Chapter I. General Provisions

Article 1. Basic Concepts of the State Regulation of the Production and Trading Volume of Ethyl Alcohol and Alcoholic Drinks

The state regulation of the production and trading volume of ethyl alcohol and alcoholic drinks shall be understood to mean the conditions of the production and trading volume of ethyl alcohol and alcoholic drinks, established by legislation and normative legal acts adopted on its basis.

Federal Law No. 15-FZ of January 10, 1997 introduced amendments to part 2 of Article 1 of the present Federal Law

Alcoholic drinks include table spirits, vodka, liqueur, cognacs (brandies), calvados, grape wine, fruit and berry wine, and other edible products with ethyl alcohol produced from edible raw materials and comprising over 1.5 per cent of the volume of the unit of alcoholic output (except for the beer).

On application to bear of this Federal Law see Letter of the State Tax Service of the Russian Federation No. VZ-6-01/463 of July 8, 1996

The trading volume of ethyl alcohol and alcoholic drinks shall be understood to mean their export, import, delivery, purchase, wholesale and retail trade.

Article 2. Legislation on the State Regulation of the Production and Trading Volume of Ethyl Alcohol and Alcoholic Drinks

The legislation on the state regulation of the production and trading volume of ethyl alcohol and alcoholic drinks consists of the present Federal Law and the laws of the subjects of the Russian Federation, adopted in accordance with this Law.

The validity of this Federal Law shall not extend to:

alcoholic drinks produced by a natural person for personnel needs;

ethyl alcohol, produced from raw materials of all types by a juridical or a natural person on a contractual basis and used only by them in the technological process for the manufacture of non-alcoholic products.
Article 3. The Powers of the Federal Executive Bodies in the Sphere of Production and Trading Volume of Ethyl Alcohol and Alcoholic Drinks

The powers of the federal executive bodies in the sphere of production and trading volume of ethyl alcohol and alcoholic drinks include:

- the control of prices for ethyl alcohol;
- the regulation of the export and import of ethyl alcohol and the import of alcoholic drinks;
- the organization of state control over the production and trading volume of ethyl alcohol and alcoholic drinks;
- the elaboration of the procedure for the establishment of quotas of the export, import and purchase of ethyl alcohol;
- the establishment of excise rates for alcoholic drinks;
- the introduction of state standards and specifications in the sphere of the production and trading volume of ethyl alcohol and alcoholic drinks;
- the institution of the procedure for licensing the production and trading volume of ethyl alcohol and alcoholic drinks with the content of ethyl alcohol of over six per cent of the unit volume of alcoholic products and with the volume of said production and trading volume at the rate of absolute alcohol of over 0.02 million decalitres a year, and also the licensing of said types of activity;
- the organization of state accounting and reporting in the sphere of the production and trading volume of ethyl alcohol and alcoholic drinks;
- the determination of quotas of ethyl alcohol necessary for the satisfaction of the needs of the subjects of the Russian Federation;
- the introduction of norms and rules in the sphere of the production and trading volume of alcoholic drinks;
- the realization of a complex of measures protecting the rights of consumers and national commodity producers in the sphere of the production and trading volume of ethyl alcohol and alcoholic drinks;
- other questions of the state regulation of the production and trading volume of ethyl alcohol and alcoholic drinks relating to the terms of reference of the Russian Federation and not settled by the present Federal Law.

Article 4. The Terms of Reference of the Subjects of the Russian Federation in the Sphere of the Production and Trading Volume of Ethyl Alcohol and Alcoholic Drinks

The terms of reference of the subjects of the Russian Federation in the sphere of the production and trading volume of ethyl alcohol and alcoholic drinks include:

