Law
No. 87/2004, on oil tax and mileage fee

CHAPTER I
Commodity tax on oil, taxability and amount of tax

Article 1

(1) A commodity tax shall be paid to the State Treasury on gasoil and diesel oil classified in tariff heading 2710.1930 which is usable as fuel for vehicles. For the purposes of this Law the commodity tax on oil is called oil tax.

(2) Taxability according to paragraph 1 includes also oil in other tariff headings that has been mixed with taxable oil, provided that the mixtures are usable as fuel for vehicles.

(3) The oil tax amount shall be ISK [51.12][1) 2) 3)] per litre of oil.[*1)]

*[1)]Cf. Article 1 of law No. 162/2007. [2)]Cf. Article 1 of law No. 137/2008. [3)]Cf. Article 1 of law No. 60/2009. [*1)]See preliminary provision with law No. 136/2005 and 81/2006.*

Article 2

The Directorate of Customs shall levy and collect oil tax on taxable oil imported by parties, other than those registered according to Article 3. The Directorate of Internal Revenue levies oil tax on those subject to registration according to Article 3 for their sales and for own use of taxable oil. The Directorate of Internal Revenue may entrust regional tax directors with the implementation of individual projects assigned to it by the Law.

Taxable parties

Article 3

(1) Taxable parties according to this Law are:

1. those producing or processing taxable oil according to Article 1,
2. those importing, for resale or own use, taxable oil according to Article 1,
3. those buying oil domestically for resale.

(2) The Directorate of Internal Revenue keeps a registry of taxable parties according to paragraph 1. Taxable parties according to paragraph 1, other than those who only import oil for their own use, shall spontaneously send a notice of their operations, to

the Directorate of Internal Revenue. Those starting up a taxable operation shall send a notice to the Directorate of Internal Revenue before the operation begins.

(3) The notice according to paragraph 2 shall state the name, address and Id. no. of the operating party, the firm name and type of production or import. Furthermore, those importing oil for resale shall provide an account of storage facilities, including sales points, their location and size. Changes in a taxable operation, including the storage facilities, must be notified of without delay.

(4) The Directorate of Internal Revenue investigates notices and can reject registration if the conditions of this Article or other provisions of this Law are not met.

(5) If the Directorate of Internal Revenue rejects a registration, as per paragraph 4, the party in question must pay oil tax upon customs clearance in case of an import or upon delivery in case of domestic production or processing.

Exemptions and refunds
Article 4

(1) [Taxable parties as per Article 3 may sell or deliver oil according to Article 1 without collecting oil tax in the following instances][3)]:

1. [for the use in coastguard vessels, merchant vessels and other ships used for commercial purposes and registered 6 metres or longer][3)],
2. [for use on ships and boats other than those indicated in point 1][3)],
3. for domestic heating and heating of public swimming pools,
4. for use in industry and for industrial machinery,
5. for tractors [---][1)],
6. for generating electricity,
7. [for use in vehicles intended for special use and with durable fixed equipment for that use and burning mainly diesel oil while stationary, e.g. crane lorries, trucks with a crane exceeding 25 tonmetres, concrete mixer vehicles, street cleaning vehicles, sewer vehicles, well logging vehicles and spraying vehicles][1)],
8. [for use in vehicles on belts and mining vehicles that are only used off roads or in closed work areas][1)],
9. [for use in vehicles owned by search and rescue services. A search and rescue service refers to a voluntary association that has as its principal objective to save human lives and valuables.][2)]

(2) [A condition for sale or delivery of oil without collecting oil tax according to paragraph 1, points 2–9, is that chemicals for colouring and tracing have been added to the oil, according to Article 5.][3)]. Coloured oil may not be used as fuel in cases

other than described in paragraph 1. Colouring and/or tracer chemicals may not be removed in part or in full.

(3) [Coloured oil may not be used for vehicles that are subject to registration, cf. Article 63 of the Traffic Law No. 50/1987, other than tractors according to [point 5][4] paragraph 1 and vehicles according to [points 7, 8 and 9][4] paragraph 1][1].

(4) [Owners of vehicles according to [point 7][4] paragraph 1 may register them with the Road Traffic Directorate as vehicles for special use and thereby obtain a right to tax-free coloured oil but must pay a special mileage fee according to paragraph 6. Vehicles according to [points 8 and 9][4] paragraph 1 and vehicles registered for special use shall be marked specially in the registry of vehicles.][1) b)]

(5) [The Minister of Finance may, in a regulation, set conditions for an exemption, including which vehicles fall under [points 7, 8 and 9][4] paragraph 1 and on the arrangement of vehicle registration according to [points 7 and 8][4]][1) a)].

