

Regulation

No. 630/2008, on preferential customs treatment of various types

CHAPTER I

Duty free luggage

Scope of the Chapter

Article 1

This Chapter shall apply to duty free luggage of travellers and others arriving in the country from abroad.

Luggage shall mean travel equipment and other goods brought by travellers, as well as goods within a specified limit acquired from abroad, onboard a vessel or in a duty free shop in Iceland.

This Chapter does not apply to motor vehicles subject to registration.

Travellers

Article 2

Travel equipment and other goods

Travellers, domiciled in Iceland, may import the following goods duty free:

1. Travel equipment and other luggage which they took with them abroad.
2. Goods acquired abroad, on board a vessel or in a duty free shop in Iceland, of value not exceeding: ISK 65,000, based on the retail value at the purchase location. The value of an individual article may not, however, exceed ISK 32,500. Children under 12 years of age enjoy half of the entitlement provided for in this Point.

Travellers domiciled abroad may import duty free travel equipment and other luggage deemed reasonable given the purpose of their journey and the estimated length of stay of the party in Iceland, provided it will be exported again upon the owner's departure.

The quantity of duty free foodstuffs in travellers' luggage is limited by the first paragraph of Article 3.

Article 4 shall apply concerning travellers' imports of duty free alcohol and tobacco.

Article 3

Foodstuffs

The quantity of foodstuffs, including sweets, which travellers may import duty free shall be limited to ISK 18,500 maximum value, based on the retail value at the purchase location, and a maximum of 3kg in weight.

Foodstuffs shall be included in the goods referred to in Point 2 of the first paragraph of Article 2.

Article 4

Alcohol and tobacco

In addition to the goods provided for in Article 2, travellers may import duty free alcohol and tobacco as follows:

A. Alcohol

1. 1 litre of strong spirit and 1 litre of wine or
2. 3 litres of wine or
3. [1 litre of strong spirit or 1.5 litres of wine and 6 litres of beer or ale.]

B. Tobacco

1. 200 cigarettes or
2. 250g of other tobacco.

Strong spirit shall mean beverages with an alcohol content higher than 21% by volume and wine shall mean alcoholic beverages other than beer or ale in which the alcohol content is less.

¹⁾ Cf. Art. 1 of Reg. No. 634/2008.

Duty free luggage of crew members of ships and aircraft arriving from abroad

Article 5

Travel equipment and other luggage

Crew members, domiciled in Iceland, may import the following goods duty free:

1. Travel equipment and other luggage which they took with them abroad.
2. Goods purchased abroad, on board a vessel or in a duty free shop in Iceland, of value not exceeding ISK 24,000, based on retail value at the purchase location, if they have been abroad less than 15 days, and ISK 48,000, based on the same premise, if they have been abroad longer. The value of an individual article may not, however, exceed ISK 24,000.

Crew members of ships and aircraft domiciled abroad may import duty free travel equipment and other luggage deemed reasonable given the purpose of their journey and the estimated length of stay of the party in Iceland, provided it will be exported again upon the owner's departure.

The quantity of duty free foodstuffs in crew members' luggage is limited by the first paragraph of Article 3.

Article 6 shall apply concerning crew members' imports of duty free alcohol and tobacco.

Article 6

Alcohol and tobacco

In addition to the goods provided for in Article 5, crew members may import duty free alcohol and tobacco as follows:

1. Crew members aboard Icelandic ships or ships leased by Icelandic parties which are abroad for 15 days or longer:
 - a. 1.5 litres of strong spirit and 3 litres of wine or
 - b. 1.5 litres of strong spirit or wine and 24 litres of beer or ale.
 - c. 400 cigarettes or 500g of other tobacco.
2. Crew members aboard Icelandic ships or ships leased by Icelandic parties which are abroad for less than 15 days:
 - a. 0.75 litres of strong spirit and 1.5 litre of wine or
 - b. 0.75 litres of strong spirit or wine and 12 litres of beer or ale.
 - c. 200 cigarettes or 250 g of other tobacco.
3. Aircraft crews, including reserve aircraft crew members, who are abroad for 15 days or longer:
 - a. 1 litre of strong spirit and 0.75 litres of wine or
 - b. [1 litre of strong spirit or 0.75 litres of wine and 6 litres of beer or ale.]
 - c. 200 cigarettes or 250 g of other tobacco.
4. Aircraft crews, including reserve aircraft crew members, who are abroad for less than 15 days:
 - a. 0.375 litres of strong spirit and 0.75 litres of wine or
 - b. [0.375 litres of strong spirit or 0.75 litres of wine and 3 litres of beer or ale.]
 - c. 100 cigarettes or 125 g of other tobacco.