- the introduction of additional restrictions on the retail trade of alcoholic drinks in accordance with the legislation of the Russian Federation and for the purpose of protecting the lives and health of individuals;
- the exercise of control over the observance by organizations of the license conditions for the production and trading volume of ethyl alcohol and alcoholic drinks;
- the establishment of the procedure for licensing of the production and trading volume, on the territory of the corresponding subject of the Russian Federation, with the exception of export and import, of ethyl alcohol and alcoholic drinks with the content of ethyl alcohol of less than six per cent of the unit volume of alcoholic products or with the volume of said production and trading volume in terms of absolute alcohol of not more than 0.02 million decalitres a year, and also the procedure for licensing the production and trading volume of alcoholic drinks, produced by means of natural fermentation; the licensing of said types of activity;
- the elaboration and adoption of programmes and guidelines of activity in the regulation of the production and trading volume of alcoholic drinks within their jurisdiction;
- other matters of the state regulation of the production and trading volume of ethyl alcohol and alcoholic drinks, which are not coming under the terms of reference of the Russian Federation and not settled by this Federal Law.
Chapter II. State Regulation of the Production and Trading Volume of Ethyl Alcohol

Article 5. The Order of the State Regulation of the Production and Trading Volume of Ethyl Alcohol

The state regulation of the production and trading volume of ethyl alcohol includes:
- the licensing of the production and trading volume of ethyl alcohol;
- the introduction of quotas for the export, import and purchase of ethyl alcohol;
- Decision of the Government of the Russian Federation No. 1159 of October 6, 1998 established that, effective from November 1, 1998, the production of ethyl alcohol from any kind of raw materials, the denaturing of the alcohol as well as the production of alcohol-containing solutions shall be performed per quotas only by state enterprises and joint-stock companies the controlling stake in which is owned by the state and the supply of ethyl alcohol produced from any kind of raw materials and of alcohol-containing solutions shall be performed under special permissions;
- the banning of the retail trade of ethyl alcohol;
- the control of the release prices for ethyl alcohol produced from edible and non-edible raw material;
- the establishment of state standards, specifications, norms and rules in the sphere of the production and trading volume of ethyl alcohol;
- the exercise of state control over the quality of ethyl alcohol.

The procedure for the state regulation of the production and trading volume of ethyl alcohol shall be established by the Government of the Russian Federation in accordance with the present Federal Law.

On the state control over the volume of ethyl alcohol production and providing state control over correspondence of volumes of purchased ethyl alcohol to alcohol produced from it see Decree of the President of the Russian Federation No. 1199 of October 6, 1998.

Article 6. The Licensing of the Production and Trading Volume of Ethyl Alcohol


The production and trading volume of ethyl alcohol shall be carried out on the territory of the Russian Federation by the organizations, regardless of their forms of property, on the basis of licenses issued by the respective federal executive bodies and the executive bodies of the subjects of the Russian Federation within their terms of reference.

A decision on the issue of a license shall be taken by agreement with the corresponding local self-government body and the sanitary and epidemiological supervision body.

A decision on the issue or refuse of a license shall be taken and forwarded in written form to the applicant within thirty days from the date of receipt of application with all required documents.


In consideration of the issue of a licence to produce and sell ethanol, including spirit-containing solutions the applicant shall be charged a fee in accordance with the procedure and in the amount as it may be established under the federal law. Until the adoption of a federal law the said fee shall be paid according to such a procedure and in such amounts as it is fixed by the
Government of the Russian Federation.

On the fees for the issuance of licenses and the right to the manufacture and turnover of ethyl alcohol spirituous and alcoholic products see Federal Law No. 5-FZ of January 8, 1998

Licenses shall be issued for a term of not less than three years. Licenses for the production of ethyl alcohol from edible raw material shall only be issued to the organizations which have the equipment, certified by the bodies of sanitary and epidemiological supervision and the Committee of the Russian Federation for Standardization, Metrology and Certification.

Regulations for the procedure of drawing up and issuing licenses for the production and trading volume of ethyl alcohol shall be endorsed by the Government of the Russian Federation or by the relevant executive bodies of the subjects of the Russian Federation within their terms of reference.


