Degtinė' Joint-Stock Company for the supplied non-denatured ethyl alcohol;
 - 17.5 claims have been lodged in writing by the controlling state supervising agencies concerning activities of the enterprise.
18. In the event of refusal to issue or re-register the licence, the applicant shall be informed about it in writing within 30 days from the day of receipt of the documents, and the reasons for the refusal to issue or re-register the licence shall be specified.

Licence Fees

19. The stamp duty shall be collected for the issuance or re-registration of licences according to the procedure established by the Law on the Stamp Duty and the resolutions of the Government of the Republic of Lithuania.

Conditions for Activities Subject to Licensing

20. The control of activities of enterprises holding the licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania, and supervision of fulfilment of conditions by them for activities subject to licensing shall be conducted by the licences issuing institution, agencies of state supervision of the Ministry of Interior, Ministry of Finance and Ministry of Health Care according to their competence, the State Veterinary Service, the State Competition and Consumer Protection Office under the Government of the Republic of Lithuania and the State Quality Assurance Inspectorate under the State Competition and Consumer Protection Office.

The controlling state supervision agencies shall inform without delay the institution which issued the licence about the established violations of conditions for activities subject to licensing in enterprises.

21. Licence holders shall abide by the Law on Alcohol Control of the Republic of Lithuania and other laws, resolutions of the Government of the Republic of Lithuania, the present rules and other acts of law, regulating the procedure of trade in alcohol products, settlement of accounts and payment of taxes, regulations and sanitary, hygienic and quality requirements.
22. Licence holders have no right to authorise or transfer by contract on their behalf to other enterprises or agents of the enterprise (natural persons) the right to carry out the activity specified in the licence.
23. The original of the licence shall be kept at the enterprise. Licence copies shall be kept at other enterprise divisions specified in the licence engaged in the activities indicated in the licence.
24. The enterprise holding the licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall carry out the activity specified in the licence exclusively in the location indicated in the licence.
25. The enterprises holding the licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall purchase it exclusively from the enterprises possessing licences to manufacture it, and sell it to the economic entities exclusively pursuant to the Rules on Sale of Non-denatured Ethyl Alcohol Manufactured in the Republic of Lithuania to Economic Entities approved by the present resolution.
26. The enterprises holding the licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania, when selling it to economic entities, must:

- 26.1 issue a copy of the quality assurance certificate of an established standard evidencing the quality standard of the manufacturer of non-denatured ethyl alcohol;
- 26.2 to indicate in the valid bills of delivery the number of licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania and the date of its issuance, and the number and address of the warehouse from which it has been sold. If several warehouses are located at the same address, numbers shall be designated to them.
27. The enterprises holding the licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania may have them supplemented, i.e. addresses of additional warehouses from which they conduct wholesale trade in non-denatured ethyl alcohol shall be entered in them.

Rights of Licence Holders

28. Enterprises holding the licence to engage in wholesale trade in non-denatured ethyl alcohol manufactured in the Republic of Lithuania shall have the right to:
- 28.1 engage in the activity specified in the licence;
- 28.2 demand for an explanation in the event of suspension and cancellation of the licence as well as refusal to issue or re-register the licence;
- 28.3 to appeal against the decisions of officials to suspend and cancel the licence and refuse to issue or re-register licences to the Government of the Republic of Lithuania, and, pursuant to the procedure established by laws, to court.

Warning about Suspension of the Validity of Licence and Its Cancellation

29. The licence issuing institution shall warn the licence holder about the possible suspension of validity of licence if:
- 29.1 the licence holder has not settled accounts with the state budget of Lithuania and the budget of the state Social Security Fund;
- 29.2 the licence holder failed to settle accounts within the time limits prescribed in agreements with Stumbras' Special Purpose Joint-Stock Company and 'Vilniaus Degtinė' Joint-Stock Company for the supplied non-denatured ethyl alcohol;
- 29.3 the licence holder breached the requirements laid down in Paragraphs 23 and 26 of the present rules;
- 29.4 claims have been lodged in writing by the controlling state supervising agencies concerning activities of the enterprise.

30. The specific procedure of warning about the possible cancellation of the validity of the licence shall be established by the licence issuing institution.

31. Validity of the licence shall be cancelled if:

31.1 the licence holder submits an application to cancel validity of the licence;

31.2 the enterprise is liquidated or reorganised and ceases to exist as an independent economic entity;

31.3 the licence holder fails to re-register the licence within the established time limits;

31.4 it is established that the data submitted to obtain or re-register the licence is incorrect;

31.5 the enterprise sells, stores or transports non-denatured ethyl alcohol the acquisition of which has not been confirmed by legal documents;

31.6 the enterprise which has been warned about the possible cancellation of the validity of the licence failed to eliminate within a fixed time period the violation of conditions of activities subject to licensing laid down in Paragraph 29 of the present rules;

31.7 the licence holder does not abide by Item 1 (1, 2, 5, 7 and 12) of Article 20 of the Law on Alcohol Control of the Republic of Lithuania and provisions of Paragraphs 22, 24 and 25 of the present rules;

31.8 a judgement of conviction passed by court against or the resolution of the Customs to impose a penalty for smuggling of and sale in smuggled alcohol products on the heads or employees of enterprises has taken effect and provided they acted on behalf of or in the interests of the enterprise.

32. The enterprise, whose licence was cancelled pursuant to provisions of Paragraphs 31.4 to 31.7 of the present rules, shall not be issued a new licence for 5 years from the date its cancellation.

The enterprise, whose licence was cancelled pursuant to provisions of Paragraph 31.8 of the present rules shall not be issued a new licence repeatedly.

33. Licences shall be cancelled by the State Agency of Tobacco and Alcohol Control acting upon written recommendations of the controlling agencies of state supervision.

34. The State Agency of Tobacco and Alcohol Control upon cancelling a licence shall announce about it in the Official Gazette. The announcement shall contain the following data:

34.1 the name, registration number and address of the enterprise;

34.2 the type and number of the licence and the date of its issuance;

34.3 the date of cancellation of the licence.

35. The enterprise shall return the cancelled licence to the institution which issued it within 5 working days from the announcement of it in the Official Gazette.