

Translated from Icelandic:

Act on Trade in Alcohol and Tobacco
No. 86, 23 June 2011
as amended by Act No. 126/2011 and Act No. 69/2014.

CHAPTER I

Scope, purpose and supervision

Article 1

Scope

This Act applies to the retail of alcohol and wholesale of tobacco.

This Act does not apply to vessels and aircraft that transport alcohol or tobacco to Iceland as part of a duty free allowance where such goods are treated according to special statutory provisions.

The Minister may establish special rules on the importation of alcohol by tourists and crew members of vessels and aircraft.

Article 2

Purpose

The purpose of this Act is to:

- a. define a framework for the retail of alcohol and wholesale of tobacco in the interest of improved public health and social responsibility;
- b. limit and control access to alcohol and tobacco in order to reduce the harmful effects of alcohol and tobacco consumption;
- c. protect young people from the consumption of alcohol and tobacco and limit the supply of undesirable products.

Article 3

Supervision

The supervision of the retail of alcohol and wholesale of tobacco and the application of this Act is entrusted to the [Minister].¹

CHAPTER II

Administrative organisation

Article 4

The State Alcohol and Tobacco Company of Iceland

The retail of alcohol and wholesale of tobacco shall be assigned to a special entity, the State Alcohol and Tobacco Company of Iceland (ÁTVR), supervised by the Minister.

ÁTVR shall carry out its operations in accordance with the Alcohol Control Act, Tobacco Control Act and the government's alcohol and tobacco policy as current at any time.

The operations of ÁTVR shall be as efficient as possible and generate sufficient income to cover operating expenses and provide reasonable returns to the State Treasury, *inter alia* having regard to the assets tied up in the agency's operations.

¹ Act. 126/2011, art. 548.

Article 5

Director of the State Alcohol and Tobacco Company of Iceland

The Minister shall appoint the Director of ÁTVR for a term of five years. The Director shall have completed a university degree useful to his/her work.

The Director is in charge of the agency, is responsible for day-to-day operations and hires other employees. The Director is responsible for the preparation of an annual report on the operations and activities of ÁTVR and shall present it to the Minister once a year.

Article 6

Tasks of the State Alcohol and Tobacco Company of Iceland

The main tasks of ÁTVR are the following:

- a. Purchase of alcohol for retail and tobacco for wholesale.
- b. Storage and distribution of alcohol to liquor stores.
- c. Operation of liquor stores and provision of services to customers.
- d. Storage, wholesale and distribution of tobacco.
- e. Ensuring that all tobacco products are labelled in accordance with the Tobacco Control Act.
- f. Levy and collection of the tobacco tax.
- g. Other tasks related to the retail of alcohol and wholesale of tobacco.

CHAPTER III

About the State Alcohol and Tobacco Company of Iceland

Article 7

Legal monopoly

ÁTVR has a legal monopoly on the retail sale and distribution of alcohol, cf. Article 10 of the Alcoholic Beverages Act. The reselling of alcohol in alcohol-licensed establishments is governed by the provisions of special legislation.

ÁTVR has a legal monopoly on the wholesale of tobacco in Iceland. The retail of tobacco is governed by the provisions of the Tobacco Control Act.

Article 8

Tobacco tax and labelling of tobacco products

ÁTVR levies and collects a tobacco tax on tobacco products which are imported to or produced in Iceland. The amount of the tobacco tax is laid down in the Alcohol and Tobacco Tax Act.

ÁTVR shall ensure that all tobacco products which are imported from abroad or produced in Iceland for commercial purposes are labelled.

Article 9

Pricing of alcohol and tobacco

All ÁTVR stores in Iceland shall offer the same prices for the same products.

ÁTVR shall add an 18% mark-up on alcoholic beverages with 22% or less alcohol by volume and a 12% mark-up on alcoholic beverages with more than 22% alcohol by volume. Reference is made to the Alcohol and Tobacco Tax Act as regards the determination of alcohol volume.

ÁTVR shall add an 18% wholesale mark-up on tobacco products.

