

# 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 No. 52/29.06.2007, effective 1.11.2007, amended, SG No. 59/20.07.2007, effective 1.03.2008, amended and supplemented, SG No. 108/19.12.2007, effective 19.12.2007, SG No. 113/28.12.2007, effective 1.01.2008, SG No. 106/12.12.2008, effective 1.01.2009, supplemented, SG No. 12/13.02.2009, effective 13.02.2009, amended, SG No. 23/27.03.2009, effective 1.11.2009, SG No. 74/15.09.2009, effective 15.09.2009, amended and supplemented, SG No. 95/1.12.2009, effective 1.01.2010, SG No. 94/30.11.2010, effective 1.01.2011, amended, SG No. 100/21.12.2010, effective 1.07.2011, amended and supplemented, SG No. 19/8.03.2011, effective 8.03.2011, amended, SG No. 77/4.10.2011, amended and supplemented, SG No. 99/16.12.2011, effective 1.01.2012, SG No. 54/17.07.2012, effective 17.07.2012, SG No. 94/30.11.2012, effective 1.01.2013, amended, SG No. 103/28.12.2012, effective 1.01.2013, amended and supplemented, SG No. 23/8.03.2013, effective 8.03.2013, amended, SG No. 30/26.03.2013, effective 26.03.2013, SG No. 68/2.08.2013, effective 2.08.2013, amended and supplemented, SG No. 98/12.11.2013, effective 1.12.2013, SG No. 101/22.11.2013, effective 1.01.2014, amended, SG No. 104/3.12.2013, effective 1.12.2013, SG No. 109/20.12.2013, effective 1.01.2014, SG No. 1/3.01.2014, effective 1.01.2014, amended and supplemented, SG No. 105/19.12.2014, effective 1.01.2015, SG No. 107/24.12.2014, effective 1.01.2015

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\*Note: An update of the English text of this Act is being prepared following the amendments in SG No. 41/5.06.2015

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-European Union 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-European Union acquisition of new means of transport effected for consideration, whereof the place of transaction is within the territory of the country;
4. each intra-European Union 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) (Partially declared unconstitutional by the Constitutional Court of the Republic of Bulgaria regarding the expression "as well as the practice of a liberal profession, including as private enforcement agents and notaries" - SG No. 37/2007, supplemented, SG No. 108/2007) 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.

(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-European Union 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) (supplemented, SG No. 94/2010, effective 1.01.2011) running of shops, industrial canteens and other commercial outlets, the letting of buildings, parts of buildings and sales areas, as well as granting of concession for construction, service or extraction/mining;

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

(n) (new, SG No. 54/2012, effective 1.01.2013) services provided by a public enforcement agent.

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

(6) (New, SG No. 95/2009, effective 1.01.2010) Any taxable person carrying out also exempted supplies and/or supplies or activities beyond the framework of the economic activity conducted independently, as well as any non-taxable legal person registered for the purposes of the value added tax shall be considered to be a taxable person for all services provided to such persons.

## Non-taxable Legal Person

**Article 4.** (Amended, SG No. 95/2009, effective 1.01.2010) "Non-taxable legal person" shall mean any legal person which is not a taxable person within the meaning given by Article 3, paragraphs 1 to 5 herein and which effects intra-European Union 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. (amended, SG No. 101/2013, effective 1.01.2014) 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 furthermore apply where passing of ownership of the goods is stipulated in the contract solely as an option and the sum of the payments due on the lease contract, except for the interest under Item 1 of Article 46 (1), shall be the market price of the goods at the date of handing over;

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. (amended, SG No. 101/2013, effective 1.01.2014) the setting aside or handing over of goods for the private use or consumption of the taxable person, of the owner, of the factory or office workers thereof or for purposes other than the independent economic activity of the taxable person, 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.

3. (new, SG No. 106/2008, effective 1.01.2009) the dispatch or transportation of goods produced, extracted, processed, purchased, acquired or imported on the territory of the country by a taxable person in the course of its business activity when the goods are sent or transported for the purposes of its business activity from or for its account from the territory of the country to the territory of another Member State.

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

1. (supplemented, SG No. 95/2009, effective 1.01.2010) the handing over of special-purpose, working, uniform and presentable clothing and personal protection means 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.

(5) (New, SG No. 101/2013, effective 1.01.2014) For the purposes of this Act the handing over of the right of disposal by the pledgor to the pledgee within the meaning of Article 32 (4) of the Registered Pledges Act shall not be considered supply of goods.

#### Intra-European Union Supply of Goods

**Article 7.** (1) "Intra-European Union 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-European Union 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-European Union 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-European Union 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-European Union 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. (amended, SG No. 94/2010, effective 1.01.2011) the supplies of natural gas through a natural gas system situated on the territory of the European Union or through a network connected to such a system, the supply of electricity or of heating or cooling energy through district heating or cooling networks;

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. (amended, SG No. 94/2012, effective 1.01.2013) the dispatch and transport of any goods from the territory of the country to the territory of another Member State for the purpose of valuation or work on the said goods, which is carried out in that other Member State, provided that the said goods, after being valued or 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) (Amended, SG No. 113/2007) Where the conditions under Items 8 to 10 of Paragraph (5) no longer apply, intra-European Union supply for consideration 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. (amended, SG No. 101/2013, effective 1.01.2014) the provision of services for the private use of the taxable person, of the owner, of the factory and office workers or for purposes other than the independent economic activity of the taxable person, 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. (amended, SG No. 101/2013, effective 1.01.2014) 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 for purposes other than the independent economic activity of the taxable person;

3. (new, SG No. 94/2012, effective 1.01.2013) the performance, free of charge, of services by a tenant/user for improvement of an asset hired out or allocated for use.

(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. (amended, SG No. 94/2012, effective 1.01.2013) the performance, free of charge, of services by a tenant/user for repair of an asset hired out or allocated for use;

3. (repealed, SG No. 94/2012, effective 1.01.2013);

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

#### Where No Supply of 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;

4. (new, SG No. 94/2012, effective 1.01.2013) transformation of budget-supported organisations, state-owned or municipal-owned enterprises as a result whereof the newly established organisations or enterprises are legal successors of the transformed enterprises;

5. (new, SG No. 101/2013, effective 1.01.2014) provision for use of properties by the state/municipalities/applicants for the purposes of private kindergartens, schools, as well as kindergartens and schools with foreign participation under the National Education Act and subsequent transfer thereof to the state/municipalities/applicants in case of closing the kindergartens and schools.

(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-European Union Acquisition

**Article 13.** (1) "Intra-European Union 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-European Union acquisition.