The limits of alcohol concentration in strong spirit and wine as referred to in the first paragraph shall be as provided for in the second paragraph of Article 4.

A vessel's master, first mate, chief engineer and steward, together with cooks on passenger or transport vessels, may in addition bring duty free products for hospitality on board equivalent to their duty free portion as provided for in the first paragraph.

Miscellaneous provisions

Article 7

General conditions for duty free goods as provided for in Articles 1-6

The duty free provisions of Articles 1-6 are subject to the condition that the importer have the goods in his/her custody upon arrival in Iceland and can produce them for customs inspection and that the goods are imported for the personal use of the party in question and his/her family or as small gifts.

The minimum age for import of alcohol is 20 years and 18 years for tobacco.

Entitlement to preferential customs treatment pursuant to this Chapter is limited to once every 72 hours.

Article 8

The entitlement of persons as provided for in this Chapter may not be transferred.

If the value of goods exceeds the preferential customs treatment as provided for in the first paragraph of Article 2 and the first paragraph of Article 5, the person concerned may decide for which items import charges shall be paid. If the value of individual items exceeds the amounts specified above, the person concerned may enjoy the exemption and pay import charges on the value in excess of the amounts specified.

Two or more parties may not combine their allowances for preferential customs treatment to import an item duty free which is more valuable than the amount specified in the said provisions of the second paragraph.

If individuals travelling in a group import joint food supplies for use on their trip to the country, this shall not preclude their entitlement to preferential customs treatment, provided the quantity of foodstuffs belonging to each of them is within the limits referred to in the first paragraph of Article 3.

Article 9

Duty free import of luggage for employment or study

Persons intending to dwell temporarily in Iceland for reasons of employment or study may import luggage duty free as provided for in rules which apply to travellers domiciled abroad, as appropriate.

Article 10

Sealed tobacco allowances on board ships on international voyages

If a vessel sailing internationally is docked in Iceland for a continuous period of seven days, the Director of Customs shall, at the request of the vessel operator, provide crew members without import charges 200 cigarettes or 250g of other tobacco from sealed supplies for each seven-day period, provided the cost of such delivery is paid for.

Article 11

Duty free import of luggage which has become separated from its owner

The Director of Customs may authorise duty free import of luggage which has become separated from its owner, provided this concerns goods which would have been duty free as provided for in this Chapter if the owner had had them in his/her possession upon arrival in Iceland.

Article 12

Information disclosure concerning luggage

Persons arriving in Iceland from abroad must of their own volition inform the Director of Customs of goods subject to customs duty which they have brought with them as well as goods which are subject to special import restrictions or import prohibition.

Where red and green gates are used for customs clearance of arriving passengers, those persons with goods subject to customs duty or goods subject to special import restrictions or import prohibition shall use the red gate and present the goods for customs inspection. Those persons without such goods may use the green gate. Passengers selecting the green gate are thereby assumed to indicate that they have no goods which they must account for.

Crew members arriving in the country must account for goods as referred to in the first paragraph on a special form, whether this is to be imported into the country or used aboard the vessel, and furthermore present goods subject to special import restrictions or import prohibition.

Article 13

Information disclosure concerning funds in cash

Persons arriving in Iceland and departing from the country who have in their possession more than the equivalent of EUR 15,000 in Icelandic or foreign currency must of their own volition inform the Director of Customs of this cash on a special form or present it. The same shall apply to travellers' cheques or other bearer negotiable instruments.

CHAPTER II

Duty free household effects

Article 14

Scope of the Chapter

This Chapter applies to preferential customs treatment of household effects of persons taking up residence in Iceland.

Article 15

The concept of personal effects

Personal effects in this context shall include any type of moveable indoor possessions and household furnishings, furniture and household appliances, radios and televisions, audio equipment, computers,

artworks, ornaments, books, musical instruments and other household articles. The same shall apply to bicycles, sporting equipment and gear for outdoor pursuits, fishing or other leisure activities, collections of various sorts, including stamp and coin collections, and articles for personal use such as clothing.

The following goods are not covered by exemption pursuant to this Chapter:

1. Objects and equipment for commercial use.
2. Motor vehicles subject to registration, motorised vehicles and other vehicles for sailing or flight.
3. Objects which are generally fixed to the walls or floor of people's residences, e.g. fixtures or wood flooring.
4. Food and beverages, including alcohol, and tobacco.