The ÁTVR mark-up on alcohol and tobacco is added on to the total cost of a product exclusive of VAT.

ÁTVR may levy a charge on suppliers for the cost of offering a new alcoholic beverage for sale. The charge shall only be as high as is necessary to pay the cost of registration, checks and other arrangements that ÁTVR needs to make before it can offer a new product for sale.

ÁTVR may levy a charge on suppliers for the cost of labelling tobacco products. The charge shall only be as high as is necessary to pay the labelling costs. The labelling of tobacco products is governed by the provisions of the Tobacco Control Act.

Article 10

Liquor stores

ÁTVR shall own and operate liquor stores. ÁTVR shall submit an application for a license to operate a liquor store to the relevant local government authority. ÁTVR guarantees that its stores are equipped with adequate security and surveillance equipment. The opening hours of ÁTVR's stores are prescribed in the Alcoholic Beverages Act.

Article 11

Product selection

[Non-discrimination shall be ensured in the selection of products and decisions regarding the sale and distribution of alcohol.

ÁTVR is authorised to reject an alcohol product if the product itself or its packaging or marketing:

- a. is targeted at children or youths under the age of 20 in terms of, among other things, its text, imagery or form,
- b. depicts children or youths under the age of 20,
- c. suggests that alcohol increases one's physical, mental, social or sexual powers,
- d. suggests that alcohol has medicinal properties,
- e. entails a lottery, special offer or bonus,
- f. encourages the immoderate consumption of alcohol,
- g. is linked to circumstances in which the consumption of alcohol creates the danger of an accident or punishable behaviour,
- h. encourages or provides an incentive for punishable behaviour,
- i. encourages or provides an incentive for the consumption of illegal habit forming and narcotic substances.

ÁTVR is authorised to reject an alcohol product if its packaging is similar to that of another product being sold or advertised in the public domestic market in a manner that makes it difficult for consumers to differentiate between the products.

ÁTVR is authorised to reject alcohol products that contain caffeine and other stimulants.

The Minister sets more detailed rules² regarding ÁTVR's selection of products, procurement and distribution. The rules shall be aimed at ensuring a selection of products that, among other things, takes into account consumer demands, while at the same time ensuring that alcohol producers and suppliers are given the opportunity to sell their products in alcohol stores.]³

Article 12

Service and information

ÁTVR shall offer customers high quality services based on professionalism and objectivity.

ÁTVR shall provide its customers with detailed information about the products on offer in accordance with the provisions of this Act, the Alcoholic Beverages Act and any other statutory provisions and rules in force at any time. The information shall educate consumers in a general way about alcohol and its origins, handling and use. ÁTVR shall also provide or procure the provision of information about the potential harmful effects of the product concerned and the risks associated with the consumption of alcohol and tobacco.

² Regulation No. 755/2011 cf. regulation No. 751/2012.

³ Act 69/2014, art. 1.

Article 13

Social responsibility

ÁTVR conducts its activities in a socially responsible way and strives to prevent the harmful consumption of alcohol.

In cases where there is reason to suspect that a customer has not reached the legal age to buy alcohol as prescribed by the Alcoholic Beverages Act, ÁTVR shall make the customer in question prove his/her age by presenting a picture ID or other sufficient proof.

ÁTVR may refuse to sell or deliver alcohol to a person who is obviously intoxicated.

CHAPTER IV

Other provisions

Article 14

Seizure of alcohol

Products covered by this Act which are imported or produced without authorisation shall be seized. Imported products shall be delivered to ÁTVR for disposition.

Article 15

Right to appeal

Decisions made on the basis of this Act in respect of a person's rights may be appealed to the Minister.

Article 16

Authorisation for issuing regulations

The Minister may issue regulations containing further provisions on the application of this Act.⁴

Article 17

Entry into force

This Act is effective immediately.

On the entry into force of this Act, Act No. 63/1969 on Trade in Alcohol and Tobacco, as amended, shall be repealed.

[This translation is published for information only.
The original Icelandic text is published in the Law Gazette.
In case of a possible discrepancy, the original Icelandic text applies.]

⁴ Regulation No. 756/2011.