(3) (Amended, SG No. 106/2008, effective 1.01.2009) The receipt of goods within the territory of the country by a taxable person, which will be used for the purposes of the economic activity of the said person, shall also be considered an intra-European Union 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-European Union 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. (amended, SG No. 94/2010, effective 1.01.2011) the acquisition of natural gas through a natural gas system situated on the territory of the European Union or through a network connected to such a system, the acquisition of electricity or of heating or cooling energy through district heating or cooling networks;
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. (amended, SG No. 94/2012, effective 1.01.2013) 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 valuation or work on the said goods, which is carried out within the territory of the country, provided that the said goods, after being valued or 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) (Amended, SG No. 113/2007) Where the conditions under Items 8 to 10 of Paragraph (4) no longer apply, intra-European Union acquisition for consideration shall be considered to be effected by that time.
- (6) (New, SG No. 106/2008, effective 1.01.2009) Paragraph 3 shall furthermore apply to a person that is not registered for the purposes of value added tax in the Member State of the importation of the goods where the dispatch or transportation of the goods begins, if the goods are imported to the Member State of importation or for the account of the person.

## 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-European Union 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-European Union 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) (Amended, SG No. 101/2013, effective 1.01.2014) "Importation of goods" shall furthermore mean the introduction of Community goods into the territory of the country from third territories which form part of the customs territory of the European Union.

(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, Restaurant and Catering Services Effected on Board Ships, Aircraft and Trains

**Article 18.** (1) (Amended, SG No. 95/2009, effective 1.01.2010) The place of supply of goods and restaurant and catering services 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 European Union 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) (Amended, SG No. 95/2009, effective 1.01.2010) The place of supply of goods and restaurant and catering services 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) (Amended, SG No. 95/2009, effective 1.01.2010) In the cases not covered by Paragraphs (1) and (2), the place of supply of goods and restaurant and catering services 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.** (Amended, SG No. 94/2010, effective 1.01.2011) The place of execution when it comes to supply of natural gas through a natural gas system situated on the territory of the European Union or a network connected to such a system or when it comes to supply of electricity or of heating or cooling energy through district heating or cooling networks shall be:

1. the place of the registered office or fixed establishment of the recipient for whom the goods are supplied 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 or of heating or cooling energy, 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 (for whom the goods are supplied) 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, has his permanent address or usually resides - when the entire amount of gas, electricity or heating or cooling energy or part of it are not actually consumed by the recipient but are rather the subject of a subsequent supply.

#### 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-European Union 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 and Services at Vidin - Kalafat Border Combined Bridge

**Article 20a.** (New, SG No. 101/2013, effective 1.01.2014) (1) The place of supply of a service for which a charge is collected for passing across the Vidin - Kalafat Border Combined Bridge shall be:

1. on the territory of the Republic of Bulgaria where the travel direction is from Bulgaria to Romania;
2. on the territory of Romania when the travel direction is from Bulgaria to Romania.

(2) For the purposes of determining the place of supply of goods or services, intra-Community acquisition and importation of goods related to maintenance or repair of the Vidin - Kalafat Border Combined Bridge it shall be considered that the middle of the bridge is the territorial border between the Republic of Bulgaria and Romania. The supply of goods or services, intra-Community acquisition and importation of goods related to maintenance or repair of the part of the bridge on the territory of the Republic of Bulgaria shall be with place of supply on the territory of the Republic of Bulgaria. The supply of goods or services, intra-Community acquisition and importation of goods related to maintenance or repair of the part of the bridge on the territory of Romania shall be with place of supply on the territory of Romania.

#### Place of Supply of Services

**Article 21.** (Amended, SG No. 108/2006, SG No. 41/2007, supplemented, SG No. 113/2007, amended, SG No. 95/2009, effective 1.01.2010) (1) The place of supply of services, in the case of a non-taxable legal person being the recipient, shall be the place where the supplier has established his economic activity conducted independently. Where these services are provided from a fixed establishment different from the place in which the supplier has established his economic activity conducted independently, the place of supply shall be the location of the fixed establishment. In the absence of a place of establishment of economic activity conducted independently or a fixed establishment, the place of supply shall be the place where the supplier has his permanent address or usually resides.

(2) The place of supply of services, in the case of a taxable person being the recipient, shall be the place where the recipient has established his economic activity conducted independently. Where these services are provided to a fixed establishment different from the place in which the recipient has established his economic activity conducted independently, the place of supply shall be the location of the fixed establishment. In the absence of a place of establishment of economic activity conducted independently or a fixed establishment, the place of supply shall be the place where the recipient has his permanent address or usually resides.

(3) Where the recipient under paragraph 2 uses the services exclusively for personal needs or for the personal needs of his staff, the place of supply shall be determined in accordance with the provisions of paragraph 1.

(4) 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) the granting of rights to use, expert services or the services of estate agents;
  - (b) the services for preparing and coordinating construction works connected with immovable property, such as architectural, engineer, supervisory etc.;
  - c) the accommodation at hotels, camping sites, caravan parks, holiday camps and others of this type;
2. the place where passenger transport services are provided proportionately in terms of distances covered;
3. (amended, SG No. 94/2010, effective 1.01.2011) the place where the event actually takes place - in the cases of supply of a service for providing access (in exchange for tickets or consideration covering the entry fee, including when the entry fee is included in a subscription) to cultural, artistic, sports, scientific, educational, entertainment or other similar events (including fairs and exhibitions) and in the cases of services accompanying the granting of access, when the service is provided to a taxable person;
4. (amended, SG No. 94/2010, effective 1.01.2011) the place where the service is actually provided to a non-taxable person in the following cases:
- a) services and their accompanying services associated with cultural, artistic, sports, scientific, educational, entertainment or other similar events (including fairs and exhibitions), including the activity of organizing them;
  - b) services relating to transport handling of goods;
  - c) services connected with the valuation, expert examination or work on a movable item.
5. the place in which the services are actually provided in the case of supply of restaurant and catering services.
- (5) The place of supply of services shall be the place where the recipient is established or has his permanent address or usually resides, where the following conditions are simultaneously fulfilled:
- 1. the recipient is a non-taxable person established outside the European Union, or has his permanent address or usually resides outside the European Union.
  - 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, consultancy bureaux, accountants, lawyers and other similar services, including the services for the redesign or finishing of software;
    - (d) data processing or supplying of information;
    - (e) banking, financial, social insurance, 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) (repealed, SG No. 105/2014, effective 1.01.2015);
    - (i) (repealed, SG No. 105/2014, effective 1.01.2015);
    - (j) (repealed, SG No. 105/2014, effective 1.01.2015);
    - (k) (amended, SG No. 94/2010, effective 1.01.2011) services for the provision of access to a natural gas system situated on the territory of the European Union or to a network connected to such a system, to the electricity system or to the district heating or cooling networks, or services for transmission or distribution through these systems or networks and the supply of other services directly related to them;

(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).

(6) (Amended, SG No. 105/2014, effective 1.01.2015) The place of supply of telecommunication services, radio and TV broadcasting services and electronically supplied services on which a non-taxable person is the recipient shall be the place where such person is established, has its permanent address or usually resides.