The list of conditions for the issue of licenses for the production and trading volume of ethyl alcohol shall contain only these conditions whose fulfillment ensures the quality of products and the full payment of relevant taxes.

Article 7. Procedure for Appealing Against the Actions of the Body Licensing the Production and Trading Volume of Ethyl Alcohol

The lawfulness of the actions of the body that issues licenses for the production and trading volume of ethyl alcohol may be examined by an independent expert commission to be formed by the relevant local self-government body with the participation of the representatives of the organizations which produce and sell ethyl alcohol on the basis of the applicant's application.

The conclusion adopted by the independent expert commission shall be without fail taken into account by the body that issues licenses.

Regulations for the independent license expert examination of the production and trading volume of ethyl alcohol and alcoholic drinks shall be drafted by the respective federal executive bodies and approved by the Government of the Russian Federation.

The actions of the body that issues licenses for the production and trading volume of ethyl alcohol shall be appealed against with a court of arbitration.

Article 8. Delivery and Sale of Ethyl Alcohol

Ethyl alcohol shall be delivered and sold to meet the federal state needs in accordance with the legislation of the Russian Federation on the deliveries of products for federal state needs exclusively by unitary enterprises, and also by the enterprises of other forms of property in which the controlling interest (not less than 50 per cent of shares) belongs to the State or the local self-government bodies and which have the equipment for the storage and release of ethyl alcohol, and also to the laboratories of quality control.

The list of said organizations shall be approved by the Government of the Russian Federation.

It shall be impermissible to lease the assets of unitary enterprises engaged in the delivery and sales of ethyl alcohol, and also to reduce the portion of the State’s shares in the organizations of other forms of property which carry on the said activity.

The sale of ethyl alcohol to meet the needs of the corresponding subject of the Russian Federation shall be permitted for the organizations with an annual capacity in terms of absolute alcohol of less than 0.02 million decalitres within the quotas allocated to this subject of the Russian Federation and with the certificates of conformity of products, issued by the laboratories of the sanitary and epidemiological supervision bodies or by other laboratories certified by the Committee of the Russian Federation for Standardization, Metrology and Certification.

Ethyl alcohol may only be purchased by the legal entity that has a quota for its receipt and a license (permit) for the manufacture of products with the use of ethyl alcohol.

Article 9. Control of Release Prices for Ethyl Alcohol and the Introduction of Quotas for its Export, Import and Purchase

The Government of the Russian Federation shall define the procedure for controlling release prices for ethyl alcohol by introducing quotas for the purchase of ethyl alcohol and excise fee rates on alcoholic drinks.

The total volumes of quotas of the purchase in 1996 of ethyl alcohol, produced from food raw materials were approved by Order of the Government of Russia No. 1012-r of June 27, 1996

Concerning excise rates for alcohol products see Federal Law No. 23-FZ of March 7, 1996

Ethyl alcohol shall be imported on the basis of quotas to meet state needs in the volumes which are insufficient to cover the needs of the internal market of the Russian Federation.

Quotas for export, import and purchase of ethyl alcohol shall be estimated in the order and on the conditions established by the Government of the Russian Federation on the basis of the balance of the production and consumption of ethyl alcohol with due account of the needs of the subjects of the Russian Federation. The total volume of quotas for ethyl alcohol, used for the production of alcoholic drinks, shall not exceed the similar index of the previous year.

Procedure for the Allocation of Quotas in the Purchase of Ethyl Alcohol was approved by Decision of the Government of the Russian Federation No. 129 of February 8, 1996

See the Regulations on the Procedure for Adopting Decisions to Grant Licenses for Importing Ethyl Alcohol and Vodka Issued by the Ministry of Foreign Economic Relations of the Russian Federation approved by Order of the Ministry of Economics of the Russian Federation No. 12 of February 12, 1997

Chapter III. Basic Rules for the Production and Trading Volume of Alcoholic Drinks

Concerning the state control over the turnover of foreign-made alcoholic products see Decree of the President of the Russian Federation No. 161 of February 7, 1996