[1)]Cf. Article 1 of law No. 136/2005. [2)]Cf. Article 1 of law No. 81/2006. [3)]Cf. Article 1 of law No. 169/2006. [4)]Cf. Article 2 of law No. 162/2007. [a)]Regulation No. 283/2005. [b)]Regulation No. 274/2006.

Article 5

(1) Taxable parties according to Article 3 requesting an authorisation to add colouring and/or tracer chemicals to diesel oil due to sale or delivery without tax, cf. Article 4. gr., shall send an application to the Directorate of Internal Revenue. Only those having obtained an authorisation from the Directorate of Internal Revenue may add colouring and/or tracer chemicals to gasoil and diesel oil according to this Act. [The Minister of Finance may stipulate in a regulation how the sale or delivery of tax-free oil shall take place.][1)]

(2) Oil may only be coloured in equipment approved by ISAC Accreditation.

(3) The Directorate of Internal Revenue can revoke or limit an authorisation to colour oil in case the equipment does not meet the conditions set, coloured oil is sold for use other than indicated in Article 4, paragraph 1, or if acceptable monitoring cannot be applied.

(4) The Minister of Finance shall stipulate in a regulation on the type and composition of colouring and/or tracer chemicals, on colouring equipment and implementation of colouring in other respects.[a)]

[1)]Cf. Article 2 of law No. 136/2005. [a)]Regulation No. 283/2005.

Article 6

(1) Those having an exclusive licence for passenger transport according to Article 7, paragraph 1 of law No. 73/2001 on transport of passengers, goods and materials on land, shall be refunded [85%][2)] of the oil tax on oil used for public regular service buses. Rules of refunding according to this paragraph shall be set by the Minister of Finance in consultation with the Minister of Communication and Transport.[a)]

(2) Oil tax of oil used by foreign embassies or diplomats bought for their vehicles shall be refunded.

(3) Requests for refunding [according to paragraph 1][1)] shall be processed by the Directorate of Internal Revenue, whereby a notice is sent to the requesting party and the collector for the State Treasury is informed for refunding to that party. [Requests for refunding according to paragraph 2 shall be processed by the Ministry of Foreign Affairs.][1)]

[1)]Cf. Article 3 of law No. 136/2005. [2)]Cf. Article 2 of law No. 60/2009.[a)]Regulation No. 395/2005.

Accounting

Article 7

(1) Taxable parties in production or processing according to Article 3, point 1 of paragraph 1, shall separate in their accounts purchases of oil used for production or processing of taxable oil, oil for other production and oil delivered to others. Furthermore, these parties shall keep account of oil obtained, taxable as well as tax-free, as well as their use and delivery of such oil. In addition to this they shall keep account of colouring and/or tracer chemicals obtained and their use.

(2) Other taxable parties that have been registered according to Article 3 shall keep account of oil obtained, taxable and tax-free, as well as use, sale or delivery thereof. In addition to this they shall keep account of colouring and/or tracer chemicals obtained and their use.

(3) In selling or delivering of oil a sales invoice shall be issued stating the following information:

1. date of issue,
2. place of issue,
3. place of delivery if other than place of issue,
4. name and Id. no. of seller (sale from supply),
5. name and Id. no. of buyer (recipient),
6. quantity, unit price and total price of taxable oil.

(4) In addition to the information indicated in paragraph 3, the sales invoice shall indicate whether oil tax is levied and the amount of the oil tax. Safekeeping of sales invoices is subject to provisions of the Accounting Law[*1)]. In delivering coloured oil for use according to Article 4, paragraph 1, the sales invoice shall indicate that it is tax-free oil.

(5) Cash payments at retailers and similar parties does not call for the issue of a sales invoice cf. Article 21, paragraph 1 of the Value Added Tax Law No. 50/1988.

*[*1)]See law No. 145/1994.*

Article 8

(1) Those having a right to refunding of oil tax according to Article 6, paragraph 1 shall keep a record in their accounts of vehicle use. Furthermore, they shall in their accounting keep accounts and lists of oil purchases and oil use and anything relevant for justifying the validity of the refunding.[a)]

(2) Should a party neglect to record mileage or keep an adequate account according to paragraph 1, the right to refunding lapses for the period in which accounting or registration was insufficient.

[a)] *See regulation No. 395/2005.*

Settlement and collection

Article 9

(1) Taxable parties that have been registered according to Article 3 shall pay oil tax on taxable oil for each period of settlement based on sale or delivery and own use. Those importing taxable oil for their own use shall pay oil tax upon customs clearance.

