

## Value Added Tax Act

Promulgated, State Gazette No. 63/4.08.2006, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union - 1.01.2007, amended, SG No. 86/24.10.2006, effective as from the date of entry into force of the Treaty of Accession of the Republic of Bulgaria to the European Union - 1.01.2007, supplemented, SG No. 105/22.12.2006, effective as from entry into force of the Treaty of Accession of the Republic of Bulgaria to the European Union - 1.01.2007, amended and supplemented, SG No. 108/29.12.2006, effective 1.01.2007, Judgment No. 7/23.04.2007 of the Constitutional court of the Republic of Bulgaria - SG No. 37/8.05.2007, amended, SG No. 41/22.05.2007, amended and supplemented, SG 52/29.06.2007, effective 1.11.2007, amended SG No. 59/20.07.2007, effective 1.03.2008

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\*Note: An update of the English text of this Act is being prepared

following the amendments in SG No. 108/19.12.2007, effective

19.12.2007, SG No. 113/28.12.2008, effective 1.01.2008

Text in Bulgarian: Закон за данък върху добавената стойност

## PART ONE

### GENERAL DISPOSITIONS

#### Purpose of Act

Article 1. This Act regulates the levy of value added tax (VAT).

#### Subject to Taxation

Article 2. The following shall be subject to value added tax:

1. each taxable supply of goods or services effected for consideration;
2. each intra-Community acquisition effected for consideration, whereof the place of transaction is within the territory of the country, by a person registered under this Act or by a person in respect of which an obligation to register has arisen;
3. each intra-Community acquisition of new means of transport effected for consideration, whereof the place of transaction is within the territory of the country;
4. each intra-Community acquisition effected for consideration, whereof the place of transaction is within the territory of the country, of excisable goods, where the recipient is a taxable person or a non-taxable legal person which is not registered under this Act;
5. the importation of goods.

#### Taxable Persons

Article 3. (1) "Taxable person" shall mean any person who independently carries out an economic activity, whatever the purpose and results of that activity.

(2) (Paragraph declared partly unconstitutional, in respect of the expression "as well as the practice of a liberal profession, including as private enforcement agents and notaries" by Constitutional Court Judgment No. 7/2007, promulgated in SG No. 37/2007)

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Independently carried out economic activities shall comprise the activities of producers, traders and persons supplying services, including mining and agriculture, as well as the practice of a liberal profession, including as private enforcement agents and notaries. Any remunerative activity, carried out on a continuing basis or as a regular occupation or business on a

professional basis for the purpose of obtaining income therefrom, including the exploitation of tangible and intangible property, shall also be considered an independently carried out economic activity.

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(3) The following shall not be considered an independently carried out economic activity:

1. the activity carried out by natural persons under an employment relationship or under a legal relationship equivalent to an employment relationship;

2. (amended, SG. No. 108/2006) the activity of natural persons, who are not sole traders, in respect of the activity carried out by such natural persons and regulated by law, concerning management and control of legal persons.

(4) Any person, who from time to time effects an intra-Community supply for consideration of a new means of transport, shall also be regarded as a taxable person.

(5) The State, the state and the local bodies shall not be taxable persons in respect of all activities and supplies in which they engage in their capacity as a central or local government authority, even where they collect fees, contributions or payments in connection with these activities or supplies, with the exception of:

1. the following activities or supplies:

(a) (amended, SG No. 41/2007) electronic communications services;

(b) supply of water, gas, electricity or steam;

(c) transport of goods:

(d) port and airport services;

(e) passenger transport;

(f) sale of new goods manufactured for sale;

(g) supplies effected for the purpose of intervention on the market in agricultural products;

(h) organizing or running of trade fairs, exhibitions;

(i) warehousing;

(j) the activities of commercial publicity bodies, advertising services, including rental of advertising space;

(k) tourist services;

(l) running of shops, industrial canteens and other commercial outlets, the letting of buildings, parts of buildings and sales areas;

(m) activities of radio and television bodies of a commercial nature.

2. Any supplies other than those covered under Item 1, which will lead to significant distortion of competition.

#### Non-taxable Legal Person

Article 4. "Non-taxable legal person" shall mean any legal person which is not a taxable person within the meaning given by Article 3 herein and which effects intra-Community acquisition of goods.

#### Goods

Article 5. (1) "Goods," within the meaning given by this Act, shall be any movable and immovable thing, including

electric current, gas, water, heat or refrigeration and other such, as well as standard software.

(2) Money in circulation and foreign currency used as tender shall not be goods within the meaning given by this Act.

#### Supply of Goods

Article 6. (1) "Supply of goods," within the meaning given by this Act, shall be the transfer of the right of ownership or another right in rem to goods.

(2) For the purposes of this Act, the following shall also be considered supply of goods:

1. the transfer, resulting from a request or an act of a central or local government authority or the administrations thereof or in pursuance of the law, of a right of ownership or another right in rem against payment of compensation;

2. the actual handing over of goods, pursuant to a lease contract which provides for the passing of the right of ownership of the said goods under a suspensive condition or in the normal course of events;

3. the actual handing over of goods, pursuant to a lease contract which expressly provides for passing of the right of ownership of the goods; this provision shall not apply where passing of ownership of the goods is stipulated in the contract solely as an option;

4. the actual handing over of goods to a person acting in his own name and for the account of another.

(3) For the purposes of this Act, the following shall also be considered supply of goods effected for consideration:

1. the setting aside or handing over of goods for the private use or consumption of the taxable natural person, of the owner, of the factory or office workers thereof or of third parties and subject to the condition that credit for input tax has been deducted wholly or partly upon the production, importation or acquisition of the said goods;

2. the transfer of ownership or another right in rem to goods to third parties, effected free of charge, where credit for input tax has been deducted wholly or partly upon the production, importation or acquisition of the said goods.

(4) Paragraph (3) shall not apply upon:

1. the handing over of special-purpose, working, uniform and presentable clothing by an employer to the factory and office workers thereof, including such under management contracts, for the purposes of the economic activity of the person;

2. the provision, free of charge, of goods of negligible value for advertising purposes or upon distribution of samples.

#### Intra-Community Supply of Goods

Article 7. (1) "Intra-Community supply of goods" shall be any supply of goods, transported by or for the account of the supplier who is a person registered under this Act, or of the recipient from the territory of the country to the territory of another Member State, where the recipient is a taxable person or a non-taxable legal person registered for VAT purposes in another Member State.

(2) Any supply of a new means of transport, dispatched or transported by or for the account of the supplier or of the recipient from the territory of the country to the territory of another Member State, regardless of whether the recipient is a taxable person or a non-taxable person, shall also be considered intra-Community supply of goods.

(3) Any supply of excisable goods, dispatched or transported by or for the account of the supplier who is a person registered under this Act, or of the recipient from the territory of the country to the territory of another Member State, where the recipient is a taxable person or a non-taxable legal person which is not registered for VAT purposes in another Member State, shall also be considered intra-Community supply of goods.

(4) The dispatch or transport of any goods produced, extracted, processed, purchased or imported into the territory of the country by a person registered under this Act within the framework of the economic activity thereof shall also be considered intra-Community supply of goods effected for consideration, where the said goods are dispatched or transported for the purposes of the economic activity thereof by or for the account of the said person from the territory of

the country to the territory of another Member State in which the said person is registered for VAT purposes.

(5) The following shall not be intra-Community supply:

1. the supplies of any goods in respect of which the supplier applies the special procedure for taxation under Chapter Seventeen herein;

2. the supplies of any goods which are assembled or installed by or for the account of the supplier;

3. the supplies of any goods under Article 18 herein;

4. the supplies of any goods referred to in Items 1, 2 and 7 of Article 31 and Article 34 herein;

5. the supplies of natural gas through the natural gas distribution system or of electricity;

6. the supplies by a person registered under this Act who is an intermediary in a triangular operation to the acquirer in a triangular operation;

7. the distance selling of goods effected under the identification number issued by the Member State whereto the goods have been dispatched or transported;

8. the dispatch and transport of any goods from the territory of the country to the territory of another Member State for the purpose of work on the said goods, which is carried out in that other Member State, provided that the said goods, after being worked upon, are re-dispatched to the sender within the territory of the country;

9. the dispatch and transport of any goods from the territory of the country to the territory of another Member State for the purpose of use of the said goods for the purposes of the supply of services within the territory of that other Member State, provided that the said goods are re-dispatched to the sender within the territory of the country after supply of the services;

10. the dispatch and transport of any goods from the territory of the country to the territory of another Member State, if the following conditions are simultaneously fulfilled:

(a) the import of the same goods from a third country or territory to the territory of that other Member State would be eligible for the arrangements for temporary importation with total exemption from import duty;

(b) the goods are re-dispatched to the sender within the territory of the country within a period not exceeding 24 months after their dispatch.

(6) Where the conditions under Items 8 to 10 of Paragraph (5) no longer apply, intra-Community supply for consideration under Paragraph (4) shall be considered to be effected by that time.

## Services

Article 8. "Services," within the meaning given by this Act, shall mean everything which has a value and which is other than goods, money in circulation and foreign currency used as legal tender.

## Supply of Services

Article 9. (1) "Supply of services" shall be any performance of services.

(2) The following shall also be considered supply of services:

1. the sale or transfer of rights to intangible property;

2. the assumption of an obligation not to perform any acts or not to exercise any rights;

3. any manual and intellectual work, including treatment in the sense of production, construction or assembly of a tangible asset using raw and prime materials placed by the client at the disposal of the service provider;

4. the performance of services by a tenant/user for repair and/or improvement of an asset hired out or allocated for use.

(3) The following shall also be considered supply of services effected for consideration:

1. the provision of services for the private use of the taxable natural person, of the owner, of the factory and office workers or of third parties, the performance of which involves use of goods upon the production, importation or acquisition whereof credit for input tax has been wholly or partly deducted.

2. the provision, free of charge, of services for the private use of the taxable person, of the owner, of the factory or office workers or of third parties.

(4) Paragraph (3) shall not apply upon:

1. the provision, free of charge, of transport services from the place of residence to the place of work and back, by an employer to the factory and office workers thereof, including such under management contracts, where for the purposes of the economic activity of the person;

2. the performance, free of charge, of services by a tenant/user for repair of an asset hired out or allocated for use in the cases where the said asset was hired out or allocated for use to the tenant/user and has been actually used on a continuing basis for a period of not less than three years;

3. the performance, free of charge, of services by a concessionaire for improvement of an asset allocated for use, where this is a condition and/or obligation under the contract of concession;

4. the performance, free of charge, of services of negligible value for advertising purposes.

Where No Supply or Goods or Services Has Taken Place

Article 10. (1) No supply of goods or services has taken place where the supply to the transferee from the transforming corporation, from the transferor or from the contributor of a non-cash asset results from:

1. transformation of a commercial corporation according to the procedure established by Chapter Sixteen of the Commerce Act;

2. transfer of an enterprise according to the procedure established by Article 15 or Article 60 of the Commerce Act ;

3. contributing a non-cash asset in consideration of a capital allotment in a commercial corporation.

(2) In the cases covered under Paragraph (1), the recipient of the goods or services shall furthermore accede to all rights and obligations under this Act and in connection with them, including the right to deduct credit for input tax and of the obligations to adjust credit for input tax used.

(3) Paragraph (2) shall furthermore apply in the cases where the goods and services have been acquired by legal or testamentary succession by a taxable person under this Act.

(4) The procedure and the requisite documents for application of Paragraphs (2) and (3) shall be determined by the Regulations for Application of this Act.

Supplier and Recipient

Article 11. (1) "Supplier," within the meaning given by this Act, shall be the person who effects the supply of goods or services.

(2) "Recipient," within the meaning given by this Act, shall be the person who receives the goods or the services.

Taxable Supply

Article 12. (1) "Taxable supply" shall be each supply of goods or services within the meaning given by Articles 6 and 9

herein, where effected by a taxable person under this Act and whereof the place of transaction is within the territory of the country, as well as the zero-rated supplies effected by a taxable person, save in the cases in which this Act provides otherwise.

(2) A supply in which the recipient is a taxpayer under Chapter Eight herein shall not be subject to taxation by the supplier.

#### Intra-Community Acquisition

Article 13. (1) "Intra-Community acquisition" shall mean acquisition of the right of ownership of goods, as well as the actual receipt of goods in the cases under Article 6 (2) herein, which are dispatched or transported to the territory of the country from the territory of another Member State, where the supplier is a taxable person registered for VAT purposes in another Member State.

(2) The acquisition of a new means of transport, which is dispatched or transported to the territory of the country from the territory of another Member State, regardless of whether the supplier is a taxable person for VAT purposes in another Member State, shall also be considered an intra-Community acquisition.

(3) The receipt of goods within the territory of the country by a person registered under this Act, which will be used for the purposes of the economic activity of the said person, shall also be considered an intra-Community acquisition for consideration where the said goods are dispatched or transported by or for the account thereof from the territory of another Member State in which the person is registered for VAT purposes and where the said goods were produced, extracted, processed, purchased, acquired or imported thereby within the framework of the economic activity thereof.

(4) The following shall not be an intra-Community acquisition:

1. the acquisition of any goods to which the supplier applies special arrangements for taxing of second-hand goods, works of art, collectors' items and antiques, as regulated in the legislation of the relevant Member State;
2. the acquisition of any goods which are assembled or installed by or for the account of the supplier;
3. the acquisition of any goods covered under Article 18 herein;
4. the acquisition of any goods referred to in Items 1, 2 and 7 of Article 31 and Article 34 herein;
5. the acquisition of natural gas through the natural gas distribution system or of electricity;
6. the acquisition of any goods by a person registered under this Act who is an acquirer in a triangular operation from an intermediary in a triangular operation;
7. the acquisition of any goods dispatched or transported from the territory of another Member State for the purpose of distance selling whereof the place of transaction is within the territory of the country, where selling is effected under the supplier's identification number referred to in Article 94 (2) herein;
8. the receipt of any goods dispatched or transported from the territory of another Member State to the territory of the country for the purpose of work on the said goods, which is carried out within the territory of the country, provided that the said goods, after being worked upon, are re-dispatched to the sender within the territory of that other Member State;
9. the receipt of any goods dispatched or transported from the territory of another Member State to the territory of the country for the purpose of use of the said goods for the purposes of the supply of services within the territory of the country, provided that the said goods are re-dispatched to the sender within the territory of that other Member State after supply of the services;
10. the receipt of any goods dispatched or transported from the territory of another Member State to the territory of the country, if the following conditions are simultaneously fulfilled:
  - (a) the import of the same goods from the territory of the country would be eligible for the arrangements for temporary importation with total exemption from customs duty;

(b) the goods are re-dispatched to the sender within the territory of another Member State within a period not exceeding 24 months after their dispatch.

(5) Where the conditions under Items 8 to 10 of Paragraph (4) no longer apply, intra-Community acquisition for consideration under Paragraph (3) shall be considered to be effected by that time.

#### Distance Selling of Goods

Article 14. (1) "Distance selling" shall be a supply of goods where the following conditions are simultaneously fulfilled:

1. the goods are dispatched or transported by or for the account of the supplier from the territory of a Member State other than the Member State in which the transport ends;

2. the supplier of the goods is registered for VAT purposes in a Member State other than the Member State in which the transport ends;

3. the recipient of the supply is a person who is not obliged to charge tax upon intra-Community acquisition of the goods in the Member State where the transport ends;

4. the goods:

(a) are not new means of transport, or

(b) are not assembled and/or installed by or for the account of the supplier, or

(c) are not subject to special arrangements for taxing the price margin for second-hand goods, works of art, collectors' items and antiques.

(2) For the purposes of Paragraph (1), where the goods are supplied, dispatched or transported from a third country or territory and are imported by the supplier into a Member State other than the Member State in which the transport to the recipient ends, the goods shall be deemed to be dispatched or transported from the Member State of import of the goods.

#### Triangular Operation

Article 15. "Triangular operation" shall be the supply of goods between three persons registered for VAT purposes in three different Member States A, B and C, where the following conditions are simultaneously fulfilled:

1. a registered person in Member State A (transferor) effects a supply of goods to a person registered for the purposes of VAT in Member State B (intermediary) who then effects a supply of the said goods to a person registered for the purposes of VAT in Member State C (acquirer);

2. the goods are transported directly from A to B;

3. the intermediary is not registered for VAT purposes in Member States A and B;

4. the acquirer charges VAT as a recipient of the supply.

#### Importation of Goods

Article 16. (1) "Importation of goods," within the meaning given by this Act, shall be the introduction of non-Community goods into the territory of the country.

(2) "Importation of goods" shall furthermore mean the release of goods for free circulation after placing under the outward processing procedure.

(3) "Importation of goods" shall furthermore mean the introduction of Community goods into the territory of the country from third countries or territories which form part of the customs territory of the Community.

(4) "Importation of goods" shall furthermore mean any other event from which a customs debt arises.

(5) Notwithstanding Paragraphs (1) to (4), where upon introduction into the territory of the country the customs status of goods in temporary storage is conferred on the goods or the goods are placed in a free zone or free warehouse, or are placed under the customs procedures of: customs warehousing, inward processing, temporary importation with total exemption from duty, external transit, the importation shall be deemed effected when the goods cease to be under the relevant procedure within the territory of the country.

## PART TWO

### TAXATION OF SUPPLIES

#### Chapter One

### PLACE OF TRANSACTION

#### Place of Supply of Goods

Article 17. (1) "Place of supply of goods which are not dispatched or transported" shall mean the place where the goods are when ownership passes or upon the actual handing over of the goods under Article 6 (2) herein.

(2) "Place of supply of goods which are dispatched or transported either by the supplier or by the recipient or by a third person" shall be the place where the goods are at the time when dispatch or transport to the recipient begins.

(3) "Place of supply of goods by an intermediary in a triangular operation to an acquirer in a triangular operation" shall be the Member State where the acquirer in a triangular operation is registered for VAT purposes.

(4) "Place of supply of goods which are assembled or installed by or for the account of the supplier" shall be the place where the goods are assembled or installed.

#### Place of Supply of Goods Effected on Board Ships, Aircraft and Trains

Article 18. (1) The place of supply of goods effected on board ships, aircraft or trains during a transport of passengers shall be the territory of the country where:

1. the point of departure of the transport of passengers is within the territory of the country and the point of arrival of the transport of passengers is within the territory of another Member State without a stop in the territory of a third country or territory, or

2. the point of departure of the transport of passengers is within the territory of the country and the point of arrival of the transport of passengers is within the territory of a third country or territory without a stop in the territory of another Member State, or

3. the point of departure of the transport of passengers is within the territory of a third country or territory and the point of arrival is within the territory of another Member State and the first stop within the territory of the Community has taken place within the territory of the country, or

4. the transport of passengers is effected between two points within the territory of the country.

(2) The place of supply of goods effected on board ships, aircraft or trains during a transport of passengers shall be determined according to the procedure established by Items 2 and 3 of Paragraph (1) solely in respect of the part of the transport of passengers effected between the territory of the country and the other Member States.

(3) In the cases not covered by Paragraphs (1) and (2), the place of supply of goods effected on board ships, aircraft or trains during a transport of passengers shall be outside the territory of the country.

#### Place of Supply of Natural Gas and Electricity

Article 19. The place of supply of natural gas through the natural gas distribution system or of electricity shall be:

1. the place where the recipient has established his registered office or fixed establishment or, in the absence of such an office or establishment, the place where the said recipient, who is a taxable dealer of natural gas or electricity, has his

permanent address or usually resides;

2. the place where the goods are effectively consumed: where a person other than the person referred to in Item 1 is a recipient;

3. the place where the recipient referred to in Item 2 has his registered office or fixed establishment or, in the absence of such an office or establishment, the place where the recipient referred to in Item 2, who effects a subsequent supply or all or part of the goods received thereby, has his permanent address or usually resides.

#### Place of Supply under Terms of Distance Selling

Article 20. (1) The place of supply of goods under the terms of distance selling referred to in Article 14 herein shall be the territory of the Member State where the transport ends and where the following conditions are simultaneously fulfilled:

1. the supplier is a person registered under this Act on grounds other than for registration for intra-Community acquisition;

2. the supplies effected by the person referred to in Item 1 under the terms of distance selling for a Member State exceed the threshold established in the legislation of that Member State for the current calendar year or have exceeded the said threshold for the last preceding calendar year.

(2) The place of supply under the terms of distance selling shall be the territory of the country where the following conditions are simultaneously fulfilled:

1. the supplier is a person registered for VAT purposes in another Member State;

2. the supplies effected under the terms of distance selling for the territory of the country will exceed the amount of BGN 70,000 for the current calendar year or have exceeded the said amount for the last preceding calendar year.

(3) The amount referred to in Item 2 of Paragraph (2) shall be net of the VAT due in the Member State where the supplier is registered for VAT purposes on the supplies of any goods other than excisable goods.

(4) Where excisable goods for the private consumption of a natural person who is not a sole trader are subject of the supply, the place of supply under the terms of distance selling shall be the place where the goods arrive or the transport ends.

(5) Where the conditions referred to in Item 2 of Paragraph (1) are not fulfilled, the place of supply shall be the territory of the country, with the exception of the cases where the supplier has notified the territorial directorate exercising competence over the place of registration that the said supplier wishes that the place of supply be the territory of another Member State, where the transport ends, and the said supplier is registered for VAT purposes in that other Member State.

(6) Paragraph (2) shall not apply where the place of supply is the territory of the country, where the supplier is registered in pursuance of Article 100 (3) herein.

#### Place of Supply of Goods

Article 21. (1) The place of supply of services shall be the place where the supplier has established his independently carried out economic activity or has a fixed establishment from which the supply is effected or, in the absence of such a place or establishment, the place of his permanent or habitual residence.

(2) The place of supply of services shall be:

1. the place where the immovable property is situated, where the supply of services is connected with immovable property, including upon:

(a) expert services or the services of estate agents;

(b) the services for preparing and coordinating construction works connected with immovable property, such as the services of architects, engineers, firms providing on-site supervision etc.;

2. the place where transport services are performed, having regard to the part of the distance covered for the supply of the said services;

3. the place where the services are physically carried out, upon:

(a) services relating to cultural, artistic, sporting, scientific, educational, entertainment or similar activities, including the activities of the organizers of such activities;

(b) services relating to transport handling of goods;

(c) valuation, expert examination or work on a movable thing.

(3) The place of supply of services shall be the place where the recipient has his registered office or permanent establishment from which the said recipient carries out his economic activity or, in the absence of such an office or establishment, the place where the said recipient has his permanent address or usually resides, where the following conditions are simultaneously fulfilled:

1. (amended, SG No. 108/2006) the recipient is a person established outside the Community, or a taxable person established in a Member State other than the State in which the supplier is established;

2. the services supplied are:

(a) assignment or transfer of licence, patent, copyright, trade mark, know-how rights or other similar industrial or intellectual property rights, as well as transfer of rights to software products other than standard software;

(b) advertising services;

(c) services performed by consultants, engineers, accountants, lawyers and other similar services, including the services for the redesign of software;

(d) data processing or supplying of information;

(e) banking, financial, social insurance, commercial insurance and reinsurance services, with the exception of the hire of safes;

(f) supply of staff;

(g) hiring out of movable things, with the exception of all types of means of transport;

(h) (amended SG No. 41/2007) electronic communications services;

(i) radio and television broadcasting services;

(j) electronically supplied services;

(k) services for the provision of access to, and of transport or transmission through, natural gas and electricity distribution systems and the provision of other directly linked services;

(l) assumption of an obligation not to perform any acts or not to exercise any rights referred to in Litterae (a) to (k);

(m) the services of intermediaries performed by a person acting in the name of and for the account of another, in connection with the services referred to in Litterae (a) to (l).

(4) (Amended SG No. 41/2007) The place of provision of electronic communications services and radio and television broadcasting services shall be the territory of the country, where the following conditions are simultaneously fulfilled:

1. the recipient of the said supplies is a non-taxable person who is established, has his permanent address or usually resides within the territory of the country;

2. the supplier is a person with registered office or a permanent establishment from which the said supplier carries out his economic activity or, in the absence of such an office or establishment, the place of his permanent address or habitual residence is outside the Community;

3. the services are effectively used within the territory of the country.

(5) The place of supply of electronically supplied services shall be the territory of the country, where the following conditions are simultaneously fulfilled:

1. the recipient of the said supplies is a non-taxable person who is established, has a permanent address or usually resides within the territory of the country;

2. the supplier is a person whose registered office or fixed establishment or, in the absence of such an office or establishment, whose permanent address or habitual residence is outside the territory of the Community.

#### Place of Supply of Services in Intra-Community Transport of Goods

Article 22. (1) The place of supply of services in the intra-Community transport of goods shall be the territory of the country, where the place of departure is situated within the territory of the country and the place of arrival is situated within the territory of another Member State.

(2) Where a recipient of the supply referred to in Paragraph (1) is a person registered for VAT purposes in another Member State, the place of supply shall be the territory of the Member State which issued the said recipient with the VAT identification number under which the service was rendered thereto.

(3) (New, SG. No. 108/2006) Beyond the cases under paragraphs 1 and 2, the place of performance of the delivery of a service, concerning the transportation of goods between two Member States shall be the territory of the Member State, in which the transportation of goods is initiated.

(4) (New, SG. No. 108/2006) When the recipient of the delivery under paragraph 3 is a person, registered for the purposes of VAT in a Member State, other than the Member State where the transportation was initiated, the place of performance of the delivery shall be the territory of the Member State, which has issued the VAT identification number to the recipient, under which the service was rendered.

#### Place of Supply of Services Ancillary to Supply of Services in

##### Intra-Community Transport of Goods

Article 23. (1) The place of supply of services involving transport handling of goods ancillary to the supplies referred to in Article 22 herein shall be the territory of the Member State which issued the recipient with the VAT identification number under which the service was rendered thereto.

(2) (Amended, SG No. 108/2006) The place of supply of services rendered by an agent, broker and another intermediary acting in the name and for the account of another person in connection with the supplies of services under Article 22 herein, shall be on the territory of the Member State, in which the transportation of goods was initiated.

(3) (Amended, SG No. 108/2006) Where the recipient of the supply referred to in Paragraph (2) is a person registered for VAT purposes in a Member State, other than the Member State, where transportation was initiated, the place of supply shall be the territory of the Member State which issued the recipient with the VAT identification number under which the service was rendered thereto.

(4) The place of supply of services rendered by an intermediary acting in the name of and for the account of another person in connection with the provision of services for transport handling of goods under Paragraph (1) shall be the place where the transport handling of the goods is physically performed.

(5) (Amended, SG No. 108/2006) Where the recipient of the supply under Paragraph (4) is a person registered for

VAT purposes in a Member State, other than the Member State, where transportation was actually performed, the place of supply shall be the territory of the Member State which issued the recipient with the VAT identification number under which the service was rendered thereto.

#### Place of Supply of Services with Recipient Established within Territory

##### of Another Member State

Article 24. (1) The place of supply of services rendered by an intermediary acting in the name of and for the account of another person, when such services are linked to the supplies of services other than those referred to in Article 21 (3), Articles 22 and 23 herein, shall be the place of the supplies in connection with which the intermediation is rendered.

(2) (Amended, SG No. 108/2006) When the recipient of the delivery under paragraph 1 is a person, registered for the purposes of VAT in a Member State, other than the Member State which is the place of performance of the delivery, with regard to which the intermediation was made, the place of performance of the delivery shall be the territory of the Member State, which issued the VAT identification number to the recipient, under which the service was rendered.

(3) The place of supply of services involving valuations or work on movable things shall be the territory of the Member State which issued the recipient with the VAT identification number under which the service was rendered thereto, where the following conditions are fulfilled:

1. the recipient of the supply is a person registered for VAT purposes in another Member State;

2. the goods are dispatched or transported from the territory of the country to a destination outside the territory of the country.

(4) The documents certifying the circumstances referred to in Item 2 of Paragraph (3) shall be determined by the Regulations for Application of this Act.