Article 16

General conditions for exemption of household effects from duty

The exemption of household effects from duty is subject to the following general conditions:

1. The importer must have had permanent continuous residence abroad for at least one year immediately prior to moving to Iceland.
2. The importer and others entitled to preferential customs treatment, who settle in Iceland, will have their legal domicile in Iceland in accordance with the law on legal domicile.
3. The household effects are used, have been owned by the importer and his/her family for at least one year and are intended exclusively for household use by the party concerned in Iceland. The exemption does, however, cover unused household articles and articles which the party concerned has owned for a shorter period and intends to use in Iceland, provided their value does not exceed ISK 140,000, based on the retail value at the purchase location. This amount applies to each member of the family 18 years of age and older and half of this amount for those who are younger.
4. The party concerned brings the household effects when moving to the country or has them transported to the country no later than within six months of taking up residence in Iceland or becoming legally domiciled in the country. The Director of Customs may grant exemptions from this provision in exceptional circumstances, for instance, if a person's stay in the country was originally intended for a shorter period but was extended to permanent residence.

The Director of Customs may require an importer to present documentary evidence that he/she fulfils the conditions of the first paragraph, for instance, by providing a residence permit or employment contract.

CHAPTER III

Temporary preferential customs treatment for vehicles

Scope of the Chapter

Article 17

This Chapter shall apply to preferential customs treatment when motor vehicles registered abroad are imported for temporary use and when unregistered motor vehicles are purchased in Iceland for use for a limited period.

Exemption from payment of import charges

Article 18

Parties coming to Iceland for a limited period

Persons intending to dwell in Iceland for one year or less due to employment or travel may import a motor vehicle registered abroad without payment of import charges, provided the following conditions are satisfied:

1. The importer's permanent residence is or has been in another country.
2. The vehicle is intended for the personal use of the importer and his/her family and others travelling with the importer who are resident abroad. A vehicle covered by this Article may not be used for commercial passenger or goods transport.
3. The vehicle is imported to Iceland within one month of the arrival of the person concerned for temporary residence.
4. The vehicle will be exported from Iceland at the end of the stay in Iceland by the person concerned, and no later than one year from the importer's arrival in Iceland. It shall make no difference in this connection if the person concerned leaves the country for shorter periods, e.g. on leave from employment or study, provided such absence does not exceed six weeks during a 12-month period.

Travellers may furthermore import, subject to the same conditions as are listed in the first paragraph, other vehicles, such as motorcycles, hardtop campers, caravans and camper trailers.

The Director of Customs may require the importer of a vehicle as provided for in this Article to present documentary evidence that he/she intends to dwell temporarily in Iceland for not longer than one year, e.g. by presenting a temporary employment contract or temporary lease of residential accommodation, as appropriate.

Article 19

Purchase of vehicle in Iceland for personal use for a limited period and re-export

Persons referred to in Article 18 may purchase a new, unregistered vehicle in Iceland which shall, subject to the same conditions *mutatis mutandis*, be exempt from import charges.

Article 20

Travel service operators

Travel agencies and other parties who organise group travel in Iceland on a commercial basis may import a multipassenger vehicle, registered abroad, without payment of import charges, for use for travel, by a specific group of travellers resident abroad, in Iceland, provided the vehicle will be re-exported upon the departure of the group of travellers concerned.

Article 21

Temporary import of trailer for international goods transport

Parties transporting goods between Iceland and other countries may import for a limited period without payment of import charges, a trailer registered abroad for use in such transport.

Article 22

Fuel and spare parts

If an importer fulfils the conditions of Articles 18 and 20 for temporary duty free import of a vehicle, the importer may bring to the country without payment of import charges:

- a. fuel which can be contained in the built-in fuel tanks of the vehicle, to a maximum of 200 litres;
- b. spare parts for the vehicle should it break down or incur damage.

Miscellaneous provisions

Article 23

Import charges on rental or estimated rental

Partial payment of import charges as provided for in Point 6 of Article 7 of the Customs Act, is subject to the condition that the vehicle will be used in Iceland for a maximum of 12 months. If an importer decides to use the vehicle in Iceland for longer than one year he/she must immediately contact the Director of Customs. Settlement of import charges shall then take place. Import charges paid as provided for in Point 6 of Article 7 of the Customs Act, shall be deducted from import charges levied.

Article 24

Temporary stay extended or permanent residence established

Preferential customs treatment as provided for in this Chapter, which is restricted to the condition that the rightholder's stay in the country is temporary and will not last for more than one year, shall be cancelled if the party decides to dwell in Iceland for longer than one year or to take up permanent residence. When a decision to this effect has been taken, the party shall immediately present him-/herself to the Director of Customs at his/her location of residence and inform the Director of the decision. Settlement of import charges shall then take place, unless the vehicle is exported from Iceland.