(2) When settling the oil tax it is permitted to deduct the amount of outstanding claims of oil tax previously paid to the State Treasury, that are verifiably lost.

Article 10

The following is not a taxable sale or delivery:

1. oil delivered to another taxable party,
2. exported oil,
3. oil that has verifiably been lost due to leakage, fire or depletion for other comparable reasons.

Article 11

(1) The period of settlement for oil tax is one month. The due date for each period of settlement is the fifteenth day of the second month after the end of that period. In case the due date falls on a general public holiday it is transferred to the next weekday. No later than the due date, taxable parties registered according to Article 3, shall spontaneously hand in a report to the collector of the State Treasury, an oil tax report of the quantity of taxable and tax-free oil in the settlement period and pay the oil tax. The Minister of Finance stipulates in a regulation on places of payment, methods of payment and report content, including how reports and payments can be made electronically.[a)]

(2) The Directorate of Internal Revenue shall determine the oil tax of each taxable party for each period of settlement. The Directorate shall review oil tax reports and correct them if they or individual items therein go against this Law or instructions that are set according to the law. The Directorate of Internal Revenue shall assess a fee on the transactions of those who do not send in reports within the due date, submit no report, or if a report or accompanying documents are defective. The Directorate of Internal Revenue shall notify the collector and the party liable for the tax about

assessments and corrections made. The Directorate of Internal Revenue may, however, correct obvious calculation errors without specific notification to the liable party.

(3) If an oil tax report is not delivered within the stated date or oil tax not paid the Directorate of Internal Revenue may, furthermore, recall registration according to Article 3 until remedies have been made.

[a)] *Regulation No. 597/2005.*

Article 12

(1) In case an oil tax report proves deficient before or after a decision according to Article 11, or if the Directorate of Internal Revenue decides further explanations are needed on some point, the Directorate shall challenge the taxable party in writing to remedy this within a specified time and provide written explanations and any documents the Directorate may deem necessary. If the Directorate of Internal Revenue receives adequate explanations and documents within the due date the Directorate assesses or reassesses the oil tax according to an oil tax report and having received explanations and documents. If oil tax report deficiencies are not remedied, the party's reply is not received within the due date, the party's explanations are inadequate or the requested documents are not sent, the Directorate of Internal Revenue may assess that party's oil tax.

(2) In assessing or reassessing according to paragraph 1, the Directorate of Internal Revenue shall inform the party in writing of any intended changes and for what reason they are made, in order to allow that party to present a written account on the subject and submit additional documents. In reassessing, the Directorate of Internal Revenue shall, nevertheless, give the party concerned at least 15 days from the posting of the notification of changes intended.

(3) The Directorate of Internal Revenue shall, generally within two months from the end of the time limit given the party to provide a response on the intended changes, issue a ruling supported by arguments on the reassessment and notify thereof by registered mail.

CHAPTER II

Mileage fee [and special mileage fee][1)]

[1)] *Cf. Article 9 of law No. 136/2005.*

Article 13

Mileage fee [and special mileage fee][1)]

(1) A mileage fee shall be paid of the following vehicles:

1. vehicles registered in this country with a total permitted weight of 10,000 kg or more, however, not of vehicles intended for passenger transport [or of vehicles according to [points 8 and 9][4)] Article 4, paragraph 1][1)],

2. trailers registered in this country with a total permitted weight of 10,000 kg or more,

3. vehicles and trailers, cf. points 1 and 2, registered abroad and imported to this country. The Directorate of Customs shall read the vehicle milage meter and assess mileage fee according to the number of kilometres driven.

(2) [A special mileage fee shall be paid of the following vehicles:

1. vehicles registered in this country, with a permitted total weight of 5,000 kg or more and which are marked in the registry of vehicles as vehicles for special use according to [point 7][4)] Article 4, paragraph 1,

2. trailers registered in this country, with a permitted total weight of 5,000 kg or more and which are drawn by tractors. The said trailers drawn by tractors must be registered with the Road Traffic Directorate. Exempt from taxation are trailers indicated in sentence 3, Article 63, paragraph 1 of the Traffic Law No. 50/1987, as subsequently amended.][1)]

(3) Taxability according to this provision rests with the registered owner of a vehicle at the day of mileage reading and the day of deregistration if the vehicle has been deregistered. If there has been a change of ownership of the vehicle without this having been notified of, the taxability also rests with the new owner. If a party, other than the registered owner, has the right to use a vehicle subject to registration, that party is liable in solidum with the registered owner for payment of mileage fee [and a special mileage fee][1)]. The obligation to pay mileage fee of a vehicle registered abroad rests with its importer.