(5) If the supplier of the service referred to in Paragraph (3) fails to obtain documents certifying the circumstances referred to in Item 2 of Paragraph (3) prior to the lapse of the calendar month following the calendar month during which the chargeable event for the supply occurred, the place of supply shall be determined according to the procedure established by Article 21 herein. In such case, the supplier shall adjust the result of the application of Paragraph (3) according to a procedure established in the Regulations for Application of this Act.

#### Chapter Two

### CHARGEABLE EVENT AND TAXABLE AMOUNT

#### Occurrence of Chargeable Event and Chargeability of Tax

Article 25. (1) "Chargeable event," within the meaning given by this Act, shall be the supply of goods or services effected by taxable persons under this Act, the intra-Community acquisition, as well as the importation of goods under Article 16 herein.

(2) A chargeable event shall occur on the date on which ownership of the goods passes or on which the services are performed.

(3) In addition to the cases referred to in Paragraph (2), a chargeable event shall occur on:

1. the date of actual handing over of the goods under Article 6 (2) herein;

2. the date of setting aside or handing over of the goods under Article 6 (3) herein;

3. the date on which the transport under Article 7 (4) herein starts;

4. the date on which the supplier receives the payment: applicable to sale of goods by mail order or by electronic means;

5. the date of retrieval of the coins or tokens: applicable to effecting of supplies by means of vending machines or other similar devices actuated by coins, tokens or other such;

6. the date of the actual return of the asset repaired and/or improved upon termination of the contract or discontinuance of the use of the asset: in the cases of performance, free of charge, by a tenant/user of services for repair and/or improvement of an asset hired out or allocated for use, where the conditions under Items 2 and 3 of Article 9 (4) herein do not apply.

(4) (Amended, SG No. 108/2006) In supplies effected periodically, by stages or continuously, with the exception of the supplies covered under Article 6 (2) herein, each period or stage for which payment has been agreed shall be considered to be a separate supply and the chargeable event for it shall occur on the date on which the payment became executable.

(5) On the date of occurrence of the chargeable event under Paragraphs (2), (3) and (4):

1. the tax under this Act shall become chargeable in respect of the taxable supplies and an obligation for the registered person to charge the said tax shall arise, or

2. grounds shall arise for exemption from the charging of tax in respect of the exempt supplies and the supplies whereof the place of transaction is outside the territory of the country.

(6) Where a payment is effected on a supply before the occurrence of a chargeable event under Paragraphs (2), (3) and (4), the tax shall become chargeable upon receipt of the payment, with the exception of a payment received in connection with an intra-Community supply.

(7) Where a person who is not registered under this Act receives an advance payment in connection with a taxable supply and actually effects the said supply after the date of registration of the said person under this Act, the advance payment received shall be presumed to include a tax which becomes chargeable on the date on which the tax on the supply becomes chargeable.

#### Taxable Amount in Supplies within the Territory of the Country

Article 26. (1) "Taxable amount," within the meaning given by this Act, shall be the value whereon the tax is charged or not charged depending on whether the supply is taxable or exempt.

(2) The taxable amount shall be determined on the basis of everything which constitutes the consideration which has been obtained by or is due to the supplier from the recipient or another person in connection with the supply, expressed in leva and stotinki exclusive of the tax under this Act. Any payment of interest and damages of a compensatory nature shall not be considered a consideration for a supply.

(3) The taxable amount referred to in Paragraph (2) shall be credited with:

1. all other taxes and fees, including excise duty, where such are payable on the supply;

2. all subsidies and investment grants directly linked to the supply;

3. the incidental expenses charged by the supplier to the recipient, such as commission, packing, transport, insurance costs etc., directly linked to the supply;

4. the cost of the usual or customary packing materials or containers, unless returnable or if the recipient is not a taxable person; if such packing materials or containers are returned by the recipient, the taxable amount shall be debited with the value of the said materials or containers upon return.

(4) The taxable amount shall be deemed to include:

1. the value of the subsequent warranty services for the goods;

2. the value retained by the recipient as a performance bond.

(5) The taxable amount shall not include:

1. the amount of the trade discount or rebate, if allowed to the recipient on the date of occurrence of the chargeable event; if the said discount or rebate is allowed to the recipient after the date of occurrence of the chargeable event, the taxable amount shall be debited therewith upon allowance;

2. the cost of the usual or customary packing materials or containers, if the recipient is a taxable person and the said materials or containers are returnable; if such materials or containers are not returned within 12 months after dispatch thereof, the taxable amount shall be credited with the value of the said materials or containers at the end of this time period;

3. the costs incurred by a lessor and lessee in connection with the use of goods under the terms and within the term of validity of a lease contract, such as: costs of property insurance, civil liability insurance and other such, for all or part of the term of validity of the contract, the costs of property taxes and fees, environmental fees and registration costs;

4. the amounts paid to the supplier as repayment for the expenses incurred in the name and for the account of the recipient, where the said amounts are expressly entered in the accounts of the supplier; the supplier must hold proof of the actual amount of this expenditure and shall not have the right to credit for input tax in respect of the tax which may have become chargeable upon the incurrence of the said expenditure.

(6) Where the values required for calculation of the taxable amount are expressed in a foreign currency, the taxable amount shall be determined on the basis of the lev equivalent of the said currency at the exchange rate announced by the Bulgarian National Bank for the date on which the tax on the supply became chargeable.

(7) Where the consideration is expressed wholly or partly in goods or services (the payment is effected wholly or partly in goods or services), the taxable amount of the supply shall be the open market value of the goods or services supplied, calculated at the date on which the tax became chargeable.

#### Special Cases of Determination of Taxable Amount

Article 27. (1) The taxable amount of the supply may not be less than the taxable amount upon acquisition of the costs or than the cost price, and in the cases where the goods are imported, than the taxable amount upon importation, for any supplies of:

1. goods under Article 6 (3) and Article 7 (4) herein;

2. land which is a regulated lot within the meaning given by the Spatial Development Act , with the exception of building land of buildings which are not new;

3. new buildings or parts thereof and the building land thereof.

(2) The taxable amount of supplies of services under Article 9 (3) herein shall be the amount of the direct costs incurred in connection with the performance of the said services.

(3) The taxable amount shall be the open market value in respect of the following supplies:

1. any supplies between connected persons;

2. any supplies of goods under Article 111 herein;

3. any supplies effected free of charge under Item 4 of Article 9 (2) herein.

#### Chapter Three

#### ZERO-RATED SUPPLIES

Supplies of Goods Dispatched or Transported to Destination outside

## Territory of Community

Article 28. The following shall be supplies liable to tax at the zero rate:

1. the supply of any goods which are dispatched or transported from a place within the territory of the country to a destination in a third country or territory, by or for the account of the supplier;
2. the supply of any goods which are dispatched or transported from a place within the territory of the country to a destination in a third country or territory, by or for the account of the recipient, if the recipient is a person who is not established within the territory of the country; this provision shall not apply where the goods are intended for the fuelling, equipment and provisioning of vessels and aircraft which are used for sporting and entertainment purposes or for private use.

## International Transport of Passengers

Article 29. (1) Transport of passengers shall be a supply liable to tax at the zero rate where the transport is effected:

1. from a place within the territory of the country to a destination outside the territory of the country, or
  2. from a place outside the territory of the country to a destination within the territory of the country, or
  3. between two places within the territory of the country, where the transport is not part of a transport referred to in Items 1 and 2.
- (2) The transport of goods and motor vehicles, where they are part of the luggage of passengers, shall also be considered as transport of passengers under Paragraph (1).

## International Transport of Goods

Article 30. Transport of goods shall be a supply liable to tax at the zero rate where the transport is effected:

1. from a place within the territory of the country to a destination within the territory of a third country or territory or to a destination within the territory of the islands making up the autonomous regions of the Azores and Madeira, or
2. from the territory of a third country or territory or from the territory of the islands making up the autonomous regions of the Azores and Madeira to a destination within the territory of the country, or
3. between two places within the territory of the country, where the transport is not part of a transport referred to in Items 1 and 2.

## Supply Linked to International Transport

Article 31. The following shall be supplies liable to tax at the zero rate:

1. the supply of goods for the equipping with spare parts, fuelling and lubricating, and provisioning with food, beverages, water and other victuals of vessels, aircraft and railway rolling stock on international service, where the goods supplies are intended for consumption on board; this shall not apply to vessels or aircraft which are used for sporting and entertainment purposes or for private use;
2. the supply of goods for the equipping with spare parts, fuelling and lubricating, and provisioning with food, beverages, water and other victuals intended for consumption on board any vessels:
  - (a) used for the purposes of commercial, industrial or fishing activities outside the maritime space of the Republic of Bulgaria;
  - (b) used for rescue or assistance at sea;
  - (c) of war, as defined in subheading 89.01 of the Common Customs Tariff, leaving the country and bound for foreign ports or anchorages;
3. the supply of services for the building, maintenance, repair, modification, transformation, assembly, equipping,

furnishing, transport and destruction of ships and aircraft, with the exception of those referred to in Item 2 (c); this shall not apply to any ships and aircraft which are used for sporting and entertainment purposes or for private use;

4. the chartering of vessels, aircraft and railway rolling stock for the effecting of international transport;

5. the handling of vessels, including the services covered under Chapter Nine of the Merchant Shipping Code , of aircraft and railway rolling stock on international service, as well as services for rescue and assistance at sea;

6. (amended, SG No. 108/2006) the supply of services linked to transport handling of goods or passengers carried by a vessel, aircraft or railway rolling stock where the services are rendered in relation to the international transport under articles 29 and 30;

7. the supply of vessels and aircraft, with the exception of those used for sporting and entertainment purposes or for private use.

8. (new, SG No. 108/2006) the rendering of services, for which fees are collected under Article 120, paragraph 1 of the Civil Aviation Act, rendered by an airport operator - concessionaire in relation to aviation facilities in an international flight.

#### Supply Linked to International Goods Traffic

Article 32. (1) (Amended, SG No. 108/2006) The supply of non-Community goods, with the exception of such specified in Annex 1 hereto in respect of which the circumstances covered under Article 16 (5) herein apply, shall be a supply liable to tax at the zero rate.

(2) The supply of services directly linked with the supply of goods liable to tax at the zero rate under Paragraph (1) shall be a supply liable to tax at the zero rate, with the exception of the supplies exempt within the meaning given by this Act.

#### Supply for Handling of Goods

Article 33. The performance of services involving work on goods, such as treatment, processing or repair or goods, shall be a supply liable to tax at the zero rate where the following conditions are fulfilled:

1. the goods are acquired or imported for the purposes of performance of such work within the territory of the Community;

2. after being worked upon, the goods are dispatched or transported to a third country or territory by or for the account of the supplier or the recipient;

3. the recipient of the goods is not established within the territory of the country.

#### Supply of Gold for Central Banks

Article 34. The supply of gold other than investment gold within the meaning given by this Act shall be a supply liable to tax at the zero rate where the recipient is the Bulgarian National Bank or the Central Bank of another Member State.

#### Supply Linked to Duty-Free Trade

Article 35. (Supplemented, SG No. 105/2006) The sales of goods in duty- free distributive trade establishments shall be a supply liable to tax at the zero rate when the sale is considered to be export as defined by the Duty Free Sales Act.

#### Supply of Goods Provided by Agents, Brokers and Other Intermediaries

Article 36. (1) The supply of goods provided by agents, brokers and other intermediaries acting in the name and for the account of another shall be a supply liable to tax at the zero rate where linked to the supplies specified in this Chapter.

(2) The supply of services whereof the place of transaction is within the territory of the country, provided by agents, brokers and other intermediaries acting in the name and for the account of another, shall likewise be a supply liable to tax at the zero rate where the said services are provided in connection with the supply of goods or services whereof the place of supply is outside the territory of the Community.

#### Documenting Supplies

Article 37. (1) The documents certifying the existence of circumstances under this Chapter shall be specified by the Regulations for Application of this Act.

(2) If the supplier fails to obtain the documents referred to in Paragraph (1) prior to the lapse of the calendar month succeeding the calendar month during which the tax became chargeable, including in the case of advance payment on a supply, the provisions of this Chapter shall not apply. If the supplier obtains the documents referred to in Paragraph (1) subsequently, the supplier shall adjust the result of the application of this Paragraph according to a procedure established by the Regulations for Application of this Act.

#### Chapter Four

### EXEMPT SUPPLIES AND ACQUISITIONS

#### General Dispositions

Article 38. (1) The supplies specified in this Chapter shall be exempt from tax.

(2) Any intra-Community supplies shall likewise be exempt if they would have been exempt if effected within the territory of the country according to the procedure established by this Chapter.

(3) Any intra-Community acquisition of goods, whose supply within the territory of the country is an exempt supply under this Chapter, shall likewise be exempt from taxation.

#### Supply Linked to Health Care

Article 39. The following supplies shall be exempt:

1. the performance of health (medical) services and of services directly linked thereto, rendered by health-care facilities under the Health Act and by medical-treatment facilities under the Medical-Treatment Facilities Act;
2. the supply of human organs, tissues and cells, blood, blood components and milk;
3. the supply of prostheses, as well as the services for provision of prostheses to people with disabilities, where the said supplies are part of the health services referred to in Item 1;
4. the supply of dental prostheses;
5. the performance of transport services for sick or injured persons in vehicles specially designed for the purpose by duly authorized bodies;
6. the supply of goods and services within the framework of humanitarian activity carried out by the Bulgarian Red Cross and other not-for-profit legal entities pursuing public-benefit activities and entered into the Central Register of Not-for-Profit Legal Entities for Pursuit of Public-Benefit Activities.

#### Supply Linked to Welfare and Social Security Work

Article 40. The following supplies shall be exempt:

1. the performance of social services under the Social Assistance Act;
2. the supply of social assistance benefits according to the procedure established by the Social Assistance Act;
3. the compulsory and voluntary social, retirement and health insurance under the terms and according to the procedure established by a special law, including the intermediation services directly linked thereto.

#### Supply Linked to Education, Sports or Physical Education

Article 41. The following supplies shall be exempt:

1. pre-school instruction and character education, school or university education, vocational education and training, post-graduate training, retraining and upgrading of qualifications, provided by:

(a) kindergartens, schools or auxiliary units under the Public Education Act , institutions within the vocational education and training system under the Vocational Education and Training Act , or cultural and educational or research institutions;

(b) higher schools under the Higher Education Act ;

2. tuition given privately by teachers, covering school or university education under Item 1 ;

3. the supply of textbooks and teaching aids, approved by the Minister of Education and Science or by the Minister of Culture in accordance with the endorsed compulsory teaching and educational syllabi and curricula, where the said goods are supplied by the organizations covered under Item 1 (a), as well as the supply of textbooks and teaching aids, where the said goods are supplied by the organizations covered under Item 1 (b);

4. the services directly linked to sports or physical education, provided by sporting organizations under the Physical Education and Sports Act which are registered under the Non-Profit Legal Persons Act as organizations designated for pursuit of public-benefit activities.

#### Supply Linked to Culture

Article 42. The following supplies shall be exempt:

1. charges by cultural organizations and cultural institutions under the Protection and Promotion of Culture Act for admissions to:

(a) circuses, music and musical performing-arts shows and concerts, with the exception of admissions to bars, variety show bars and erotic shows;

(b) museums, art galleries, libraries and theatres;

(c) zoos and botanical gardens;

(d) architectural, historical, archaeological, ethnographic and museum reserves and complexes;

2. the activities of the Bulgarian National Radio, the Bulgarian National Television and the Bulgarian News Agency for which they receive payment from the executive budget.

#### Supply Linked to Religious Denominations

Article 43. The supply of goods and the performance of services by the Bulgarian Orthodox Church and other registered religious denominations under the Religious Denominations Act shall be an exempt supply where the said supply is linked to the performance of their religious, social, educational and health activities.

#### Supply of Non-Profit-Making Nature

Article 44. (1) The following supplies shall be exempt:

1. the supply of goods and the performance of services by the organizations covered under Articles 39, 40, 41 and 42 herein, where the said supply is linked to fund-raising events organized for the benefit of the activities of the said organizations;

2. the supply of goods and the performance of services by organizations which are not merchants and which have aims of a political, trade-union, religious, patriotic, philosophical, philanthropic or civic nature, where the said supply is linked to fund-raising events organized for the benefit of the activities of the said organizations;

3. the supply of goods and the provision of services by the organizations referred to in Item 2 for the benefit of their members in return for a subscription fixed in accordance with the rules of the said organizations;

4. the provision of services by independent groups of persons whose activities are exempt from or are not subject to tax for the purpose of rendering their members the services directly necessary for the exercise of their activity, where these groups merely claim from their members exact reimbursement of their share of the joint expenses.

(2) The supplies covered under Paragraph (1) shall be exempt insofar as they do not lead to distortion of competition.

#### Supply Linked to Land and Buildings

Article 45. (1) The transfer of the right of ownership of land, the creation or transfer of limited rights in rem to land, as well as the letting or leasing of land, shall be an exempt supply.

(2) The creation or transfer of a building right shall be considered an exempt supply under Paragraph (1) until the time of completion of rough construction work on the building for which the building right is created or transferred. The building right shall not cover the building and erection works performed.

(3) The supply of buildings or parts thereof, which are not new, the supply of building land, as well as the creation and transfer of other rights in rem thereto, shall likewise be an exempt supply.

(4) The letting of a building or part thereof for residential use to a natural person who is not a merchant shall likewise be an exempt supply.

(5) Paragraph (1) shall not apply in respect of:

1. the transfer of a right of ownership of a regulated lot within the meaning given by the Spatial Development Act , with the exception of the building land of buildings which are not new;

2. the transfer of a right of ownership or other rights in rem, as well as the letting of plant, machinery, equipment and structures immovably fixed to or built under the ground;

3. the transfer of a right of ownership or other rights in rem, as well as the letting of camping sites, caravan parks, holiday camps, sites for parking vehicles and other such;

4. the transfer of a right of ownership of building land of new buildings, as well as the creation and transfer of other rights in rem to such land.

(6) Paragraph (4) shall not apply to provision of accommodation in hotels, motels, cottage villages and holiday villages, rented rooms in family houses, villas, houses, cabanas, camping sites, hikers' chalets, guest houses, inns, boarding houses, caravan parks, holiday camps, holiday accommodations owned by businesses for their employees, spa centres and sanatorium complexes.

(7) In the cases of supplies covered under Paragraphs (1), (3) and (4), the supplier shall be allowed a right of option for taxation.

#### Supply of Financial Services

Article 46. (1) The following supplies shall be exempt:

1. the negotiation, the granting and the management of credit for a consideration (interest) by the person granting it, including the granting, negotiation and management of credit upon supply of goods pursuant to a lease contract;

2. the negotiation of guarantees and transactions in guarantees or securities establishing title to money receivables, as well as management of guarantees by the creditor;

3. the transactions, including negotiation, concerning bank accounts, transfers, payments, debts, receivables, cheques and other such negotiable instruments, excluding transactions concerning debt collection and factoring and the hire of safes;

4. the transactions, including negotiation, concerning currency, banknotes and coins used as legal tender, with the exception of banknotes and coins which are not normally used as legal tender or are of numismatic interest;

5. the transactions, including negotiation, concerning corporate interests, shares or other securities and derivatives thereof, with the exception of management and safekeeping; this shall not apply to any securities establishing titles to goods or services other than such specified in this Article;

6. (amended and supplemented, SG No. 52/2007) management of the activity of collective investment schemes, investment companies of the closed-end type and pension funds, and the provision of investment advice according to the procedure established by the Public Offering of Securities Act, and the Markets in Financial Instruments Act;

7. the transactions, including negotiation, concerning financial-futures contracts and options.

(2) In the cases of a supply pursuant to a lease contract under Item 1 of Paragraph (1), the supplier shall be allowed a right of option for taxation of the granting of the credit.

(3) In respect of the supplier of the financial services covered under Item 1 of Paragraph (1), credit for input tax shall become fully deductible in compliance with the requirements of Article 71 herein for the goods subject to the lease contract.

#### Supply of Insurance Services

Article 47. The performance of services under the terms and according to the procedure established by the Insurance Code shall be an exempt supply where performed by:

1. (supplemented, SG No. 108/2006) insurers and reinsurers;
2. insurance brokers and insurance agents.

#### Gambling

Article 48. The organizing of games of chance, within the meaning given by the Gambling Act, shall be an exempt supply.

#### Supply of Postage Stamps and Postal Services

Article 49. The following supplies shall be exempt:

1. the supply at face value of postage stamps or an indication equivalent to a postage stamps;
2. the performance of a universal postal service under the terms and according to the procedure established by the Postal Services Act.

#### Supply of Goods or Services for which Credit for Input Tax Has Not Been

#### Used

Article 50. The following supplies of goods or services shall be exempt:

1. where the said goods or services have been used entirely for the performance of exempt supplies and, on these grounds, the right to deduct credit for input tax has not been exercised in respect of the tax charged upon their production, acquisition or importation;
2. where a right to deduct credit for input tax pursuant to Article 70 herein was not in place upon the production, acquisition or importation of the said goods or services.

#### Chapter Five

### TAXATION OF INTRA-COMMUNITY SUPPLIES

#### Chargeable Event and Chargeability for Intra-Community Supplies

Article 51. (1) The chargeable event for an intra-Community supply shall occur on the date on which the chargeable event would have occurred for a supply within the territory of the country.

(2) The chargeable event for an intra-Community acquisition referred to in Article 7 (4) herein shall occur on the date on which the transport of the goods from the territory of the country starts.

(3) The tax upon an intra-Community acquisition shall become chargeable on the 15th day of the month following the

month during which the chargeable event occurs.

(4) (Supplemented, SG No. 108/2006) Notwithstanding Paragraph (3), the tax shall become chargeable on the date of issue of the invoice respectively the document under Article 168, paragraph 8, where the said invoice is issued before the 15th day of the month following the month during which the chargeable event occurs.

(5) Paragraph (4) shall not apply where the invoice is issued in connection with payment on the supply received before the date of occurrence of the chargeable event.

#### Taxable Amount of Intra-Community Supplies

Article 52. (1) The taxable amount for intra-Community acquisitions shall be determined according to the procedure established by Article 26 herein.

(2) The taxable amount of intra-Community supplies under Article 7 (4) herein shall be the taxable amount upon acquisition of the goods, the cost price thereof or the taxable amount thereof upon importation, credited according to the procedure established by Article 26 (3) herein.

(3) The taxable amount referred to in Paragraph (2) shall not be credited with the value of the services covered under Articles 22, 23 and 24 herein, whereof the place of transaction is within the territory of the country, for which the person registered under this Act is obliged to charge tax as a payer covered under Article 82 (2) herein.

#### Rate of Tax and Documenting of Intra-Community Supplies

Article 53. (1) The intra-Community supplies referred to in Article 7 herein, with the exception of the exempt intra-Community supplies referred to in Article 38 (2) herein, shall be liable to tax at the zero rate.

(2) The documents certifying the effecting of the intra-Community supply shall be specified by the Regulations for Application of this Act.

(3) If the supplier fails to obtain the documents referred to in Paragraph (2) prior to the lapse of the calendar month succeeding the calendar month during which the tax on the supply became chargeable, Paragraph (1) shall not apply. If the supplier obtains the documents referred to in Paragraph (1) subsequently, the supplier shall adjust the result of the application of this Paragraph according to a procedure established by the Regulations for Application of this Act.

### PART THREE

#### TAXATION OF IMPORTS

##### Chargeable Event for Importation

Article 54. (1) The chargeable event for importation of goods shall occur and the tax shall become chargeable on the date on which the obligation to pay import duty within the territory of the country arises, or should have arisen, including where such an obligation does not exist or the rate of the said obligation is zero.

(2) Where an obligation to pay import duty within the territory of the country does not arise upon importation of goods under Article 16 (3) herein, the chargeable event shall occur and the tax shall become chargeable on the date on which the customs formalities are completed.

##### Taxable Amount

Article 55. (1) The taxable amount upon importation of goods under Article 16 herein shall be the value for customs purposes credited with:

1. the customs duties, excise duties and other charges due in connection with the importation of the goods within the territory of the Community, as well as those due by reason of importation into the territory of the country;
2. the expenses incidental to the importation, such as commission, packing, transport and insurance costs, incurred up to the first place of destination of the goods within the territory of the country.

(2) The taxable amount shall furthermore be credited with any costs referred to in Item 2 of Paragraph (1) where the

said costs result from transport of the goods from the territory of the country to the territory of another Member State, if the documents accompanying the goods show that the goods are intended for that other Member State.

(3) When goods have been temporarily exported from the territory of the country to a place outside the territory of the Community for treatment, processing or repair under the outward processing procedure and are re-imported into the territory of the country, the taxable amount shall be the value of the treatment, processing or repair, credited according to the procedure established by Paragraph (1).

(4) The taxable amount under the Paragraphs (1), (2) and (3) shall not include the trade discount or rebate, if allowed to the recipient not later than the date of occurrence of the chargeable event.

(5) Upon importation of goods under Article 16 (3) herein, the taxable amount shall be determined according to the procedure established by Article 26 herein.

#### Charging of Tax upon Importation by Customs Authorities

Article 56. The tax upon importation under Article 16 herein shall be charged by the customs authorities, with the amount of tax being accounted for according to the procedure established for the customs debt.

#### Charging of Tax upon Importation by Importer

Article 57. (1) The tax upon importation may be charged by the importer if the said importer is a registered person and is granted authorization to apply this regime in connection with the implementation of an investment project under Article 166 herein.

(2) In the cases under Paragraph (1), the importer shall exercise the right thereof according to the procedure established by Article 164 (2) herein.

(3) The importer shall charge the tax in respect of the import for which the importer has exercised the right thereof under Paragraph (1) by a memorandum on the tax period during which the chargeable event under Article 54 herein occurred.

(4) In the cases referred to in Article 58 (2) herein, the tax shall be charged by the importer by a memorandum on the tax period during which the tax became chargeable.

#### Exemption from Tax upon Importation

Article 58. (1) Exemption from tax shall be granted in respect of the importation of:

1. goods subject to exemption from customs duties other than as provided for in the Common Customs Tariff;
2. goods which are imported by the persons under Article 174 herein, which qualify for exemption from import duties;
3. human organs, tissues and cells, blood, blood components, milk, dental prostheses;
4. textbooks and teaching aids referred to in Item 3 of Article 41 herein by the organizations covered under Item 1 of Article 41 herein;
5. sea fishing products and other products harvested outside the territorial waters of the Community by ships, where the said products are imported into ports unprocessed or after undergoing preservation for marketing;
6. goods, where the following conditions are simultaneously fulfilled:
  - (a) the importer is a person registered under this Act;
  - (b) the documents accompanying the goods show that the goods are intended for another Member State;
  - (c) the importer will effect a subsequent intra-Community supply of the goods;
7. gold by the Bulgarian National Bank;

8. aircraft, vessels, as well as of spare parts for them, with the exception of such for sporting and entertainment purposes;

9. investment gold;

10. electricity and natural gas, through a distribution system;

11. data storage mediums as part of the participation of Bulgaria in the international exchange of publications where exempt from customs duties;

12. goods within the duty-free allowances upon:

(a) receipt of international postal items and other consignments, or importation of goods of negligible value, within the meaning given by customs legislation;

(b) importation of personal luggage by travellers;

(c) importation of goods acquired abroad by travellers;

(d) importation of personal property acquired by inheritance;

(e) importation of used personal property by natural persons transferring their normal place of residence to the Republic of Bulgaria;

(f) importation of property on the occasion of a marriage;

(g) importation of used household effects after the end of temporary residence outside the Republic of Bulgaria;

(h) importation of orders, medals and honorary awards;

(i) importation of own works of art and goods and works of science, regardless of the type of the data storage medium, by persons who are permanently resident within the territory of the country;

(j) importation of gifts received within the framework of international relations;

(k) importation of goods intended for the personal use of heads of State;

(l) importation of goods for the benefit of disaster victims;

(m) importation of goods related to services supplied by undertakers;

(n) importation of goods required for the carrying out of transport operations;

(o) importation of documentation;

13. goods which are destroyed or abandoned to the Exchequer according to the procedure established by customs legislation, as well as of goods provided free of charge, which are abandoned and confiscated, with the exception of motor vehicles;

14. goods placed under customs control, which are destroyed or irreversibly lost by reason related to the nature of the goods or through force majeure;

15. goods in an unaltered state, which have been exported and are reimported in an unaltered state, within the time limits provided for in customs legislation;

16. goods which have been temporarily exported for repair or putting in order, if the conditions provided for in

customs legislation are fulfilled;

17. goods which have been exported and returned within one year on a claim;

18. motor vehicles subject to misappropriation or theft and for which the import duties due have been repaid or remitted according to the procedure established by customs legislation.