On the Introduction of the State Registration of and the Control over the Acquisition and Importation into the Customs Territory of the Russian Federation of the Main Technological Equipment for the Manufacture and Bottling of Spirituous and Alcoholic Products see Decision of the Government of the Russian Federation No. 728 of July 9, 1998

Article 10. Procedure for the State Regulation of the Production and Trading Volume of Alcoholic Drinks

The state regulation of the production and trading volume of alcoholic drinks includes:

- the licensing of the production and trading volume of alcoholic drinks;
- the certification of alcoholic drinks and equipment for their production;
- the introduction of excises for alcoholic drinks of all kinds;
- control over the observance of the rights of consumers of alcoholic drinks;
- the introduction of state standards, specifications, norms and rules in the sphere of the production and trading volume of alcoholic drinks.

Procedure for the state regulation of the production and trading volume of alcoholic drinks shall be established by the Government of the Russian Federation in accordance with the present Federal Law.
Article 11. Conditions for the Production and Trading Volume of Alcoholic Drinks

On the introduction of the state registration of ethyl alcohol and alcohol-containing solutions from non-foodstuff raw materials see Decision of the Government of the Russian Federation No. 1030 of August 13, 1997

The production and trading volume of alcoholic drinks shall be effected by the organizations which have the conditions for said activity that satisfy the sanitary and hygienic norms and rules and possess relevant licenses.

It shall be permitted to use ethyl alcohol made of edible raw material alone for the production of alcoholic drinks.

It shall be impermissible to set up organizations with foreign investments for the purposes of importing, bottling and selling alcoholic drinks with a content of ethyl alcohol of over 12 per cent of the unit volume of alcoholic drinks.

Alcoholic drinks, including imported drinks, to be sold through the retail network on the territory of the Russian Federation, shall be accompanied with information in Russia about their certification, the manufacturer's code, the mark of conformity, the names of the state standards with which alcoholic drinks are bound to comply, and also about the size of packing, the composition and content of hazardous substances as compared their counter indications for human health.

Article 12. The Licensing of the Production and Trading Volume of Alcoholic Drinks

Procedure for licensing the production and trading volume of alcoholic drinks shall be introduced in conformity with Articles 6 and 7 of the present Federal Law.


Concerning licensing of retail trade in alcohol products see the Regulations approved by Decision of the Government of the Russian Federation No. 987 of August 19, 1996

Letter of the State Tax Service of the Russian Federation No. VZ-6-03/434 of June 24, 1996 establish that pharmaceutical organizations and enterprises of network of pharmacies do not need to obtain special licenses to sell (to engage in wholesale trade) ethyl alcohol listed under Pharmacopea Articles within quotas established for medical purposes, and in doing so the said organizations shall not pay license duties for wholesale trade in this product

Federal Law No. 15-fz of January 10, 1997 introduced amendments to Article 13 of the present Federal Law

See previous text of the Article

Article 13. Taxation and Marking of Alcohol Products.

The calculation and payment of taxes and dues on alcohol products shall be effected according to the procedure and on terms and conditions as it is prescribed by the legislative acts of the Russian Federation.

Concerning excise rates for alcohol products see Federal Law No. 23-FZ of March 7, 1996

The alcohol products that may contain over six per cent of alcohol shall be subject to obligatory marking by using excise-tax stamps or stamps of a special type.

On the special marks for marking the alcoholic products see Letter of the State Tax Service of the Russian Federation No. VK-6-31/420 of June 4, 1997
The specimens of stamps, the procedure of payment and the amount to be paid therefor shall be such as is established by the Government of the Russian Federation.

On the introduction of Special Marking for alcoholic products produced on the territory of the Russian Federation see:
- Letter of the State Tax Service of the Russian Federation No. AM-6-21/622 of September 4, 1996

**Article 14. Regulation of the Import of Alcoholic Drinks**

The share of the imported alcoholic drinks in the annual volume of alcoholic drinks, sold in the customs territory of the Russian Federation in accordance with the Customs Code of the Russian Federation, shall not exceed 20 per cent. The share of natural wines and other alcoholic drinks with the volume content of ethyl alcohol of less than 20 per cent shall comprise not less than 80 per cent of the annual volume of the imported alcoholic drinks.