(4) [Mileage fee of taxable vehicles according to paragraph 1, point 1, cf. point 3, shall be as follows:

Total permitted vehicle weight, kg	Mileage fee, ISK	Total permitted vehicle weight, kg	Mileage fee, ISK
10,000–11,000	0.26	21.001–22,000	6.20
11,001–12,000	0.80	22,001–23,000	6.74
12,001–13,000	1.34	23,001–24,000	7.28
13,001–14,000	1.88	24,001–25,000	7.82
14,001–15,000	2.42	25,001–26,000	8.36
15,001–16,000	2.96	26,001–27,000	8.90
16,001–17,000	3.50	27,001–28,000	9.44
17,001–18,000	4.04	28,001–29,000	9.98
18,001–19,000	4.58	29,001–30,000	10.52
19,001–20,000	5.12	30,001–31,000	11.06

20,001–21,000	5.66	31,000 and above	11.60

][5) 6)]

(5) Mileage fee on taxable trailers according to paragraph 1, point 2, cf. point 3, shall be the same mileage fee amount as stipulated in [paragraph 4][1)].

(6) [Special mileage fee on taxable vehicles according to paragraph 2 shall be as follows:

Total permitted vehicle weight, kg	Special mileage fee, ISK	Total permitted vehicle weight, kg	Special mileage fee, ISK
5,000–6,000	7.61	18,001–19,000	20.08
6,001–7,000	8.22	19,001–20,000	20.98
7,001–8,000	8.86	20,001–21,000	21.90
8,001–9,000	9.49	21,001–22,000	22.81
9,001–10,000	10.10	22,001–23,000	23.71
10,001–11,000	11.00	23,001–24,000	24.62
11,001–12,000	12.17	24,001–25,000	25.54
12,001–13,000	13.34	25,001–26,000	26.44
13,001–14,000	14.50	26,001–27,000	27.35
14,001–15,000	15.67	27,001–28,000	28.26
15,001–16,000	16.84	28,001-29,000	29.17
16,001-17,000	18.00	29,001-30,000	30.08
17,001-18,000	19.17	30,001-31,000	30.98
		31,001 and above	31.90

] [4) 5) 6) *1)]

(7) The mileage fee amount [and special mileage fee][1)] is determined by vehicle fee-weight. Vehicle fee-weight shall be its permitted total weight, cf. provisions of [regulation [No. 155/2007][4)], on vehicle size and weight.][3)]. [The vehicle's total weight with load may not exceed its fee-weight.][3)]

(8) Vehicle milage meters shall be installed in vehicles and trailers at the cost of owners. Types and features of meters, their installation, reading, repair and monitoring shall be stipulated in a regulation[a)]. If vehicles must be equipped with a

tachograph to monitor driving and rest periods according to regulation No. 136/1995[*2)] the tachograph shall be used as vehicle milage meter. When a tachograph is used as a vehicle milage meter the driver must have a registration sheet (tacho disc) in the tachograph.

(9) The Directorate of Internal Revenue can, in special circumstances, exempt a vehicle or trailer from having a tachograph, provided that the mileage fee [and specific mileage fee][1)] is assessed in some other equally secure manner.

(10) Mileage fee according to paragraph 1, point 3 [and special mileage fee according to paragraph 6][1)] shall be paid when the vehicle or trailer leaves the country.

*[1)]Cf. Article 4 of law No. 136/2005. [2)]Cf. Article 2 of law No. 81/2006. [3)]Cf. Article 2 of law No. 169/2006. [4)]Cf. Article 3 of law No. 162/2007. [5)]Cf. Article 2 of law No. 137/2008. [6)]Cf. Article 3 of law No. 60/2009. [a)]Regulation No. 599/2005. [*1)]See transient provision with law No. 136/2005 and 81/2006. [*2)]Now regulation No nr. 662/2006.*

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[1)]Cf. Article 3 of law No. 169/2006.

[Article 14][2)]

Assessment of mileage fee [and special mileage fee][1)]

(1) Mileage reading takes place in the periods from 1 December to 15 December and from 1 June to 15 June annually. The owner or keeper of a vehicle subject to a mileage fee [or special mileage fee][1)] according to Article 13, shall bring the vehicle to the party performing the mileage reading for reading, without receiving any specific notice thereon, during the mileage reading period and have the vehicle milage meter reading registered. At the end of each mileage reading period the Directorate of Internal Revenue assesses the mileage fee [and special mileage fee][1)] of vehicles that have been brought for reading, for the mileage of the last mileage reading period until the day of reading. The Directorate of Internal Revenue shall also, if a vehicle milage meter is read outside a reading period, assess a mileage fee [and special mileage fee][1)] for mileage from the last reading to the day of reading. [In assessing the mileage fee and/or special mileage fee the Directorate of Internal Revenue may waive the fee if it is lower than ISK 200.][3)]

(2) The date of payment for the mileage fee [and special mileage fee][1)] for the mileage reading period 1 December to 15 December is the following 1 January, and the due date for the mileage fee [and special mileage fee][1)] for the mileage reading period 1 June to 15 June is the following 1 July. When ownership of a vehicle changes, the due date and the mileage reading day are the same, cf. Article 21. Final due dates of the tax are 15 February and 15 August.