(7) (Repealed, SG No. 105/2014, effective 1.01.2015).

#### Place of Supply of Services in Transport of Goods

**Article 22.** (Supplemented, SG No. 108/2006, SG No. 108/2007, amended, SG No. 95/2009, effective 1.01.2010) (1) The place of supply of services in the intra-European Union transport of goods to a non-taxable person shall be the territory of the Member State of departure.

(2) The place of supply of transport of goods outside the European Union provided to a non-taxable person shall be the place where the transport is carried out, proportionately in terms of distances covered.

(3) The place of supply of transport of goods within or outside the European Union provided to a taxable person shall be determined in accordance with the provisions of Article 21, paragraphs 2 and 3.

(4) For the purposes of this Act, forwarding, courier and postal services other than those under Article 49 provided in connection with the transport of goods within or outside the European Union shall be considered to be intra-European Union transport of goods or transport of goods outside the European Union respectively.

(5) A forwarding service under paragraph 4 shall be the service for the organization, conduct or handling of transport of goods within or outside the European Union, together with the activities included in it for the transport handling, document processing, storage and insurance.

(6) The provisions of Article 127 shall not apply, where a forwarding agent acts under a forwarding contract and provides forwarding services in connection with the supply of transport of goods within or outside the European Union.

#### Place of Supply of Services Connected with the Rent of All Types of Vehicles

**Article 23.** (Amended, SG No. 108/2006, SG No. 95/2009, effective 1.01.2010) (1) The place of supply of a service connected with the short-term rent/short-term provision of vehicles for use shall be the place in which the vehicles are actually put at the disposal of the recipient.

(2) Short-term rent/short-term provision for vehicles for use under paragraph 1 shall be the continuous holding or use of the vehicle for up to 30 days or, in the case of vessels, for up to 90 days.

(3) There is no short-term rent/provision for use in any of the following cases:

1. where automatic renewal of the holding/use is agreed and both parties refrain from action;

2. where at least two fixed-term contracts for up to 30 days or up to 90 days for vessels follow one another without any interruption or with an interruption of up to two days in connection with the same vehicles and the total term exceeds the maximum term of 30/90 days; this provision shall not apply where the renewal is due to clearly established circumstances beyond the control of the parties to the supply;

3. where the agreed term exceeds 30 days or 90 days for vessels but it is terminated earlier due to clearly established circumstances beyond the control of the parties of the supply and, as a result, the actual term corresponds to the short-term rent.

(4) (New, SG No. 94/2012, effective 1.01.2013) The place of transaction of a supply of service connected with the

short-term rent/short-term provision of vehicles for use, other than short-term rent or short-term provision of vehicles to a non-taxable person shall be the place where the recipient is established or has his/its permanent address or usually resides.

(5) (New, SG No. 94/2012, effective 1.01.2013) The place of transaction of a supply of service connected with rent/provision of vessels for use, other than short-term rent or short-term provision of vessels, for entertainment or sporting purposes or for personal purposes to a non-taxable person, regardless of Paragraph (4), shall be the place where the vessel for entertainment is physically made available to the recipient of the supply when such a service is actually provided by the supplier at the place of establishment of his/its economic activity or from a permanent object located at that place.

#### Place of Supply of Services by Intermediaries

**Article 24.** (Amended, SG No. 108/2006, No. 113/2007, SG No. 95/2009, effective 1.01.2010) The place of supply of services by an intermediary acting in the name of and for the account of another person provided to a non-taxable person shall be the place of the underlying supply in connection with which the intermediary has acted.

## 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-European Union 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. (supplemented, SG No. 108/2007) the date of actual handing over of the goods under Article 6 (2) herein, except for the cases under Paragraph (8);

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. (amended, SG No. 94/2012, effective 1.01.2013) the date of the actual return of the asset improved by the tenant/user upon termination of the tenancy contract or discontinuance of the use of the asset: where the improvement has not been set out as condition and/or obligation under the contract.

(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) (New, SG No. 95/2009, effective 1.01.2010) The provisions of paragraph 4 shall not apply to supplies with continuous performance for more than a year, for which no chargeability exists for a period of more than a year. In the case of such supplies, the chargeable event shall be considered to have taken place at the end of each calendar year and, in the calendar

year in which supplies are terminated, the chargeable event shall occur on the date of termination of the supplies.

(6) (Renumbered from Paragraph 5, SG No. 95/2009, effective 1.01.2010) 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.

(7) (Amended, SG No. 113/2007, supplemented, SG No. 106/2008, effective 1.01.2009, renumbered from Paragraph 6, SG No. 95/2009, effective 1.01.2010) Where an advance payment in full or in part 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 (for the payment amount), with the exception of a payment received in connection with an intra-European Union supply. In these cases it is deemed that the tax is included in the amount of the payment.

(8) (Renumbered from Paragraph 7, SG No. 95/2009, effective 1.01.2010) 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.

(9) (New, SG No. 108/2007, renumbered from Paragraph 8, SG No. 95/2009, effective 1.01.2010) The chargeable event for supply under Item 4 of Article 6 (2) of newspapers, magazines, books and other publications, music audio and video recordings and recordings of films on electronic or technical medium shall occur at the earlier of the following two dates:

1. the date on which the principal/mandator receives the payment from the commission agent/mandatory under Article 127, or
2. the last day of the quarter following the tax period in which actual handing over of the goods under Item 4 of Article 6 (2) is carried out.

#### 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) (Amended, SG No. 94/2012, effective 1.01.2013) 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 damages and interest 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) (Amended, SG No. 113/2007, supplemented, SG No. 94/2012, effective 1.01.2013) 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 became chargeable. The lev equivalent amount of the foreign currency may be determined at the last exchange rate published by the European Central Bank at the time when the tax becomes due and payable. Conversion of currencies other than the euro shall be carried out by applying the exchange rate of any of these currencies against the euro.

(7) (Amended, SG No. 95/2009, effective 1.01.2010, SG No. 94/2010, effective 1.01.2011, SG No. 94/2012, effective 1.01.2013, SG No. 101/2013, effective 1.01.2014) Where the consideration is expressed wholly or partly in goods or services, without the parties quoting a monetary amount, the taxable amount of each supply at the date of occurrence of the chargeable event shall be the taxable amount upon acquisition or the cost of the supplied goods, and in the cases of importation - the taxable amount upon importation or of the direct costs incurred for the supply of the service provided. Where the taxable amount cannot be determined according to this procedure, the taxable amount shall be equal to the market price.

(8) (New, SG No. 101/2013, effective 1.01.2014) In the cases under Item 1 of Article 27 (3) the taxable amount of each supply under Paragraph 7 at the date of occurrence of the chargeable event shall be the market price of the goods or services supplied.