Article 25

Registration, mandatory insurance etc.

Registration of vehicles as provided for in this Chapter is subject to Regulations on the registration, mandatory insurance and other conditions for use of foreign vehicles and on special registration of vehicles for use for a temporary period in Iceland issued by the Minister of Transport as provided for in the Traffic Act.

CHAPTER IV Other temporary imports

Article 26

Scope

This Chapter shall apply to preferential customs treatment when goods are imported temporarily which are covered by Article 7 of the Customs Act and are not covered by Chapter III of this Regulation.

Preferential customs treatment as provided for in this Chapter shall not cover food and beverages.

Article 27

Product areas

The following goods may be imported to the country temporarily and without payment of import charges, provided their quantity is normal and appropriate for the purpose of importation:

1. Goods for exhibitions, such as trade or industrial fairs, including exhibition booths and decorations.
2. Equipment and other facilities, printed matter, office supplies etc. for use at conferences, meetings or celebrations. This provision shall include:
 - a. computers and equipment;
 - b. equipment intended to ensure the security of participants;
 - c. printed material, table coverings and tableware e.g. with the company logo;
 - d. goods of an insignificant value intended as recognition for participants.
3. Equipment of athletes who come to Iceland to train or compete, such as vehicles and spare parts, team uniforms etc.
4. Musical instruments, props and other equipment of artists, who come to Iceland to take part in concerts or artistic exhibitions.
5. Equipment and other gear of scientists who come to Iceland for research.
6. Equipment of filmmakers and media workers, who come to Iceland to film or gather material.
7. Rescue equipment and gear of parties who come to Iceland for rescue work.
8. Machinery and equipment of contractors who come to Iceland to carry out a specific project. The product areas of this Point are the same as apply to contractors pursuant to Advertisement No. 25/1970, on Iceland's Membership of the Customs Agreement on Temporary Import of Industrial Machinery.
9. Machinery, equipment and other gear brought to Iceland for a limited period for testing.
10. Goods which are brought into the country for repair or other processing, including processing to prevent their depletion or other damage.
11. Goods covered by ATA carnets, cf. Advertisement No. 24/1970, on Iceland's membership of the Customs Agreement on Temporary Import of Goods for Promotions or use at exhibitions, fairs, meetings and on similar occasions, and Advertisement No. 25/1970, on Iceland's Membership of the Customs Agreement on Temporary Import of Industrial Machinery.

Article 28

Import charges on rental or estimated rental

Larger equipment, including vehicles for passenger and/or goods transport or special use, such as machinery and equipment for construction or earthworks, may be imported temporarily with payment of import charges on the rental of the equipment. If the rental price of the equipment is not available, import charges shall be calculated on the estimated rental, which shall be determined as 1/60 of the customs value as determined in accordance with Chapter V of the Customs Act, cf. Chapter VII of the Regulation on Custody and Customs Clearance of Goods, for each month which commences after the end of the first month from the date of its arrival in Iceland.

If an importer decides to use the machinery in Iceland for longer than one year he/she must immediately contact the Director of Customs. Settlement of import charges shall then take place. Import charges paid as provided for in Point 6 of Article 7 of the Customs Act, shall be deducted from charges levied.

Article 29

Guarantees

Importers shall provide guarantees to the Treasury for payment of import charges on goods imported temporarily as provided for in this Chapter, unless otherwise provided for in the second paragraph. A guarantee may be in the form of money, an unconditional guarantee from a commercial bank, savings bank or insurance company, or an ATA carnet, if applicable.

Parties benefiting from postponement of payment of import charges need not provide a guarantee as provided for in the first paragraph.

Article 30

Validity of an authorisation for temporary import

The Director of Customs may grant authorisation for temporary import for up to 12 months.

CHAPTER V

Preferential customs treatment for gifts, inheritance etc.

Scope

Article 31

This Chapter shall apply to preferential customs treatment for gifts and other special products imported without payment.

Exemptions pursuant to this Chapter shall not apply to motor vehicles subject to registration, motorised means of transport or alcohol and tobacco.

Gifts

Article 32

Occasional gifts

Gifts on special occasions, which parties resident abroad send to Iceland or bring with them from abroad for occasions connected with private life, such as Christmas, birthdays or confirmations, are exempt from import charges, provided their value does not exceed ISK 10,000, based on the retail value at the purchase location. If the value is more, import charges shall be calculated on the value exceeding this amount. Wedding gifts shall be exempt from import charges without regard for the value limits, provided they are conventional and appropriate, in the assessment of the Director of Customs, and imported no later than six months after a wedding.