(2) Where the importer of the goods covered under Item 6 of Paragraph (1) fails to obtain the documents referred to in Article 53 (2) herein prior to the lapse of the month succeeding the month of occurrence of the chargeable event under Article 54 herein, the tax on the importation shall become chargeable by the importer.

(3) The tax referred to in Paragraph (2) shall become chargeable on the last day of the calendar month succeeding the month of occurrence of the chargeable event under Article 54 herein.

#### Provision of Security in Respect of Tax upon Importation

Article 59. (1) Where provision of security in respect of customs duties is not required or is required according to customs legislation, security shall not be provided or shall be provided in respect of the tax in accordance with the amounts specified in customs legislation and according to the procedure established for provision of security in respect of customs duties.

(2) Where an obligation to pay interest on customs duties under a customs debt arises according to customs legislation, an obligation to pay interest on the uncollected tax shall arise as well.

(3) Any person, who has been granted authorization to open and manage a customs warehouse (warehousekeeper) according to the procedure established by customs legislation, shall be solidarily liable with the depositor of the goods in the warehouse for the tax due upon removal of the goods from customs supervision during the storage thereof in the warehouse.

(4) Where exemption from tax is provided for according to the procedure established by Article 173 (1) herein upon importation of motor vehicles and the said vehicles remain under customs supervision, such exemption from tax shall furthermore apply if the motor vehicles, imported by any persons enjoying privileges according to the Vienna Convention on Diplomatic Relations, the Vienna Convention on Consular Relations, consular conventions or other international treaties whereto the Republic of Bulgaria is a party, were subject to misappropriation or theft within the period of customs supervision and this has been established by the competent authorities according to the procedure provided for this.

#### Payment of Tax upon Importation

Article 60. (1) The tax charged by the customs authorities shall be remitted to Executive Budget Revenue according to the procedure and within the time limits provided for payment of customs duties.

(2) The tax charged by the customs authorities upon importation into the territory of the country may not be set off against other receivables by the revenue or customs authorities.

#### Release of Goods

Article 61. The customs authorities shall release the goods after payment of the tax charged or after provision of security in respect of the said tax according to the procedure established for the customs debt, save in the cases where the tax is charged by the importer.

#### PART FOUR

### TAXATION OF INTRA-COMMUNITY ACQUISITION

#### Place of Supply of Intra-Community Acquisition

Article 62. (1) The place of supply of an intra-Community acquisition shall be the territory of the country, where the goods arrive and the transport thereof ends within the territory of the country.

(2) Notwithstanding Paragraph (1), the place of supply of the intra-Community acquisition shall be the territory of the country, where the person acquiring the goods is registered under this Act and made the acquisition of the said goods under an identification number issued in the country.

(3) Paragraph (2) shall not apply where the person holds proof that an intra-Community acquisition of the goods has been subject to tax in the Member State where the goods have arrived or the transport thereof has ended.

(4) If the intra-Community acquisition is subject to tax according to Paragraph (2) and the person subsequently establishes that this intra-Community acquisition has been subject to tax as well in the Member State where the goods arrive or where the transport thereof ends, the person shall adjust the result of the application of Paragraph (2).

(5) Notwithstanding Paragraph (2), the place of supply of the intra-Community acquisition shall be the Member State where the goods arrive or where the transport thereof ends, where the following conditions are simultaneously fulfilled:

1. the intermediary in a triangular operation acquires goods under the identification number thereof referred to in Article 94 (2) herein;
2. the person referred to in Item 1 effects a subsequent supply of the goods to the acquirer in the triangular operation;
3. the person referred to in Item 1 issues an invoice on the supply referred to in Item 2, satisfying the requirements of Article 114 herein, stating therein that the said person is an intermediary in a triangular operation and that the acquirer in the triangular operation is the person liable for the tax due on the supply;
4. the person referred to in Item 1 declares the supply referred to in Item 2 in the VIES return for the relevant tax period.

(6) The documents certifying the circumstances covered under Paragraphs (3), (4) and (5), and the procedure for effecting the adjustment under Paragraph (4), shall be specified by the Regulations for Application of this Act.

#### Chargeable Event and Chargeability of Tax upon Intra-Community

##### Acquisition

Article 63. (1) The chargeable event upon an intra-Community acquisition shall occur on the date on which the chargeable event would have occurred upon a supply within the territory of the country.

(2) The chargeable event upon an intra-Community acquisition referred to in Article 13 (3) herein shall occur on the date on which the transport of the goods ends within the territory of the country.

(3) The tax upon an intra-Community acquisition shall become chargeable on the 15th day of the month following the month during which the chargeable event occurs.

(4) Notwithstanding Paragraph (3), the tax shall become chargeable on the date of issue of the invoice, where the said invoice is issued before the 15th day of the month following the month during which the chargeable event occurs.

(5) Paragraph (4) shall not apply, where the invoice is issued in connection with payment effected before the date of occurrence of the chargeable event.

##### Taxable Amount for Intra-Community Acquisition

Article 64. (1) The taxable amount for an intra-Community acquisition shall be determined according to the procedure established by Article 26 herein.

(2) The taxable amount for an intra-Community acquisition referred to in Article 13 (3) herein shall be equal to the taxable amount formed for the purposes of the intra-Community acquisition in the Member State from which the goods were dispatched or transported.

(3) The taxable amount for an intra-Community acquisition of excisable goods shall also include the excise duty due or paid on the goods in the Member State from which the goods were dispatched or transported. If after acquisition the excise duty is refundable to the recipient, the taxable amount shall be debited according to a procedure established by the Regulations for Application of this Act.

(4) The taxable amount referred to in Paragraphs (1), (2) and (3) shall not include the taxable amount of the services covered under Articles 22, 23 and 24 herein whereof the place of transaction is within the territory of the country, in respect of which the person registered under this Act is obliged to charge the tax as a person covered under Article 82 (2) herein.

#### Exempt Intra-Community Acquisitions

Article 65. (1) Exemption from tax shall be granted in respect of any intra-Community acquisitions of goods whereof the place of transaction is within the territory of the country, whose supply within the territory of the country is among those specified in Chapter Four herein.

(2) Exemption from tax shall be granted in respect of any intra-Community acquisitions, whereof the place of transaction is within the territory of the country, of goods:

1. where any persons covered under Article 172 (2) and Article 174 (1) herein are recipients;
2. the importation of which into the territory of the country would be exempted from tax according to the procedure established by Article 58 (1) herein;
3. where any institutions of the European Union are recipients;
4. from an intermediary in a triangular operation, who is a person registered for VAT purposes in another Member State.

#### PART FIVE

#### RATES OF TAX AND ASSESSMENT OF TAX LIABILITY

##### Chapter Six

#### RATES OF TAX

##### Rate of Tax

Article 66. (1) The rate of tax shall be 20 per cent applicable to:

1. the taxable supplies, except for those expressly specified as subject to the zero rate;
2. the importation of goods into the territory of the country;
3. the taxable intra-Community acquisitions.

(2) The rate of tax applicable to accommodation provided by a hotelier, where part of a package tour, shall be 7 per cent.

##### Amount of Tax

Article 67. (1) The amount of tax shall be determined by multiplying the taxable amount by the rate of tax.

(2) Where upon contracting a supply the tax was not expressly stated as due separately, the said tax shall be presumed to be included in the agreed price.

(3) The tax shall furthermore be presumed to be included in the named price where goods subject to a supply are offered in the retail network.

##### Chapter Seven

#### CREDIT FOR INPUT TAX

##### Credit for Input Tax and Right to Deduct Credit for Input Tax

Article 68. (1) "Credit for input tax" shall be the amount of tax which a registered person has the right to deduct from the tax liabilities thereof under this Act in respect of:

1. goods or services received thereby in a taxable supply;
2. a payment effected thereby prior to the occurrence of the chargeable event for a taxable supply;
3. importation effected thereby;
4. the tax chargeable therefrom as a payer under Chapter Eight herein.

(2) The credit for input tax shall become deductible where the tax subject to deduction becomes chargeable.

(3) In the cases of legal succession under Article 10 herein, the credit for input tax shall become deductible:

1. on the date of recording of the circumstance referred to in Article 10 herein in the Commercial Register: where the legal successor is a person registered under this Act;

2. on the date of registration under Article 132 (3) herein.

(4) In the cases referred to in Article 116 (2) herein, credit for input tax shall become deductible on the date of issue of the new tax document.

(5) In the cases referred to in Article 131 herein, credit for input tax shall become deductible on the date of issue of the document referred to in Item 2 of Article 131 (1) herein.

#### Supplies Conferring Right to Deduct Credit for Input Tax

Article 69. (1) Where the goods and services are used for the purposes of the taxable supplies effected by the registered person, the person shall have the right to deduct credit for:

1. the tax in respect of goods or services which the supplier, who is a person registered under this Act, has supplied or is to supply to the said person;
2. the tax charged upon importation of goods under Articles 56 and 57 herein;
3. the tax chargeable therefrom as a payer under Chapter Eight herein.

(2) For the purposes of Paragraph (1), the following shall furthermore be considered taxable supplies:

1. the supplies within the framework of the economic activity of the registered person, whereof the place of transaction is outside the territory of the country but which would have been taxable if effected within the territory of the country;

2. the supplies of financial services under Article 46 herein and of insurance services under Article 47 herein, where the recipient of the services is established outside the Community or where the supplies of such services are directly linked with goods for which the conditions of Article 28 herein are fulfilled.

#### Block on the Right to Deduct Credit for Input Tax

Article 70. (1) The right to deduct credit for input tax shall not be exercisable even though the conditions under Articles 69 or 74 herein are fulfilled, where:

1. the goods or services are intended for effecting of any exempt supplies under Chapter Four herein;
2. the goods or services are intended for supplies effected free of charge or for activities other than the economic activity of the person;
3. the goods or services are intended for business entertainment purposes;
4. a motorcycle or a passenger car has been acquired, imported or rented;

5. the goods or services are linked with the maintenance, repair, improvement or operation of the means of transport referred to in Item 4, as well as for transport services or taxi transport by any means of transport referred to in Item 4;

6. the goods have been confiscated, or the building has been demolished as unlawfully constructed.

(2) Items 4 and 5 of Paragraph (1) shall not apply where:

1. the means of transport referred to in Item 4 of Paragraph (1) are used solely for transport and security services, taxi transport, rental, courier services or motor vehicle driving instruction, including upon their subsequent resale;

2. the means of transport referred to in Item 4 of Paragraph (1) are intended solely for resale (merchandise in stock);

3. the goods or services are intended solely for re-sale (merchandise in stock), including after processing;

4. the goods or services are linked to the maintenance, repair, improvement or operation of the means of transport referred to in Item 1.

(3) Item 2 of Paragraph (1) shall not apply to:

1. the special-purpose, working, uniform or presentable clothing provided, free of charge, by an employer to the factory and office workers thereof, including such under management contracts, for the purposes of the economic activity of the said employer;

2. the provision, free of charge, of transport services from the place of residence to the place of work and back, by an employer to the factory and office workers thereof, including such under management contracts, for the purposes of the economic activity of the said employer;

3. the goods or services used in the performance, free of charge, of services by a tenant/user for repair of an asset hired out or allocated for use in the cases where the said asset was hired out or allocated for use to the tenant/user on a continuing basis for a period of not less than three years;

4. the goods or services used in the performance, free of charge, of services by a concessionaire for improvement of an asset allocated for use, where this is a condition and/or obligation under the contract of concession;

5. the provision, free of charge, of goods or services of negligible value for advertising purposes and upon distribution of samples;

6. the food and/or food additives which are provided according to the procedure established by Article 285 of the Labour Code;

7. the transport and overnight stays of persons seconded by the person;

8. the goods or services used in connection with the performance of warranty services under Article 129 herein.

(4) Any person registered in pursuance of Article 99 and Article 100 (2) herein shall have no right to credit for input tax.

(5) The right to credit for input tax shall not be exercisable in respect of any mischarged tax.

Conditions for Exercise of Right to Deduct Credit for Input Tax

Article 71. The person shall exercise the right thereof to deduct credit for input tax where one of the following conditions is fulfilled:

1. the said person holds a tax document drawn up in accordance with the requirements of Articles 114 and 115 herein, wherein the tax is indicated on a separate line: in respect of supplies of goods or services for which the person is a recipient;

2. (amended, SG No. 108/2006) has issued a protocol under Article 117 and Article 163b, paragraph 2 and has complied with the requirements of Article 86 - in the cases, when tax is executable by the person as a payer under chapter eight; in the cases under Article 161 or 163a, when the supplier is a tax liable person, the recipient must possess a tax document, drawn up in compliance with the requirements of Articles 114 and 115, where the respective grounds for not calculating tax is specified;

3. the said person holds a customs declaration wherein the person is specified as importer and the tax has been remitted according to the procedure established by Article 90 (1) herein: in the cases of importation under Article 16 herein;

4. the said person holds a customs declaration wherein the person is specified as importer, has issued a memorandum under Article 117 herein, and has complied with the requirements of Article 86 herein: in the cases under Article 57 herein;

5. the said person holds a document which satisfies the requirements of Article 114 herein, has issued a memorandum under Article 117 herein, and has complies with the requirements of Article 86 herein: in the cases of an intra-Community acquisition;

6. the said person holds a document referred to in Item 2 of Article 131 (1) herein;

7. the said person holds the documents specified in the Regulations for Application of this Act: in the cases of legal succession under Article 10 herein.

#### Period of Exercisability of Right to Deduct Credit for Input Tax

Article 72. (1) A person registered under this Act may exercise the right thereof to deduct credit for input tax for the tax period during which the said credit becomes deductible or during one of the three succeeding tax periods.

(2) The right referred to in Paragraph (1) shall be exercised by the person by means of:

1. including the amount of the credit for input tax upon assessment of the net tax for the tax period under Paragraph (1) in the VAT return under Article 125 for the same tax period;

2. indicating the document under Article 71 herein in the purchase day book under Article 124 herein for the tax period referred to in Item 1.

#### Right to Deduct Partial Credit for Input Tax

Article 73. (1) A registered person shall have the right to deduct a partial credit for input tax in respect of the tax on goods or services which are used for effecting of both supplies in respect of which credit for input tax is deductible and of supplies or activities in respect of which such a credit is not deductible.

(2) The amount of the partial credit for input tax shall be determined by multiplying the amount of the credit for input tax by a factor rounded up to the second decimal place, made up of a fraction having, as numerator, the turnover attributable to the supplies in respect of which credit for input tax is deductible and, as denominator, the turnover attributable to all supplies and activities effected by the person.

(3) The turnover attributable to supplies in respect of which credit for input tax is deductible shall include:

1. the taxable amounts of the taxable supplies effected by the person;

2. the taxable amounts of the payments received by the person in respect of which the tax became chargeable before occurrence of the chargeable event for a taxable supply;

3. the taxable amounts of the supplies effected by the person whereof the place of transaction is outside the territory of the country, treated as equivalent to taxable supplies according to Article 69 (2) herein, with the exception of the supplies whereof the place of supply is outside the territory of the country, effected from a fixed establishment of the person outside the territory of the country;

4. the taxable amounts of the payments received by the person before effecting of the supplies referred to in Item 3;

5. (amended, SG No. 108/2006) the tax base of the deliveries of goods or services, for which the right of deducting tax credit under Article 70, paragraph 1, sub-paragraphs 3 - 5, has not been exercised.

(4) The turnover attributable to all supplies and activities of the person shall include:

1. the turnover referred to in Paragraph (3);

2. the taxable amounts of the supplies effected by the person whereof the place of transaction is outside the territory of the country, which are not treated as equivalent to taxable supplies within the meaning given by Article 69 (2) herein, with the exception of any supplies effected from a fixed establishment by the person outside the territory of the country;

3. the taxable amounts of the exempt supplies effected, with the exception of any supplies referred to in Item 2 of Article 50 herein;

4. the value of the supplies and the activities outside the framework of the economic activity of the person;

5. the taxable amounts of the payments received by the person before effecting the supplies and the activities referred to in Items 2, 3 and 4 herein;

6. the amount of the subsidies received other than those included in the taxable amount.

(5) The factor shall be calculated on the basis of the turnovers referred to in Paragraphs (3) and (4) for the entire preceding calendar year and, where there are no such turnovers for the preceding calendar year, on the basis of the turnovers referred to in Paragraphs (3) and (4) for the tax period during which credit for input tax becomes deductible.

(6) The right to partial credit for input tax under Paragraph (2) shall be recalculated during the last tax period of the current calendar year on the basis of the parameters covered under Paragraphs (3) and (4) for the current calendar year.

(7) In the cases of deregistration, the amount of the partial credit for input tax under Paragraph (2) shall be recalculated at the end of the last tax period on the basis of the parameters under Paragraphs (3) and (4) in respect of the part of the current calendar year during which the person was not registered.

(8) The difference resulting from the recalculation under Paragraphs (6) and (7) shall be included as an adjustment (upwards or downwards) in the amount of the credit for input tax in the VAT return for the last tax period.

#### Right to Deduct Credit for Input Tax for Assets Available and Services

##### Received before Registration Date

Article 74. (1) Any person registered under Articles 96, 97, 98, Article 100 (1) and (3), Articles 102 or 132 herein shall have the right to deduct credit for input tax in respect of any assets, within the meaning given by the Accountancy Act, which were purchased or otherwise acquired or imported prior to the date of registration of the said person under this Act, which are available at the date of registration.

(2) The credit referred to in Paragraph (1) shall become deductible solely in respect of assets available at the date of registration, in respect of which the following conditions are simultaneously fulfilled:

1. the requirements of Articles 69 and 71 herein are satisfied;

2. the supplier was a person registered under this Act at the date of issue of the tax document and the supply was taxable at that date;

3. the registration inventory in standard form of the available assets was drawn up at the date of registration under this Act and was submitted within seven days after the date of registration;

4. the assets were acquired by the person within five years and, applicable to immovable property, within 20 years before the date of registration under this Act.

(3) Any registered person referred to in Paragraph (1) shall furthermore have the right to deduct credit for input tax in respect of any services received before the date of registration of the said person under this Act, where the following conditions are simultaneously fulfilled:

1. the services are directly linked with the registration of the person according to the procedure established by the Commerce Act ;
2. the services were received not earlier than one month before registration of the person under the Commerce Act ;
3. the person has submitted an application for registration under this Act within 30 days after recording of the person in the register referred to in Article 82 of the Tax and Social-Insurance Procedure Code ;
4. the person holds an invoice under Item 1 of Article 71 herein in respect of the services received;
5. the supplier of the services was a person registered under this Act at the date of issue of the tax document and the supply was taxable at the said date;
6. the registration inventory in standard form of the services received was drawn up at the date of registration under this Act and was submitted within seven days after the date of registration.

#### Accrual and Exercise of Right to Deduct Credit for Input Tax in Respect

##### of Available Assets and Services Received before Registration

Article 75. (1) Credit for input tax under Article 74 herein shall become deductible on the date of registration under this Act.

(2) The right referred to in Paragraph (1) shall be exercised during the tax period during which the said right accrued or in one of the three succeeding tax periods, with the available assets, the services received and the tax included in the registration inventory under Article 74 herein being recorded in the purchase day book for the relevant tax period.

(3) The right to deduct credit for input tax under Article 74 herein shall not accrue and may not be exercised by the registered person if the registration inventory was submitted later than seven clear days after the date of registration under this Act.

#### Right to Deduct Credit for Input Tax upon Re-registration

Article 76. (1) Any registered person shall have the right to deduct the tax charged upon deregistration of the said person under this Act in respect of the taxed assets under Item 1 of Article 111 (1) herein, which are available at the date of the subsequent registration of the said person.

(2) The right referred to in Paragraph (1) shall accrue where the following conditions are simultaneously fulfilled:

1. the assets, within the meaning given by the Accountancy Act , available at the date of the subsequent registration under this Act, were taxed upon the deregistration according to the procedure established by Item 1 of Article 111 (1) herein;
2. the tax charged upon the deregistration was remitted effectively or was set off by the revenue authority;
3. the available assets referred to in Item 1 were, are, or will be used by the person for effecting of taxable supplies within the meaning given by Article 69 herein;
4. the registration inventory in standard form of the assets referred to in Item 1 was drawn up at the date of re-registration and was submitted within seven clear days after the date of registration;
5. the assets referred to in Item 1 were acquired by the person within five years and, in respect of immovable property, within 20 years before the date of re-registration under this Act.

#### Accrual and Exercise of Right to Deduct Charged Tax in Connection with

## Deregistration under this Act and Subsequent Registration of Person

Article 77. (1) Credit for input tax under Article 76 herein shall become deductible on the date of re-registration under this Act.

(2) The right to deduction under Paragraph (1) shall be exercised during the tax period during which the said right accrued or during one of the three succeeding tax periods, with the available assets and the tax included in the registration inventory under Article 74 herein being recorded in the purchase day book for the relevant tax period.

(3) The right to deduct credit for input tax under Article 76 herein shall not accrue and may not be exercised by the registered person if the registration inventory was submitted later than seven clear days after the date of registration under this Act.

## Adjustments of Credit for Input Tax Used upon Change of Taxable Amount

### and upon Change of Type of Supply

Article 78. (1) Any registered person shall be obliged to adjust the amount of the credit for input tax used upon any change of the taxable amount of the supply or upon rescission of the supply, as well as upon any change of the type of the supply.

(2) The adjustment shall be effected during the tax period during which the circumstances referred in Paragraph (1) occurred, by means of recording the document referred to in Article 115 or the new document referred to in Article 116 herein, whereby the adjustment was effected, in the purchase day book and in the VAT return for the relevant tax period.

## Adjustment of Credit for Input Tax Used in Other Cases

Article 79. (1) Any registered person, who has wholly or partly deducted credit for input tax in respect of any goods or services produced, purchased, acquired or imported thereby and subsequently uses the said goods or services for effecting any exempt supplies or for any supplies or activities in respect of which credit for input tax is not deductible, shall be liable for tax to the amount of the credit for input tax used.

(2) Any registered person, who has wholly deducted credit for input tax in respect of any goods or services produced, purchased, acquired or imported thereby and subsequently uses the said goods or services for effecting of supplies in respect of which credit for input tax is deductible as well as for supplies or activities in respect of which such a credit is not deductible, and where the person cannot determine what portion of the goods or services is used for supplies conferring the right to credit for input tax and such that do not confer the right to credit for input tax, shall be liable for tax according to the procedure established by Paragraph (7).

(3) Any registered person, who has wholly or partly deducted credit for input tax in respect of any goods or services produced, purchased, acquired or imported thereby shall charge and be liable for tax to the amount of the credit for input tax deducted upon destruction, ascertainment of shrinkages or upon discarding of goods, as well as upon change of the intended use of the said goods.

(4) The adjustment under Paragraphs (1) and (3) shall be effected in the tax period during which the relevant circumstances have occurred, by means of drawing up a memorandum on the adjustment as effected and recording the said memorandum in the purchase day book and in the VAT return for the said tax period.

(5) The adjustment referred to in Paragraph (2) shall be effected during the last tax period of the year during which the circumstances referred to in Paragraph (2) occur.

(6) Notwithstanding Paragraphs (1) and (3), in respect of any goods and services which are fixed assets within the meaning given by the Corporate Income Tax Act, the person shall be liable for tax to an amount determined according to the following formula:

1. in respect of immovable things:



where:

TD shall be the tax due;

CITU shall be the amount of credit for input tax used;

NoY shall be the clear number of years between the occurrence of the circumstances under Paragraphs (1) or (3), including the year of occurrence of the circumstances, and the lapse of the 20-year period, reckoned from the year of exercise of the right to credit for input tax inclusive;

2. in respect of all other goods or services:



where:

TD shall be the tax due;

CITU shall be the amount of credit for input tax used;

NoY shall be the clear number of years between the occurrence of the circumstances under Paragraphs (1) or (3), including the year of occurrence of the circumstances, and the lapse of the five-year period, reckoned from the year of exercise of the right to credit for input tax inclusive;

(7) In the cases under Paragraph (2), the person shall be liable to tax determined according to the following formula:

1. in respect of immovable things:



where:

TD shall be the tax due;

CITU shall be the amount of credit for input tax used;

NoY shall be the clear number of years between the occurrence of the circumstances under Paragraph (2), including the year of occurrence of the circumstances, and the lapse of the 20-year period, reckoned from the year of exercise of the right to credit for input tax inclusive;

F shall be the factor referred to in Article 73 herein, calculated on the basis of the turnover for the year during which the circumstances under Paragraph (2) occurred;

2. in respect of all other goods or services:



where:

TD shall be the tax due;

CITU shall be the amount of credit for input tax used;

NoY shall be the clear number of years between the occurrence of the circumstances under Paragraph (2), including the year of occurrence of the circumstances, and the lapse of the five-year period, reckoned from the year of exercise of the right to credit for input tax inclusive;

F shall be the factor referred to in Article 73 herein, calculated on the basis of the turnover for the year during which the circumstances under Paragraph (2) occurred.

(8) Any registered person, who has partly deducted credit for input tax in respect of any goods or services produced, purchased, acquired or imported thereby and subsequently uses the said goods or services solely for effecting of taxable supplies under Article 69 herein, shall have the right to adjust (upwards) the amount of the partial credit for input tax upwards according to a procedure and to an amount established in the Regulations for Application of this Act.

(9) Adjustments under Paragraphs (1) to (8) shall be effected on a single occasion.

(10) (New, SG No. 108/2006) A registered person that has entirely or partially deducted tax credit for goods produced, purchased, acquired or imported by it and has later made an intercommunity delivery with these goods shall pay tax to the amount of the tax credit used.

(11) (New, SG No. 108/2006) The adjustment under paragraph 10 shall be made during the tax period, in which the tax for the intercommunity delivery against no consideration has become executable, by drawing up a protocol and its registration in the sales journal for that tax period.

#### Block on Adjustments

Article 80. (1) Adjustments under Article 79 herein shall not be effected:

1. if the goods or services are used for supplies under Article 70 (3) herein, as well as in the cases under Article 10 herein;
2. if the tax treatment of the supplies for which the registered person uses the goods or services is modified by law;
3. for any goods or services if five years or, applicable to immovable property, -20 years, have elapsed since the commencement of the year during which the right to credit for input tax was exercised.

(2) Adjustments under Article 79 (3) herein shall not be effected in the cases of:

1. (supplemented, SG No. 108/2006) destruction, shrinkage or discarding caused by force majeure as well as in the cases of destroying excise goods under administrative control in accordance with the procedures of the Excise Duties and Tax Warehouses Act;
2. destruction, shrinkage or discarding caused by accidents or disasters which the person cannot prove that were not caused through the fault of the said person;
3. shrinkages arising from alteration of physical and chemical properties within reasonable limits, conforming to the maximum permissible allowances for natural wastage and shrinkages of goods in the storage and transportation thereof according to the established standards, specifications and other statutory instruments;
4. spoilage within permissible limits, established by the technological documentation as applicable to the production or activity concerned;

5. discarding due to expiry of the service life or shelf life, determined according to the requirements of a statutory instrument;

6. write-off of tangible fixed assets, within the meaning given by the Accountancy Act, where the balance-sheet value of the said assets is less than 10 per cent of the book value thereof.

(3) (New, SG No. 108/2006) In the cases of adjustments under Article 79, paragraph 10 the person shall pay the full amount of the tax credit used regardless of the deadline under paragraph 1, sub-paragraph 3.

#### Refund of Tax to Persons Not Established within Territory of Country

Article 81. (1) The tax paid shall be refunded to:

1. any taxable persons who are not established within the territory of the country but who are established and registered for VAT purposes within another Member State in respect of any goods purchased and services received thereby within the territory of the country;

2. any persons who are not established within the territory of the Community but who are registered for VAT purposes in another State: on a basis of reciprocity;

3. any non-taxable natural persons, who are not established within the territory of the Community, who have effected purchases of goods for private use inclusive of tax charged, after leaving the territory of the country, subject to the condition that the said goods are exported in an unaltered state.