The quality of imported alcoholic drinks shall not be below the quality, provided for by state standards and specifications for similar national alcoholic drinks.

On regulation of import and sale of alcoholic products labeled with trade-marks of Russian producers and other markings pertaining to the given products see Decision of the Government of the Russian Federation No. 943 of August 6, 1996

**Article 15. The Declaration of Volumes of Alcoholic Drinks**

The organizations engaged in the production and trading volume of alcoholic products shall be obliged to submit declarations on the volume of the produced, exported, imported, unsold and underused alcoholic drinks, including alcoholic drinks received as a result of the processing of their waste to the respective state bodies as on January 1 of the corresponding year.

Procedure for submitting declarations shall be established by the Government of the Russian Federation.

Procedure for the Declaring the Production and Turnover of Ethyl Alcohol and Alcoholic Products was approved by Decision of the Government of the Russian Federation No. 128 of February 8, 1996

**Article 16. Conditions and Order of Sales of Alcoholic Drinks**

Rules for Retail Trade in Alcohol Products on the Territory of the Russian Federation were approved by Decision of the Government of the Russian Federation No. 987 of August 19, 1996

The national and imported alcoholic drinks shall be sold by organizations wholesale and retail, by individual businessmen by retail, if all of them have licenses, issued on the basis of decisions taken by the local self-government bodies.

Organizations and individual businessmen may sell alcoholic drinks exclusively in places chosen by local self-government bodies.

Bulk and retail sales of alcoholic drinks shall not be allowed in the following places:
- in children's, educational, cultic, medical and prophylactic institutions and on the territory adjacent to them;
- in places of the mass congestion of people and the location of sources of increased danger (railway stations, sea and river-boat terminals, airports, underground stations and military facilities) and in the adjacent territories, and also in places with sales from hand to hand, from stalls and lorries, in poorly equipped booths, pavilions and in other premises unfit for the sale of such products, in scientific and production organizations and in the adjacent territories, if the sold
alcoholic drinks contain over 12 per cent of ethyl alcohol;
  alcoholic drinks shall not be sold wholesale or retail to the persons below 18 years of age;
  the persons or organizations shall not sell alcoholic drinks wholesale or retail, if they do not
  have the certificate of conformity.

Adjacent territories shall be determined by the local self-government bodies with due account
of the requirements of the corresponding services.

Retail sale of table alcohol may be authorized only in the Far North areas and in the localities
equated therewith according to the list of territories, approved by the Government of the Russian
Federation.

Other conditions for, or restrictions on, the retail sale of alcoholic drinks may be introduced by
the organ of legislative (representative) power of a subject of the Russian Federation or by the local
self-government body exclusively for the purpose of protecting the health of people and ensuring
public security and observing the moral norms of behaviour.

Decision of the Government of the Russian Federation No. 131 of February 8, 1996 introduced
the minimum prices for vodkas and liqueurs having the strength over 28 per cent as the lower
limit of the realization price for the organization of retail or wholesale trade and for the
manufacturing organizations.

The minimum prices for vodkas, liqueurs and other alcoholic products with the strength of over
28 per cent were established by Letter of the Ministry of Economics of the Russian Federation
No. SV-120/7-190 of March 17, 1997.

Article 17. Advertisement of Alcoholic Drinks

The advertisement of any alcoholic drinks shall only be allowed by the organizations engaged
in the production and trading volume of alcoholic drinks with the observance of the requirements of
legislation on advertisement.

Chapter IV. Control over the Observance of the Present Federal Law
and Responsibility for Its Breaches

Article 18. State Control over the Observance of the Present Federal Law

On strengthening state control over the alcohol products turnover see Decree of the President of
the Russian Federation No. 1213 of August 18, 1996.