Each gift shall be assessed separately, having regard to the above conditions, if a shipment includes gifts to two or more parties or gifts from two or more parties to the same party, and it appears evident that they have been packed together for transport for practical reasons.

Article 33

Gifts to humanitarian and philanthropic activities

Tools, equipment and other investment goods, donated for use in hospitals, care and treatment centres, nursing and retirement residences and handicapped homes, diagnostic centres, institutions for the elderly and similar institutions, accident prevention organisations and rescue teams, the Red Cross and parties pursuing similar activities, are exempt from import duties. The exemption is subject to the conditions that there are no financial connections between the donor and the recipient.

When goods covered by this Article clear customs, a written declaration from the donor must be available concerning the gift and its purpose, together with confirmation from the recipient that it will be used for the activities concerned.

Article 34

Gifts to public bodies

Gifts which the state, a municipality or other public institution receives from abroad as an act of friendship or on the basis of cultural exchange with foreign countries shall be exempt from import duties, provided the accompanying documentation attests that this is a gift and a spokesperson for the recipient confirms its receipt.

Article 35

Tools and equipment for scientific research

Tools and equipment for scientific research which scientific institutions purchase for grants or have access to free of charge from foreign parties to loan or acquire shall be exempt from import charges, provided the following conditions are fulfilled:

1. The tools and equipment will be used directly for research work by the institution concerned.
2. Formal confirmation of the grant, loan or gift is available, as applicable, and a statement from the scientific institution concerned on receipt of the product.
3. If a grant comprises part of the value of a product, import charges shall be assessed on the value which exceeds the grant amount.
4. In the case of a gift there may not be financial connections between the donor and the recipient.

Inheritance

Article 36

Used articles which parties resident in Iceland receive as an inheritance from abroad are exempt from import charges, provided the bequeather resided abroad. The Director of Customs may require the importer to produce a certificate from the executor.

Exemption as provided for in this Article does not cover inheritance paid in advance or goods which have been in commercial use.

Personal effects of persons who have died abroad

Article 37

Clothing and other travel necessities of residents of Iceland who have died abroad are exempt from import charges, provided these are used articles.

Medals and prizes

Article 38

Medals awarded by foreign countries are exempt from import charges, as are prizes which residents of Iceland have won abroad, such as for athletic feats. The exemption covers trophies and other awards of a value up to ISK 100,000.

The exemption referred to in the first paragraph does not apply to lottery or sweepstakes winnings, nor to goods involved in marketing or sales campaigns.

CHAPTER VI

Goods exempt from VAT upon import

Article 39

The following goods shall be exempt from VAT upon import:

1. Vessels and aircraft. This exemption does not apply to private aircraft, vessels of less than six metres in length or pleasure boats.
2. Art works classified under Customs Tariff Nos. 9701.1000-9703.0000 which the artist him-/herself imports or which are imported on his/her behalf.
3. Written material sent without charge to scientific institutions, libraries and other public institutions, without regard to its format, provided the import is not for commercial purposes.
4. Goods, with the exception of alcohol and tobacco, which parties registered as provided for in Art. 5 of Act No. 50/1988, on Value Added Tax, import, provided the FOB value of the shipment does not exceed ISK 1,500. The condition for exemption is that these are goods on which input tax could be declared, if VAT were levied, as provided for in Art. 16 of Act No. 50/1988.

CHAPTER VII

Preferential customs treatment due to diplomatic or consular relations

Article 40

The following goods shall be exempt from import charges upon import:

Goods which are imported for embassies of foreign states and their officials and households, their office and technical staff and their households, in accordance with Articles 36 and 37 of the Vienna Convention on Diplomatic Relations, cf. Accompanying Document I to Act No. 16/1971, on Iceland's Accession to the International Convention on Diplomatic Relations.

Goods which are imported for consulates of foreign states, consular officials and their households, consular staff and offices of honorary consuls of foreign states, in accordance with Articles 50 and 62 of the Vienna Convention on Consular Relations, cf. Accompanying Document I to Act No. 4/1978, on Iceland's Accession to the International Convention on Consular Relations.

Chapter VIII

Samples of commercial goods

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Article 41

The following goods shall be exempt from import charges upon import:

1. Samples of sales goods, with the exception of alcohol and tobacco, and advertising materials, of a value not exceeding ISK 5,000, providing the shipment is obviously goods samples. Such goods shall, however, be exempt from import charges even if the stated value is higher, if the goods have been made unusable as general sales goods. Samples of insignificant value and advertising materials for imported goods, which are to be distributed without charge at an exhibition, shall in addition be exempt from the above value limits.