(3) If the owner or keeper of a vehicle does not have its vehicle milage meter read during the period of reading the Directorate of Internal Revenue shall assess the mileage fee [and special mileage fee][1)]. The assessment shall be based on the vehicle having been driven 8,000 km per month unless available data indicate that it may have been driven more. The Directorate of Internal Revenue shall notify the collector and the party liable for the tax about assessments made. If an owner or keeper brings a vehicle for mileage reading outside a reading period, the reading shall be treated as a

complaint and sent to the Directorate of Internal Revenue for assessment. If an owner or keeper, who has been subject to assessment for earlier periods, brings a vehicle for mileage reading in a period of mileage reading for which no assessment has been made, the levy shall assume that all the mileage belongs to that period.

[1)]Cf. Article 6 of law No. 136/2005. [2)]Cf. Article 3 of law No. 169/2006. [3)]Cf. Article 4 of law No. 169/2006.

[Article 15][2)]

(1) The driver of a vehicle subject to mileage fee [and special mileage fee][1)] cf. Article 13 shall at the end of each day that the vehicle is driven, read the mileage of the vehicle milage meter and record this in a special mileage logbook issued by the Directorate of Internal Revenue. If a different kind of vehicle milage meter is used than a tachograph the driver shall record the mileage of the speedometer (odometer) daily in the mileage logbook. The driver is, on the other hand, only obliged to record a vehicle's mileage once every week. A driver shall check whether a tachograph or vehicle milage meter or speedometer (odometer) have measured correctly and whether the mileage accords with what was driven during that day. If a trailer has a special vehicle milage meter the driver shall record once a week, every week that the trailer is moved, the trailer's mileage and check whether the meter has measured correctly. The driver shall confirm the recording by signing it.

(2) The owner and keeper of a vehicle are responsible for the vehicle milage meter measuring correctly and that mileage is recorded in a mileage logbook at the end of each day the vehicle is driven. The owner or keeper of a vehicle must keep safe tachograph recording sheets and mileage logbooks for seven years after the end of the fee year.

(3) If it is revealed at the mileage recording of a tachograph or vehicle milage meter and speedometer (odometer), or when tachograph recording sheets are reviewed, that one of the abovementioned meters measures incorrectly or not at all the driver shall notify the Icelandic Road Administration as soon as possible of the meter malfunction. Furthermore, the driver shall take the meter to a certified workshop for repair within two weekdays from the time the malfunction appeared. If a vehicle milage meter needs to be removed from a vehicle for repair the meter shall be read before it is removed and another installed in its place. The Icelandic Road Administration shall be informed immediately if a new vehicle milage meter is installed in a vehicle. The meter mileage shall also be recorded.

(4) In the event a vehicle milage meter cannot be replaced, it is permitted to drive without a vehicle milage meter and pay a daily fee, provided the Icelandic Road Administration is informed thereof in a format determined by the Directorate of Internal Revenue. Authorisation will be given for no longer than five weekdays at a time. A day fee shall be paid for the time driven without a vehicle milage meter and the fee shall assume a mileage of at least 200 km daily without a vehicle milage meter. Assessment of the fee may be based on actual mileage if this is possible based on available data.

[1)]Cf. Article 7 of law No. 136/2005. [2)]Cf. Article 3 of law No. 169/2006.