(2) The procedure and the documents required for refund of the tax under Paragraph (1) shall be determined by an ordinance of the Minister of Finance.

#### Chapter Eight

#### CHARING AND REMITTANCE OF TAX

#### Taxpayer upon Effecting of Taxable Supplies

Article 82. (1) (Amended, SG No. 108/2006) The tax shall be chargeable from a person registered under this Act who is a supplier of a taxable supply, with the exception of the cases covered under Paragraphs (4) and (5).

(2) (Amended, SG No. 108/2006) Where the supplier is not a person registered under the Act and is not established within the territory of the country, the tax shall be chargeable from the recipient of the supply upon:

1. supply of natural gas through the natural gas distribution system or of electricity: where the recipient is a person registered under this Act;

2. supply of any services specified in Article 21 (3) herein: where the recipient is a taxable person;

3. supply of any services referred to in Articles 22, 23 and 24 herein: where the recipient is a person registered under this Act and the supplier is established within the territory of another Member State;

4. supply of any goods which are assembled or installed by or for the account of the supplier: where the recipient is a person registered under this Act and the supplier is established within the territory of another Member State.

(3) The tax shall be chargeable from the acquirer in a triangular operation effected under the conditions of Article 15 herein.

(4) The tax shall be chargeable from the recipient who is a person registered under this Act in the cases covered under Article 161 herein.

(5) (New, SG No. 108/2006) The tax is executable by the recipient - the person registered under the present Act, in the cases of Article 163a regardless of whether the supplier is a tax liable person or not.

#### Taxpayer upon Importation

Article 83. (1) The tax upon importation under Article 16 herein shall be chargeable from the importer.

(2) Where two and/or more persons are solidarily liable for payment of customs duties according to customs legislation, the said persons shall be solidarily liable for payment of the tax due as well.

#### Taxpayer upon Intra-Community Acquisitions

Article 84. The tax upon intra-Community acquisitions shall be chargeable from the person who effects the acquisition.

#### Taxpayer under Invoices Issued

Article 85. The tax shall furthermore be chargeable from any person who indicates the tax in a tax document under Article 112 herein.

#### Registered Person's Obligation to Charge Tax

Article 86. (1) Any registered person, in respect of whom the tax has become chargeable, shall be obliged to charge the said tax and, to this end, must:

1. issue a tax document and indicate the tax on a separate line therein;
2. include the amount of the tax upon assessment of the net tax for the relevant tax period in the VAT return under Article 125 herein for the said tax period;
3. indicate the document referred to in Item 1 in the purchase day book for the relevant tax period.

(2) The registered person shall be liable for the tax in respect of the tax period during which the tax document was issued, and in the cases where no such document was issued or was issued beyond the time limit under this Act, in respect of the tax period during which the tax became chargeable.

(3) No tax shall be charged in the cases of effecting an exempt supply, an exempt intra-Community acquisition, as well as in respect of any supply whereof the place of transaction is outside the territory of the country.

(4) Items 1 and 2 of Paragraph (1) and Paragraph (2) shall not apply in the cases under Article 131 (1) herein.

#### Tax Period

Article 87. (1) "Tax period," within the meaning given by this Act, shall be the period of time upon the lapse of which a registered person must submit a VAT return showing the net tax for the same tax period.

(2) The tax period shall be fixed as one month in respect of all registered persons and shall be concurrent with the calendar month, except in the cases under Chapter Eighteen herein.

(3) The first tax period after the date of registration shall comprise the clear time between the date of registration and the last day of the calendar month during which the registration under this Act was effected.

(4) The last tax period shall comprise the clear time between the commencement of the tax period and the date of deregistration.

#### Net Tax for Tax Period

Article 88. (1) The net tax for the tax period shall be the difference between the total amount of the tax chargeable from the person in respect of the said tax period and the total amount of the credit for input tax in respect of which the right to deduction has been exercised during the said tax period.

(2) Where the tax charged exceeds the credit for input tax, the difference shall constitute a net tax for the period: output tax payable.

(3) Where the credit for input tax exceeds the tax charged, the difference shall constitute a net tax for the period: input tax claimable.

(4) The registered person shall self-assess the net tax for each tax period: output tax payable to Executive Budget Revenue or input tax claimable from Executive Budget Expenditures.

#### Remittance of Tax by Registered Persons

Article 89. (1) Where there is an output tax payable, the registered person shall be obligated to remit the tax to Executive Budget revenue by crediting an account of the competent National Revenue Agency territorial directorate within the time limit for submission of the VAT return for that tax period.

(2) The tax shall be deemed remitted on the date on which the amount was credited to the relevant account referred to in Paragraph (1).

#### Remittance of Tax upon Importation of Goods

Article 90. (1) In the cases covered under Article 16 herein, the importer of goods shall remit the tax as effectively charged by the customs authorities to Executive Budget revenue as follows:

1. by crediting an account of the relevant customs office releasing for free circulation the goods liable to import duties;
2. by crediting an account or in cash at the cash department of the relevant customs office releasing for free circulation the goods liable to import duties, where the importer is a natural person not registered under this Act who is not a sole trader.

(2) The tax referred to in Paragraph (1) may not be set off against other liabilities by the revenue authorities or the customs authorities.

(3) In the cases under Paragraph (1), the customs authorities shall release the goods upon payment of the tax charged or after provision of security in respect of the said tax according to the procedure established for the customs debt.

(4) The customs administration shall provide the National Revenue Agency with information, by electronic means, on the accepted customs declarations and the payments of tax received upon importation within 14 days after the end of each calendar month. Such information shall be provided under terms and according to a procedure established by an order of the Minister of Finance.

#### Remittance of Tax by Person Who Is Not Registered

Article 91. (1) Upon an intra-Community acquisition of a new means of transport under Article 13 (2) herein by a person who is not registered under this Act, the tax shall be remitted by the said person within 14 days after the lapse of the tax period during which the tax on the acquisition became chargeable.

(2) Upon an intra-Community acquisition of excisable goods under Item 4 of Article 2 herein, the tax shall be remitted by the person who effected the acquisition within 14 days after the lapse of the month during which the tax became chargeable.

(3) Upon receipt of services under Article 21 (3) herein, where the supplier is not established within the territory of the country and the recipient is a taxable person who is not registered under this Act, the tax shall be remitted by the recipient within 14 days after the lapse of the month during which the tax became chargeable.

(4) The tax referred to in Paragraphs (1), (2) and (3) shall be remitted to Executive Budget revenue by crediting an account of the National Revenue Agency territorial directorate whereat the person is registered or is subject to registration under the Tax and Social-Insurance Procedure Code .

(5) The tax referred to in Paragraph (4) shall be deemed remitted on the date on which the amount was credited to the relevant account referred to in Paragraph (4).

#### Set-off, Deduction and Refund of Net Tax for Period: Input Tax Claimable

Article 92. (1) The input tax claimable referred to in Article 88 (3) shall be set off, deducted or refunded as follows:

1. where there are other chargeable and unpaid tax liabilities and liabilities for social-insurance contributions collected by the National Revenue Agency which have accrued prior to the date of submission of the VAT return, the revenue

authority shall set off such liabilities against the input tax claimable as stated in the VAT return; the procedure established in Item 2 shall apply to the balance, if any;

2. where there are no other chargeable and unpaid liabilities referred to in Item 1 or where the amount of such liabilities is less than the input tax claimable as stated in the VAT return, the registered person shall deduct the input tax claimable or the balance referred to in Item 1 from the due output tax payable as stated in the VAT returns to be submitted in the next succeeding three tax periods;

3. if after the deduction under Item 2 there remains any output tax payable, it shall be due within the time period established under Article 89 herein;

4. if after the lapse of the time limit referred to in Item 2 there is a balance of the input tax claimable, the revenue authority shall set off such balance for redemption of other chargeable and unpaid tax liabilities or liabilities for social-insurance contributions collected by the National Revenue Agency, or shall refund the said balance within 45 days after submission of the most recent VAT return;

5. if the input tax claimable in respect of which a deduction procedure has commenced has not been fully deducted at the time of submission of a VAT return for the last of the three tax periods, any other input tax claimable under a VAT return for any of the said three tax periods shall be added to it and shall be subject to refund or set-off together with such balance and within the time limit referred to in Item 4;

6. if the conditions under Item 5 are not fulfilled, another three succeeding tax periods for deduction following the period in which such tax was stated shall commence in respect of the input tax claimable as stated next under a VAT return.

(2) The revenue authority shall have no right to set off other chargeable and unpaid tax liabilities and liabilities for social-insurance contributions collected by the National Revenue Agency against an input tax claimable as stated in the VAT returns for the three tax periods of the deduction procedure under Paragraph (1).

(3) Notwithstanding Paragraph (1), the input tax claimable under Article 88 (3) herein shall be refunded within 30 days after submission of the VAT return, where the person has effected supplies liable to tax at the zero rate during the 12 months last preceding the current month to a total value exceeding 30 per cent of the total value of all taxable supplies effected by the said person for the same period.

(4) Notwithstanding Paragraph (1), the input tax claimable under Article 88 (3) herein shall be refunded within 30 days after submission of the VAT return, where the person has been granted permission under Article 166 herein.

(5) Where, in the cases under Paragraphs (3) and (4), there are chargeable and unpaid tax liabilities and liabilities for social-insurance contributions collected by the National Revenue Agency which have accrued prior to the date of submission of the VAT return, within the same time limits the revenue authority shall effect a set-off and refund of the balance, if any.

(6) The revenue authority shall effect the set-off under Paragraphs (1) to (2) in the following sequence: value added tax, other taxes collected by the National Revenue Agency, compulsory social-insurance contributions to the public social insurance funds, contributions for supplementary compulsory social insurance contributions, contributions to the National Health Insurance Fund and to the Factory and Office Workers' Guaranteed Claims Fund.

(7) The circumstances covered under Paragraphs (3) and (4) shall be certified in writing to the competent National Revenue Agency territorial directorate according to a procedure established by the Regulations for Application of this Act.

(8) Any input tax claimable, which has not been refunded without grounds or which has not been refunded by reason of lapsed grounds (including upon revocation of an act) within the time limits provided for in this Act, shall be refunded together with the legal interest for a delay, reckoned from the date on which the said tax should have been refunded under this Act and until the final payment thereof, regardless of the interruption and resumption of the time periods under the tax proceedings. Any tax which has not been refunded by reason of lapsed grounds shall furthermore exist where, after conduct of an audit, the input tax claimable ascertained is either identical with the tax declared or is of a lesser amount: applicable to the part subject to refund.

## Interruption and Resumption of Time Periods under Article 92

Article 93. (1) The time periods for refund under Item 4 of Article 92 (1) and Article 92 (3) and (4) herein shall be interrupted:

1. where no accounts have been kept according to the requirements of the Accountancy Act , and shall resume upon commencement of keeping of such accounts;
2. in the absence or upon failure to present documents that are mandatory under this Act, or of any other documents requested by the revenue authority, if such documents must mandatorily be drawn up according to a statutory instrument, and shall resume upon presentation of the said documents to the revenue authority.
3. upon a failure to grant access to an authorized revenue body to office, production or other premises related to the activity of the registered person, and shall resume upon granting such access;
4. where the person cannot be found according to the procedure established by the Tax and Social-Insurance Procedure Code by the revenue authority at the mailing address named by the said person, and shall resume upon written notification on the part of the registered person to the revenue authority on the change of the address thereof in the country and the finding of the said person at the named address by a revenue authority;
5. where an audit of the person has commenced, until completion of the said audit within the time limit under Article 114 of the Tax and Social-Insurance Procedure Code .

(2) The time periods for refund under Item 4 of Article 92 (1) and Article 92 (3) and (4) herein shall be interrupted after consultation with the Executive Director of the National Revenue Agency for a period not exceeding 60 days where:

1. a revenue authority ascertains data of a criminal offence against the tax system and refers the said data to the pre-trial proceeding authorities within one month after ascertainment of the said data;
2. the interruption has been requested in writing by the authorities of the Ministry of Interior or by the judicial authorities upon institution of a pre-trial or judicial proceeding.

(3) In the cases referred to in Paragraph (2), the time periods for refund shall resume upon receipt of a written refusal to institute a proceeding or, respectively, after notification of a completion of the proceeding as instituted

## PART SIX

## OBLIGATIONS OF PERSONS

### Chapter Nine

## REGISTRATION

### General Dispositions

Article 94. (1) The National Revenue Agency shall establish and maintain a special register under this Act, which shall be part of the register referred to in Article 80 (1) of the Tax and Social-Insurance Procedure Code.

(2) Upon recording in the register, the persons shall be issued with an identification number for VAT purposes, having a prefix "BG".

(3) Registration under this Act shall be compulsory and optional.

### Registration in Connection with Supplies Effected within Territory of

#### Country

Article 95. (1) The registration requirement under this Act shall apply to each taxable person who is established within the territory of the country and who effects taxable supplies of goods or services covered under Article 12 herein.

(2) The registration requirement under this Act shall furthermore apply to each taxable person who is not established

within the territory of the country and who effects taxable supplies of goods or services covered under Article 12 herein other than those for which the tax is chargeable from the recipient.

#### Compulsory Registration

Article 96. (1) Any taxable person having a taxable turnover of BGN 50,000 or more for a period not exceeding twelve consecutive months last preceding the current month shall be obligated to submit an application for registration under this Act within 14 days after the lapse of the tax period during which such turnover has accrued to the said person.

(2) The taxable turnover shall be the sum of taxable amounts of the following supplies effected by such person:

1. taxable supplies, including supplies liable to tax at the zero rate;
2. supplies of financial services under Article 46 herein;
3. supplies of insurance services under Article 47 herein.

(3) (Amended, SG No. 108/2006) The taxable turnover shall not include any supplies referred to in Items 2 and 3 of Paragraph (2), where not related to the core activity of the person, any supplies of tangible or intangible fixed assets employed in the activity of the person, as well as any supplies for which tax is executable by the recipient under Article 82, paragraphs 2 and 3.

(4) The taxable turnover shall furthermore include any advance payments received for supplies covered under Paragraph (2), with the exception of advance payments received prior to the occurrence of the chargeable event under Article 51 (1) herein.

(5) The obligation to register shall arise notwithstanding the time period over which the taxable turnover has accrued, but not for a period exceeding the period defined in Paragraph (1).

(6) Determination of the taxable turnover shall give consideration to the tax treatment of the supplies applicable at the date of occurrence of the chargeable event or at the date of the payment prior to the occurrence of the chargeable event for the supply.

(7) Paragraph (1) shall not apply to any persons for whom the following conditions are simultaneously fulfilled:

1. they supply services electronically to recipients who are non-taxable persons, who are established or have a permanent address or usually reside within the territory of the country;
2. they are not established within the territory of the Community;
3. they are registered for VAT purposes for their activity referred to in Item 1 in another Member State.

(8) Notwithstanding Paragraph (1), a person whose registration has been terminated or refused by the revenue administration in pursuance of Article 176 herein cannot be registered before the grounds for such registration refusal lapse or before the lapse of 24 months from the beginning of the month following the month of deregistration or refusal of registration.

#### Obligation to Register in Case of Supplies of Assembled and Installed

##### Goods

Article 97. (1) Notwithstanding the taxable turnover under Article 96 herein, the registration requirement under this Act shall apply to each person who is established in another Member State, who is not established within the territory of the country and who effects taxable supplies of goods which are assembled or installed within the territory of the country by or for the account of the said person.

(2) An obligation to submit an application for registration shall arise in respect of the persons referred to in Paragraph (1) not later than seven days prior to the date of occurrence of the chargeable event for the supply referred to in Paragraph (1).

(3) Paragraph (1) shall not apply where the recipient of such supply is a person registered under this Act.

#### Obligation to Register in Case of Distance Selling of Goods

Article 98. (1) The registration requirement under this Act shall apply to each taxable person who effects a supply of goods whereof the place of transaction is within the territory of the country under Article 20 herein under the terms of distance selling referred to in Article 14 herein.

(2) An obligation to submit an application for registration under this Act shall arise in respect of the persons referred to in Paragraph (1) not later than seven days prior to the date of occurrence of the chargeable event for the supply by which the total value of distance selling during the current year exceeds the amount referred to in Item 2 of Article 20 (2). The supply referred to in sentence one shall be liable to tax under this Act.

(3) Where the place of transaction of the supply referred to in Article 20 (4) herein is within the territory of the country, the persons referred to in Paragraph (1) shall submit an application for registration not later than seven days prior to the occurrence of the chargeable event for the supply or prior to the receipt of the advance payment.

#### Obligation to Register in Case of Intra-Community Acquisition

Article 99. (1) The registration requirement under this Act shall apply to each non-taxable legal person and taxable person which is not registered in pursuance of Articles 96, 97, 98, Article 100 (1) and (3), and Article 102 herein, and which effects intra-Community acquisition of goods.

(2) Paragraph (1) shall not apply where the total value of taxable intra-Community acquisitions for the current calendar year does not exceed BGN 20,000.

(3) An obligation to submit an application for registration under this Act shall arise in respect of the persons referred to in Paragraph (2) not later than seven days prior to the date of occurrence of the chargeable event for the acquisition by which the total value of taxable intra-Community acquisitions exceeds BGN 20,000. The intra-Community acquisition by which the said threshold is exceeded shall be liable to tax under this Act.

(4) The value referred to in Paragraph (2) shall be the sum total of taxable intra-Community acquisitions, with the exception of the acquisition of new means of transport and of excisable goods, net of the value added tax payable or paid in the Member State from which the goods were transported or dispatched.

(5) Paragraph (1) shall not apply in respect of:

1. any persons referred to in Article 168 herein, who acquire new means of transport;
2. any persons referred to in Item 4 of Article 2 herein.

(6) Any person, who is registered in pursuance of this Article and for whom grounds for compulsory registration under Articles 96, 97 and 98 herein or for optional registration under Article 100 (1) and (3) herein arise, shall register according to the procedure and within the time limits applicable to compulsory registration or optional registration.

#### Optional Registration

Article 100. (1) Any taxable person, where to the conditions for compulsory registration covered under Article 96 (1) herein do not apply, shall have the right to register under this Act.

(2) Any taxable and non-taxable legal person, where to the conditions for compulsory registration under Article 99 (1) herein do not apply, shall have the right to register under this Act for intra-Community acquisition.

(3) Any taxable person may register under this Act, notwithstanding the amount referred to in Item 2 of Article 20 (2) herein, where the said person has notified the tax administration of the Member State where the said person is registered for VAT purposes that the said person wishes the distance selling effected thereby to have a place of transaction within the territory of the country.

(4) Notwithstanding Paragraphs (1) and (3), a person whose registration under this Act has been terminated or

refused by the revenue administration in pursuance of Article 176 herein cannot be registered before the grounds for refusal of registration lapse or before the lapse of 24 months after the beginning of the month following the month of deregistration or refusal of registration.

#### Registration Procedure

Article 101. (1) For the effecting of registration, the person who is obligated or has the right to register shall submit an application for registration, completed in a standard form, to the competent National Revenue Agency territorial directorate.

(2) Any such application shall be submitted:

1. in person, where the taxable person is a natural person capable of performing juridical acts or a sole trader;
2. by a person vested with representative authority by law, where the taxable person is a legal person or a cooperative;
3. by a person vested with representative authority according to a contract of incorporation, where the taxable person is an unincorporated association or a social insurance fund;
4. by an accredited representative referred to in Article 135 herein;
5. by a person who has been expressly authorized for this act by the persons referred to in Items 1, 2, 3 and 4 by means of a notarized power of attorney.

(3) The application may be submitted electronically according to the procedure established by the Tax and Social-Insurance Procedure Code.

(4) Any application referred to in Paragraph (1) must state the grounds for registration. Documents specified in the Regulations for Application of this Act shall be attached to any such application.

(5) Within seven days after receipt of the application, the revenue authority shall verify the grounds for registration.

(6) Within seven days after completion of the verification, the revenue authority shall issue an act whereby it shall effect the registration or shall refuse to effect the registration, stating the reasons for such refusal.

(7) Notwithstanding Paragraphs (5) and (6), the registration under Articles 97, 98 and 99 herein shall be effected by the revenue authority within three days after submission of the application for registration.

#### Registration Initiated by Revenue Authority

Article 102. (1) Where a revenue authority ascertains that a person has failed to fulfil in due time the obligation thereof to submit an application for registration, the said authority shall register the said person by issuing a registration act, if the conditions for registration are fulfilled.

(2) The act referred to in Paragraph (1) shall state the grounds and the date on which the obligation to register has arisen.

(3) For the purposes of determining the tax liabilities of the person in the cases where the said person was obligated but has failed to submit an application for registration in due time, the person shall be presumed to be liable for tax on the taxable supplies and taxable intra-Community acquisitions effected thereby:

1. for the period from the expiry of the time limit for submission of an application for registration until the date on which the person was registered by the revenue authority;
2. for the period from the expiry of the time limit for submission of an application for registration until the date on which the grounds for registration have lapsed.

(4) The liabilities referred to in Paragraph (3) shall be determined by an audit act according to the procedure established by the Tax and Social-Insurance Procedure Code.

#### Date of Registration

Article 103. (1) The date of delivery of the registration act shall be deemed a date of registration under this Act.

(2) As at the date of registration, the person shall draw up a registration inventory in a standard form of the assets, within the meaning given by the Accountancy Act, and of the services for which the person has the right to deduct credit for input tax under Articles 74 or 76 herein, and shall submit the said inventory not later than seven days after the date of registration.

#### Documents Certifying Registration

Article 104. (1) A registration certificate, protected by plastic foil, drawn up in a standard form specified by the Regulations for Application of this Act, shall be delivered to the registered person simultaneously with the delivery of the registration act.

(2) Upon written request by the registered person, the revenue authority shall issue more than one certificate.

(3) Upon written request by the registered person, the director of the competent National Revenue Agency territorial directorate shall issue, within seven days, a separate certificate for the purposes of evidencing the registration under this Act abroad in a standard form specified in the Regulations for Application of this Act.

#### Loss, Damage or Destruction of Certificate

Article 105. (1) In the event of a loss, damage or destruction of the certificate, the registered person shall be obligated to notify in writing the competent National Revenue Agency territorial directorate whereat the said person is registered within seven days after occurrence of any such circumstance.

(2) In the cases referred to in Paragraph (1), the revenue authority shall issue a replacement certificate within seven days after notification.

#### Chapter Ten

### TERMINATION OF REGISTRATION (DEREGISTRATION)

#### General Dispositions

Article 106. (1) Termination of registration (deregistration) under this Act shall be a procedure pursuant to which, after the date of deregistration, the person shall have no right to charge tax and to deduct credit for input tax, except where otherwise provided for in this Act.

(2) Registration shall terminate:

1. on the initiative of the registered person, when there are grounds for deregistration, whether compulsory or optional;
2. on the initiative of the revenue authority, where:
  - (a) the said authority has ascertained grounds for compulsory deregistration;
  - (b) any circumstance covered under Article 176 herein exists.

#### Grounds for Compulsory Deregistration

Article 107. The following shall be grounds for compulsory deregistration:

1. the death of the natural person;
2. the death of the natural person who is a sole trader, with or without expungement in the Commercial Register;
3. the expungement of the sole trader in the Commercial Register;
4. the dissolution of the person in the cases of:

- (a) dissolution of the legal person which is a merchant, with or without liquidation;
- (b) dissolution of the cooperative;
- (c) dissolution of the legal person which is not a merchant;
- (d) dissolution of the unincorporated association or the social insurance fund.

#### Grounds for Optional Deregistration

Article 108. (1) Grounds for optional deregistration shall arise:

1. in respect of any person registered pursuant to Articles 96, 97 (3) or Article 100 (1) herein, upon the lapse of the relevant grounds for compulsory registration;
  2. in respect of any person registered pursuant to Article 98 (2) or Article 100 (3) herein, where:
    - (a) the sum total of the taxable amounts of the supplies effected under the terms of distance selling within the territory of the country (excluding the supplies of excisable goods) does not exceed BGN 70,000 for each of the two calendar years preceding the current year, and
    - (b) at the date of submission of the application for deregistration application, grounds for compulsory registration do not exist;
  3. in respect of any person registered pursuant to Article 99 and Article 100 (2) herein, where:
    - (a) the sum total of the taxable amounts of the taxable intra-Community acquisitions, with the exception of new means of transport and excisable goods, does not exceed BGN 20,000 for the preceding calendar year, and
    - (b) at the date of submission of the application for deregistration, grounds for compulsory registration do not exist.
- (2) Any persons who have opted to register according to Article 100 herein shall not have the right to terminate the registration thereof pursuant to Paragraph (1) before the lapse of 24 months reckoned from the beginning of the calendar year following the year of registration under this Act.

#### Deregistration Procedure Initiated by Person

Article 109. (1) In the cases referred to in Items 3 and 4 of Article 107 herein, the person shall submit an application for deregistration to the competent National Revenue Agency territorial directorate within 14 days after the occurrence of the relevant circumstance under Article 107 herein.

(2) In the cases referred to in Article 108 (1) herein, the registered person shall have discretion to decide when to submit an application for deregistration to the competent National Revenue Agency territorial directorate.

(3) Any application referred to in Paragraphs (1) and (2) must state the grounds for deregistration. Documents specified in the Regulations for Application of this Act shall be attached to any such application.

(4) Within seven days after receipt of the application, the revenue authority shall verify the grounds for deregistration.

(5) Within seven days after completion of the verification, the revenue authority shall issue an act whereby it shall effect the deregistration or shall refuse to effect the deregistration, stating reasons for such refusal.

(6) The date of delivery of the deregistration act under Paragraph (5) shall be deemed a date of deregistration.

#### Deregistration Procedure Initiated by Revenue Authority

Article 110. (1) Registration shall terminate on the initiative of the revenue authority by issuing a deregistration act, where:

1. grounds for compulsory deregistration exists under Items 1 and 2 of Article 107 herein;

2. the revenue authority ascertains that the person has failed to fulfil in due time the obligation thereof to submit an application for deregistration under Article 109 (1) herein.

(2) In the cases covered under Paragraph (1), the deregistration act shall not be delivered to the person, and the date of deregistration shall be the date of occurrence of the relevant event under Article 107 herein.

#### Supply Linked to Deregistration and Assessment of Liabilities for Last

##### Tax Period

Article 111. (1) At the date of deregistration, it shall be deemed that the person effects supplies, within the meaning given by this Act, of all available goods for which the said person has used, wholly or partly, credit for input tax, and which constitute:

1. any assets, within the meaning given by the Accountancy Act , or
2. any assets, within the meaning given by the Corporate Income Tax Act , other than such referred to in Item 1.

(2) Paragraph (1) shall not apply:

1. upon deregistration by reason of death of a natural person who is not a sole trader;
2. upon the death of a person registered under this Act who is a sole trader, if the enterprise of the person has been taken over by legal or testamentary succession by a person who is registered under this Act, or who registers within six months after the date of such death: applicable only to the goods available at the date of registration;
3. upon transformation of a registered legal person, if the newly formed person or the acquiring person is registered under this Act or registers according to the procedure and within the time limit established by Article 132 herein: applicable only to the goods available at the date of registration;
4. to the available assets which constitute public state or public municipal property.

(3) The tax referred to in Paragraph (1) shall be included in the net tax for the last tax period.

(4) Where, at the date of deregistration the person is in a deduction procedure according to the procedure established by Article 92 herein, it shall be presumed that the three one-month periods have expired at the said date.

#### Chapter Eleven

#### DOCUMENTING SUPPLIES

##### Tax Documents

Article 112. (1) "Tax document," within the meaning given by this Act, shall be:

1. the invoice;
2. the advice to an invoice;
3. the memorandum.

(2) Tax documents can be issued manually or by automated mean.

(3) In the event of theft, loss, damage or destruction of any tax documents, the registered person shall notify in writing the competent National Revenue Agency territorial directorate not later than 24 hours after learning of the relevant circumstance.