(9) (New, SG No. 95/2009, effective 1.01.2010, renumbered from Paragraph 8, SG No. 101/2013, effective 1.01.2014) In the case of supplies under Article 25, paragraph 5, the taxable amount shall be established proportionately to the number of months in the respective calendar year compared to the total number of the months of supply, including the month in which supplies are terminated.

#### Special Cases of Determination of Taxable Amount

**Article 27.** (1) (Amended, SG No. 99/2011, effective 1.01.2012) The taxable amount of the supply of goods under Article 6 (3) and Article 7 (4) shall be equal to the taxable amount upon acquisition of the costs or the cost price, and in the cases where the goods are imported, the taxable amount upon importation.

(2) (Amended, SG No. 101/2013, effective 1.01.2014) The taxable amount of the supply of services under Items 1 and 2 of Article 9 (3) herein shall be the amount of the direct costs incurred in connection with the performance of the said services. The taxable amount of the supply of services under Item 3 of Article 9 (3) shall be the amount of the direct costs incurred for their supply, less costs for wear and tear in line with the ordinary economic life of the improvement, and if the amount of the direct costs cannot be established, the taxable amount shall be the market price.

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

1. (amended, SG No. 99/2011, effective 1.01.2012) supply between related parties, where the taxable amount set out under



Article 26 is:

(a) lower than the market price, the supply is chargeable and the recipient has no right to deduct credit for input tax or has the right to partially deduct credit for input tax, or the right to refund the tax paid under Article 81;

(b) lower than the market price, the supply is tax exempt and the recipient has no right to deduct credit for input tax or has the right to partially deduct credit for input tax, or the right to refund the tax paid under Article 81;

(c) higher than the market price, the supply is chargeable and the recipient has no right to deduct credit for input tax or has the right to partially deduct credit for input tax, or the right to refund the tax paid under Article 81;

2. (supplemented, SG No. 108/2007, repealed, SG No. 101/2013, effective 1.01.2014);

3. (repealed, SG No. 94/2012, effective 1.01.2013).

(4) (New, SG No. 94/2012, effective 1.01.2013) For supplies under contracts for concession of construction works, for service or for extraction/mining, where the consideration is determined wholly or partly in goods or services (payment shall be made wholly or partly in goods or services) at the date of occurrence of the chargeable event:

1. for the supply by the concession grantor to the concessionaire the taxable amount shall be the contracted consideration, including the one determined in goods and services, subject to compliance with the provisions of Article 26 (2), (3), (4) and (5); the consideration determined in goods and services shall be equal to the amount of the agreed investment, excluding the compensation, if such is due by the concession grantor to the concessionaire under the concession contract;

2. for the supply by the concessionaire to the concession grantor the taxable amount shall be the taxable amount upon acquisition or the cost of the granted goods, and where the goods are imported, it shall be equal to the taxable amount upon importation thereof or to the direct costs incurred for the provision of the service, and should it be impossible to determine it in such manner, the taxable amount shall be the market price of the goods or services provided.

(5) (New, SG No. 101/2013, effective 1.01.2014) The taxable amount of the supply of goods and/or services under Article 111, determined at the beginning of the month of termination of the registration of the person, shall be the taxable amount upon acquisition or the cost of the goods, and in the cases of importation - the taxable amount upon importation or the amount of direct costs incurred for the acquisition of the service, less costs for wear and tear in line with the ordinary economic life of the goods or services. Where the taxable amount cannot be determined according to this procedure, the taxable amount shall be the market price.

## **Chapter Three**

### **ZERO-RATED SUPPLIES**

Supplies of Goods Dispatched or Transported to Destination outside Territory of European Union

**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.** (1) (Previous Article 30, SG No. 108/2007) 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.

(2) (New, SG No. 108/2007) For the purposes of this Act, forwarding, courier and postal services other than those referred to in Article 49 provided in connection with international transport of goods under Paragraph (1) shall be equivalent to international transport services under Paragraph (1).

(3) (New, SG No. 108/2007) A forwarding service under Paragraph (2) shall be a service for organizing, carrying out or handling international transport of goods under Paragraph (1) and related activities involving transport handling, customs clearance, storage and insurance.

(4) (New, SG No. 108/2007) Where a forwarder acts under the terms and conditions of a forwarding contract and provides a forwarding service related to supply of services for international transport of goods under Paragraph (1), the provision of Article 127 shall not apply.

#### Supply Linked to International Transport

**Article 31.** (Amended and supplemented, SG No. 108/2006, SG No. 108/2007, amended, SG No. 95/2009, effective 1.01.2010) 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 intended for consumption on board of aircraft used by an aviation operator performing mainly international flights;

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 of

- (a) vessels used for transportation of goods or passengers in high seas;
- (b) vessels used for commercial, industrial or fishing activities in high seas;
- (c) vessels used for rescue of life and property at sea;

(d) vessels of war as defined in subheading 89.01 of the Common Customs Tariff, leaving the country and bound for foreign ports or anchorages;

(e) vessels used for coastal fishing, except for their provisioning;

3. (amended, SG No. 105/2014, effective 1.01.2015) the supply of services for the building, maintenance, repair, modification, transformation, assembly, equipping, furnishing, transport and demolition of vessels and aircraft, with the exception of those referred to in Item 2 (d); this provision shall not apply to aircraft, except for those under Item 1, as well as vessels used for sporting and entertainment purposes or for private use;

4. the chartering of:

(a) vessels used for transportation of goods or passengers and for commercial, industrial or fishing activities in high seas; this provision shall not apply to vessels used for sporting and entertainment purposes or for private use;

(b) aircraft used by an aviation operator performing mainly international flights;

5. the handling of:

(a) vessels used for transportation of goods or passengers and for commercial, industrial or fishing activities in high seas, except for vessels used for sporting and entertainment purposes or for private use;

(b) aircraft used by an aviation operator performing mainly international flights;

6. the supply of services linked to transport handling of goods or passengers, including transport containers transported on board of:

(a) vessels used for transportation of goods or passengers and for commercial, industrial or fishing activities in high seas, except for vessels used for sporting and entertainment purposes or for private use;

(b) aircraft used by an aviation operator performing mainly international flights or railway rolling stock, where services are provided in connection with international transport;

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

8. 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, including in the European Union;

9. the supply of services under Chapter Nine of the Merchant Shipping Code, rendered to vessels; this shall not apply to vessels which are used for sporting and entertainment purposes or for private use;

10. the supply of services for rescue of life or property at sea;

11. (new, SG No. 94/2010, effective 1.01.2011) the supply of services for air traffic control and aeronavigational services, provided to aircraft used by an aviation operator performing predominantly international flights.