[Article 16][1)]

(1) [If, before or after assessment of the mileage fee and the special mileage fee according to Article 14, it is revealed that a vehicle has been in use without being equipped with a vehicle milage meter, the vehicle milage meter disabled or measuring too little or if the Directorate of Internal Revenue considers for other reasons that the vehicle milage meter is an inadequate source of the vehicle's mileage, the Directorate shall challenge the owner or keeper in writing to provide explanations and data on the mileage. If the Directorate of Internal Revenue receives adequate explanations and data within a specified time, the Directorate assesses or reassesses a fee, taking into account these explanations and data, otherwise the Directorate shall assess or reassess according to paragraph 2. Before the Directorate of Internal Revenue performs the reassessment the Directorate shall notify the owner or keeper in writing of the intended reassessment and its grounds. The owner or keeper shall be given at least 15 days, from the day a notice is posted informing of the intended reassessment, to comment in writing on the subject and submit additional data before a ruling on reassessment is made. The Directorate of Internal Revenue may also, having respected the abovementioned case procedure, reassess mileage fee and special mileage fee if other grounds for assessment are revealed to be wrong, such as that the fee-weight was incorrectly entered in a mileage record. The Directorate of Internal Revenue may waive reassessment if it amounts to less than ISK 5,000].[2)]

(2) Reassessment for understated mileage shall assume 2,000 km for every new week that mileage is expected to be understated, unless available data indicate that the mileage may have been more. If there is reason to believe that mileage in the period for which reassessment applies, is represented in the mileage reading of the vehicle milage meter, that mileage shall be deducted in the reassessment. The Directorate of Internal Revenue shall, generally within two months from the due date given the party to provide a response to the intended changes, issue a ruling supported by arguments on the reassessment and notify thereof by registered mail.

[1)]Cf. Article 3 of law No. 169/2006. [2)]Cf. Article 5 of law No. 169/2006.

CHAPTER III

Right of complaint, monitoring and penal liability

[Article 17][2)]

Right of complaint

(1) The assessment of the Directorate of Internal Revenue according to Article 3, paragraph 4, Articles 6, 11 and [Article 15][3)] is subject to complaint to the Directorate within 30 days of its notification. The time for complaint begins when the notice of assessment is posted. When oil tax is assessed without a special notice to the complainant, the time for complaint begins, however, at the date of payment for the settlement period, cf. Article 11. A submitted satisfactory report shall be handled as a complaint in the case of the assessments according to Article 12. The Directorate of Internal Revenue shall, generally within two months from the end of the time for complaint, issue a ruling supported by arguments on the reassessment and notify thereof by registered mail.

(2) Verdicts of the Directorate of Internal Revenue on a complaint is subject to complaint according to paragraph 1 and reassessment according to [Articles 12 and

16][1) 3)] to the State Internal Revenue Board according to legislation on the State Internal Revenue Board.

(3) Authorisation to reassess according to this Law extends to the last six years before the year the reassessment takes place. If a taxable party is not to blame for the above-mentioned fees being under-assessed, and/or if that party provided, at the time of assessment or mileage reading, adequate information and/or data on which a correct assessment could be based, an assessment of fees for that party may only extend to the two years preceding the year of reassessment.
[---][3)]
[---][1)]

(4) In reassessing excess fees according to this Law the party liable for the fee shall be paid interest that is the equivalent of two thirds of the interest set and published by the Central Bank of Iceland according to Article 4, sentence 1 of law No. 38/2001, on interest and indexation, from the time that the payment was made and to the time of refunding.

(5) The assessment of the Directorate of Customs according to Article 13, paragraph 1, point 3, is subject to complaint to the Directorate within 30 days from the due date. In other respects the provisions of this Article shall apply to assessment according to Article 13, paragraph 1, point 3, as applicable, including complaints to the State Internal Revenue Board.

[1)]Cf. Article 10 of law No. 136/2005. [2)]Cf. Article 3 of law No. 169/2006. [3)]Cf. Article 6 of law No. 169/2006.

[Article 18][1)]

Control

(1) The Directorate of Internal Revenue controls that coloured oil is not used on vehicles subject to registration and that their registration and equipment accords with the instructions of this Law. Furthermore, the Directorate of Internal Revenue controls that the registration and equipment of taxable vehicles, as well as driver recording of mileage accords with the instructions of this Law, rules on vehicle milage meters and the vehicle's entry in the registry of vehicles. The Minister of Finance may entrust the Icelandic Road Administration with the implementation of [specific factors][2)] of the control.

(2) Controllers may stop vehicles to perform the controls necessary to verify whether coloured oil has been used for vehicles subject to registration contrary to the provision of Article 4, paragraph 3, including a fuel tank and engine check. Controllers may take [samples from vehicle fuel tanks][2)]. [Controllers may also take samples from supply tanks upon request from the Directorate of Internal Revenue.][2)]. Controllers may also stop vehicles for necessary verification that a vehicle, its meters and the driver's recording of mileage accord with the vehicle's registration in the registry of meter mileage. Furthermore, controllers may seize tachograph registration sheets and mileage logbooks.