## Issuing Invoices

Article 113. (1) Each taxable person who is a supplier shall be obligated to issue an invoice for a supply of goods or service effected thereby or upon receipt of an advance payment before effecting such a supply except in the cases where the supply is documented by a memorandum under Article 117 herein.

(2) The invoice shall be issued at least in duplicate: one copy for the supplier and one copy for the recipient.

(3) An invoice may not be issued:

1. for any supplies in which the recipient is a non-taxable natural person;
2. for any supplies of financial services under Article 46 herein;
3. for any supplies of insurance services under Article 47 herein;
4. for sales of air tickets;
5. upon supplies effected free of charge;
6. for supplies of services under Chapter Eighteen herein.

7. (new, SG No. 108/2006) for deliveries, performed by individuals not registered under this Act, other than sole proprietors, when for the deliveries made by them:

- a) a document is issued under the procedure of a special act, or
- b) a receipt about the paid amounts or a document under Article 9 from the Personal Income Tax Act is issued, or
- c) the document issuance is not obligatory under the Personal Income Tax Act.

(4) The invoice shall mandatorily be issued not later than five days after the date of occurrence of the chargeable event for the supply, and in the cases of advance payment, not later than five days after the date of receipt of the payment.

(5) Notwithstanding Paragraph (4), upon an intra-Community supply, including in the cases of advance payment, the invoice shall mandatorily be issued not later than the 15th day of the month following the month during which the chargeable event under Article 51 (1) herein occurred.

(6) When issuing an invoice is not mandatory, it shall be issued upon the request of the supplier or of the recipient, with either party being obligated to render to the other party the cooperation necessary for the issuing.

(7) The supplier may authorize in writing another person to issue invoices on behalf of the said supplier.

(8) An invoice may not be issued in the cases referred to in Article 131 (1) herein.

(9) Any taxable persons, who are not registered under this Act or are registered in pursuance of Article 99 and Article 100 (2) herein, shall not have the right to state the tax in the invoices issued thereby.

(10) Where the registered person effects a taxable supply for which the said person has received an advance payment prior to the date of registration of the said person under this Act, the said person shall issue an invoice stating therein the full taxable amount of the supply.

## Requirements to Invoices

Article 114. (1) An invoice shall mandatorily state:

1. title of document;
2. sequential ten-character number, containing only Arabic numerals, based on one or more series depending on the

reporting needs of the taxable person, which identifies uniquely the invoice;

3. date of issue;

4. name and address of the supplier;

5. supplier's identification number referred to in Article 94 (2) herein or, respectively, the number referred to in Article 84 of the Tax and Social-Insurance Procedure Code , where the supplier is a person not registered under this Act;

6. forename, surname and signature of the drafter;

7. name and address of the recipient of the supply.

8. recipient's identification number referred to in Article 94 (2) herein or, respectively, the number referred to in Article 84 of the Tax and Social Insurance Procedure Code , where the recipient is a person not registered under this Act, identification number for VAT purposes, where the recipient is registered in another Member State, another number for identification of the person, where such a number is required according to the legislation of the State where the recipient is established;

9. quantity and type of the goods, type of the service;

10. date on which the chargeable event for the supply occurred, or date on which the payment was received;

11. unit price net of the tax and the taxable amount of the supply, as well as any trade discounts and rebates allowed, unless included in the unit price;

12. rate of the tax and, when the rate is zero, the grounds for application of the said rate, as well as the grounds for not charging tax;

13. amount of tax;

14. amount payable, if other than the sum of the taxable amount and of the tax;

15. the circumstances which define the goods as a new means of transport: applicable to an intra-Community supply of new means of transport.

(2) Where a person effects distance selling of goods, is registered for VAT purposes in another Member State, and the place of supply under the terms of distance selling is within the territory of that other Member State, in addition to the essential elements covered under Paragraph (1), the invoice shall mandatorily state:

1. the person's identification number for VAT purposes issued by that other Member State;

2. the rate of tax applicable to the supply in that other Member State;

3. the amount of tax due on the supply.

(3) When the registered person who is an intermediary in a triangular operation documents a supply of goods effected to the acquirer in the triangular operation, the invoice shall state "Article 28a (E) (3) [of the Sixth Council Directive] 77/388/EEC" as grounds for not charging tax.

(4) Where the tax is chargeable from the recipient, the invoice shall not state the amount of tax and the rate of tax. In such case, the invoice shall expressly state that the tax is chargeable from the recipient, as well as the grounds for this.

(5) The amount in the invoice may be stated in any currency, provided that the taxable amount and the amount of the tax are stated in Bulgarian leva complying with the requirements of Article 26 (6) herein.

(6) Issued invoices may be dispatched on a paper-based medium or electronically. Invoices received electronically

shall be accepted when the recipient has confirmed the receipt of the said invoices, provided that the authenticity of origin and the integrity of content are guaranteed.

#### Debit and Credit Advices

Article 115. (1) Upon any change of the taxable amount of a supply or upon rescission of a supply on which an invoice has been issued, the supplier shall be obligated to issue an advice to the invoice.

(2) The advice shall mandatorily be issued not later than five days after the occurrence of the relevant circumstance under Paragraph (1).

(3) A debit advice shall be issued upon an increase in the taxable amount, and a credit advice shall be issued upon a decrease in the taxable amount or upon rescission of supplies.

(4) In addition to the essential elements covered under Article 114 herein, an advice to the invoice shall mandatorily state:

1. number and date of the invoice to which the advice is issued;
2. grounds for issuing of the advice.

(5) An advice shall be issued at least in duplicate: one copy for the supplier and one copy for the recipient.

(6) Upon termination or rescission of a lease contract under Item 3 of Article 6 (2) herein, the supplier shall issue a credit advice on the difference between the taxable amount of the supply under Item 3 of Article 6 (2) herein and the amount which the said supplier is withholding pursuant to such contract, net of the tax under this Act.

#### Adjustment of Invoices and Advices

Article 116. (1) No corrections and additions may be made in the invoices and the advices thereto. Any documents which have been erroneously drafted or corrected shall be cancelled and new documents shall be issued.

(2) Any invoices and advices thereto, in which no tax is charged even though it should have been charged, shall likewise be deemed erroneously drafted documents.

(3) Any invoices and advices thereto, in which tax is charged even though it should not have been charged, shall likewise be deemed erroneously drafted documents.

(4) Where erroneously drafted documents or corrected documents are shown in the ledgers of accounts of the supplier or the recipient, a memorandum shall furthermore be drafted on the cancellation, with a copy for each of the parties, which shall state:

1. the grounds for cancellation;
2. number and date of the document which is being cancelled;
3. number and date of the new document issued;
4. signatures of the persons who drafted the memorandum for each of the parties.

(5) All copies of the documents cancelled shall be kept with the issuer, and the said documents shall be accounted for by the supplier and the recipient according to a procedure established by the Regulations for Application of this Act.

#### Issuing Memorandums

Article 117. (1) A memorandum shall mandatorily be issued:

1. (amended, SG No. 108/2006) in the cases referred to in Article 82 (2), (3), (4) and (5) and Article 84 herein: by the registered person who is a recipient of the supply;

2. in the cases referred to in Article 57 herein: by the registered person who is an importer;

3. in the cases referred to in Article 6 (3), Article 7 (4), Article 9 (3), Article 142 (1) and Article 144 (4) herein: by the registered person who is a supplier.

4. (new, SG No. 108/2006) in the cases under Articles 161 and 163a - from the registered person - beneficiary under the delivery, when the supplier is a tax liable person that is not registered under the act.

(2) A memorandum referred to in Paragraph (1) shall mandatorily state:

1. number and date;

2. (supplemented, SG No. 108/2006) name and identification number under Article 94, paragraph 2 of the person referred to in Paragraph (1);

3. quantity and type of the goods or type of the service;

4. date of occurrence of the chargeable event for the supply;

5. taxable amount;

6. rate of tax;

7. grounds for charging of the tax by the person referred to in Paragraph (1);

8. amount of tax.

(3) The memorandum shall be issued not later than five days after the date on which the tax became chargeable.

(4) Upon any change of the taxable amount of a supply or upon rescission of a supply on which a memorandum has been issued, the person shall issue a new memorandum which shall mandatorily state:

1. number and date of the initial memorandum issued on the supply;

2. grounds for issuing the new memorandum;

3. the increase/decrease in the taxable amount;

4. the increase/decrease in the tax.

(5) The memorandum referred to in Paragraph (4) shall be issued not later than five days after the date on which the relevant circumstance under Paragraph (4) has occurred.

#### Cash Receipts

Article 118. (1) Any person registered and any person not registered under this Act shall be obligated to register and report the supplies/sales effected thereby at a commercial outlet by means of issuing a fiscal cash receipt printed by a fiscal device, regardless of whether another tax document has been requested, and the recipient shall be obligated to receive the fiscal cash receipt and to keep it until he or she leaves the outlet.

(2) The fiscal cash receipt (fiscal slip) shall be a paper document recording a sale/supply of goods or service at a commercial outlet which is paid for in cash, by cheque, by voucher, by bank credit or debit card, or by any other cash equivalents, issued using a commissioned fiscal device of an approved type, for which a registration certificate has been authenticated. The fiscal cash receipt (fiscal bill), issued by an Integrated Automated Commercial Activities Management System approved for the relevant commercial outlet, shall also be a fiscal cash receipt (fiscal slip).

(3) The application of this Article, as well as the terms, procedure and manner for type approval, for type cancellation, for commissioning/ decommissioning, registration, reporting and service maintenance, expert examination and control of fiscal

devices (electronic fiscal memory cash registers, fiscal printers and electronic fiscal memory systems for sale of liquid fuels) the technical and functional requirements for the said devices, the procedure and manner for issuing fiscal cash receipts and the minimum for issuing of fiscal cash receipts, as well as the minimum essential elements of fiscal cash receipts, shall be established by an ordinance of the Minister of Finance.

(4) Upon operation of a fiscal device, the persons referred to in Paragraph (1) shall conclude a written contract for service maintenance and repair with service companies registered by the State Agency for Metrological and Technical Surveillance. Service maintenance during the warranty period shall be free of charge within the warranties assumed by the manufacturer.

#### Sales Report

Article 119. (1) Any supplier, who is a person registered under this Act, shall prepare a sales report on the supplies for which the issuing of an invoice or memorandum is not mandatory, which shall contain consolidated information on such supplies for the relevant tax period.

(2) The sales report shall be prepared on the last day of the tax period at the latest.

(3) Optionally, the person may prepare separate sales reports for each day of the tax period and/or for each of the commercial outlets thereof.

(4) The content of the consolidated information referred to in Paragraph (1) shall be specified by the Regulations for Application of this Act.

#### Sales or purchases Report under Special Arrangements for Taxing

(Title supplemented, SG No. 108/2006)

Article 120. (1) Any supplier, who is a person registered under this Act, shall prepare a sales report for every type of supply effected during the tax period for which the special arrangements for taxing under Chapters Sixteen, Seventeen and Nineteen herein are applicable, which, as a minimum, shall contain the following information:

1. quantity and type of the goods for each particular supply, or type of the service;
2. date on which the chargeable event for the supply occurred;
3. description of the invoices issued on the supply, when issuing of such invoices is mandatory;
4. the elements necessary for assessment of the taxable amount;
5. taxable amount;
6. rate of tax;
7. amount of tax;

(2) The sales report referred to in Paragraph (1) shall be prepared on the last day of the tax period at the latest.

(3) The person registered under Article 152 herein shall prepare an electronic register on the services performed under Chapter Eighteen herein, which, as a minimum, shall contain the following information on each supply effected:

1. name, address and electronic address of the customer;
2. type and quantity of the electronically supplied service;
3. date on which the chargeable event for the supply occurred;
4. number and date of the invoice issued on the supply;

5. taxable amount;
6. rate of tax as applicable;
7. amount of tax;
8. mode of payment.

(4) (New, SG No. 108/2006) For the delivery of the goods and services, for which the special procedure for taxation is applicable under chapter nineteen "a", where the suppliers are individuals, who are not tax liable persons, the recipient - the person registered under the present Act, shall draw up a report about the purchases made during the tax period, containing at least the following information:

1. quality and type of the good or type of service - for each delivery;
2. the date, on which the tax for the delivery has become executable;
3. the purchase price - for each delivery;
4. the tax rate;
5. the tax amount.

(5) (New, SG No. 108/2006) The report on the sales performed under paragraph 1 shall be drawn up not later than the last day of the tax period.

Chapter Twelve

## OTHER OBLIGATIONS

### Storage of Documents

Article 121. (1) Any taxable person shall ensure the storage of the tax documents issued by or on behalf of the said person, as well as of all tax documents received thereby, for five years after the expiry of the prescription period for extinguishment of the public liability which such documents certify.

(2) The authenticity of origin and the integrity of content of the tax documents, as well as the readability thereof, must be guaranteed during the entire period of storage.

(3) Paragraphs (1) and (2) shall furthermore apply in respect of the sales reports referred to in Articles 119 and 120 herein, the registers referred to in Article 123 (2) and (3), as well as the customs declarations.

### Right of Access to Invoices Stored by Electronic Means in Another Member

#### State

Article 122. When a taxable person stores invoices issued or received thereby by an electronic means, and when the place of storage is in another Member State, the said person shall be obligated to ensure the competent revenue authorities access by electronic means to the data stored. The revenue authorities shall have the right to download and use the invoices so stored for control purposes.

#### Accounts

Article 123. (1) Each registered person shall keep detailed accounts sufficient for assessment of the liabilities thereof under this Act by the revenue authorities.

(2) Each registered person shall be obligated to keep a register of goods under Items 8 to 10 of Article 7 (5) and Items 8 to 10 of Article 13 (4) herein.

(3) Each taxable person shall keep a register of the goods transported thereto from another Member State by a

person registered for VAT purposes in the said Member State, in connection with the supply of services involving assessment or work on movable things.

(4) The form and the essential elements of the registers referred to in Paragraphs (2) and (3) shall be determined by the Regulations for Application of this Act.

#### Chapter Thirteen

### DECLARATION AND REPORTING

#### Ledgers of Account

Article 124. (1) Persons registered under this Act shall mandatorily keep the following ledgers:

1. a purchase day book;
2. a sales day book.

(2) (Amended, SG No. 108/2006) The registered person shall be obligated to show the tax documents issued by or on behalf of the said person, as well as the sales reports under Article 119 herein, in the sales day book for the tax period during which the said documents were issued.

(3) (Amended, SG No. 108/2006) Notwithstanding Paragraph (2), the tax documents issued in connection with an intra-Community acquisition, including such on a payment received, shall be shown in the sales day book for the tax period during which the tax became chargeable according to Article 51 herein.

(4) (Supplemented, SG No. 108/2006) The registered person shall be obligated to show tax the documents received thereby in the purchase day book not later than until the third tax period following the tax period during which the said documents were issued but not later than the last tax period under Article 72, paragraph 1.

(5) Notwithstanding Paragraph (4), the registered person shall be obligated to show the credit advices received thereby in the purchase day book for the tax period during which the said advices were issued.

(6) The type, content of and requirements for the ledgers covered under this Article, as well as the procedure and manner of showing documents therein, shall be determined by the Regulations for Application of this Act.

(7) (New, SG No. 108/2006) The registered persons that during the calendar quarter have made intercommunity deliveries of new vehicles, the recipients of which are persons not registered for VAT purposes in other Member States, shall register the deliveries performed in the register for intercommunity deliveries of new vehicles.

(8) (New, SG No. 108/2006) The type, contents and requirements to the register under paragraph 7 shall be determined by the Rules on the Implementation of the Act.

#### Declaration of Tax

Article 125. (1) For every tax period, the registered person shall submit a VAT return, prepared on the basis of the ledgers of account covered under Article 124 herein, with the exception of the cases referred to in Article 157 herein.

(2) A registered person, who has effected intra-Community supplies or supplies as an intermediary in a triangular operation for the tax period, shall submit a VIIES return on the said supplies for the relevant tax period together with the VAT return referred to in Paragraph (1).

(3) Together with the VAT return referred to in Paragraph (1), the registered person shall submit the ledgers of account covered under Article 124 herein for the relevant tax period.

(4) A VAT return referred to in Paragraph (1) shall furthermore be submitted where there is no payable or refundable tax, as well as in the cases where the registered person has not effected or received any supplies or acquisitions or has effected any importation for the said tax period.

(5) The returns referred to in Paragraphs (1) and (2) and the ledgers of account referred to in Paragraph (3) shall be submitted on or before the 14th day of the month following the tax period to which the said returns and ledgers refer.

(6) The VIES return referred to in Paragraph (2) and the ledgers of account referred to in Paragraph (2) shall be submitted on a magnetic or optical data storage medium as well.

(7) Alternatively, the returns referred to in Paragraphs (1) and (2) and the ledgers of account referred to in Paragraph (3) may be submitted electronically under the terms and according to the procedure established by the Tax and Social-Insurance Procedure Code . Where the return and the ledgers of account are submitted electronically, Paragraph (6) shall not apply.

(8) The VAT return referred to in Paragraph (1) and the return referred to in Paragraph (2) shall be submitted in a standard form specified by the Regulations for Application of this Act.

(9) (New, SG No. 108/2006) The register under Article 124, paragraph 7 shall be submitted on a magnetic or optical carrier by the 14th day of the month, following the respective calendar quarter.

#### Corrections of Errors Made in Declaring

Article 126. (1) Any errors made in returns submitted under Article 125 (1) or (2) herein as a result of documents not shown or shown incorrectly in the ledgers of account covered under Article 124 herein shall be corrected according to the procedure established in Paragraphs (2) and (3).

(2) Any errors detected prior to the expiry of the time limit for submission of the VAT return shall be corrected by the person making the necessary corrections and submitting again the returns referred to in Article 125 (1) and (2) herein and the ledgers of account covered under Article 124 herein.

(3) Beyond the cases referred to in Paragraph (2), errors shall be corrected by:

1. the person making the necessary corrections in the tax period during which the error was detected and including the document that has not been shown in the relevant ledger of account for the same tax period: applicable to documents not shown in the ledgers of account covered under Article 124 herein;

2. the person notifying in writing the competent revenue authority which shall take action to modify the liability of the person for the relevant tax period: applicable to documents shown incorrectly in the ledgers of account.

#### PART SEVEN

#### SPECIFIC CASES

##### Chapter Fourteen

#### SPECIFIC CASES OF SUPPLIES

##### Supply Effected by Person Acting in His Own Name and for Account of

##### Another

Article 127. (1) Where a taxable person (commission agent/mandatary) supplies goods or services in his own name and for the account of another, the person shall be presumed to have received and supplied the goods or the services.

(2) In the cases under Paragraph (1), three supplies shall be effected:

1. a supply between the commission agent/mandatary and the third party, for which the date of occurrence of the chargeable event for and the taxable amount of the supply shall be determined under the general rules of this Act;

2. a supply between the principal/mandator and the commission agent/mandatary of the goods or the services subject to the supply referred to in Item 1; the taxable amount of such supply shall be equal to the taxable amount of the supply referred to in Item 1, and the date of occurrence of the chargeable event for such supply shall be determined under the general rules of this Act but may not be later than the date of occurrence of the chargeable event referred to in Item 1;

3. a supply of service between the commission agent/mandatary and the principal/mandator; the taxable amount of such supply shall be the compensation of the commission agent/mandatary, which shall include the reimbursement for the expenses incurred thereby in connection with the supply, if so agreed; the date of occurrence of the chargeable event for such supply shall be determined under the general rules of this Act.

(3) Where the commission agent/mandatary is a person not registered under this Act, for assessment of the taxable amount for the supply referred to in Item 2 of Paragraph (2), the agreed price for the supply referred to in Item 1 of Paragraph (2) shall be deemed to include the tax.

(4) Where the taxable amount of the supply referred to in Item 4 of Article 6 (2) herein differs from the taxable amount referred to in Item 1 of Paragraph (2), grounds for modification of the taxable amount of the supply referred to in Item 4 of Article 6 (2) herein shall arise on the date of occurrence of the chargeable event for the supply referred to in Item 1 of Paragraph (2).

#### Ancillary Supply

Article 128. Where the principal supply is accompanied by another supply and the payment is determined as a total, it shall be deemed that there is only one principal supply.

#### Warranty Services

Article 129. (1) The provision of goods by a manufacturer or a person authorized thereby for the purpose of replacement or elimination of defects under the terms of agreed warranty services, which is carried out for the account of the manufacturer, shall not be considered to be a supply.

(2) The provision of a service for the elimination of defects under the terms of agreed warranty services shall not be considered to be a supply where the following conditions are simultaneously fulfilled:

1. the service is performed by a person authorized to do so by the manufacturer;
2. the manufacturer is not established within the territory of the country;
3. the warranty services are for the account of the manufacturer.

(3) The provision of goods and services for elimination of defects by a supplier, where the elimination of the defects is for the account of the said supplier in connection with amounts retained under Item 2 of Article 26 (4) herein, shall not be considered to be a supply.

#### Barter

Article 130. (1) When there is a supply under which the consideration (in full or in part) is expressed in goods or services, it shall be considered that there are two counter supplies, with each of the suppliers being considered to be a seller of what the said supplier gives and buyer of what the said suppliers receives.

(2) The chargeable event for both supplies referred to in Paragraph (1) shall occur on the date of occurrence of the chargeable event for whichever of the said supplies is the earlier.

#### Supply of Goods or Services upon Public Auction under Tax and

#### Social-Insurance Procedure Code or under Code of Civil Procedure or Sale

#### under Registered Pledges Act

Article 131. (1) In the cases of public auction according to the procedure established by the Tax and Social-Insurance Procedure Code or by the Code of Civil Procedure or upon a sale according to the procedure established by the Registered Pledges Act or by Article 60 of the Credit Institutions Act and where the debtor is a person registered under this Act, the public enforcement agent, the bailiff or the pledgee shall be obligated, within five days after receipt of the full price of the sale:

1. to pay the tax payable under the sale by crediting the bank account of the competent National Revenue Agency

territorial directorate whereat the debtor is registered under this Act;

2. to prepare a document on the sale, as specified in the Regulations for Application of this Act, in triplicate: one copy for the public enforcement agent/bailiff/pledgee, one copy for the debtor, and one copy for the recipient (buyer);

3. to provide the document referred to in Item 2 to the debtor and the recipient within three days after the issuing of the said document;

4. to notify the competent National Revenue Agency territorial directorate whereat the debtor is registered under this Act of the document issued under Item 2 according to a procedure established by the Regulations for Application of this Act.

(2) In the cases under Paragraph (1), the selling price shall be deemed to be inclusive of the tax, and the said tax shall be remitted (paid) by the recipient (buyer) to the public enforcement agent/bailiff/pledgee together with the selling price.

(3) (Amended, SG No. 59/2007) Paragraph (1) shall not apply where the thing has been awarded to the execution creditor on a motion thereby in payment of the claim thereof according to the procedure established by the Tax and Social Insurance Procedure Code.

(4) (Amended, SG No. 59/2007) In the cases under Paragraph (3), the taxable amount of the supply shall be the price of the thing determined according to the procedure established by Article 250 (3) or Article 254 (7) of the Tax and Social Insurance Procedure Code and the tax shall be deemed included in the price of the said thing.

#### Chapter Fifteen

### SPECIFIC CASES OF REGISTRATION AND DEREGISTRATION

#### Compulsory Registration as Result of Transformation

Article 132. (1) Registration under this Act shall be compulsory for any person who acquires goods and services from a registered person in pursuance of Article 10 (1) herein.

(2) The registration referred to in Paragraph (1) shall be effected by submission of an application for registration within 14 days after the recording of the circumstance referred to in Article 10 (1) herein in the Commercial Register.

(3) The date of registration in the cases referred to in Paragraph (1) shall be the date of recording of the circumstance referred to in Article 10 herein in the Commercial Register.

(4) In the cases of registration under Paragraph (1), the registration inventory referred to in Item 3 of Article 74 (2) herein for the assets available (excluding the assets received in pursuance of Article 10 herein) shall be drawn up at the date of registration under Paragraph (3) and shall be submitted on or before the 14th day after that date.

#### Registration of Non-Resident who Is Not Established within Country

Article 133. (1) Any non-resident person, who has a fixed establishment within the territory of the country from which the said person carries out economic activity and who satisfies the conditions of this Act for compulsory registration or for optional registration, shall be registered through the agency of an accredited representative, with the exception of branches of non-residents which shall be registered according to the standard procedure.

(2) Any non-resident person, who is not established within the territory of the country but effects taxable supplies whereof the place of transaction is within the territory of the country and who satisfies the conditions of this Act for compulsory registration or for optional registration, shall be registered through the agency of an accredited representative.

(3) Registration under Paragraphs (1) and (2) shall be effected according to the procedure established by Article 101 herein at the National Revenue Agency territorial directorate whereat the accredited representative is registered.

(4) Upon dissolution of the person who is an accredited representative, or upon occurrence of other circumstances which lead to an impossibility for such person to fulfil the obligations thereof under this Act, the non-resident person shall be obliged to designate a new accredited representative within 14 days after the date of occurrence of the intervening

circumstances.

(5) Paragraphs (1) to (4) shall not apply to any non-resident persons supplying services under Chapter Eighteen herein.

#### Termination of Registration (Deregistration) of Non-Residents Registered

under This Act

Article 134. (1) The registration of a non-resident person registered in pursuance of Article 133 herein shall be terminated if the general conditions for deregistration under this Act are fulfilled.

(2) Deregistration under Paragraph (1) shall be effected according to the procedure established by Article 109 herein.

(3) Where the non-resident person fails to designate a new accredited representative within the time limit referred to in Article 133 (4) herein, the registration of the said person shall be terminated on the initiative of the revenue authority by issuing of a deregistration act.

(4) In the cases referred to in Paragraph (3), the deregistration act shall not be delivered to the person, and the date of deregistration shall be the date of expiry of the time limit referred to in Article 133 (4) herein.

(5) Upon deregistration under Paragraphs (1) and (3), the non-resident person shall be presumed to effect a supply under Article 111 herein.

#### Accredited Representative

Article 135. (1) Only a Bulgarian natural person capable of performing juridical act permanently domiciled in the country, or a local legal person which is not subject to liquidation proceeding or has not been adjudicated bankrupt and does not incur chargeable and unpaid tax liabilities and liabilities for social-insurance contributions collected by the National Revenue Agency may be an accredited representative of a non-resident person.

(2) The accredited representative shall represent the non-resident person referred to in Article 133 herein in all tax legal relations of the said person which arise in pursuance of this Act.

(3) The accredited representative shall incur solidary and unlimited liability for the obligations under this Act of the registered non-resident person.

#### PART EIGHT

#### SPECIAL TAXING ARRANGEMENTS

##### Chapter Sixteen

#### SERVICES TO TOURISTS

##### Supply of Single Service to Tourists

Article 136. (1) The provision by a tour operator or a travel agent, acting in his own name, of goods or services in connection with the journey of a tourist, for the carrying out of which goods or services for the direct benefit of the tourist are used, shall be treated as a supply of a single service to tourists.

(2) The goods and services referred to in Paragraph (1) directly benefiting the tourist shall be the goods and services which the tour operator or the travel agent has received from other taxable persons and has provided to the tourist without alteration.

##### Place of Transaction of Single Service to Tourists

Article 137. The place of transaction of a single service to tourists shall be the place where the tour operator or the travel agent has established the economic activity thereof or has a fixed establishment from which the said operator or agent effects the transaction.

##### Date of Occurrence of Chargeable Event and Chargeability of Tax

Article 138. (1) The date of occurrence of the chargeable event for the supply of a single service to tourists shall be the date on which the tourist benefits from the supply for the first time.

(2) The tax on the supply of a single service to tourists shall become chargeable on the date of occurrence of the chargeable event referred to in Paragraph (1).

#### Taxable Amount of Single Service to Tourists

Article 139. (1) The taxable amount of the supply of a single service to tourists shall be the margin which represents the difference, less the amount of the tax payable, between:

1. the total amount, which the tour operator or travel agent has received or will receive from the customer or the third party for the supply, including any subsidies and investment grants directly linked to such supply, the taxes and fees, as well as the incidental expenses such as commission and insurance, charged by the supplier to the recipient but exclusive of any trade discounts allowed;

2. the amount which has been paid or will be paid for supplies of goods and services received by the tour operator or the travel agent from other taxable persons for the direct benefit of the tourist, including the tax under this Act.