#### Supply Linked to International Goods Traffic

**Article 32.** (1) (Amended, SG No. 108/2006) The supply of non-European Union 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) (Amended, SG No. 113/2007) A supply liable to tax at the zero rate shall be the supply of services involving loading, unloading, re-loading, arrangement, strengthening of the goods and/or customs clearance, where these are rendered in connection with the supply of goods liable to tax at the zero rate under Paragraph (1), 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 of 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 European Union;
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) (Repealed, SG No. 113/2007).

## Supply of Services Linked to Importation

**Article 36a.** (New, SG No. 101/2013, effective 1.01.2014) (1) The supply of services linked to importation, such as commissions, packing, transport and insurance shall be a supply liable to tax at the zero rate where their value is included in the taxable amount under Article 55 herein.

(2) The supply of services linked to treatment, processing or repair shall be a supply liable to tax at the zero rate where the taxable amount thereof is formed under Article 55 (3) herein upon importation of goods which have been temporarily exported from the territory of the country to a place outside the territory of the European Union under the outward processing procedure and are re-imported into the territory of the country.

(3) When before occurrence of the circumstances under Paragraphs 1 and 2 a document has been issued in respect of the supply at the tax rate under Item 1 of Article 66 (1), the amount of the tax charged shall be corrected:

1. for issued invoices and notifications - under the procedure of Article 116;
2. for issued memoranda - under the procedure specified in the Regulations for Application of this Act.

## 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) (Amended, SG No. 108/2007) 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, 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.

(3) (New, SG No. 108/2007) Paragraph 2 shall not apply to advance payments received.

## **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-European Union 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-European Union 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. (supplemented, SG No. 94/2010, effective 1.01.2011) the performance of health (medical) services and of services directly linked thereto, rendered by health-care facilities and creches 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. (new, SG No. 108/2007, amended, SG No. 106/2008, effective 1.01.2009) the supply of implantable medical devices driven by power generated by the human body or gravity, as well as actively implantable medical devices where the supply is part of the health services under item 1;
5. (renumbered from item 4, SG No. 108/2007, supplemented, SG No. 94/2010, effective 1.01.2011, amended, SG No. 101/2013, effective 1.01.2014) the supply of dental prostheses by dental doctors or dental technicians;
6. (renumbered from item 5, SG No. 108/2007) the performance of transport services for sick or injured persons in vehicles specially designed for the purpose by duly authorized bodies;
7. (renumbered from item 6, SG No. 108/2007) 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. (supplemented, SG No. 94/2010, effective 1.01.2011) pre-school instruction and character education, school or university education, vocational education and training, post-graduate training, retraining and upgrading of qualifications, training for acquisition of core competences, provided by:
  - (a) (supplemented, SG No. 94/2010, effective 1.01.2011) 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, suppliers of training for acquisition of core competences included in a list approved by the Executive Director of the Employment Agency 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. (amended, SG No. 74/2009, effective 15.09.2009, SG No. 68/2013, effective 2.08.2013) 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. (amended, SG No. 105/2014, effective 1.01.2015) 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;
5. (new, SG No. 108/2007, repealed, SG No. 95/2009, effective 1.01.2010).

(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) (Amended, SG No. 99/2011, effective 1.01.2012) The creation or transfer of a building right shall be considered an exempt supply under Paragraph (1) until the time of issuance of the building right for the building for which the building right is created or transferred.

(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. (amended, SG No. 23/2009, effective 1.11.2009) the transactions, including negotiation, concerning payment accounts, payment services electronic cash, 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, amended, SG No. 77/2011, SG No. 109/2013, effective 1.01.2014) management of the activity of collective investment schemes, national investment funds and pension funds, and the provision of investment advice according to the procedure established by the Collective Investment Schemes and Other Undertakings for Collective Investments 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.** (1) (Previous Article 50, SG No. 94/2012, effective 1.01.2013) 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.

(2) (New, SG No. 94/2012, effective 1.01.2013) Paragraph 1 shall not apply where a right to deduct credit for input tax is exercised or a correction is made under the terms of Article 79 (8).

## Chapter Five

### TAXATION OF INTRA-COMMUNITY SUPPLIES

#### Chargeable Event and Chargeability for Intra-European Union Supplies

**Article 51.** (1) The chargeable event for an intra-European Union 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-European Union 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-European Union 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.

(6) (New, SG No. 94/2012, effective 1.01.2013) Upon supply with constant provision of goods under Article 7 (1) - (4) for a period exceeding one calendar month, the chargeable event shall occur at the end of each calendar month and in the calendar month of termination of the supplies the chargeable event shall occur on the date of termination of the supplies.

#### Taxable Amount of Intra-European Union Supplies

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

(2) The taxable amount of intra-European Union 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) (Amended, SG No. 95/2009, effective 1.01.2010) The taxable amount referred to in Paragraph (2) shall not be credited with the value of the services covered under Article 21, paragraph 2 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.

(4) (New, SG No. 94/2012, effective 1.01.2013) Upon supplies under Article 51 (6) the taxable amount for each calendar month shall be determined in proportion to the number of days included in the respective calendar month against the total number of performance of the supply, including the days of the month of termination of the supplies.

### Rate of Tax and Documenting of Intra-European Union Supplies

**Article 53.** (1) The intra-European Union supplies referred to in Article 7 herein, with the exception of the exempt intra-European Union 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-European Union 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) (Amended, SG No. 101/2013, effective 1.01.2014) The taxable amount upon importation under Article 16 herein shall be the value for customs purposes credited with, to the extent the following are not included in it:

1. the taxes, excise duties, imposts and other charges due outside the territory of the country, as well as customs duties, excise

duties and other charges due by reason of importation into the territory of the country;

2. (amended, SG No. 105/2014, effective 1.01.2015) the expenses linked 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 European Union 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. (repealed, SG No. 94/2010, effective 1.01.2011);

2. (amended, SG No. 94/2010, effective 1.01.2011) goods which are imported by:

(a) diplomatic missions, consulates or members of their staff, which are compliant with the terms and conditions for exemption from customs duties upon importation;

(b) the European Union, the European Atomic Energy Community, the European Central Bank, the European Investment Bank or by the authorities of the European Union, to which the Protocol of Privileges and Immunities of the European Union applies, subject to the restrictions and terms and conditions of this protocol and the agreements for its application or the agreements on the headquarters, provided that this does not result in violation of the fair competition practices;