(3) [The Directorate of Internal Revenue controls taxable parties registered according to Article 3, and may call for accounts and accounting documents as well at other data concerning the operation. The Directorate of Internal Revenue has also access to work

stations and supply stations. In other respects the provisions of the VAT Law[*1)] apply as applicable.][2)]

[(4) If the Directorate of Internal Revenue suspects tax fraud or criminal violation of the Accounting Law[*2)] the Directorate shall notify the Directorate of Tax Investigations thereof, where the case treatment will be determined. Without prejudice to the provision of sentence 1 the Directorate of Internal Revenue may settle a case without referring it to the Directorate of Tax Investigations, provided that it is only a violation punishable according to Article 19, paragraph 4 or 5, cf. Article 20, paragraph 4][2)].

*[1)]Cf. Article 3 of law No. 169/2006. [2)]Cf. Article 7 of law No. 169/2006. [*1)]See law No. 50/1988. [*2)]See law No. 145/1994.*

[Article 19][1)]

[Punishment][2)]

(1) If a taxable party according to Article 3 provides, on purpose or by gross negligence, false or misleading information that may be of importance regarding that party's obligation to pay oil tax, that party shall pay, in addition to any unpaid tax, a fine of up to ten times, but never less than twice the amount withheld or neglected to pay.

(2) If a taxable party according to Article 3 neglects to keep the required accounts according to this Law or regulations set according to this Law, that party shall pay fines according to the provisions of the Accounting Law.

(3) If a taxable party neglects to provide information or assistance, reports or data as stipulated in this Law, or gives false or misleading information concerning the party's obligation to pay or right to a refund of oil tax, even though the information neither affected its own payment of oil tax nor that of its customers, or violates in some other way this Law, that party shall be subject to fines provided there is no greater punishment according to this Law or other laws.

[(4) If a vehicle is used without permission and without a vehicle milage meter or if a vehicle milage meter does not measure or if mileage is incorrectly recorded or not recorded in a mileage logbook, or if the vehicle's maximum weight with load is greater than its fee-weight, this is subject to fines up to ISK 100,000.

(5) If coloured oil is used on a vehicle subject to registration, cf. Article 4, paragraph 3, this is subject to fines according to the following table:

Vehicle total weight:	Fine:
0-3,500 kg	200,000 ISK
3,501-10,000 kg	500,000 ISK
10,001-15,000 kg	750,000 ISK
15,001-20,000 kg	1,000,000 ISK
20,001 kg and more	1,250,000 ISK

The fine shall be lowered proportionally when it has been established that coloured oil could not be used for a vehicle subject to registration, cf. Article 4, paragraph 3, during a two-year period, from the time that a violation has been established. The fine

shall not be lowered more than by half. Upon repeated offence the fine may be doubled. In special circumstances the fine according to the provision may be lowered or waived.

(6) The registered owner of a vehicle will be given a fine according to paragraphs 4 and 5, regardless of whether the violation can be attributed to the owner's criminal behaviour. If the keeper of a vehicle is found guilty of violation according to paragraphs 4 and 5, the keeper is liable for payment of the fine along with the registered owner.][2)]

(7) Jail sentence of up to two years in addition to a fine may be applied if violation of this Law is extensive or repeated. An attempt to violate and involvement in violation according to this Law is punishable according to Chapter III of the General Penal Code.

(8) A legal person may be fined for violation of this Law irrespective of whether the violation can be attributed to a criminal conduct of a spokesman or employee of the legal person.
[---][2)]

[1)]Cf. Article 3 of law No. 169/2006. [2)]Cf. Article 8 of law No. 169/2006.

[Article 20

Procedure

(1) The State Internal Revenue Board rules on fines according to Article 19 unless the case is referred for public investigation and court treatment according to paragraph 2. The Board's case procedure is determined in law No. 30/1992, on the State Internal Revenue Board, as subsequently amended. The Directorate of Tax Investigations appears on behalf of the authorities when the Board rules on fines. The Board's rulings are final.

(2) The Directorate of Tax Investigations can refer a case for public investigation on its own initiative, and also upon a culprit's request if the culprit does not accept that the State Internal Revenue Board process the case according to paragraph 1.

(3) Notwithstanding the provision of paragraph 1, the Directorate of Tax Investigations or its legal deputy may offer the culprit an option to complete the penal process by paying a fine to the State Treasury, provided the violation is not subject to a heavier penalty than a fine, and that case will then neither be sent for criminal procedure nor to the State Internal Revenue Board for assessment of a fine. The party shall be informed of the amount of the intended fine before the party agrees to settle a case in that manner. A settlement of a fine according to this provision shall be completed within six months from closure of the investigation of the Directorate of Tax Investigations.