2. Software data which is sent to Iceland without charge and is intended for the development or design of software, testing, correction or upgrading or which is only of use for presentation.

3. Letters, booklets and printed material of no value, which has no commercial value and is not intended for redistribution.

CHAPTER IX Rescue team equipment

Article 42

Rescue equipment and rescue gear, apart from vehicles, which rescue teams or their recognised associations import are exempt from import charges provided they are used exclusively for the activities of rescue teams. The Director of Customs may require that a recognised association of rescue teams declare that what is involved is rescue gear and equipment which will be used exclusively for rescue team activities.

Vehicles, specially equipped for rescue work, which rescue teams or their recognised associations import, are exempt from VAT provided the conditions for waiving of commodity tax as provided for in Art. 17 of Reg. No. 331/2000, on Commodity Tax on Motor Vehicles, are satisfied.

Equipment and gear which is exempted from import charges pursuant to this Article shall be identified especially with the name of the association or rescue team in question.

CHAPTER X Exemptions from payment of duties and commodity taxes on inputs for various types of commercial activities

Scope of the Chapter

Article 43

This Chapter applies to exemptions from customs duties and commodity taxes, as applicable, on inputs for commercial activities in the following areas:

1. Production of manufactured goods. The exemption does not apply to shipbuilding and ship repairs.
2. Horticultural production.
3. Filmmaking and audio production.

Exemptions from commodity taxes on raw materials, materials and parts of manufactured products are as provided for in Articles 5 and 10 of Act No. 97/1987, on Commodity Tax, as subsequently amended.

General conditions

Article 44

The general conditions for exemptions from charges pursuant to this Chapter are:

1. that inputs are covered by the product area of the commercial activities concerned as described in this Chapter;
2. that the inputs are intended for parties who:
 - a. carry out commercial operations which grant the right to exemption as provided for in this Chapter,
 - b. have the specified license and operating permits, e.g. industrial permit or airline operating license, and
 - c. have sent notification of their commercial operations for registration by the regional tax director, if required, as provided for in Art. 5 of Act No. 50/1988, on Value Added Tax, as subsequently amended;
3. that the inputs will be used exclusively in the commercial operations concerned.

Production of manufactured goods

Article 45

Customs duty shall be waived or reimbursed on the following inputs for production of domestic manufactured goods:

1. raw materials, materials and parts of manufactured products, but not goods subject to quantitative duty, in accordance with the Customs Tariff in Annex I to the Customs Act;
2. packaging for manufactured products;
3. machinery, machine parts and spare parts for processing of manufactured products.

Commodity tax shall furthermore be waived or reimbursed on products covered by Point 3 of the first paragraph.

Manufacturing in this connection shall include production of goods covered by the Manufacturing Act, No. 42/1978, as subsequently amended, with the exception of insignificant processing of inputs, such as packaging, re-packaging, bottling, mixing, grading, simple assembly of products, application of labels or other identifications on products.

In cases of doubt as to whether activities are considered production of manufactured goods, the Director of Customs shall seek the opinion of the Ministry of Industry.

Filmmaking and audio production

Article 46

Customs duty and commodity tax shall be waived or reimbursed on equipment and media for filmmaking and sound recording.

Inputs which the exemption from charges as provided for in the first paragraph covers include the following:

1. speakers and amplifiers (from goods class no. 8518);
2. sound production and sound recording equipment etc. (from goods class no. 8519);
3. visual production and visual recording equipment etc. without receiving equipment (from goods class no. 8521);
4. blank media for sound recording and motion picture film (from goods classes nos. 8523 and 3702);
5. monitors without receiving equipment (from goods class no. 8528);
6. film cameras (from goods class no. 9007);
7. lamps and lighting equipment and bulbs for this equipment (from goods classes nos. 8539 and 9405);
8. antennae and descrambling devices (from goods classes nos. 8528 and 8529).

Horticultural production

Article 47

Customs duty and commodity tax shall be waived or reimbursed on raw materials, materials and parts for horticultural production. Inputs which the exemption from charges as provided for in the first paragraph covers include the following:

1. Grafts, unrooted slips, seedlings and other small plants intended for further cultivation in Iceland (from Chapter VI of the Customs Tariff).
2. Seed potatoes imported during the period 1 March to 30 April (from Customs Tariff No. 0701.1000).
3. High-pressure bulbs for greenhouse illumination (from Customs Tariff No. 8539.3900).
4. High-pressure lamps for greenhouse illumination (from Customs Tariff No. 9405.1009).
5. Prefabricated greenhouses (from Customs Tariff No. 9406.0009).