(2) The taxable amount referred to in Paragraph (1) may not be a negative quantity.

#### Zero-Rating upon Supply of Single Service to Tourists

Article 140. (1) The supply of a single service to tourists shall be liable to tax at the zero rate, if the supplies of goods and services are for the direct benefit of the tourist, shall have a place of transaction within the territory of third countries and territories.

(2) Where only part of the supplies of goods and services referred to in Paragraph (1) which are for the direct benefit of the tourist have a place of transaction within the territory of third countries and territories, only the part of the said supplies corresponding to the supply of the single service to tourists shall be liable to tax at the zero rate.

#### Credit for Input Tax to Tour Operator or Travel Agent

Article 141. The tour operator or the travel agent shall not have the right to deduct credit for input tax in respect of the supplies of goods and services received from other taxable persons for the direct benefit of the tourist.

#### Charging Tax and Documenting Supply of Single Service to Tourists

Article 142. (1) The tax on the supply of a single service to tourists shall be charged by the issuing of a memorandum.

(2) The supply of a single service to tourists shall be documented and reported according to a procedure established by the Regulations for Application of this Act.

#### Chapter Seventeen

### SPECIAL ARRANGEMENTS FOR TAXING PRICE MARGIN

#### Supply of Second-Hand Goods, Works of Art, Collectors' Items and

##### Antiques

Article 143. (1) (Supplemented, SG No. 108/2006) The provisions in this Chapter shall apply to a supply effected by a taxable dealer of second-hand goods, works of art, collectors' items, antiques, supplied to the said dealer within the territory of the country (including imported) or from the territory of another Member State by:

1. a non-taxable person;
2. another taxable person as a subject of an exempt supply under Article 50 herein;
3. another taxable person who is not registered under this Act;
4. another taxable dealer applying the special arrangements for taxing the price margin.

(2) The provision of Paragraph (1) shall not apply upon an intra-Community supply of new means of transport.

(3) Taxable dealers shall have the right to apply the provisions of this Chapter also in respect of a supply of:

1. works of art, collectors' items or antiques which they have imported;
2. works of art supplied to them by their creators or by the successors in title of the said creators.

(4) (Amended, SG No. 108/2006) The right of option under Paragraph (3) shall be exercised by means of submission of a notification to the competent National Revenue Agency territorial directorate.

(5) Taxable dealers who have exercised a right of option under Paragraph (4) shall apply the special arrangements for taxing the margin for a supply covered under Paragraph (3) as from the first day of the month following the month of submission of the notification, and for a period not shorter than 24 months including the month following the month of submission of the notification.

(6) After the lapse of the time period referred to in Paragraph (5), the taxable dealer may discontinue the application of the special arrangements for taxing the margin for supplies covered under Paragraph (3) by submitting a notification to the competent National Revenue Agency territorial directorate. The application of the special arrangements for taxing the margin shall be discontinued as from the month following the month of submission of the notification.

(7) Notifications referred to in Paragraphs (4) and (6) shall be submitted in a standard form specified in the Regulations for Application of this Act.

#### Place of Transaction, Chargeable Event and Chargeability of Tax on

##### Supplies of Goods under Special Arrangements for Taxing Margin

Article 144. (1) The place of transaction of supplies covered under Article 143 herein shall be the place where the taxable dealer has the registered office or fixed establishment from which the said dealer effects such supplies.

(2) The chargeable event for the supplies covered under Article 143 herein shall occur according to the general rules under this Act.

(3) The tax on supplies covered under Article 143 herein shall become chargeable on the last day of the tax period during which the chargeable event occurred according to Paragraph (2).

(4) The tax shall be charged by the issuing of a memorandum according to a procedure and in a manner established by the Regulations for Application of this Act.

##### Taxable Amount

Article 145. (1) The taxable amount of the supply of goods under this Chapter shall be the price margin which represents the difference, less the amount of the tax payable, between:

1. the selling price, representing the total amount which the taxable dealer has received or will receive from the customer or the third party for the supply, including any subsidies and investment grants directly linked to such supply, the taxes and fees, as well as the incidental expenses on packing, transport, commissions and insurance, charged by the supplier to the recipient but exclusive of any trade discounts allowed;

2. the amount which has been paid or will be paid for goods received by the persons under Article 143 (1) and (3) herein, including the tax under this Act, and where the goods have been imported, the taxable amount upon importation, including the tax under this Act.

(2) The taxable amount referred to in Paragraph (1) may not be a negative quantity.

##### Supply of Goods under Special Arrangements for Taxing Margin at Zero

## Rate

Article 146. The supply of goods under the special arrangements for taxing the margin shall be liable to tax at the zero rate where the conditions established by Article 28 herein are fulfilled in respect of the supply.

## Credit for Input Tax

Article 147. (1) The taxable dealer shall have the right to credit for input tax in respect of any goods and services acquired or imported thereby which the said dealer uses only for the effecting of supplies under this Chapter.

(2) The total credit for input tax referred to in Paragraph (1) used for the year may not exceed the total amount of the tax charged by the dealer for supplies covered under Article 143 herein,

(3) Where the credit for input tax used during the year exceeds the tax charged during the year, a tax to the amount of the excess shall be chargeable from the person.

(4) The excess referred to in Paragraph (3) shall be declared in the VAT return for the last tax period of the year.

(5) The taxable dealer shall not have the right to deduct credit for input tax in respect of any goods received or imported thereby to which the said dealer applies the special arrangements for taxing the margin.

## Documenting Supply of Goods under Special Arrangements for Taxing Margin

Article 148. The supply of goods under the special arrangements for taxing the margin shall be documented and reported according to a procedure established by the Regulations for Application of this Act.

## Taxable Turnover of Taxable Dealer from Supplies of Goods under Special

### Arrangements for Taxing Margin

Article 149. The taxable turnover of a taxable dealer from supplies of goods under the special arrangements for taxing the margin shall be the sum total of the margins.

## Charging Tax on Goods in Stock upon Taxable Dealer's Deregistration

Article 150. (1) The deregistration of the taxable dealer shall be effected according to the general conditions for deregistration of this Act.

(2) Upon deregistration, the taxable dealer shall be liable for a tax on the goods in stock covered under this Chapter. The amount of the said tax shall be determined on the basis of the average margin achieved by the taxable dealer during the 12 months last preceding the deregistration date.

(3) The procedure and manner for determining the average margin referred to in Paragraph (2) shall be established by the Regulations for Application of this Act.

(4) Upon deregistration, the taxable dealer shall be liable for tax under Article 111 herein, with the exception of the tax on the goods in stock referred to in Paragraph (2).

## Right of Option

Article 151. (1) A taxable dealer may apply the standard procedure under this Act for taxing the supply of second-hand goods, works of art, collectors' items and antiques.

(2) The right referred to in Paragraph (1) shall be exercised by the person for each particular supply and, to this end, the invoice issued shall not state that the special arrangements under this Chapter are applied.

(3) The taxable amount of the supply shall be determined according to the procedure established by Articles 26 and 27 herein and may not be lower than the taxable amount upon acquisition of the goods or lower than the taxable amount upon importation.

(4) In the cases referred to in Paragraph (2), the right to credit for input tax in respect of the goods received or imported by the person to which the special arrangements for taxing the margin are not applied shall arise and shall be exercised during the tax period in which the tax on the subsequent supply of such goods has become chargeable.

(5) The supplies referred to in Paragraph (2) shall be documents according to the standard procedure established by this Act.

(6) Where the taxable dealer applies both the special arrangements for taxing the margin and the standard procedure for taxing the supplies, the said dealer shall be obligated to keep separate accounts for the supplies as specified by the Regulations for Application of this Act.

## Chapter Eighteen

### TAXING SUPPLIES OF SERVICES SUPPLIED ELECTRONICALLY BY PERSONS

#### WHO ARE NOT ESTABLISHED WITHIN COMMUNITY

##### Special Registration

Article 152. (1) Any taxable person for which the following conditions are simultaneously fulfilled shall have the right to register under this Chapter:

1. the said person effects supplies of electronically supplied services to recipients who are non-taxable persons who are established or have a permanent address, or usually reside in a Member State;
2. the said person is not established within the territory of the Community;
3. the said person is not obligated to register for VAT purposes on any other grounds within the territory of the country or within the territory of another Member State.

(2) The right referred to in Paragraph (1) shall be exercised by the person submitting, by electronic means, an application for registration to the Sofia Territorial Directorate of the National Revenue Agency.

(3) Together with the application referred to in Paragraph (1), the person shall provide the following information:

1. name, mailing address, electronic addresses, including Internet sites;
2. a national tax number, if any;
3. a statement certifying that the person is not registered for VAT purposes in another Member State.

(4) The person shall notify the territorial directorate referred to in Paragraph (2) by electronic means of any intervening changes in the information provided under Paragraph (3).

(5) Within seven days after receipt of the application, the territorial directorate referred to in Paragraph (2) shall notify the person by electronic means of the registration effected according to the procedure established by this Chapter, of the identification number referred to in Article 94 (2) herein, and of the date of registration.

(6) The first day of the month following the month of the notification referred to in Paragraph (5) shall be considered to be a date of registration.

##### Termination of Special Registration

Article 153. (1) The registration referred to in Article 152 herein shall terminate on the initiative of the person where:

1. the person terminates the activity thereof under this Chapter;
2. the person no longer fulfils the conditions under Article 152 (1) herein.

(2) For termination of the registration under Paragraph (1), the person shall submit an application for termination of registration by electronic means to the territorial directorate referred to in Article 152 (2) herein.

(3) The registration under Article 152 herein may be terminated on the initiative of the revenue administration where:

1. the administration ascertains that the activity of the person has been terminated, or
2. the person does not fulfil the conditions under Article 152 (1) herein, or
3. the person systematically fails to comply with the provisions of this Chapter.

(4) In the cases covered under Paragraph (3), the territorial directorate referred to in Article 152 (2) shall notify the person that his registration has been terminated, indicating also the date of termination of registration.

(5) In the cases covered under Paragraph (1), the registration shall terminate on the date of submission of the application referred to in Paragraph (2).

(6) In the cases covered under Paragraph (3), the registration shall terminate on the date of the notification referred to in Paragraph (4).

#### Place of Transaction of Supplies of Electronically Supplied Services

Article 154. The place of transaction of services supplied electronically by a registered person under Article 152 herein shall be the Member State in which the recipient under Item 1 of Article 152 (1) herein is established.

#### Taxable Amount, Date of Occurrence of Chargeable Event and Chargeability

##### of Tax

Article 155. The taxable amount, the date of occurrence of the chargeable event and the chargeability of tax on supplies of services under this Chapter shall be determined under the general rules of this Act.

#### Rate of Tax

Article 156. The rate of tax on the supplies of electronically supplied services under this Chapter shall be the rate applicable in the Member State in which the recipient referred to in Item 1 of Article 152 (1) herein is established.

#### Tax Period, Declaration and Remittance of Tax

Article 157. (1) The tax period for persons registered under this Chapter shall be three months and shall coincide with a calendar quarter.

(2) A person registered under this Chapter shall submit a return completed in a standard form specified in the Regulations for Application of this Act for each tax period within 20 days after the end of the period, regardless of whether any supplies of electronically supplied services have been effected during the said period. The said return shall be submitted to the territorial directorate referred to in Article 152 (2) herein by electronic means.

(3) The return shall state the identification number of the registered person, the total value, net of value added tax, of the supplies for each separate Member State, the total amount of tax for each Member State, the rate of tax applicable in the respective Member State and the total value of the tax payable for all Member States for the tax period.

(4) The values covered under Paragraph (3) shall be stated in Euro and in Bulgarian leva, and Article 26 (6) herein shall apply to the translation.

(5) The tax chargeable for the tax period shall be remitted by crediting the account of the territorial tax directorate referred to in Article 152 (2) herein within the time limit for submission of the return under Paragraph (2).

#### Credit for Input Tax and Tax Refund

Article 158. (1) Persons registered under this Chapter shall not have the right to credit for input tax in respect of any supplies of goods and services received within the territory of the country and from importation.

(2) Persons registered under this Chapter shall have the right to a refund of the tax paid within the territory of the country according to the procedure established by Item 2 of Article 81(1) herein.

## Documentation and Provision of Information

Article 159. (1) Any person registered under this Chapter shall be obligated to keep an electronic register referred to in Article 120 (3) herein for the supplies of services effected under this Chapter in a manner enabling the tax administration of the Member States in which the recipients are established to determine whether the information stated in the return referred to in Article 158 (2) herein is full and accurate.

(2) Upon request, the information from the electronic register must be provided by electronic means to the Bulgarian revenue administration or to the competent authorities of the Member States in which the recipients are established.

(3) The information in the electronic register shall be stored for a period of not less than ten years reckoned from the end of the year during which the relevant supply was effected.

## Chapter Nineteen

## INVESTMENT GOLD

### Supplies of Investment Gold

Article 160. (1) Supplies concerning investment gold shall be exempt where, for the purposes of this Act, the said supplies are:

1. supplies of investment gold, including: supplies of investment gold represented by certificates for allocated or unallocated gold; gold traded on gold accounts, gold loans and swaps, involving the right of ownership or claim in respect to investment gold; supplies concerning investment gold involving futures and forward contracts leading to a transfer of the right of ownership or claim in respect of investment gold;

2. services of agents who act in the name and for the account of another, in connection with supplies of investment gold.

(2) Taxable persons, who produce investment gold or transform gold into investment gold, as well as taxable persons who normally supply gold for industrial purposes, shall be allowed a right of option for taxation of the supplies covered under Item 1 of Paragraph (1). Taxable persons who perform intermediation services in respect of supplies of investment gold shall be allowed a right of option for taxation of the supplies referred to in Item 2 of Paragraph (1) when the supply in connection with which the intermediation service was provided is taxable.

(3) The right referred to in Paragraph (2) may be exercised where the following conditions are simultaneously fulfilled:

1. a person registered under this Act is a recipient of the supplies;
2. the invoice issued on the supply states that the tax is to be charged from the recipient.

### Chargeability of Tax from Recipient

Article 161. (1) The tax shall be charged from the recipient who is a person registered under this Act upon:

1. supplies of gold material or semi-manufactured products of a purity of 325 thousandths or greater;
2. supplies concerning investment gold where the right referred to in Article 160 herein has been exercised and the invoice issued by the supplier states that the tax is to be charged from the recipient.

(2) The tax shall be charged by the issuing of a memorandum.

### Right to Credit for Input Tax

Article 162. (1) Although the subsequent supply concerning investment gold is exempt, registered persons shall have the right to credit for input tax in respect of:

1. the tax charged from them according to the procedure established by Article 161 herein;
2. the received supply or importation of gold other than investment gold which has then been transformed into

investment gold by the person or for the account thereof;

3. received services leading to a change of form, weight or purity of gold, including investment gold.

(2) Although the subsequent supply concerning investment gold is exempt, registered persons who produce investment gold or transform gold into investment gold shall have the right to deduct credit for input tax in respect of the supplies or importation within the territory of the country of goods or services related to the production or transformation of such gold.

#### Documenting

Article 163. (1) The supplies concerning investment gold, as well as the supplies involving gold material or semi-manufactured products of a purity of 325 thousandths or greater, shall be documented by issuing of an invoice which, in addition to the essential elements covered under Article 114 herein, must also state:

1. description of the gold sufficient for the identification thereof, as a minimum: form, weight, purity etc.;

2. date and address of the physical delivery of the gold;

3. name, address and Standard Public Registry Personal Number and/or type, number, issuer of an official identification document of the persons who prepared the document.

(2) The invoices referred to in Paragraph (1) shall be stored for a period of ten years reckoned from the end of the year during which the relevant supply was effected.

Chapter Nineteen "a"

(New, SG No. 108/2006)

DELIVERY/DELIVERY OF GOODS AND SERVICES ACCORDING TO APPENDIX No 2 WITH  
A PLACE OF EXECUTION THE TERRITORY OF THE COUNTRY, WHERE TAX IS  
EXECUTABLE BY THE RECIPIENT

#### Tax event and executable tax

Article 163a. (New, SG No. 108/2006) (1) The tax event of the goods and services delivered, specified in appendix No 2, shall occur according to the general rules of the present Act.

(2) The tax for the supplies under paragraph 1 shall be executable by the recipient - a person registered under this Act, regardless of whether the supplier is a tax liable person or not.

(3) The tax for the supplies under paragraph 1 shall become executable according to the procedures of Article 25, paragraphs 5 and 6.

#### Tax accruing by the recipient

Article 163b. (New, SG No. 108/2006) (1) Tax shall be accrued by the recipient via the issuance of:

1. a protocol under Article 117, paragraph 2 within the deadline set in Article 117, paragraph 3 - when the supplier is a tax liable person.

2. a general protocol of all supplies, for which tax has become executable in during respective tax period - when the suppliers are natural persons that are not liable for tax; the protocol shall be issued on the last day of the respective tax period.

(2) The protocol under paragraph 1, sub-paragraph 2 must contain:

1. a number and a date;

2. the name and the identification number under Article 94, paragraph 2 of the person, who issues it;
3. a tax period;
4. a description of the goods and services;
5. the total amount of the purchase prices of the goods and services under item 4 for the tax period;
6. accrued tax for the period.

#### Documenting the supplies

Article 163c. (New, SG No. 108/2006) When the supplier is a tax liable person, the supplies of goods and services, specified in appendix № 2, shall be documented by the issuance of an invoice, in which "Article 163a, paragraph 2" shall be indicated as grounds for not accruing tax.

#### Chapter Twenty

### INVESTMENT PROJECTS

#### Special Arrangements for Charging Tax upon Importation

Article 164. (1) Notwithstanding Article 56 herein, the tax upon importation of goods may be charged by the person registered under this Act if the said person holds a permission issued according to the procedure established by Article 166 herein and imports goods (with the exception of excisable goods) according to a list approved by the Minister of Finance.

(2) The importer shall exercise the right thereof under Paragraph (1) by:

1. declaring in the customs declaration as submitted that the importer will use this arrangement;
2. declaring that at the time of effecting the importation the importer is a person registered under this Act and does not incur chargeable and unpaid tax liabilities and liabilities for social insurance contributions collected by the National Revenue Agency.

(3) Where the importer has exercised the right thereof under Paragraph (1), the customs authorities shall admit the release of the goods without the tax being effectively remitted or secured.

(4) The importer shall charge the tax referred to in Paragraph (1) according to the procedure established by Article 57 (3) herein.

(5) The importer shall have the right to credit for input tax in respect of the tax charged under Paragraph (4) under the terms established by Articles 69 and 73 herein.

#### Shortened 30-Day Period for Tax Refund

Article 165. Any person registered under this Act shall have the right to refund the tax referred to in Article 88 (3) herein within 30 days after submission of the VAT return where the conditions referred to in Article 92 (4) are fulfilled.

#### Issuing Permission

Article 166. (1) A permission to apply the special arrangements for charging tax upon importation and for refund of the tax within 30 days shall be issued to any person who simultaneously satisfies the following conditions:

1. the person implements an investment project approved by the Minister of Finance;
2. the person is registered under this Act;
3. the person does not incur chargeable and unpaid tax liabilities and liabilities for social insurance contributions collected by the National Revenue Agency;
4. (amended, SG No. 86/2006) the conditions for grant of State aid for regional development according to the State

Aids Act and the Regulations for Application thereof exist, with the exception of the de minimis aids within the meaning given by the State Aids Act.

(2) The investment project shall be approved by the Minister of Finance where the following circumstances simultaneously exist:

1. the time limit for implementation of the project does not exceed two years;
2. the amount of investment exceeds BGN 10 million for a period not longer than two years;
3. more than 50 new jobs are created;
4. the person is capable of financing the project, as well as of constructing and maintaining facilities ensuring the implementation of the said project, such as:
  - (a) agreements on credit and commercial loans;
  - (b) financial lease contracts;
  - (c) bank and other guarantees;
  - (d) letters of commitment to finance the project by the equity owners;
  - (e) own funds;
  - (f) the projected cash inflows are true, correspond to market conditions and are sufficient to cover the investment and current costs of the project.

(3) A permission shall be issued for a period of up to two years on the basis of a request in writing whereto the following documents shall be attached:

1. designs, elaborations and plans for construction and maintenance of facilities and a business plan for economic stability and profitability of the investment project;
2. an analysis of the financial position, confirmed by a registered auditor or a specialized audit enterprise within the meaning given by the Independent Financial Audit Act , in case the person has operated for more than one year; the full annual financial statements for the periods analysed shall be attached to the said analysis;
3. documents certifying the capabilities to finance the project under Item 2 of Paragraph (2);
4. a list of the goods which the person is to import in implementation of the investment project; the said list shall mandatorily contain information on the quantity, value, code under the Combined Nomenclature of the Republic of Bulgaria, and the number of the contract for the supply of the goods;
5. certificates on the circumstances covered under Items 2 and 3 of Paragraph (1);
6. a declaration to the effect that the person has not received State aids to an amount exceeding BGN 200,000 during the last three tax years, including the current tax year.

(4) (Amended, SG No. 86/2006) The Minister of Finance shall issue permission within one month after receipt of the request if the requirements covered under Paragraphs (1) and (2) are fulfilled. Where notification of the European Commission is required according to the State Aids Act and the Regulations for Application thereof, the permission shall be issued within one month after the date of the decision of the Commission for the Protection of Competition whereby the grant of the aid is authorized.

(5) A permission shall be issued or refused by a written order of the Minister of Finance.

(6) Within six months after the issuing of the permission under Paragraph (4), it shall be permissible to issue a new permission on goods which are to be imported or acquired additionally in implementation of the investment project as already approved. Adjustments to a permission already issued shall be inadmissible.

(7) A refusal to issue a permission shall be appealable according to the procedure established by the Administrative Procedure Code .

#### Withdrawal of Permission

Article 167. (1) A permission issued shall be withdrawn in the following cases:

1. where the person ceases to satisfy the conditions covered under Article 166 (1) herein;
2. upon the lapse of the period referred to in Article 166 (3) herein.

(2) Where the relevant competent authority ascertains that the conditions under Article 166 herein are not fulfilled, the said authority shall forthwith notify the Minister of Finance.

(3) The permission shall be withdrawn by an order of the Minister of Finance, which shall be appealable according to the procedure established by the Administrative Procedure Code.

(4) The Minister of Finance shall provide the customs administration with information on the permissions issued and revoked, as well as with the lists referred to in Item 4 of Article 166 (3) herein.

#### Chapter Twenty-One

### SPECIAL ARRANGEMENTS REGARDING NEW MEANS OF TRANSPORT

#### Special Arrangements for Intra-Community Supply and Intra-Community

##### Acquisition of New Means of Transport

Article 168. (1) Any person not registered under this Act, who effects an intra-Community acquisition of a new means of transport referred to in Article 13 (2) herein or effects an incidental intra-Community supply of a new means of transport referred to in Article 7 (2) herein, shall be obligated to declare the intra-Community acquisition or the incidental supply as effected within 14 days after the expiry of the tax period during which the tax on the acquisition or the supply became chargeable under Articles 63 or 51 herein.

(2) Declaration shall be effected by the submission of a return at the National Revenue Agency territorial directorate whereat the person is registered or is subject to registration under the Tax and Social-Insurance Procedure Code.

(3) The return referred to in Paragraph (2) shall be submitted in a standard form specified by the Regulations for Application of this Act.

(4) The tax due on the intra-Community acquisition shall be remitted according to the procedure and within the time limits established by Article 91 herein.

(5) In the cases of effecting of an intra-Community acquisition under Paragraph (1), credit for input tax paid on the acquired means of transport shall become refundable in respect of the person if the following conditions are fulfilled:

1. the person:

(a) holds an invoice satisfying the requirements of Article 114 herein: where the means of transport has been purchased within the territory of the country, or

(b) holds a customs declaration: in the cases of importation, or

(c) the person has submitted a return under Paragraph (2) on the intra-Community acquisition: in the cases of intra-Community acquisition under Paragraph (1);

2. the tax on the intra-Community acquisition or on the importation has been remitted to Executive Budget Revenue according to the procedure and within the time limits established by Articles 90 and 91 herein.

(6) The right to refund of the tax under Paragraph (5) shall be exercised by stating the amount of the input tax claimable in the return referred to in Paragraph (2).

(7) The amount of the tax refundable under Paragraph (5) may not exceed the tax which would have been chargeable from the person if the supply was not liable to tax at the zero rate.

(8) Where a natural person who is not a sole trader effects an incidental supply referred to in Paragraph (1), the said person shall issue a document which contains the essential elements covered under Items 3 to 15 of Article 114 (1) herein.

## PART NINE

### MISCELLANEOUS PROVISIONS

#### Chapter Twenty-Two

### INFORMATION

#### Public Information

Article 169. (1) Public information shall be the information on the registration under this Act which includes:

1. business name, identification number referred to in Article 84 of the Tax and Social-Insurance Procedure Code , identification number referred to in Article 94 (2) herein, and mailing address of the person;

2. date of registration and termination of registration;

3. date of posting of the circumstances referred to in Items 1 and 2.

(2) The information covered under Paragraph (1) shall be accessible and shall be posted on the Internet site of the revenue administration.

(3) The information covered under Paragraph (1) may alternatively be provided by the revenue administration upon a person's written request.

(4) The circumstances covered under Paragraph (1) shall be presumed known to bona fide third parties as from the date of posting of the information under Item 3 of Paragraph (1).

#### Exchange of Information with Customs Administration

Article 170. (1) The customs administration shall provide the revenue administration with information, by electronic means, on the accepted customs declarations and the received payments of tax upon importation within 14 days after the end of every calendar month.

(2) Such information shall be supplied under terms and according to a procedure established by an order of the Minister of Finance.

#### Exchange of Information with Tax Administrations of Other Member States

Article 171. (1) The revenue administration shall be free to exchange information relating to the levy of value added tax with the tax administrations of other Member States, provided that such information will be used only for assessment of the tax liabilities of persons and/or in the course of appealing the amount of such tax liabilities.

(2) The information received according to the procedure established by Paragraph (1) from other Member States may be used as evidence for assessment of liabilities under this Act, as well as in administrative and court procedures.

(3) Paragraphs (1) and (2) shall furthermore apply in the cases where the information is exchanged by electronic means.

APPLICATION OF INTERNATIONAL TREATIES AND REFUND OF TAX TO PERSONS NOT ESTABLISHED WITHIN TERRITORY OF COUNTRY

Importation Exempted by Virtue of International Treaties and Importation

of Goods by Armed Forces of Other States

Article 172. (1) Exemption from tax shall be granted in respect of importation of goods for which a law or an international treaty, ratified and promulgated according to the relevant procedure, provides for exemption of the importation from taxes, levies or other charges (payments, duties) having an effect equivalent to an indirect tax, including where such treaties are financed by resources of the executive budget or the municipal budgets or by loans guaranteed by the Government.

(2) Exemption from tax shall be granted in respect of importation of goods imported by the armed forces of other States which are parties to the North Atlantic Treaty for the use by such armed forces or by the civilian staff accompanying them, or for supplying their messes or canteens, where such forces take part in the common defence effort of the North Atlantic Treaty within the territory of the country.

(3) The procedure for application of Paragraphs (1) and (2) shall be established by the Regulations for Application of this Act.

Supplies Exempted by Virtue of International Treaties

and Supplies in Which Recipients Are Armed Forces of Other

States or Institutions of European Union

Article 173. (1) Any supplies, which are exempted from value added tax by virtue of international treaties, agreements, accords conventions or other such whereto the Republic of Bulgaria is a party, which are ratified and promulgated according to the relevant procedure, shall be liable to tax at the zero rate, including on the part of the supply which is financed by resources of the executive budget or the municipal budgets or by loans guaranteed by the Government.