- (c) international organizations other than those specified in letter "b", recognized as such by the public authorities of the host member state or effected by members of such organizations, subject to the restrictions and terms and conditions stipulated in the international conventions on the creation of the organizations or in the agreements on their headquarters;
3. (amended, SG No. 94/2012, effective 1.01.2013) dental prostheses imported by doctors of dental medicine or dental mechanics, human organs, tissues and cells, blood, blood components, and milk;
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. (amended, SG No. 101/2013, effective 1.01.2014) sea fishing products harvested outside the territorial waters of the European Union by ships, where the said products are imported into ports unprocessed or after undergoing preservation for marketing, before being supplied;
6. (amended, SG No. 94/2010, effective 1.01.2011) goods, when the importation is followed by an intra-Community supply and when the importer submits the following data:
- (a) its identification number under Article 94(2);
- (b) the VAT identification number of the client for whom the goods are being supplied, issued in another member state, or its own VAT identification number issued in the member state in which the dispatch or transport of the goods ends;
- (c) proof that the imported goods are intended to be transported or dispatched to another member state pursuant to a procedure stipulated in the regulations for application of the act;
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. (amended, SG No. 94/2010, effective 1.01.2011) gas through a natural gas system or through a network connected to such a system or fed by a vessel transporting gas, in a natural gas system or a network of gas pipelines preceding such a system, of electricity or of heating or cooling energy through district heating or cooling networks;
11. (amended, SG No. 94/2010, effective 1.01.2011) official publications issued under the supervision of the authorities of the state or of the territory of exportation, of international organizations, public structures and public legal formations, established in the state or in the territory of exportation, and printed materials distributed in the context of elections for the European Parliament or in the context of national elections in the country in which the printed materials are being issued by foreign political organizations, officially recognized as such in the member states, to the extent to which these publications and printed materials have been taxed in the state or in the territory of exportation and do not enjoy any exemption from tax upon exportation;
12. (amended, SG No. 106/2008, effective 1.12.2008, amended and supplemented, SG No. 95/2009, effective 1.01.2010, amended, SG No. 94/2010, effective 1.01.2011) pedigree horses of age not exceeding 6 months, which were born in a third country or territory by an animal inseminated in the European Union and subsequently temporarily exported for the birth itself
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. (repealed, SG No. 94/2010, effective 1.01.2011);
16. goods which have been temporarily exported for repair or putting in order, if the conditions provided for in customs legislation are fulfilled;
17. (amended, SG No. 94/2010, effective 1.01.2011) goods which are being returned by the exporting person, while preserving the condition in which they had been exported, allowing for the normal wear-and-tear during use, when the said goods are exempt from customs duties;

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.

(4) (New, SG No. 106/2008, effective 1.12.2008) Importation of goods of a non-commercial nature carried in the personal luggage of travellers shall be exempt from tax based on cash thresholds for road, vessel and aircraft passengers, which shall be set out in the regulations for the application of the Act.

(5) (New, SG No. 106/2008, effective 1.12.2008) The value of the personal luggage of a traveller, which is imported temporarily or re-imported after its temporary export, and the value of the pharmaceutical products required for the personal needs of the traveller shall be exempt from tax without taking into account the thresholds under Paragraph 4.

(6) (New, SG No. 106/2008, effective 1.12.2008) For the purposes of the cash thresholds under Paragraph 4 the value of a single item may not be split up.

(7) (New, SG No. 106/2008, effective 1.12.2008) Exempt from tax shall be the importation of tobacco products, alcohol and alcoholic beverages, as well as the importation of non-frothy wine and beer of a non-commercial nature carried in the personal luggage of passengers within the quantitative thresholds set out in the Regulations for the application of the Act. Such exemption shall not apply to passengers under the age of 17.

(8) (New, SG No. 106/2008, effective 1.12.2008) The fuel per one means of passenger transportation arriving from a third country or territory, contained in a standard tank, as well as no more than 10 litres in a portable container shall be exempt from tax.

(9) (New, SG No. 106/2008, effective 1.12.2008) The values of the goods under Paragraphs 7 and 8 shall not be taken into consideration for determining the cash thresholds under Paragraph 4.

(10) (New, SG No. 106/2008, effective 1.12.2008) Any combination of tobacco products per passenger and any combination of alcohol and alcoholic beverages per passenger may not exceed 100% of the sum total of the percentages formed from the individual allowed quantities.

(11) (New, SG No. 106/2008, effective 1.12.2008) Exempt from tax shall be the importation of goods carried in the personal luggage and the importation of tobacco products, alcohol and alcoholic beverages, as well as the importation of non-frothy wine and beer by the crews of the means of transport used for travel from a third country or territory, based on cash and quantitative thresholds set out in the Regulations for the application of this Act.

(12) (New, SG No. 106/2008, effective 1.12.2008) Cash and quantitative thresholds shall furthermore apply to cases where travel between Member States includes passing transit through the territory of a third country or begins from a third territory. Over-flying without landing shall not be regarded as transit.

(13) (New, SG No. 106/2008, effective 1.12.2008) Paragraph 12 shall not apply where the traveller can produce an evidence that the goods transported in the luggage are charged with tax in the Member State of acquisition and are not subject to value added tax refund.

(14) (New, SG No. 94/2010, effective 1.01.2011) The importation of goods within the permitted duty-free import shall be exempt from tax when:

1. goods of a total value not exceeding BGN 30 are being imported;

2. small consignments are received of goods of non-commercial nature, sent by a third party from one natural person to another natural person within the country, without the latter person having paid for them, of a total value up to but not exceeding the BGN equivalent of EUR 45;

3. personal items received as inheritance are being imported;

4. used personal items of natural persons who relocate their usual place of residence in the European Union are being imported;
5. property in connection with marriage is being imported;
6. used household utensils are being imported after the termination of a temporary stay outside the European Union;
7. orders, medals and honorary awards and prizes are being imported;
8. samples of goods of negligible value are being imported;
9. gifts received within the framework of the international relations are being imported;
10. goods intended for personal use by heads of state are being imported;
11. goods intended for the victims of natural and other calamities are being imported;
12. (amended, SG No. 101/2013, effective 1.01.2014) coffins containing remains of deceased persons, and urns containing cremated human remains, as well as the flowers, burial wreaths and other decoration items usually accompanying them are being imported;
13. materials for protection of goods during transportation and straw for padding, fodder and foodstuffs for animals during their transportation are being imported;
14. documentation is being imported;
15. school aids, educational materials and other household utensils and equipment for pupils and students are being imported;
16. products derived by an agricultural producer from properties situated in third countries located in immediate proximity to the principal place of the economic activity of the producer are being imported;
17. seeds, fertilizers and products for cultivating the soil and crops for a property which is situated in immediate proximity to a third country and which is cultivated by an agricultural producer whose principal place of economic activity is located in the respective third country in immediate proximity to the property, are being imported.
18. video and audio materials of educational, scientific or cultural nature, which are provided by the United Nations Organizations or by some of its specialized agencies, regardless of their intended purpose, are being imported;
19. items from collections and works-of-art of educational, scientific or cultural nature, which are not intended for sale and are imported by museums, galleries or other institutions are being imported; the exemption shall be applied only when the goods are imported for no monetary compensation or, if imported for monetary compensation - if they are not supplied by a taxable person;
20. laboratory animals and biological or chemical substances intended for research are being imported;
21. (amended, SG No. 101/2013, effective 1.01.2014) therapeutic substances of human origin and reagents for determining the blood type and for tissue typization are being imported;
22. reference substances for the quality control of medicinal products are being imported;
23. pharmaceutical products used for international sports events are being imported;
24. goods are being imported by state organizations, charitable or philanthropic organizations and the said goods have been received by the said entities free of charge;
25. goods are imported by institutions or organizations and are received free-of-charge for providing aid and assistance to blind people and other handicapped and disabled people;
26. printed advertising materials and articles of advertising nature are being imported;
27. goods are imported to be used or consumed during trade exhibitions or other similar events;
28. goods are imported for the purpose of testing, analysis or research;