The Director of Customs may require the rightholder to obtain the confirmation of the Agricultural Authority of Iceland that goods covered by the exemption are intended or have been used for horticultural production.

Aviation operations

Article 48

Customs duty and commodity tax shall be waived or reimbursed on inputs intended for use aboard aircraft, including helicopters, for maintenance or other operations on aircraft. Goods which the exemption from charges as provided for in the first paragraph covers include the following:

1. spare parts, tires, electrical goods for use aboard aircraft, any type of accessory and equipment used aboard aircraft, including rescue equipment;
2. tools and other equipment used for maintenance and repairs of aircraft;
3. lubricants, wax and cleaning substances, filler and paint for aircraft;
4. stationary used in connection with flights, such as aircraft log books and labels.

Miscellaneous provisions

Article 49

Registered rightholders

A party entitled to an exemption from customs duty and/or commodity tax as provided for in this Chapter must send the Director of Customs in the district where it is domiciled a special notification for registration, including information on the activities involved and the inputs which it intends to acquire.

The Director of Customs shall issue a confirmation to the party subject to registration if the latter fulfils the conditions for exemption as provided for in the Chapter. The confirmation from the Director of Customs provides authorisation to import inputs to Iceland without paying charges or to have the charges reimbursed later in accordance with the substance of the confirmation.

Article 50

Suppliers of registered rightholders

A party who sells a registered rightholder as provided for in Article 49, inputs which are exempt from duty and/or commodity tax as provided for in a confirmed notification of the Director of Customs, shall be entitled to the waiver or reimbursement of import charges upon confirmation by the registered rightholder as referred to in Article 49 of the purchase.

Article 51

Accounting

Rightholders as referred to in Article 49 and parties supplying them with inputs must keep their accounts in such manner that it is possible to verify that the sale or use of a product, on which levies have been waived or reimbursed, is in accord with the rightholders' authorisations.

CHAPTER XI

Exemptions for return of products to or from Iceland

Article 52

Scope of the Chapter

This Chapter shall apply to exemptions from import charges due to products which are returned, either to or from Iceland.

Article 53

Sending of goods abroad, to a duty free outlet, duty free storage or free zone

The Director of Customs shall waive or reimburse import charges on imported unused products which are sold overseas, to a duty free outlet, duty free storage or free zone, within one year of the arrival of the transport vessel in Iceland. The same shall apply to goods which have not cleared customs and are returned from Iceland unused.

A request for exemption as provided for in the first paragraph shall be provided to the Director of Customs within six months of the departure of the transport vessel or, as the case may be, sale of the goods to a duty free outlet, duty free storage or free zone. The request must be supported by the necessary confirmation documents, such as confirmation by the Director of Customs of a sales invoice, confirmation that customs inspection had taken place, a receipt for payment of import charges on the goods and appropriate documentation to confirm export of the goods.

Article 54

Return of goods, including packaging, to Iceland

Goods, including packaging, which are returned to Iceland from abroad, shall be exempt from import charges, provided the following conditions are satisfied:

1. import charges were not reimbursed upon their export;
2. the goods are returned to Iceland within one year of their export, unless the Director of Customs authorises a longer time limit.

A request for exemption as provided for in the first paragraph must be provided to the Director of Customs within six months of the arrival of the transport vessel in Iceland.

CHAPTER XII

Exemptions due to defects, destruction, depletion, damage or missing products

Article 55

Defect

The Director of Customs shall reduce, waive or reimburse import charges on products which prove to be defective, provided the following conditions are satisfied:

1. The goods are unused. Exemptions may be granted, however, in instances where a defect is only discovered with use, provided it is of such nature that it could not have been discovered previously.
2. The foreign seller approves the return of the product or its disposal under customs supervision.

Article 56

Destruction

The Director of Customs shall reduce, waive or reimburse import charges on goods which have been destroyed, depleted or damaged en route to Iceland, in unloading, in the custody of customs authorities, while in the storage for goods which have not cleared customs or in transport between customs ports in Iceland, prior to customs clearance, provided that the following conditions are satisfied:

1. The product is presented to customs enforcement without delay after the destruction, depletion or damage was discovered.
2. The product is disposed of under supervision of customs authorities in instances where exemption from payment of import charges is requested due to the complete destruction of the product.