(2) For application of the zero rate, the supplier shall be obligated to request in writing an opinion as to the grounds for such exemption from the competent National Revenue Agency territorial directorate. Documents proving the grounds for application of the exemption, specified by the Regulations for Application of this Act, shall be attached to any such request.

(3) The restrictions of the right to credit for input tax under Article 70 herein shall not apply in respect of goods or services which are used only for the effecting of supplies referred to in Paragraph (1).

(4) The supplies of goods and services, in which the recipients are the persons referred to in Article 172 (2) herein and the institutions of the European Union, shall be liable to tax at the zero rate.

(5) For application zero tax rate under Paragraph (4), the supplier shall be obligated to possess documents specified by the Regulations for Application of this Act.

Refund of Tax to Diplomatic Missions, Consular Posts, Missions of

International Organizations and Members of Staff Thereof

Article 174. (1) The tax charged on supplies in which the following are recipients shall be refunded:

1. diplomatic missions;
2. consular posts;
3. missions of international organizations;

4. members of the staff of the recipients referred to in Items 1, 2 and 3.

(2) The terms and the documents required for refund of the tax under Paragraph (1) shall be determined by an ordinance of the Minister of Foreign Affairs and the Minister of Finance.

Chapter Twenty-Four

## POWERS OF MINISTER OF FINANCE

Powers of the Minister of Finance

Article 175. (1) The Minister of Finance shall issue rules Regulations for Application of this Act.

(2) The Minister of Finance shall issue the ordinances referred to in Article 81 (2), Article 118 (3) and Article 174 (2) herein.

(3) The Minister of Finance may determine, where necessary, by an order:

1. special arrangements for documenting and reporting certain types of supplies for which the application of the standard procedure presents practical difficulties;

2. the information collected under this Act which is public;

3. the information collected under this Act which may be provided to the tax administrations of other States;

4. the list of coins which constitute investment gold;

5. the procedure, manner and form for exchange of information with the persons not established within the territory of the Community for the purposes of levy of tax on the supplies of electronically supplied services.

(4) The orders covered under Paragraph (3) shall be promulgated in the State Gazette.

Chapter Twenty-Five

## POWERS OF REVENUE AUTHORITIES AND PREVENTION OF TAX FRAUD

Refusal to Register or Termination of Registration in Connection with

Tax Violations

Article 176. Any competent revenue authority may refuse to register or may terminate the registration of a person who:

1. cannot be reached at the mailing address named thereby according to the procedure established by the Tax and Social-Insurance Procedure Code ;

2. changes the mailing address thereof and does not provide notification according to the established procedure;

3. fails systematically to fulfil the obligations thereof under this Act;

4. incurs tax liabilities whereof the total value exceeds the value of the assets thereof less the liabilities thereof.

Persons' Liability in Case of Abuse

Article 177. (1) Any registered person who is the recipient in a taxable supply shall be liable for the value added tax due and unremitted by another registered person insofar as the former person has exercised a right to deduct credit for input tax related directly or indirectly to the due and unremitted tax.

(2) The liability referred to in Paragraph (1) shall be enforced where the registered person knew or was obligated to know that the tax will not be remitted, and this is proved by the auditing authority according to the procedure established by

(3) For the purposes of Paragraph (2), the person shall be presumed to have been obligated to know where the following conditions are simultaneously fulfilled:

1. the tax due under Paragraph (1) was not effectively effected as paid in as a net tax for a tax period by any of the previous suppliers under a taxable supply whereof the subject are the same goods or services, regardless of whether in the same, modified or processed form, and

2. the taxable supply is simulated, circumvents the law, or is at a price which significantly departs from the market price.

(4) The liability referred to in Paragraph (1) shall not be contingent on the obtaining of a specific benefit from the non-remittance of the tax due.

(5) Any preceding supplier of the person who owes the unremitted tax shall also incur liability under the terms established by Paragraphs (2) and (3).

(6) In the cases under Paragraphs (1) and (2), the liability shall be enforced in respect of the person who is the direct recipient of the supply on which the tax due has not been remitted, and where the collection fails, the liability may be enforced in respect of any succeeding recipient in the order of supplies.

(7) Paragraph (6) shall apply, *mutatis mutandis*, in respect of the preceding suppliers as well.

#### Chapter Twenty-Six

#### COERCIVE ADMINISTRATIVE MEASURES AND ADMINISTRATIVE PENALTY PROVISIONS

Article 178. Any taxable person under this Act who is obligated but fails to submit an application for registration or an application for termination of registration within the time limits established under this Act, shall be liable to a fine, applicable to natural persons who are not merchants, or by a pecuniary penalty, applicable to legal persons and sole traders, of BGN 500 or exceeding this amount but not exceeding BGN 5,000.

Article 179. Any person registered under this Act, who while obligated to do so, fails to submit a VAT return referred to in Article 125 (1) herein, a return referred to in Article 125 (2) herein, the ledgers of account referred to in Article 124 herein, a return referred to in Article 157 (2) herein, or fails to submit the said returns and ledgers in due time, shall be liable to a fine, applicable to natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 250 or exceeding this amount but not exceeding BGN 2,500.

Article 180. (1) Any registered person who, while obligated to do so, fails to charge tax within the time limits provided for in this Act, shall be liable to a fine, applicable to applicable to natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, equivalent to the amount of the uncharged tax but not less than BGN 200.

(2) Paragraph (1) shall furthermore apply where the person has failed to charge tax because the said person has failed to submit an application for registration and has not registered under this Act in due time.

(3) Upon a violation under Paragraph (1), where the registered person has charged the tax in the period following the period during which the tax should have been charged, the fine or the pecuniary penalty, as the case may be, shall amount to 25 per cent of the tax but not less than BGN 50.

(4) Upon a repeated violation under Paragraphs (1) and (2), the amount of the fine or the pecuniary penalty shall be equivalent to the uncharged tax but not less than BGN 1,000.

Article 181. (1) Any registered person, who fails to submit information from the ledgers of account or who submits information on a magnetic or optical data storage medium departing from the information stated in the ledgers of account, shall be liable to a fine, applicable to applicable to natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 250 or exceeding this amount but not exceeding BGN 2,500.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be BGN 500 or exceeding this amount but not exceeding BGN 5,000.

Article 182. (1) Any registered person, who fails to issue a tax document, or to show a tax document issued or

received in the ledgers of account for the relevant tax period, which leads to an assessment of the tax in a smaller amount, shall be liable to a fine, applicable to applicable to natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 200 or exceeding this amount but not exceeding BGN 2,500.

(2) Upon a violation under Paragraph (1), where the registered person has issued or shown a tax document for the tax period following the tax period in which the said document should have been issued or shown, the fine or the pecuniary penalty, as the case may be, shall be BGN 50 or exceeding this amount but not exceeding BGN 250.

Article 183. (1) Any person, which is not registered under this Act and who issues a tax document stating therein tax, shall be liable to a fine, applicable to applicable to natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, equivalent to the amount of tax stated in the document but not less than BGN 200.

(2) Upon a repeated violation under Paragraph (1) the amount of the fine or the pecuniary penalty shall be the double amount of the uncharged tax but not less than BGN 1,000.

Article 184. (1) Any person, who fails to submit a return referred to in Article 168 (2) herein or who fails to submit the said return in due time, shall be liable to a fine, applicable to applicable to natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 250 or exceeding this amount but not exceeding BGN 500.

(2) Upon a repeated violation, the fine or the penalty under Paragraph (1), as the case may be, shall be BGN 500 or exceeding this amount but not exceeding BGN 1,000.

Article 185. (1) Any person, who fails to issue a fiscal cash receipt (fiscal slip) or who breaches the procedure and manner for type approval, registration or commissioning/decommissioning, or reporting, or service maintenance of fiscal devices, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 500, applicable to natural persons who are not merchants, or to a pecuniary penalty of BGN 200 or exceeding this amount but not exceeding BGN 10,000, applicable to legal persons and sole traders.

(2) In the cases under Paragraph (1), the natural person who is actually obligated to issue a fiscal cash receipt (fiscal slip) and has accepted payment without issuing such a receipt, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 500.

(3) Upon a repeated violation under Paragraph (1), the fine shall be BGN 500 or exceeding this amount but not exceeding BGN 2,500, and the pecuniary penalty shall be BGN 500 or exceeding this amount but not exceeding BGN 20,000.

(4) Any person, who fails to fulfil the obligation thereof to keep the fiscal cash receipt (fiscal slip) until he or she leaves the commercial outlet, shall be liable to a fine of BGN 5, which shall be collected on the spot, against a receipt.

Article 186. (1) The coercive administrative measure of sealing an outlet for a period of up to one month, notwithstanding the fines or pecuniary penalties provided for, shall be imposed on any person who:

1. fails to observe the procedure or manner for:

(a) issuing the relevant document on sale (fiscal slip, cash receipt from a receipt book or a sales certifying mark), printed and issued according to the established procedure for supply/ sale;

(b) commissioning or registration of fiscal devices;

(c) daily reporting of sales turnovers, where this is mandatory;

2. uses a re-designed or modified fiscal device.

(2) In the cases under Item 2 of Paragraph (1), the re-designed or modified fiscal device shall be confiscated by the revenue authority and shall be destroyed. The expenses shall be for the account of the person.

(3) The coercive administrative measure referred to in Paragraph (1) shall be applied by a reasoned order of the revenue authority or by an official empowered by the said authority.

(4) Any order referred to in Paragraph (3) shall be appealable according to the procedure established by the Administrative Procedure Code.

Article 187. (1) Upon application of the coercive administrative measure referred to in Article 186 (1) herein, the person shall furthermore be barred from the outlet or outlets, and the merchandise in stock at the said outlets and at the warehouses thereto appertaining shall be removed by the person or by a person authorized thereby. Such measure shall be applied in respect of the outlet or outlets where violations have been ascertained.

(2) Where such removal involves substantial difficulties for the revenue authorities and/or significant expenses for the person, the authority who decreed the sealing may order that the goods at the outlet or outlets be left to the person for safekeeping. Such order shall not apply to any goods which are the subject of violation referred to in Item 2 of Article 186 (1) herein.

(3) In the cases under Paragraph (1), where the person has failed to remove the goods within the prescribed time limit, the revenue authority shall remove the said goods, placing them in front of the outlet, without any obligation to guard the said goods, and shall not be held liable for their damage, waste or loss which shall be for the account of the person.

(4) The coercive administrative measure shall be terminated by the authority who applied the said measure at a request of the person on whom the administrative sanction has been imposed and after the said person proves that the file or pecuniary penalty has been paid in full. The person shall be obligated to cooperate upon the unsealing.

Article 188. The coercive administrative measure referred to in Article 186 (1) herein shall be subject to anticipatory enforcement under the terms established by the Administrative Procedure Code.

Article 189. (1) Any taxpayer under Article 91 (1) to (3) herein, who fails to remit the chargeable tax in due time, shall be liable to a fine, applicable to natural persons who are not merchants, or by a pecuniary penalty, applicable to legal persons and sole traders, of BGN 500 or exceeding this amount but not exceeding BGN 2,000.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be equivalent to the unremitted tax but not less than BGN 4,000.

Article 190. (1) Any revenue authority, who fails to refund a tax within the time period as provided for, where the conditions for refund of the said tax under this Act are fulfilled, shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 2,000.

(2) Upon a repeated violation under Paragraph (1), the fine shall be BGN 1,000 or exceeding this amount but not exceeding BGN 4,000.

Article 191. (1) Any customs authority, which, while obligated to do so, fails to charge tax under this Act, or who charges tax in a lower amount, or releases goods from customs control without payment of the tax due, shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 2,000.

(2) Upon a repeated violation under Paragraph (1), the fine shall be BGN 1,000 or exceeding this amount but not exceeding BGN 4,000.

Article 192. Upon ascertainment of any violations covered under Article 185 herein, committed by manufacturers, importers or service maintenance providers of fiscal devices, the Chairperson of the State Agency for Metrological and Technical Surveillance or a person empowered thereby:

1. issue mandatory prescriptions in connection with the powers vested therein;
2. shall cancel the fiscal devices type approval or the approval of an Integrated Automated Commercial Activities Management System;
3. shall terminate the registration of the service maintenance provider upon systematic violations of Article 185 herein.

Article 193. (1) The ascertainment of violations of this Act and of the statutory instruments on the application thereof, the issuing, appeal and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

(2) The written statements on violations shall be drawn up by the revenue authorities, and the penalty decrees shall be issued by the Executive Director of the National Revenue Agency or by an official empowered thereby.

#### SUPPLEMENTARY PROVISION

§ 1. For the purposes of this Act:

1. "Territory of the country" shall comprise the geographic territory of the Republic of Bulgaria, the continental shelf and the exclusive economic zone.

2. "Territory of a Member State" shall be the area of application of the Treaty establishing the European Economic Community, as defined in respect of each Member State in Article 227 of the said Treaty, with

(a) the following territories being excluded from the said territory:

(aa) for the Federal Republic of Germany: the Island of Heligoland and the territory of Birsingen;

(bb) for the Kingdom of Spain: Ceuta, Melilla, and the Canary Islands;

(cc) for the Republic of Italy: Livigno, Campione d'Italia, and the Italian waters of Lake Lugano;

(dd) for the French Republic: the overseas departments;

(ee) for the Hellenic Republic: (Mt Athos);

(ff) for the Republic of Finland: Ahvenanmaa (the Oland Islands).

(b) the supplies originating in or intended for:

(aa) the Principality of Monaco being treated for the purposes of this Act as supplies originating in or intended for the French Republic;

(bb) the Isle of Man being treated for the purposes of this Act as supplies originating in or intended for the United Kingdom of Great Britain and Northern Ireland.

3. "Community" and "territory of the Community" shall be the territory of the Member States.

4. "Third territory" or "third country" shall be any territory other than the territory of the Member States.

5. "New buildings" shall be any buildings:

(a) which are in a state of completion "rough construction work" at the date on which the tax on the supply of the said buildings became chargeable, or

(b) in respect of which the tax on the supply thereof became chargeable before the lapse of 60 months from the date on which a use permit was granted according to the procedure established by the Spatial Development Act.

6. (Amended, SG No. 108/2006) "Adjacent site" shall be the amount of the built up area in the meaning of the Spatial Development Act and the area around the built up area, determined on the base of a distance of 3 m from the external outlines of each of the surrounding walls on the first overground floor or the semiunderground floor of the building, within the regulated land estate.

7. "Activities or supplies effected by the State, the state bodies and the local bodies in their capacity as central or local government authorities" shall be such activities or supplies effected by a person created by virtue of a law, where:

(a) such activities or supplies are effected in exercise of the powers vested therein arising from a statutory instrument and which may not be effected by a merchant, unless such duty is imposed thereon by a law;

(b) a fee has been established by a statutory instrument.

8. A supply effected "free of charge" shall be any supply effected without consideration or such in which the value of the benefit provided exceeds manifold the value of the benefit received.

9. "Goods of negligible value" and "services of negligible value" shall be any goods or services whereof the open market value does not exceed BGN 30 and whereof the supply is not part of a series of supplies in which the recipient is one and the same person.

10. "Fixed establishment" shall be a representative office, a branch, an office, a bureau, a studio, a plant, a workshop (factory), a retail shop, a wholesale storage facility, an after-sales service establishment, an assembly project, a construction site, a mine, quarry, prospecting drill, oil or gas well, a water spring or any other place of extraction of natural resources, a fixed place (whether owned, rented, or allocated for use) or a fixed base wherethrough a person carries out economic activity within the territory of a country, whether wholly or partly.

11. "Person established within the territory of the country" shall be any person who has a registered office and address of the place of management within the territory of the country or who has a fixed establishment within the territory of the country.

12. "Person established within the territory of the Community" shall be any person who has a registered office and an address of the place of management within the territory of the Community or who has a fixed establishment within the territory of the Community.

13. (Amended SG No. 41/2007) "Electronic communications services" shall be electronic communications services within the meaning given by the Electronic Communications Act. Electronic communications services shall furthermore include a transfer or cession of a right to use the capacity for conveyance, emission, transmission or reception or the provision of access to global information networks.

14. "Electronically supplied services" shall be:

(a) providing personal presence on the Internet, delivery of digitized content on the Internet (website and webpage hosting), online and distance maintenance of programmes and computer equipment;

(b) online accessing or downloading of software plus updates;

(c) accessing or downloading of images, writing and information and granting access to databases by electronic means;

(d) online accessing or downloading of music, films and games, including lotteries, games of chance and games giving cash prizes and merchandise awards, as well as of political, cultural, artistic, sporting, scientific and entertainment broadcasts and events;

(e) supply of distance teaching by electronic means.

When the service provider and a customer thereof communicate by electronic mail, this does not imply by itself that the service provided is electronically supplied.

15. "Subsidies and investment grants directly linked to a supply" shall be such subsidies and investment grants whereof the allocation is directly dependent on the quantity, quality or price of the goods or services provided. Subsidies and investment grants directly linked to a supply shall exclude any subsidies and investment grants intended solely for:

(a) cover of losses;

(b) financing of expenses, including the acquisition or liquidation of assets.

16. "Open market value" shall be the price within the meaning given by Item 8 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code, determined according to the methods for determination of open market values within the meaning given by Item 10 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.

17. "New means of transport" shall be:

(a) any vessels exceeding 7.5 metres in length (with the exception of such intended for the transport of persons or

goods, for navigation, for the purpose of commercial, industrial or fishing activities, for rescue or assistance at sea), where one of the following conditions is fulfilled:

(aa) the date of the chargeable event has occurred within three months after the date of their first entry into service, or

(bb) the date of the chargeable event has occurred before they have sailed for more than 100 hours;

(b) aircraft the take-off weight of which exceeds 1,550 kilograms, intended for the transport of persons or goods (with the exception of such intended for airlines operating on international routes), where one of the following conditions is fulfilled:

(aa) the date of the chargeable event has occurred within three months after the date of their first entry into service, or

(bb) the date of the chargeable event has occurred before they have flown for more than 40 hours;

(c) motorized land vehicles the capacity of which exceeds 48 cubic centimetres or the power of which exceeds 7.2 kilowatts, intended for the transport of persons or goods, where one of the following conditions is fulfilled:

(aa) the date of the chargeable event has occurred within six months after the date of their first entry into service, or

(bb) the date of the chargeable event has occurred before they have travelled more than 6,000 kilometres.

18. "Passenger car" shall be any automobile designed to seat no more than five persons (excluding the driver). Any light-duty cargo truck intended to carry goods or any passenger car with permanently in-built technical equipment for the purposes of the activities carried out by the registered person shall not be treated as passenger car.

19. "Second-hand goods" shall be any used tangible movable property that is suitable for further use as it is or after repair, which can be used for the purpose for which it was made. The following shall not be second-hand goods:

(a) works of art;

(b) collectors' items;

(c) antiques;

(d) precious metals and precious stones in whatever form.

20. "Works of art" shall be:

(a) pictures, collages and similar decorative plaques, paintings and drawings, executed entirely by hand by the artist, other than plans and drawings for architectural, engineering, industrial, commercial, topographical or similar purposes, hand-decorated manufactured articles, theatrical scenery, studio back cloths or the like of painted canvas;

(b) original engravings, prints and lithographs, being impressions produced in limited numbers directly in black and white or in colour of one or of several plates executed entirely by hand by the artist, irrespective of the process or of the material employed by him, but not including any mechanical or photomechanical process;

(c) original sculptures and statuary, in any material, provided that they are executed entirely by the artist; sculpture casts the production of which is limited to eight copies and supervised by the artist or by artists authorized thereby;

(d) tapestries and wall textiles made by hand from original designs provided by artists, provided that there are not more than eight copies of each;

(e) individual pieces of ceramics executed entirely by the artist and signed thereby;

(f) enamels on copper, executed entirely by hand, limited to eight copies bearing the signature of the artist or the seal of the studio, excluding articles of jewellery and goldsmiths' and silversmiths' wares;

(g) photographs taken by the artist, printed by him or under his supervision, signed and numbered and limited to 30

copies, all sizes included.

21. "Collectors' items" shall be any postage or revenue stamps, franked or if unfranked not being of or being intended for use as legal tender, as well any collections and collectors' pieces of zoological, botanical, mineralogical, anatomical, historical, archaeological, paleontological, ethnographic or numismatic interest.

22. "Antiques" shall be any objects other than works of art or collectors' items, which are more than 100 years old.

23. "Taxable dealer of second-hand goods, works of art, collectors' items and antiques" shall be a taxable person who, in the course of his economic activity, purchases or acquires or imports with a view to resale, second-hand goods, works of art, collectors' items or antiques, whether that taxable person is acting [for himself or] as a commission agent within the meaning given by the Commercial Code.

24. "Investment gold" shall be:

(a) gold, in the form of a bar or a wafer of weights accepted by the bullion markets, and of a purity equal to or greater than 995 thousandths;

(b) gold coins designated by an order of the Governor of the Bulgarian National Bank and the Minister of Finance, where the following conditions are simultaneously fulfilled:

(aa) they are of a purity equal to or greater than 900 thousandths;

(bb) they are minted after 1800;

(cc) they are or have been legal tender in the country of origin;

(dd) they are normally sold at a price which does not exceed the open market value of the gold contained in the coins by more than 80 per cent.

25. "Standard software" shall be any software product recorded on a physical medium, which is intended for common use and which does not take account of the specifics in the activity of a concrete user.

26. "Handling of goods in transit" shall be services for unloading, loading, reloading, stowage and securing of the goods, provision of containers, as well as other services provided directly in connection with the transport.

27. "Taxable dealer of natural gas and electricity" shall be a taxable person whose economic activity is related to purchases of natural gas or electricity and subsequent resale of such products.

28. "Handling of a vessel on international service" shall be all operations concerning the admission, stay and departure of a vessel performed by the port enterprise within the territory of the country.

29. "Handling of an aircraft on international service" shall be the ground servicing of an aircraft within the meaning given by Item 18 of § 3 of the Supplementary Provisions of the Civil Aviation Act, with the exception of the services for which stamp duty is payable under the Ordinance on Public-Transport Airport Charges and Air Navigation Charges in the Republic of Bulgaria (promulgated in the State Gazette No. 2 of 1999; amended in No. 15 of 2000, Nos. 9 and 62 of 2001, No. 19 of 2002, No. 16 of 2003, Nos. 32 and 71 of 2004, Nos. 15 and 96 of 2005, No. 22 of 2006)..

30. "Handling of railway rolling stock on international service" shall comprise the following operations: shunting for the purpose of moving wagons to and from the points of loading and unloading; stay of the wagon during loading and unloading; weighing of empty wagons by a wagon weighbridge prior to loading; weighing of loaded wagons by a wagon weighbridge; disinfection, elimination of harmful insects and rodents of wagons intended for loading of goods, where this requirement is according to the Bulgarian State Standard; maintenance of controlled temperature during loading and transport of goods, which require such controlled temperature; carrying out customs and other administrative formalities related to the carriage of goods intended for import and for export; providing or withdrawing wagons, inter alia sorting wagons from and for a rail ferry; switching of wagon wheel sets with different track gauges.

31. "Repair" shall be the activity involving the incurrence of subsequent costs in connection with a specific asset which do not lead to an economic benefit in excess of the benefit from the initially estimated standard return on the said asset.

32. "Improvement" shall be the activity involving the incurrence of subsequent costs in connection with a specific asset which lead to an economic benefit in excess of the benefit from the initially estimated standard return on the said asset.

33. "Cash equivalents" shall be:

(a) receipts for purchases;

(b) gift vouchers or gift coupons;

(c) metal or plastic tokens.

34. "Connected persons" shall be the persons within the meaning given by Item 3 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.

35. "Repeated violation" shall be any violation committed within one year after the entry into effect of a penalty decree whereby the offender was penalized for a violation of the same kind.

36. "Free zone", "free warehouse", "goods in temporary storage", "customs procedure", "suspensive arrangement", "non-Community goods" shall be the terms within the meaning given by customs legislation.

37. (Supplemented, SG No. 108/2006) "Tourist", "hotelier", "tour operator", "travel agent", "main tourist services" and "package tour" shall be the terms within the meaning given by Items 1, 3, 8, 10, 12 and 14 of § 1 of the Supplementary Provision of the Tourism Act.

38. "Importer" shall be the person liable to pay the import duties, as well as the person who has received goods within the territory of the country from third countries or territories which form part of the customs territory of the Community.

39. "Excisable goods" shall be the goods covered under Items 1, 2 and 3 of Article 2 of the Excise Duties and Tax Warehouses Act.

40. "Fiscal device" shall be a device for registration and reporting of sales of goods or services by means of issuing of fiscal cash receipts and for storage of data on the registered turnovers in a fiscal memory.

41. "Commercial outlet" shall be any place, premise or facility (for example: tables, stalls and other such) situated outdoors or under sheds, whereat or wherefrom sales of goods or services are effected, regardless of the fact that such premise or facility may concurrently serve for other purposes as well (for example: an office, a dwelling or other such), may be part of owned corporeal immovable (for example: a parking garage, a basement, a room or other such), or may be a manufacturing warehouse or a means of transport wherefrom sales are effected.

42. "Systematic violations" shall be any violations committed within one year after the entry into effect of a penalty decree whereby the offender was penalized again for a violation of the same kind.

43. "Work on goods" shall be treatment, processing or repair of goods.

44. "VIES (Value Added Tax Information Exchange System) return" shall be a consolidated return used for the purposes of control and exchange of information among the Member States.

45. (New, SG No. 108/2006) "Accommodation" means basic tourist services in the meaning of sub-paragraph 12 from the additional provision of the Tourism Act.

46. (New, SG No. 108/2006) "Waste production" is every activity as a result of which waste is generated.

47. (New, SG No. 108/2006) "Waste processing" is any activity associated with the collection, storage, sorting and mechanical processing of waste without any changes to its chemical composition.

48. (New, SG No. 108/2006) "Waste treatment" is any activity, which changes the properties or composition of waste, transforming it into recourses for the production of end products or into end products.

#### TRANSITIONAL AND FINAL PROVISIONS

§ 2. This Act shall supersede the Value Added Tax Act (promulgated in the State Gazette No. 153 of 1998; corrected in No. 1 of 1999; amended in Nos. 44, 62, 64, 103 and 111 of 1999, Nos. 63, 78 and 102 of 2000, No. 109 of 2001, Nos. 28, 45 and 117 of 2002, Nos. 37, 42, 86 and 109 of 2003, Nos. 53, 70 and 108 of 2004, Nos. 28, 43, 76, 94, 95, 100, 103 and 105 of 2005, Nos. 30 and 54 of 2006),

§ 3. (Effective 4.08.2006) (1) The Minister of Finance shall issue the Regulations for Application of this Act and the ordinances under this Act within three months after the promulgation of the said Act in the State Gazette.

(2) The Regulations and the ordinances referred to in Paragraph (1) shall enter into force as from the day of entry into force of this Act.

§ 4. (1) All persons registered under the Value Added Tax Act as hereby superseded at the date of entry into force of this Act shall be presumed registered under this Act as well. In such cases, the identification number referred to in Article 94 (2) herein and the registration certificate referred to in Article 104 herein shall be issued ex officio.

(2) Any registration or deregistration procedures that have been initiated and have not been concluded at the date of entry into force of this Act shall be completed according to the procedure established by this Act.

(3) Notwithstanding Paragraph (2), when grounds for termination of registration in respect to a registered person have arisen during the last tax period prior to the date of entry into force of this Act, such person may remain registered under this Act if the grounds for optional registration under this Act exist.

(4) The tax charged on assets available in connection with termination of registration prior to the entry into force of this Act shall be remitted within 30 days after the date of termination of registration.

(5) Where the time limit for submission of the registration inventory referred to in Article 68 or Article 70 of the Value Added Tax Act as hereby superseded expires after the entry into force of this Act, the said inventory shall be submitted within three days after the date of registration under the Value Added Tax Act as hereby superseded.

§ 5. (1) The VAT return for the last tax period prior to the entry into force of this Act shall be submitted not later than the 14th day of the month following the month to which the said return refers, and all rights and obligations under this Act shall accrue in respect to the net tax (input tax claimable or output tax payable) stated therein.

