FEDERAL LAW
NO. 5-FZ OF JANUARY 8, 1998
ON THE FEES FOR THE ISSUANCE OF LICENSES AND THE RIGHT
TO THE MANUFACTURE AND TURNOVER OF ETHYL ALCOHOL SPIRITUOUS
AND ALCOHOLIC PRODUCTS

Adopted
by the State Duma
on December 18, 1997

Approved
by the Federation Council
on December 24, 1997

On the application of this Federal Law see Letter of the Ministry for Taxes and Fees of the Russian
Federation No. VB-08a-31/372 of September 21, 1999

The present Federal Law shall establish the procedure and rate for the charging of the fee for
the issuance of the license and the right to the manufacture and turnover of ethyl alcoholic, spirituous
and alcoholic products of each type (Potable spirit, vodka, liqueurs, champagne cognacs (brandies),
calvados, grape, fruit, sparkling, effervescent natural and special wines, weakly alcoholic beverages,
and other potable products with a content of ethyl alcoholic from edible raw materials of more than
one and a half per cent of the volume of a unit of the alcoholic products), with the exception of beer
(hereinafter the fee).

Licenceable spirituous products shall include solutions, emulsions, suspensions and other types
of products with a volumetric share of ethyl alcohol over 12 per cent contained in the finished
products being realized by organizations or delivered as import and imposable with excises.

No fee shall be charged for the right to the manufacture and circulation of spirituous solutions of
the following types: spirituous medicinal, treatment - and - prophylactic and diagnostic agents
registered by the authorized federal body of the executive power and entered in the State Register of
Medicaments and Articles of Medical Purpose, and also agents manufactured by pharmaceutical
institutions by individual formulas, including homeopathic preparations, preparations of veterinary
purpose, perfumery - and - cosmetic products, and also the waste of the alcoholic industry and of the
alcoholic products that have passed the state registration at the relevant authorized bodies.

The effect of the present Federal Law shall not extend to the relations connected with the retail
realization of the said products.

Regulations on Licensing of the Retail Trade of the Alcoholic Products was approved by the

Article 2. The Payers of the Fee
The payers of the fee shall be the organizations of any form of ownership and departmental
jurisdiction (including the organizations with foreign investments) that have filed applications to the
relevant authorized bodies for the obtention of the license for the right of the manufacture and
turnover of ethyl alcoholic, including spirituous solutions, and of alcoholic products (hereinafter, the
licence), and that have obtained such licences in the established procedure. For the purpose of the
present Federal Law, by organizations should be understood the ones having the status of juridical
persons.

Article 3. The Rates of the Fee
The fee shall be charged for the issuance of licenses at the following rates:
for the right of the manufacture, storage and realization of ethyl alcohol, including spirituous
solutions, directly by the licensee organizations - 500 statutory minimum rates of the remuneration of
labour;
for the right of the manufacture, bottling, storage and realization of alcoholic products directly by
the licensee organizations - 500 statutory minimum rates of the remuneration of labour;
for the right of the bottling, storage and realization of alcoholic products directly by the license organizations - 500 statutory minimum rates of the remuneration of labour;
for the right of the storage of ethyl alcohol, including spirituous solutions, and of alcoholic products - 500 statutory minimum rates of the remuneration of labour;
for the right of the purchase, storage and wholesale of ethyl alcohol, including spirituous solutions, and of alcoholic products - 500 statutory minimum rates of the remuneration of labour;
for the right of the export of ethyl alcohol and alcoholic products - 100 statutory minimum rates of the remuneration of labour for a one-time license * and 500 statutory minimum rates of the remuneration of labour for a general license **;
for the right of the import purchase, storage and wholesale realization of ethyl alcohol, spirituous and alcoholic products - 1000 statutory minimum rates of the remuneration of labour for a one-time license and 15 000 statutory minimum rates of the remuneration of labour for a general license.

The payment for the conducts by an authorized federal body of the executive federal body of the executive power of the annual surveys of organizations for conformity to the conditions necessary for the carrying on of relevant type of activity shall be made separately at a rate covering the expenses on the said survey, in the procedure established by the Government of the Russian Federation (but no more than 50 statutory minimum rates of the remuneration of labour).