Article 57

Shortage

The Director of Customs shall reduce, waive or reimburse import charges on a goods consignment or part of it if it is discovered upon unloading a transport vessel that it is lacking in whole or in part, provided the transporter delivers to the Director of Customs a list of what is lacking within 16 days of the arrival of the transport vessel in Iceland or without delay once the seal of the consignment is broken if the consignment was sent to Iceland after sealing by foreign customs authorities, the transporter or the foreign seller, e.g. in a sealed container. The Director of Customs may require the transporter and importer to confirm in writing that the shortage had only been discovered when the seal was broken and produce the seal.

The Director of Customs shall also reduce, waive or reimburse import charges due to shortage in a consignment, in whole or in part, which is discovered in a storage area for goods which have not cleared customs, provided the authorised custodian of goods which have not cleared customs or a permit holder as listed in the third paragraph of Article 69 of the Customs Act, can provide satisfactory proof that the shortage existed before the consignment was transported into the state's customs zone, such as by a written confirmation from the seller of the product or an insurance company that it had occurred abroad, and provided it is accompanied by a credit note or confirmation from a commercial bank or savings bank of the reduction or cancellation of the foreign claim.

Article 58

Request for exemption

A request for exemption as provided for in this Chapter must be delivered to the Director of Customs no later than within six months of the arrival of the transport vessel in Iceland. If goods have been placed in other storage for goods which have not cleared customs than the clearance warehouse, however, the time limit shall be as long as the authorised storage time of goods there, unless otherwise provided for in this Chapter.

CHAPTER XIII

Implementation of exemptions

Article 59

Implementation of exemptions

The Director of Customs in the district where goods are to clear customs shall see to the implementation of exemptions as provided for in this Regulation.

Information concerning entitlement to exemption from payment of import charges as provided for in this Regulation shall be provided in such format as the Director of Customs in Reykjavík decides.

Article 60

Importer's declaration

A party declaring that it is entitled to exemption from payment of import charges as provided for in this Regulation is at the same time declaring that it fulfils all conditions for exemption and will abide by the conditions concerning delivery after customs clearance of the product.

Article 61

Proof that conditions for preferential customs treatment are fulfilled

A party benefiting from preferential customs treatment as provided for in this Regulation must at all times be able to demonstrate that the conditions for preferential treatment are satisfied, both upon clearing customs and subsequently, for instance, with a certificate of re-export of goods if appropriate.

Article 62

Import prohibition and import restrictions

The provisions of this Regulation grant neither exemption from an import prohibition nor from import restrictions on various products as provided for by law, regulations or other administrative provisions.

Article 63

Settlement of VAT

When import charges are reimbursed as provided for in this Regulation, the VAT which parties liable to taxation according to the provisions of Act No. 50/1988, on Value Added Tax, have paid upon import of the goods concerned by the request, shall not be reimbursed. In settlement of VAT, the input tax on imported goods shall be deducted from output tax as provided for in acts and regulations and other instructions adopted on their basis.

Other parties than those referred to in the first paragraph shall be reimbursed the VAT which they have paid upon import of the goods in question.

CHAPTER XIV

Entry into force and legal basis

Article 64

This Regulation is issued on the basis of an authorisation in the second paragraph of Article 4, the second paragraph of Article 6, the second paragraph of Article 7, the fourth paragraph of Article 27, the second paragraph of Article 85, the second paragraph of Article 86 and Article 193 of the Customs Act, No. 88/2005, as subsequently amended, Article 13 of Act No. 97/1987, on Commodity Tax, as subsequently amended, the first paragraph of Art. 49 of Act No. 50/1988, on Value Added Tax, as subsequently amended, the third paragraph of Art. 6 of Act No. 96/1995, on Levies on Alcohol and Tobacco, as subsequently amended and Article 28 of Act No. 29/1993, on Commodity Tax on Motor Vehicles, Fuel etc., as subsequently amended, to enter into force as of 1 July 2008.

As of that same date Regulation No. 160/1990, on Temporary Duty Free Import of Automobiles and Motorcycles, as subsequently amended, Regulation No. 526/2000, on Customs Clearance of Goods Brought to Iceland by Travellers and Merchant Seamen, as subsequently amended, Regulation No. 719/2000, on Waiver of Import Charges on Inputs for Various Commercial Operations, as subsequently amended, Regulation No. 760/2000, on the Reduction, Waiver or Reimbursement of Import Duties on Goods due to Return, Defects, Damage, Shortage or Return Abroad, Regulation No. 797/2000, on Exemption from Import Duties in Various Instances, and Regulation No. 798/2000, on Temporary Import.