29. consignments intended for organizations for protection of copyrights or for protection of the rights of industrial and commercial ownership are being imported;
30. publications containing tourist information are being imported;
31. fuel and lubrication materials, contained in the standard tanks of the terrestrial motor vehicles and in special containers, are being imported;
32. goods are imported by organizations duly authorized for that purpose by the competent authorities for use during construction, maintenance or decoration of cemeteries, graves and monuments of war victims from a third country and buried in the European Union.

(15) (New, SG No. 94/2010, effective 1.01.2011) Tax-exempt shall be the importation from other territories, the imports of which from third countries would have been exempt on the grounds of Article 14.

#### 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) (Amended, SG No. 105/2014, effective 1.01.2015) 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.

(3) (New, SG No. 108/2007, amended, SG No. 105/2014, effective 1.01.2015) In case of import under Article 16 under a regime "temporary importation with partial exemption from import duty" the tax charged by the customs authorities shall be remitted to Executive Budget Revenue before the release of the goods.

#### 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-European Union Acquisition

**Article 62.** (1) The place of supply of an intra-European Union 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-European Union 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-European Union 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-European Union acquisition is subject to tax according to Paragraph (2) and the person subsequently establishes that this intra-European Union 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-European Union 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 VIIES 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-European Union Acquisition

**Article 63.** (1) The chargeable event upon an intra-European Union 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-European Union 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-European Union 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.



(6) (New, SG No. 101/2013, effective 1.01.2014) Upon uninterrupted supply of goods under Article 13 (1) - (3) with a period of duration exceeding one calendar month, the chargeable event shall occur at the end of each calendar month, and for the calendar month of termination of the supplies the chargeable event shall occur on the date of termination of the supplies.

#### Taxable Amount for Intra-European Union Acquisition

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

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

(3) The taxable amount for an intra-European Union 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) (Amended, SG No. 95/2009, effective 1.01.2010) The taxable amount referred to in Paragraphs (1), (2) and (3) shall not include the taxable amount of the services covered under Article 21, paragraph 2 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.

(5) (New, SG No. 101/2013, effective 1.01.2014) In case of supplies under Article 63 (6) herein, the taxable amount for each calendar month shall be determined pro rata to the days included in the respective calendar month against the total number of days of performance of the supply, including the days of the month of termination of the supply.

#### Exempt Intra-European Union Acquisitions

**Article 65.** (1) Exemption from tax shall be granted in respect of any intra-European Union 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-European Union 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. (amended, SG No. 94/2010, effective 1.01.2011) the importation of which into the territory of the country would be exempted from tax according to the procedure established by Article 58 herein, with the exception of the importation of goods under Article 58 Paragraph 1, Item 6;
3. (supplemented, SG No. 94/2010, effective 1.01.2011) where the recipients are institutions of the European Union, European Atomic Energy Community, European Central Bank, European Investment Bank or by the authorities of the European Union to which the Protocol of Privileges and Immunities of the European Union is applicable, subject to the restrictions and terms and conditions of this same protocol and the agreements for its application or the agreements on the headquarters and provided that this does not result in violation of the fair competition practices;
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-European Union acquisitions.

(2) (Amended, SG No. 94/2010, effective 1.04.2011, SG No. 99/2011, effective 1.01.2012) The rate of tax applicable to accommodation provided at hotels and similar establishments, including the provision of vacation accommodation and letting out of places for camping sites or caravan sites, shall be 9 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.

(6) (New, SG No. 101/2013, effective 1.01.2014) The right to deduct credit for input tax for received goods or services in respect whereof the value added tax cash accounting special regime applies shall arise when the deductible tax becomes chargeable.

### 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 European Union 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. (amended, SG No. 94/2012, effective 1.01.2013) a motorcycle or a passenger car has been acquired, or imported;
5. (amended, SG No. 94/2012, effective 1.01.2013) the goods or services are intended for maintenance, repair, improvement and operation of motorcycles and passenger cars referred to in Item 4, including for spare parts, supply of fuel and lubricant materials;
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;
5. (new, SG No. 94/2012, effective 1.01.2013) the vehicles under Item 4 of Paragraph (1) and the goods or services under Item 5 of Paragraph (1) shall furthermore be used in activities other than those referred to in Items 1 - 4 in the cases where one or more of the activities referred to in Items 1 - 4 comprise core activity for the person; in these cases the right to deduct credit for input tax shall be in place from the beginning of the month following the month for which the core activity requirement is complied with.

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

1. (amended and supplemented, SG No. 95/2009, effective 1.01.2010) the special-purpose, working, uniform or presentable clothing and the products for personal protection means 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. (amended, SG No. 94/2012, effective 1.01.2013) the goods or services used in the free of charge performance of services by a tenant/user for repair of an asset hired out or allocated for use;
4. (amended, SG No. 94/2012, effective 1.01.2013) the goods or services used in the free of charge performance of services by a tenant/user for improvement of an asset hired out or allocated for use;
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) (Supplemented, SG No. 95/2009, effective 1.01.2010, SG No. 105/2014, effective 1.01.2015) Any person registered in pursuance of Articles 97a and 99 and Article 100 (2) herein shall have no right to credit for input tax. Any person registered in pursuance of Article 97b herein shall have no right to credit for input tax in respect of the goods and services used for the purposes of supplies effected by such person other than supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services on which recipients are non-taxable persons which are established, have their permanent addresses or usually reside in the country.

(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. (amended, SG No. 94/2010, effective 1.01.2011) the said person holds a customs document for importation 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. (amended, SG No. 94/2010, effective 1.01.2011) the said person holds a customs document for importation 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-European Union 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;

8. (new, SG No. 101/2013, effective 1.01.2014) the said person holds a tax document referred to in Item 1 herein and a document for effected payment via bank transfer, including credit transfer, direct debit or cash transfer effected through a payment service provider within the meaning of the Payment Services and Payment Systems Act, or via postal transfer effected through a licensed postal operator making money transfers within the meaning of the Postal Services Act, and a memorandum under Article 151c (8) for supplies in respect whereof the supplier applies chapter seventeen "a";

9. (new, SG No. 101/2013, effective 1.01.2014) the said person holds a tax document referred to in Item 1 herein and a document for effected payment via bank transfer, including credit transfer, direct debit or cash transfer effected through a payment service provider within the meaning of the Payment Services and Payment Systems Act, or via postal transfer effected through a licensed postal operator making money transfers within the meaning of the Postal Services Act, and which has issued a memorandum under Article 151d (8) for supplies in respect whereof the supplier does not apply chapter seventeen "a".