(4) Notwithstanding the provision of paragraph 1 the Directorate of Internal Revenue may complete a penal procedure with the assessment of fines for violations subject to punishment according to Article 19, paragraphs 4 or 5, provided that the case has not been referred to the Directorate of Tax Investigations for processing. If the fine according to sentence 1 is paid within 14 days from its assessment, the amount of the fine is lowered by 20 percent. An assessment of a fine by the Directorate of Internal

Revenue is subject to complaint to the State Internal Revenue Board within three months from the time the decision was posted.

(5) A tax claim may be set forth in a criminal procedure that may be started due to violations against this Law.

(6) Fines for violations of this Law go to the State Treasury.

(7) No secondary punishment comes with decisions on fines by the tax authorities. The same rules apply to collection of tax authority fines as collection of value added tax according to the VAT Law No. 50/1988, as subsequently amended.

(8) Guilt according to Article 19 lapses in six years. In the case of an investigation by the Directorate of Tax Investigations or the National Commissioner of Police of a party as culprit, the statutory limitations is based on the commencement of the investigation provided that there will be no abnormal delays in the investigation or assessment of punishment.][1)]

[1)] *Cf. Article 9 of law No. 169/2006.*

Article 21

(1) At a vehicle's annual general inspection its owner or keeper shall provide evidence of having paid its mileage fee [and special mileage fee][1)] due on the day of inspection. Otherwise the inspector shall refuse to inspect the vehicle and inform the police thereof immediately. The owner or keeper of a vehicle is not, however, obliged to provide evidence for having paid mileage fee due [and special mileage fee]1) until after the final due date.

(2) It is not permitted to register a change of ownership of a vehicle unless mileage fee due [and special mileage fee][1)] has been paid and the vehicle milage meter has been read and the mileage fee [and special mileage fee][1)] for that mileage reading has been paid.

(3) If fees according to this Law have not been paid on the due date the Police Commissioner shall at the demand of the collector for the State Treasury stop the vehicle anywhere and sequester its registration plates.

(4) A vehicle shall not be registered unless the due mileage fee [and special mileage fee][1)] has previously been paid.

(5) Registration plates that have been handed over to a registering party may not be handed back unless the due mileage fee [and special mileage fee][1)] has previously been paid.

(6) If a taxable vehicle is exported temporarily from this country no mileage fee [and special mileage fee][1)] shall be paid for mileage that is verifiably from abroad provided that the owner or keeper notify the Directorate of Internal Revenue of mileage abroad and submit an import and export report with a confirmation from the customs authorities of the mileage reading on the tachograph or vehicle milage meter and speedometer (odometer) at the time of export and import.

(7) A vehicle may not be exported without paying the assessed mileage fee [and special mileage fee][1]. [The same applies to fines according to Article 19, paragraphs 4 and 5.][2]

(8) [Mileage fee, special mileage fee and fines according to Article 19, paragraphs 4 and 5, have a statutory lien in the respective vehicle.][1) 2)]

[1)]Cf. Article 11 of law No. 136/2005. [2)]Cf. Article 10 of law No. 169/2006.

Article 22

If fees according to this Law are not paid on the due date, cf. Article 11 or as the case may be on the final due date, cf. [Article 14][1], the State Treasury shall be paid penal interest of the unpaid amount as of the due date. Assessment and calculation of penal interest is according to the Interest and Indexation Law.

[1)]Cf. Article 11 of law No. 169/2006.

Various provisions and entry into force

Article 23

(1) To the extent not otherwise stipulated in this Law the provisions of the VAT Law apply. The provisions of the Customs Law apply to the assessment and collection of oil tax upon customs clearance.

(2) Revenue collected from [oil tax, mileage fee and special mileage fee][1] according to this Law goes to the Icelandic Road Administration, less 0.5% that go to the State Treasury to cover the cost of implementing this Law.

(3) The Minister may stipulate further on the implementation of this Law in a regulation.[a)]

[1)]Cf. Article 12 of law No. 136/2005. [a)]Regulations No. 283/2005, 599/2005, 627/2005 and 628/2005.

Article 24

This Law shall enter into force on the 1 July 2005. As of the same time law No. 3/1987 on obtaining funds for road construction expires. The provisions of that law shall, however, apply to the road tax levied on vehicle use until 1 July 2005.

Article 25

When this Law enters into force the following provisions of law No. 29/1993, on commodity tax on vehicles, fuel and more will change:

1. The amount “11.34” in Article 14 of the law is preplaced with: 9.28.
2. The amounts “30.89” and “32.86” in Article 15, sentence 1 of paragraph 1, are replaced with: “32.95” and “34.92” respectively.