Decision of the Government of the Russian Federation No. 987 of August 21, 1998 approved the Procedure for Making Payment for the Conduct of the Annual Checkup of Organizations to Verify the Availability of Conditions Required to Pursue Licensed Kinds of Activities in the Field of Production and Sale of Ethyl Alcohol, Alcohol-Containing and Alcohol Products

Article 4. The Time and Procedure for the Payment of the Fee
The fee shall be paid by the payer annually on its own - once for every year of the effect of the licence.

The payment of the fee shall be made at the following time:
by organizations that have filed applications to the relevant authorized bodies for the obtention of the license - prior to the filing of the said application (for the first year of the effect of the said license);
by organizations that have received in the established procedure the licenses for the right to conduct of relevant type of activity - on or before the date (day and month) of the putting into effect of the said license (for each subsequent year of its effect).

For the obtention of licenses granting the right to conduct several types of activity, the payer shall pay the fee separately for the right to conduct each type of the activity indicated in the license.

In the conduct of a license activity on several territorially isolated objects, the payer shall pay the fee separately for the right to conduct the activity on each object.

In the redrawing of a license, a payment shall be charged at a rate stipulated for the issuance of a new license.

For the issuance of a new license instead of the lost one, the payer shall pay the amount of the fee stipulated by Article 3 of the present Federal Law.

In the case of the dismissal of a license the paid fee shall be subject to return minus the expenses on the consideration of the application for the obtention of the license in the amount of three statutory minimum rates of the remuneration of labour.

The return of the amounts of the paid fee shall be carried out by the tax body upon the presentation by an organization that has filed the application for the issuance of a license, of a document confirming the dismissal of the license, a document issued by an authorized body conducting the licensing.

In all other cases the paid fee shall not be subject to return.

The amounts of the paid fees shall be included by organizations in the expenses on the manufacture and realization of the products (the performance of works or services), the expenses
accepted in the calculation of the profit tax.

The fee payers shall submit annually to the tax bodies at their location the tax calculation (declaration) on the established form no later than 15 days after the date of the issuance of the license. Simultaneously the payers shall send a copy of the issued license to the tax bodies.

On the form of tax declaration see the Letter of the State Tax Service of the Russian Federation No. KV-6-03/45 of January 20, 1998

Article 5. The Procedure for the Entering of the Fee
The fee amount shall go to the revenue of the budget at whose expense is maintained the body authorized for the conduct of the licensing activity.

Article 6. Instructions for the Application of the Present Federal Law
The instructions for the application of the present Federal Law shall be issued by the State Tax Service of the Russian Federation in agreement with the Ministry of Finance of the Russian Federation and the Federal Service of Russia for Ensuring the State Monopoly on Alcoholic Products.

By the Decree of the President of the Russian Federation No. 14 of January 10, 1998 the Federal Service of Russia for Ensuring the State Monopoly on the Alcoholic Products was abolished and the State Committee of the Russian Federation for Ensuring the Monopoly on the Alcoholic Products (State Alcoholic Monopoly Committee of Russia) was created

Article 7. Responsibility of the Payers and the Control of the Tax Bodies

The control over the correctness, fullness and timeliness of the payment of the fee to the budget shall be carried out by the tax bodies in accordance with their competence determined by the federal law.

See the Procedure for Conducting Control Technological Checkups and Annual Inspection in Respect to Organizations in the Sphere of the Production of and Trading in Ethyl Alcohol, Alcohol-Containing and Alcohol Products approved by Order of the State Tax Service of the Russian Federation No. BF-3-31/213 of August 26, 1998

Article 8. on the Procedure for the entry into force of the present Federal Law
The present Federal Law shall enter into force as from the day of its official publication.

To recommend the President of the Russian Federation and assign the Government of the Russian Federation to bring their normative legal acts in conformity with the present Federal Law.

President of the Russian Federation
Boris Yeltsin

Moscow, the Kremlin

* The one-time export (import) license shall be issued for the export (import) delivery of ethyl alcohol, spirituous solutions or alcoholic products whose customs cost does not exceed 10 000 minimum rates of the remuneration of labour or whose volume, in terms of absolute alcohol, does not exceed two thousand decalitres, for a period no longer than two months.

** The general export (import) license is one for the export (import) of ethyl alcohol, spirituous or alcoholic products in the course of one year from the date of the receipt of the said license.