State control over the production and trading volume of ethyl alcohol and alcoholic drinks shall
be exercised by the federal executive bodies, the executive bodies of the subjects of the Russian
Federation and the local self-government bodies.

The Government of the Russian Federation shall establish a system of organs of state control
over the production and trading volume of ethyl alcohol and alcoholic drinks and define their
functions.

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.

On the creation of standing tax posts in the organizations manufacturing ethyl spirit from all
kinds of raw material see Decision of the Government of the Russian Federation No. 946 of
August 9, 1996.

Procedures for Co-operation of Agencies Supervising the Manufacture and Circulation of
Alcohol and Tobacco Goods and Repression of Offences in this Sphere were approved by

State control over the production and trading volume of ethyl alcohol and alcoholic drinks includes control over the issue of licenses for the production and sales of ethyl alcohol and alcoholic drinks, the certification of equipment for the production of ethyl alcohol and alcoholic drinks, control over the observance of set standards for alcoholic drinks and raw material for their production, control over the quality and volumes of production of ethyl alcohol and alcoholic drinks, and also control over the export, import and purchase of ethyl alcohol and alcoholic drinks.

For mandatory control over ethyl alcohol, actually produced from the raw material of all kinds, see the Decision of the Government of the Russian Federation No. 1076 of November 2, 1995

The federal executive bodies, the executive bodies of the subjects of the Russian Federation and the local self-government bodies, which are in charge of the production and trading volume of ethyl alcohol and alcoholic drinks, shall have the right to send the part of fines imposed for the violation of the norms and rules of the production and trading volume of ethyl alcohol and alcoholic drinks, for the financing and support of the organizations exercising control over the quality and volume of alcoholic drinks sold on the territory of the Russian Federation in the order, prescribed by the Government of the Russian Federation.

Article 19. Public Control over the Observance of the Present Federal Law

Public control over the observance of the present Federal Law shall be exercised by private persons and their voluntary organizations (associations).

The state bodies and their officials shall be duty-bound to assist private persons and their voluntary organizations (associations) in the verification of the facts of breaking the present Federal Law and to notify the applicant about the decisions taken on the basis of the submitted materials within 10 days.

Article 20. Bans in the Sphere of the Production and Trading Volume of Ethyl Alcohol and Alcoholic Drinks

The following actions shall be forbidden in the sphere of the production and trading volume of ethyl alcohol and alcoholic drinks:

- the use of ethyl alcohol, produced from non-edible raw material, for the preparation of alcoholic drinks;
- the retail sale of ethyl alcohol;
- the sale of ethyl alcohol to the organizations which have no quotas for its purchase or its sale over and above the said quotas;
- the production and trading volume of alcoholic drinks without appropriate licenses;
- the sale of alcoholic drinks without certificates of conformity or without excise duty marks;
- the sale of defective alcoholic drinks, produced with the excess of maximally admissible concentrations of harmful admixtures;
- the delivery of alcoholic drinks in packaging that does not meet the requirements of normative technical documentation;
- the advertisement of alcoholic drinks which do not meet the requirements of the present Federal Law;
- the distortion and/or non-submission of a declaration on the production and sales of alcoholic drinks in the fixed time-limits.

The officials of organizations and private persons engaged in the production and sales of ethyl alcohol and alcoholic drinks with the violation of the requirements of the present Federal Law may be brought to administrative responsibility in the order, prescribed by the legislation on administrative offenses.

Article 21. Procedure for the Enforcement of the Present Federal Law

The present Federal Law shall be enforced since the day of its official publication.

Article 22. The Bringing of Legal Acts into Conformity with the Present Federal Law
The President of the Russian Federation shall be proposed to bring his legal acts into conformity with the present Federal Law.

The Government of the Russian Federation shall be instructed to bring its legal acts into conformity with the present Federal Law.

President of the Russian Federation
Moscow, the Kremlin

Boris Yeltsin