

DRAFT REGULATION

on the collection, recycling and deposit on non-reusable beverage packaging

Article 1

Deposit

A deposit shall be levied on imported beverages in non-reusable bottles and cans made of steel, aluminium, glass and plastic materials and shall be collected upon customs clearance. The same deposit shall be levied on beverages that are manufactured or bottled locally and sold in the same types of packaging as mentioned above. The deposit shall be paid at the same time as the excise duty for locally made beverages. The deposit shall be ISK 14.41, excluding value added tax, per each packaging unit.

Goods in other types of packaging, which are classified under the customs tariff heading numbers listed in Article 3 of this regulation and which are not subject to a deposit, shall be cleared through customs according to Article 4 of this regulation.

Article 2

Handling fee

In addition to the deposit, a handling fee shall also be levied on every unit of packaging of steel, glass and plastic materials and the amount of the fee, excluding value added tax, shall be ISK 5.50 for packaging of steel, ISK 5.30 for packaging of glass exceeding 500 ml in size, ISK 3.90 for packaging of glass sized 500 ml or less, ISK 3.20 for packaging of coloured plastic materials and ISK 1.30 for packaging of uncoloured plastic materials.

Article 3

Payment obligation

The payment obligation under Article 1 covers all beverages in non-reusable bottles and cans of steel, aluminium, glass and plastic materials that are imported into the country or manufactured or bottled locally and fall under headings no. 2009, 2201, 2202, 2203, 2204, 2205, 2206 or 2208 of the customs tariff, which is contained in Annex I to the Customs Act no. 88/2005.

A deposit is not levied on beverages in non-reusable packaging that are exported. Classification of goods on which payments are obligatory under this regulation shall follow the rules of interpretation of the customs tariff.

Furthermore, the provisions of the Customs Act shall also apply to the power of adjudication in matters of dispute regarding the tariff classification of beverages.

Article 4

Levying of deposits

All those who import goods on which there is a deposit obligation under Article 1, whether for own use or for resale, are obliged, upon customs clearance, to pay a deposit and handling fee for the imported goods.

Upon customs clearance of goods on which a deposit is not levied but are classified under customs tariff heading numbers listed in Article 3 of the regulation, a reference for an exemption for these goods shall be specified in the relevant box in the declaration of entry determined by the Directorate of Customs.

The deposit and handling fee do not form part of the basis for the calculation of other entry duties, with the exception of value added tax.

Article 5

Persons liable for payment

Those who locally manufacture or bottle goods on which there is a deposit obligation are required to pay a deposit and handling fee for their manufactured goods to the Treasury. The deposit and

handling fee do not form part of the basis for the calculation of excise duty or other comparable production fees. However, these fees do form a basis for the calculation of value added tax.

Article 6

Collection, accounting period, due dates, etc.

Deposits and handling fees for locally made beverages are calculated when they are sold or delivered by the manufacturer, with no regard to when or how the purchaser's payment is rendered.

Each accounting period as regards locally manufactured or bottled beverages on which there is a deposit obligation is two months: January and February; March and April; May and June; July and August; September and October; November and December.

The deposits and handling fees for locally made goods shall be delivered, along with a return report in a form determined by the Directorate of Customs, no later than on the due date and the manufacturers shall deliver a copy of the return report to Endurvinnslan hf. (Recycling Ltd.). The due date for each accounting period is the 28th day of the second month after its closing date for sales or deliveries for that period. If the due date falls on a weekend or a public holiday the due date shall fall on the next weekday thereafter.

Article 7

Penalties

If the deposit and handling fee are not paid at the prescribed time, the entity in question shall be liable to pay a penalty in addition to the required payments. This also applies if a report in accordance with Article 6 has not been delivered or it is incomplete, and the fees will therefore be estimated unless the entity has paid, before the due date, the amount of the estimate or given a satisfactory explanation for the discrepancies before the end of the deadline for lodging an appeal.

The penalty under Paragraph 1 shall be 1 % of the amount that remains unpaid for each day that begins after the due date, but never more than 10 %.

If the deposits and handling fees are not paid within one month from the due date, the Treasury shall be paid a post-maturity interest on the amount due. The determination and calculation of post-maturity interest is subject to Act no. 38/2001 on interest and price-level indexation.

Article 8

Collection and refunding

Deposits and handling fees are payable to the Treasury, which shall deliver the deposits, handling fees and value added tax thereof to Endurvinnslan hf. as soon as possible.

Endurvinnslan hf. shall ensure that consumers are reimbursed for the deposit and value added tax upon receipt of used packaging on which there is a deposit obligation. The reimbursement shall be ISK 14.41, excluding value added tax, per each packaging unit. However, if the levied deposit is raised, then 60 days shall pass before Endurvinnslan hf. raises the reimbursement to the consumers for each packaging unit that is returned, from ISK 15.00 to ISK 16.00, inclusive of value added tax. The payment of equivalent fees to individuals, companies or organisations that gather such packaging for destruction or recycling shall take place in the same manner.

Article 9

Design of beverage packaging

Beverage packaging on which a deposit is levied shall be marked with a bar code on a label on each individual returnable unit of packaging and the bar code shall fulfil the ISO/IEC 15420 standards. The bar code shall be placed vertically on the beverage packaging. The bar code shall be at least 80 % of the defined basic size of bar codes under international standards.

Beverage packaging on which a deposit is levied shall not be made of porcelain or ceramics.

If importers and manufacturers do not comply with the requirements of Paragraphs 1 and 2, Endurvinnslan hf. shall notify the violation to the police under Article 10 of Act no. 52/1989 on measures to combat environmental pollution resulting from disposable drink packaging.

Article 10

Endurvinnslan hf. (Recycling Ltd.)

Endurvinnslan hf. shall establish and maintain a country-wide, efficient arrangement for the collection of packaging on which a deposit is levied. The company shall also recycle packaging or send it away to be recycled or destroyed.

Endurvinnslan hf. shall regularly send a report on the operation of the returns system, including the number of returned packaging by type, to the Ministry for the Environment and Natural Resources.

Article 11

Entry into force

This Regulation is adopted under Article 4 of Act no. 52/1989 on measures to combat environmental pollution resulting from disposable drink packaging, and enters into force on 1 June 2017. At the same time regulation no. 368/2000 on the collection, recycling and deposit on non-reusable beverage packaging, including its subsequent amendments, shall be repealed.

This regulation has been notified in accordance with the provisions of directive no. 98/34/EEC laying down a procedure for the provision of information in the field of technical standards and regulations.

Ministry for the Environment and Natural Resources, February 2017