(2) The annual VAT return referred to in Article 101 (1) of the Value Added Tax Act as hereby superseded shall be submitted not later than the 15th day of April 2007, and the net tax stated therein shall not be included in the deduction procedure under this Act but the tax shall be remitted or recovered within three months after the submission of the said return.

§ 6. (1) For registered persons in respect of whom the three-month deduction procedure for input tax claimable under the Value Added Tax Act as hereby superseded has been initiated and has not been concluded at the date of entry into force of this Act, the deduction procedure shall continue according to the procedure established by Article 92 (1) of this Act.

(2) All nine-month deduction procedures for income tax payable under the Value Added Tax Act as hereby superseded which have not been completed at the date of entry into force of this Act shall be concluded at the last day of the month preceding the month of entry into force of this Act.

(3) In the cases referred to in Paragraph (2), the balance of the input tax claimable shall be declared by the persons in the VAT returns for the last tax period prior to the entry into force of this Act, and the said balance shall be set off and refunded by the revenue authority within 45 days after the submission of the said VAT return.

(4) Any balance of the input tax claimable under Item 4 of Article 77 (1) of the Value Added Tax Act as hereby superseded which has not been refunded at the date of entry into force of this Act shall be set off and refunded by the revenue authority within 45 days after the submission of the VAT return wherein the said balance is stated.

(5) Any tax refundable in pursuance of Article 77 (2) of the Value Added Tax Act as hereby superseded which has not been refunded at the date of entry into force of this Act shall be set off and refunded by the revenue authority within the

relevant time limits referred to in Article 77 (2) of the Value Added Tax Act as hereby superseded.

§ 7. (1) Where an advance payment has been received in connection with an exempt supply within the meaning given by the Value Added Tax Act as hereby superseded, which is a taxable supply within the meaning given by Article 12 (1) (excluding zero-rated supplies) of this Act, and the chargeable event for which occurs after the entry into force of this Act, the registered person who is the supplier shall document the supply by issuing an invoice stating therein the full taxable amount for the said supply. The said supply shall be subject to the tax treatment effective at the date of the occurrence of the chargeable event for the supply under this Act.

(2) Where an advance payment has been received in connection with a taxable supply within the meaning given by the Value Added Tax Act as hereby superseded, which is an exempt supply within the meaning given by this Act, and the chargeable event for which occurs after the entry into force of this Act, the registered person who is the supplier shall document the supply by canceling the invoice issued on the advance payment and issuing a new invoice, stating therein the full taxable amount for the said supply. A memorandum under Article 116 (4) of this Act shall furthermore be issued on the said cancellation. The said supply shall be subject to the tax treatment effective at the date of occurrence of the chargeable event for the supply under this Act.

§ 8. (1) Where the chargeable event for a supply has occurred prior to the entry into force of this Act and the tax document on the supply is to be issued after the entry into force of the said, the supply shall be documented by issuing an invoice under Article 114 of this Act, and upon the issuing the said invoice, the tax treatment effective at the date of occurrence of the chargeable event for such supply shall apply.

(2) Where, after the entry of this Act into force, grounds arise for modification of the taxable amount of a supply which has been actually effected and documented prior to the entry into force of this Act, the taxable amount shall be modified by issuing a tax advice under Article 115 of this Act, and upon the issuing of the said advice, the tax treatment effective at the date of occurrence of the chargeable event for the supply as effected and documented shall apply.

§ 9. (1) Where goods have actually been supplied under the terms of a financial lease contract prior to the date of entry into force of this Act, each subsequent payment (installment) under such contract due after the entry into force of this Act shall be considered a separate supply for which the chargeable event shall occur on the earlier of the date of payment and the date on which the said payment became due.

(2) Paragraph (1) shall apply only where the taxable person who is the supplier submits an inventory, which shall mandatorily contain the following information, to the National Revenue Agency territorial directorate whereat the said person is registered within one month after the entry into force of this Act:

1. recipient under the contracts referred to in Paragraph (1);

2. number and amount of installments under each contract on which a tax document has been issued but which have not been received;

3. number and amount of installments under each contract for which the chargeable event referred to in Paragraph (1) will occur after the entry into force of this Act.

(3) For any contracts which are not included in an inventory submitted according to the procedure established by Paragraph (2), the person shall be presumed to effect a supply under Item 3 of Article 6 (2) herein on the date of entry into force of this Act, whereof the taxable amount is equal to the sum total of the installments due after the entry into force of this Act, net of tax due on the said installments.

§ 10. Where goods have actually been supplied by a principal/mandator to a commission agent/mandatary and the said goods have not been delivered by the commission agent/mandatary to a third party prior to the entry into force of this Act, the chargeable event for such supply of goods between the principal/mandator and the commission agent/mandatary shall be presumed to occur on the date of occurrence of the chargeable event for the supply of the goods to the third party.

§ 11. The provision of Article 50 of this Act shall furthermore apply in cases of supplies of goods or services for which a right to deduct credit for input tax in pursuance of Article 65 (1) of the Value Added Tax Act as hereby superseded did not exist.

§ 12. Any tax documents issued prior to the entry into force of this Act and complying with the requirements of the Value Added Tax Act as hereby superseded shall be deemed compliant with the requirements of this Act.

§ 13. The right to deduct credit for input tax, which has accrued in pursuance of the Value Added Tax Act as hereby superseded and which has not been exercised until the date of entry into force of this Act and for the exercise of which the time limits under Articles 67 , 69 and 71 of the Value Added Tax Act as hereby superseded have not expired, may be

exercised in any of the three tax periods following the tax period during which the said right has accrued.

§ 14. (1) Importation shall furthermore refer to the completion of customs formalities in respect of declaring for free circulation of any goods for which the circumstances under Annex V, Chapter 4 "Customs Union," of the Protocol to the Treaty concerning the Accession of the Republic of Bulgaria to the European Union exist.

(2) In the cases referred to in Paragraph (1), the chargeable event shall occur and the tax shall become chargeable according to the procedure established in Article 54 (2) of this Act.

(3) The taxable amount in the cases referred to in Paragraph (1) shall be determined according to the procedure established in Article 55 (1) to (4) of this Act.

(4) The tax shall be charged according to the procedure established in Article 56 of this Act.

(5) The provisions of Articles 60 and 90 of this Act shall apply to the remittance of the tax.

(6) Until occurrence of the chargeable event referred to in Paragraph (2), security shall be provided in respect of the tax according to the procedure and in the amounts specified in Article 59 of this Act.

§ 15. (Amended, SG No. 108/2006) (1) The VAT accounts in the meaning of Article 20, sub-paragraph 17 of the repealed Value Added Tax Act, on which no funds are available, shall be closed at the request of the title-holders or ex officio by banks as at 31 January 2007.

(2) If there are funds available in the VAT account, by 31 January 2007 the account holder may specify an account, to which the funds to be transferred and the VAT account shall be closed.

(3) If within the deadline under paragraph 1 the holder of the VAT account in the meaning of Article 20, sub-paragraph 17 from the repealed Value Added Tax Act does not specify an account, to which the available amounts to be transferred, they shall be transferred as at 31 January 2007 ex officio by the bank to another account of the holder in the same bank, and if the holder does not have another account with the bank - to a current account opened by the bank ex officio in the name of the holder, whereas the VAT account shall be closed.

(4) The frozen funds in the VAT accounts in the meaning of Article 20, sub-paragraph 17 from the repealed Value Added Tax Act may be transferred only to an account of the same holder, whereas the imposed freezing shall remain in force, including with regard to its imposition date."

§ 15a. (New, SG No. 108/2006) (1) When in 2006 reasons have occurred for an adjustment to a tax credit used according to the procedures of Article 81, paragraph 4 from the repealed Value Added Tax Act, the person shall accrue and pay tax to an amount, determined under the procedures of Article 76 from the repealed Rules for the Implementation of the Value Added Tax Act (promulgated in State Gazette No 19 from 1999; amended No 55 from 1999, amended No 9 from 2000; amended No 15 from 2000, amended No 12 from 2001 - Ruling № 404 from 2001 of the Supreme Administrative Court under administrative file № 1581 of 2000; amended No 15 and No 58 from 2001, No 43 and No 63 from 2002, amended No 29 from 2003, amended No 26 from 2004, amended No 32 from 2005, amended No 9 from 2006; repealed, State Gazette No 76 from 2006).

(2) The adjustment under paragraph 1 shall be made by issuing a protocol under Article 117 of the present Act during the first tax period of 2007. The protocol shall be registered in the sales journal for that tax period as the tax, accrued under the act in other cases.

§ 16. The Corporate Income Tax Act (promulgated in the State Gazette No. 115 of 1997; corrected in No. 19 of 1998; amended in Nos. 21 and 153 of 1998, Nos. 12, 50, 51, 64, 81, 103, 110 and 111 of 1999, Nos. 105 and 108 of 2000, Nos. 34 and 110 of 2001, Nos. 45, 61, 62 and 119 of 2002, Nos. 42 and 109 of 2003, Nos. 18, 53 and 107 of 2004, Nos. 39, 88, 91, 102, 103 and 105 of 2005, Nos. 30 and 34 of 2006) shall be amended and supplemented as follows:

1. (Effective 4.08.2006) In Article 16 , Paragraph (1) shall be amended to read as follows:

"(1) For the purposes of this Section, fair market value shall be determined according to the methods for determination of market prices within the meaning given by Item 10 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code ."

2. In Article 36a , Item 6 of Paragraph (1) shall be repealed.

3. (Effective 4.08.2006) In Article 55 , a new Paragraph (5) shall be added to read as follows:

"(5) Taxes withheld at source from non-resident persons which do not carry out economic activity through a permanent establishment or a fixed base within the territory of the country shall be set off and refunded by the territorial directorate referred to in Paragraph (1)."

4. Article 66 shall be amended as follows:

(a) in Paragraph (1), the words "Article 136" shall be replaced by "Article 183";

(b) in Paragraph (2), the words "Article 137" shall be replaced by "Article 185".

§ 17. (Effective 4.08.2006) In the Waste Management Act (promulgated in the State Gazette No. 86 of 2003; amended in No. 70 of 2004, Nos. 77, 87, 88, 95 and 105 of 2005, Nos. 30 and 34 of 2006), in Item 27 of § 1 of the Supplementary Provisions , the words "Item 5 of Article 20 of the Value Added Tax Act" shall be replaced by "Item 8 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code ."

§ 18. (Effective 4.08.2006) The Excise Duties and Tax Warehouses Act (promulgated in the State Gazette No. 91 of 2005; amended in No. 105 of 2005, Nos. 30 and 34 of 2006) shall be amended and supplemented as follows:

1. In Article 4 :

(a) in Item 8, after the words "30 litres" there shall be added "of ethyl alcohol (rakiya)";

(b) Item 10 shall be amended to read as follows:

"10. "Dual use energy product" shall be a product which is used both as heating fuel and for purposes other than as motor fuel and heating fuel; the use of energy products for chemical reduction and in electrolytic and metallurgical processes shall be regarded as dual use.";

(c) in Item 18, the figure "5,000" shall be replaced by "15,000".

2. In Article 9 , a new Item 3 shall be added to read as follows:

"3. obtained from distillation and potable, containing other products, whether in solution or not."

3. In Article 14 , the words "Section VI and of Chapter Eight" shall be deleted.

4. In Article 21 :

(a) in Item 2 of Paragraph (1), the word "at importation" shall be deleted;

(b) there shall be inserted a new Paragraph (2) to read as follows:

"(2) Where excise duty has not been paid on the goods referred to in Items 1 and 3 of Paragraph (1), exemption shall be granted by a refund.";

(c) the existing Paragraphs (2) and (3) shall be renumbered to become Paragraphs (3) and (4), respectively.

5. In Article 22:

(a) Paragraph (1) shall be amended to read as follows:

"(1) Completely denatured ethyl alcohol shall be exempted from levy of excise duty.";

(b) there shall be inserted a new Paragraph (2) to read as follows:

"(2) The excise duty paid on ethyl alcohol, which is both expressly denatured and used for the manufacture of products not for human consumption, shall be refunded.";

(c) the existing Paragraphs (2) and (3) shall be renumbered to become Paragraphs (3) and (4), respectively.

(d) the existing Paragraph (4) shall be renumbered to become Paragraph (5) and shall be amended to read as follows:

"(5) The excise duty paid under Paragraphs (2), (3) and (4) shall be refunded after the sale of the manufactured products referred to in Paragraphs (2) and (3) or, respectively, after the use thereof under Paragraph (4)."

6. In Article 24 (2) :

(a) in Item 1, the words "other than being used as motor fuel or heating fuel" shall be deleted;

(b) there shall be added a new Item 4 to read as follows:

"4. used for purposes other than as motor fuel and heating fuel."

7. In Article 32 :

(a) in Paragraph (2), the text before Item 1 shall be amended to read as follows: "The excise rate on motor fuel used for tillage of agricultural land by agricultural producers approved for financial assistance under the Agricultural Producers Support Act, shall be as follows:";

(b) there shall be added new Paragraphs (3), (4), (5) and (6) to read as follows:

"(3) The rates of excise duty referred to in Items 1 and 2 of Paragraph (2) shall be applied by means of reimbursement of the difference between the relevant rate under Paragraph (1) and the rate under Paragraph (2) for a quantity calculated on the basis of an annual fuel consumption rate of 73 litres per hectare of registered arable agricultural land.

(4) Not later than the 1st day of July of each year, the Minister of Agriculture and Forestry shall provide the Director of the National Customs Agency with the following information from the Register of Agricultural Producers:

1. identification particulars of the agricultural producer;

2. legal form of business organization, name (business name), permanent address (registered office and address of the place of management), telephone, fax, electronic mail address;

3. data on the agricultural land farmed (in hectares) according to the agricultural land parcel identification.

(5) The right to reimbursement shall be exercised by the agricultural producers on a single occasion in respect of the motor fuel purchased thereby during the current year. A request for reimbursement shall be submitted from the 1st day of July until the 31st day of December in the current year,

(6) Reimbursement under Paragraph (3) shall be effected within two months after submission of the request according to a procedure established the Regulations for Application of this Act."

8. In Article 33 (1), the words "used" and "and household purposes" shall be deleted.

9. In Article 34 , the words "Article 32, Paragraph 2 and" shall be deleted.

10. In Item 5 of Article 47 , the words "of the tax or customs legislation" shall be replaced by "under this Act".

11. In Item 5 of Article 51 (1) , the words "and tax number" shall be deleted.

12. In Item 3 of Article 54 (2) and Item 2 of Article 56 (2) , the words "and tax number" shall be deleted.

13. In Article 57 , Item 5 of Paragraph (3) shall be amended to read as follows:

"5. a copy of BULSTAT Register identification card, certified by the person;"

14. In Article 59 (1), after the word "including" there shall be inserted "extraction, recovery and".

15. In Article 60 , Paragraphs (5) and (6) shall be repealed.

16. In Article 65 (2) , Item 2 shall be amended to read as follows:

"2. have been released for free circulation with simultaneous placing under an excise duty suspension arrangement;"

17. In Article 66 , there shall be added new Paragraphs (3) and (4) to read as follows:

"(3) Authorized warehousekeepers shall be obligated to use measuring instruments complying with the requirements of the Measurements Act and the statutory instruments on the application thereof

(4) The specific requirements and the control over the measuring instruments referred to in Paragraph (3) shall be determined according to the procedure established by Article 61 (2) herein."

18. In Article 67 , Item 3 shall be amended to read as follows:

"3. Transportation of excisable goods, released for free circulation with simultaneous placing under an excise duty suspension arrangement, to a tax warehouse."

19. In Article 77 (2) at the end, there shall be placed a comma and there shall be added "with the exception of the cases referred to in Article 78 (3) herein."

20. In Article 78 :

(a) there shall be inserted a new Paragraph (3) to read as follows:

"(3) The amount of the security for a tax warehouse for production and storage of excisable goods may not exceed BGN 30 million.";

(b) the existing Paragraph (3) shall be renumbered to become Paragraph (4).

21. In Article 88 (4) , the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

22. In Article 94 , Paragraph (2) shall be repealed.

23. In Article 97 (1) , the word "Denaturing" shall be replaced by "Complete denaturing".

24. In Article 106 (1) , the word "tax" shall be replaced by "revenue".

25. In Article 125 , there shall be added a new Paragraph (4) to read as follows:

"(4) The sanctions referred to in Paragraphs (1), (2) and (3) shall furthermore be imposed on any agricultural producer which uses motor fuel at reduced rates in violation of Article 32 herein."

26. The Transitional and Final Provisions shall be amended and supplemented as follows:

(a) in § 2 :

(aa) Paragraph (1) shall be amended to read as follows:

"(1) Any proceedings for the establishment and collection of excise duty liabilities, initiated on or before the 30th day of June 2006, as well any proceedings for reimbursement of excise duty initiated until the said date, shall be completed by the National Revenue Agency authorities.";

(bb) Paragraph (2) shall be amended to read as follows:

"(2) The excise duty charged on or before the 30th day of June 2006 shall be declared and remitted according to the procedure and within the time limits established by the Excise Tax Act and the Regulations for Application thereof.";

(cc) there shall be added new Paragraphs (3) and (4) to read as follows:

"(3) The provisions of the Excise Tax Act shall apply to any excise duty liabilities which have arisen on or before the 30th day of June 2006, and the said liabilities shall be established, secured and collected by the National Revenue Agency authorities according to the procedure established by the Tax and Social-Insurance Procedure Code.

(4) The security furnished under the Excise Tax Act, furnished on or before the 30th day of June 2006, shall be released or utilized by the National Revenue Agency according to the procedure and under the terms established by the Excise Tax Act and the Regulations for Application thereof.";

(b) there shall be inserted § 2a and § 2b to read as follows:

"§ 2a. (1) Authorized warehousekeepers shall have the right to reimbursement of the excise duty paid until the 30th day of June 2006 on:

1. ethyl alcohol (alcohol-containing raw materials) used in the production of alcoholic beverages;
2. gases intended for processing, falling within CN codes 2901 24 100, 2711 14 000, 2901 22 000 and 2901 21 000, which have undergone specific or chemical processing into excisable finished products;
3. heavy oils intended for processing, falling within CN codes 2710 19 710 and 2710 19 750, and for heavy fuel oils, falling within CN codes 2710 19 510 and 2710 19 550, which have under undergone specific or chemical processing into excisable finished products;
4. naphtha used in the production of ethylene;
5. ethylene used in the production of ethylene dichloride.

(2) Reimbursement shall be effected after release for consumption of the excisable goods in which the goods covered under Paragraph (1) are used or, respectively, after the sale of the ethylene dichloride, but not later than the 1st day of July 2007.

§ 2b. The annual fuel consumption rate, referred to in Article 32 (3) herein, for 2006, shall be 44 litres per hectare of registered arable agricultural land.";

(c) in § 5 , the words "Article 21, Paragraph 2" shall be replaced by "Article 21, Paragraph 3";

(d) in § 12 :

(aa) Item 1 shall be amended to read as follows:

"1. the provisions of Articles 1 to 31, Article 32, Items 2, 4, 5 and 6 of Article 33 (1) and Article 33 (2), Articles 34 to 46, Articles 59 to 128, § 1 (1) regarding the repeal of the Excise Tax Act, as well as § 1 (3), which shall enter into force as from the 1st day of July 2006;"

(bb) there shall be added a new Item 3 to read as follows:

"3. The provisions of Items 1 and 3 of Article 33 (1), which shall enter into force as from the 1st day of January 2007."

§ 19. (Effective 4.08.2006) The Tax and Social-Insurance Procedure Code (promulgated in the State Gazette No.

105 of 2005; amended in Nos. 30, 33 and 34 of 2006) shall be amended and supplemented as follows:

1. In Article 30 (3) , the words "Article 29 (8) or (9)" shall be replaced by "Article 29 (6), (7) and (8)".
2. In Article 140 (3) , the figure "139" shall be replaced by "138".
3. In Article 143 , there shall be added a new Paragraph (4) to read as follows:

"(4) Upon receipt of a request for exchange of information under Paragraph (1) from another country and on a basis of reciprocity, the Minister of Finance or a person authorized thereby may approach the court for disclosure of information constituting a bank secret within the meaning given by Article 52 of the Banking Act, a secret within the meaning given by Articles 71 and 133 of the Public Offering of Securities Act or within the meaning given by another provision of Bulgarian legislation on safeguarding the confidentiality of pecuniary funds, financial assets and other property, where the facts set forth in the request for exchange of information make clear that the said request is made in compliance with the requirements for exchange of information in the relevant international treaty."

4. In Article 157 (3) , the words "and Paragraph (8)" shall be deleted.

5. In sentence one of Article 183 (11) , the words "Article 148 (1)" shall be replaced by "Article 184 (1)", and sentence two shall be deleted.

6. In Article 189 , the heading shall be amended to read as follows: "Rescheduling and Deferral in Bankruptcy Proceedings".

7. In Article 202 (1) and in the heading of Article 228, the words "and persons connected therewith" shall be deleted.

8. In Item 1 of Article 251 (3) at the end, the words "and address" shall be replaced by "address and certificate of current status."

9. In Article 252:

- (a) in Paragraph (6), after the word "same" there shall be inserted "highest";

- (b) In Paragraph (7), the words "non-attending bidders" shall be replaced by "bidders and at least one of them is not present at the review of the offers".

10. In Article 254 (2) :

- (a) a new sentence two shall be inserted, to read as follows: "If the second highest price has been offered by two or more participants, the public enforcement agent shall determine the succeeding buyer through a draw of lot.";

- (b) the existing sentence two shall become sentence three.

11. In Article 255 , the words "the interest and the principal" shall be replaced by "the principal and the interest".

12. In § 6 of the Transition and Final Provisions , there shall be added a new Paragraph (7) to read as follows:

"(7) Upon appointment to civil service at the National Customs Agency to a position whereof the functions are directly related to administration and control of excise duties, Article 10 (1) of the Civil Servants Act shall not apply if the candidates are in employment relationships with the National Customs Agency and with the National Revenue Agency."

§ 20. (Effective 4.08.2006) In the Banking Act (promulgated in the State Gazette No. 52 of 1997; supplemented in No. 15 of 1998; amended in Nos. 21, 52, 70 and 98 of 1998, Nos. 54, 103 and 114 of 1999, Nos. 24, 63, 84 and 92 of 2000, No. 1 of 2001, Nos. 45, 91 and 92 of 2002, No. 31 of 2003, Nos. 19, 31, 39 and 105 of 2005, Nos. 30, 33 and 34 of 2006) Article 52 (5) shall be amended and supplemented as follows:

1. There shall be inserted the following new Item 2 to read as follows:

"2. the Minister of Finance or a person authorized thereby: in the cases referred to in Article 143 (4) of the Tax and Social-Insurance Procedure Code;"

2. The existing Items 2, 2a, 3 and 4 shall be renumbered to become Items 3, 4, 5 and 6, respectively.

§ 21. (Effective 4.08.2006) In the Public Offering of Securities Act (promulgated in the State Gazette No. 114 of 1999; amended in Nos. 63 and 92 of 2000, Nos. 28, 61, 93 and 101 of 2002, Nos. 8, 31, 67 and 71 of 2003, No. 37 of 2004, Nos. 19, 31, 39, 103 and 105 of 2005), Article 71 (6) shall be amended and supplemented as follows:

1. There shall be inserted a new Item 2 to read as follows:

"2. the Minister of Finance or a person authorized thereby: in the cases referred to in Article 143 (4) of the Tax and Social-Insurance Procedure Code;"

2. The existing Items 2, 2a, 3 and 4 shall be renumbered to become Items 3, 4, 5 and 6, respectively.

§ 22. (Effective 4.08.2006) In the Personal Income Tax Act (promulgated in the State Gazette No. 118 of 1997, modified by Constitutional Court Judgment No. 6 of 1998, promulgated in No. 35 of 1998; amended in Nos. 71 and 153 of 1998, Nos. 50, 103 and 111 of 1999, No. 105 of 2000, No. 110 of 2001, Nos. 40, 45, 61 and 118 of 2002, Nos. 42, 67, 95 and 112 of 2003, Nos. 36, 37, 53, 70 and 108/2004, Nos. 43, 102, 103 and 105 of 2005, No. 17 of 2006) in Article 20 (7), the words "Paragraph (5)" shall be replaced by "Paragraph (6)".

§ 23. (Effective 4.08.2006) In the Accountancy Act (promulgated in the State Gazette No. 98 of 2001; amended in No. 91 of 2002, No. 96 of 2004, Nos. 102 and 105 of 2005, No. 33 of 2006) Article 7 shall be amended and supplemented as follows:

1. In Item 3 of Paragraph (1), after the word "address", the comma shall be deleted and the words "BULSTAT Code and number in the national tax register" shall be replaced by "and identification under Article 84 of the Tax and Social-Insurance Procedure Code".

2. There shall be added new Paragraphs (5) and (6) to read as follows:

"(5) The address referred to in Item 3 of Paragraph (1) shall be:

1. the permanent address: applicable to natural persons;

2. the address of the place of management: applicable to legal persons;

3. the mailing address under the Tax and Social-Insurance Procedure Code: applicable to persons who do not have an address of the place of management.

(6) A sole trader shall identify himself or herself only through a BULSTAT Register single identification code."

§ 24. (Effective 4.08.2006) The Financial Support for Culture Act (promulgated in the State Gazette No. 103 of 2005; amended in Nos. 30 and 34 of 2006) shall be amended as follows:

1. In Article 11:

(a) in Paragraph (3), Item 5 shall be repealed;

(b) in Item 1 of Paragraph (5), the words "tax registration number" shall be deleted.

2. In Annex No. 1, in "I. Applicant Data", the words "number of tax registration" shall be deleted.

3. In Annexes Nos. 2 and 3, the words "Tax registration number" shall be deleted.

§ 25. The Integration of Persons with Disabilities Act (promulgated in the State Gazette No. 81 of 2004; amended in Nos. 28, 88, 94, 103 and 105 of 2005, Nos. 18, 30, 33 and 37 of 2006) shall be amended as follows:

1. In Article 35 (2), the words "and from value added tax" shall be deleted.

2. In Article 44, Paragraph (2) shall be repealed.

§ 26. This Act shall enter into force as from the day of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, with the exception of § 3, Items 1 and 3 of § 16, § 17, 18, 19, 20, 21, 22, 23 and 24 herein, which shall enter into force as from the day of promulgation of the Act in the State Gazette.

This Act was passed by the 40th National Assembly on the 30th day of June 2006 and the Official Seal of the National Assembly has been affixed thereto.

Annex No. 1

to Article 32 (1)

(Previous Annex to Article 32 (1),

No. 108/2006, effective 1.01.2007)

SG

Description of Goods	Combined Nomenclature of Republic of Bulgaria Code
Tin	8001
Copper	7402
	7403
	7405
	7408
Zinc	7901
Nickel	7502
Aluminium	7601
Lead	7801
Indium	ex 811291 ex 811299
Cereals	1001 to 1005 1006: unprocessed rice only 1007 to 1008
Oil seeds and oleaginous fruit	1201 to 1207
Coconuts, Brazil nuts and cashew nuts	0801
Other nuts	0802
Olives	0711 20
Grains and seeds (including soya beans)	1201 to 1207
Coffee, not roasted	0901 11 00 0901 12 00
Tea	0902

Cocoa beans, whole or broken, raw or roasted	1801
Raw sugar	1701 11 1701 12
Rubber, in primary forms or in plates, sheets or strip	4001 4002
Wool	5101
Chemicals in bulk	Chapters 28 and 29
Mineral oils (including propane and butane, also including crude petroleum oils)	2709 2710 2711 12 2711 13
Silver	7106
Platinum (palladium, rhodium)	7110 11 00 7110 21 00 7110 31 00
Potatoes	0701
Vegetable oils and fats and their fractions, whether or not refined, but not chemically modified	1507 to 1515

Annex No. 2

to Chapter Nineteen "a"

(New, SG No. 108/2006, effective 1.01.2007)

1. Household waste under the Waste Management Act.
2. Production waste under the Waste Management Act.
3. Construction waste under the Waste Management Act.
4. Hazardous waste under the Waste Management Act.
5. Services associated with the production, processing or treatment of waste under sub-paragraphs 1 - 4.