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

**Article 72.** (1) (Amended, SG No. 95/2009, effective 1.01.2010) 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 12 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. (amended, SG No. 94/2012, effective 1.01.2013) the taxable amounts of the exempt supplies effected, with the exception of any supplies referred to in Item 2 of Article 50 (1) 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 Where the Tax is Chargeable on the Recipient/Importer**

**Article 73a.** (New, SG No. 106/2008, effective 1.01.2009) (1) In case of supplies the tax on which is chargeable on the recipient, the right to deduct credit for input tax shall furthermore exist where the supplier of the good has not issued a document required under Article 114, and/or the recipient does not hold a document under Items 2, 4 and 5 of Article 71,

and/or the recipient has not complied with the requirements of Article 72, if the supply has not been concealed and data on it is available in the accounts of the recipient.

(2) In the cases under Paragraph (1) the right to deduct credit for input tax shall be exercised during the tax period in which the tax has become chargeable, applying Item 2 of Article 126 (3) mutatis mutandis.

#### 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. (amended, SG No. 94/2012, effective 1.01.2013) 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 45 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. (amended, SG No. 94/2012, effective 1.01.2013) 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 45 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) (Amended, SG No. 101/2013, effective 1.01.2014) 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 twelve 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) (Amended, SG No. 94/2012, effective 1.01.2013) 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 45 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. (amended, SG No. 94/2012, effective 1.01.2013) 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 45 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.

(3) (New, SG No. 95/2009, effective 1.01.2010) In the cases under Article 111, paragraph 2, item 5, the registered person shall have the right to deduct the tax credit for the assets purchased or acquired in any other way or deposited within the meaning of the Accountancy Act after the date of de-registration, which are available as at the date of the subsequent registration. The right to tax credit shall occur under the terms and conditions set out in Article 74, paragraph 2.

#### 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) (Amended, SG No. 101/2013, effective 1.01.2014) 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 twelve 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) (Amended, SG No. 94/2012, effective 1.01.2013) 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 45 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) (Supplemented, SG No. 113/2007) 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 in respect of which credit for input tax is no longer deductible.

(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:

$$TD = CITU \times \frac{1}{20} \times NoY \quad \text{sa0}$$

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:

$$TD = CITU \times \frac{1}{5} \times NoY \quad \text{sa0}$$

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:

$$TD = CITU \times \frac{1}{20} \times NoY(1 - F)$$

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:

$$TD = CITU \times \frac{1}{5} \times NoY(1 - F)$$

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) (Amended, SG No. 94/2012, effective 1.01.2013) 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, may exercise the right to deduct credit for input tax or 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) (Supplemented, SG No. 108/2007) Adjustments under Article 79, (1) - (7) 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. (amended, SG No. 94/2012, effective 1.01.2013) 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 or through the fault of the person using the goods;
3. (amended, SG No. 101/2013, effective 1.01.2014) 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 a statutory instrument or corporate standards and specifications;
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 European Union 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 European Union, 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

# CHARGING 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, SG No. 106/2008, effective 1.01.2009, SG No. 95/2009, effective 1.01.2010) Where the supplier is a taxable person who is not established within the territory of the country and the place of supply is the territory of the country and the supply is taxable, the tax shall be chargeable from the recipient of the supply upon:

1. (amended, SG No. 94/2010, effective 1.01.2011) supply of natural gas through a natural gas system situated on the territory of the European Union or through a network connected to such a system, supply of electricity or of heating or cooling energy through district heating or cooling networks, where the recipient is a person registered under this Act;

2. 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. supply of services, where the recipient is a taxable person under Article 3, paragraphs 1, 5 and 6.

(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-European Union Acquisitions

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

### Taxpayer under Invoices Issued

**Article 85.** (Amended, SG No. 106/2008, effective 1.01.2009) The tax shall furthermore be chargeable from any person who indicates the tax in an invoice and/or an advice under Article 112 herein.

Any taxpayer upon supply of telecommunication services, radio and TV broadcasting services and electronically supplied services whereof the place of transaction is within the territory of the country

**Article 85a.** (New, SG No. 105/2014, effective 1.01.2015) For supply of telecommunication services, radio and TV broadcasting services or electronically supplied services with place of transaction within the territory of the country on which the recipient is a non-taxable person the tax shall be chargeable from the supplier.

#### 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-European Union 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) (Amended, SG No. 105/2014, effective 1.01.2015) 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) (Amended, SG No. 105/2014, effective 1.01.2015) 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) (Amended, SG No. 105/2014, effective 1.01.2015) 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) (Repealed, SG No. 113/2007).

## Remittance of Tax by Person Who Is Not Registered

**Article 91.** (1) Upon an intra-European Union 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-European Union 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) (Amended, SG No. 106/2008, effective 1.01.2009, repealed, SG No. 95/2009, effective 1.01.2010).

(4) (Amended, SG No. 95/2009, effective 1.01.2010, SG No. 105/2014, effective 1.01.2015) The tax referred to in Paragraphs (1) and (2) 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. (amended, SG No. 101/2013, effective 1.01.2014) 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 end of the calendar month 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. (amended, SG No. 95/2009, effective 1.01.2010) 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 two 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. (amended, SG No. 95/2009, effective 1.01.2010, SG No. 94/2010, effective 1.01.2011) 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 public receivables due and payable, collected by the National Revenue Agency, or shall refund the said balance within 30 days after submission of the most recent VAT return;

5. (amended, SG No. 95/2009, effective 1.01.2010) 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 two tax periods, any other input tax claimable under a VAT return for any of the said two 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. (amended, SG No. 95/2009, effective 1.01.2010) if the conditions under Item 5 are not fulfilled, another two 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) (Amended, SG No. 95/2009, effective 1.01.2010, SG No. 94/2010, effective 1.01.2011) The revenue authority shall have no right to set off public receivables that are due and payable, collected by the National Revenue Agency against an input tax claimable as stated in the VAT returns for the two tax periods of the deduction procedure under Paragraph (1).

(3) (Amended, SG No. 108/2007, SG No. 95/2009, effective 1.01.2010, SG No. 98/2013, effective 1.12.2014 - amended, SG No. 104/2013, effective 1.12.2013) 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:

1. the person has effected supplies liable to tax at the zero rate during the 12 months last preceding the current month at a total value exceeding 30 per cent of the total value of all taxable supplies, including zero-rate supplies; zero-rate supplies shall be considered equivalent to the supply of the following services with the place of supply within the territory of another Member State on which a recipient is a person registered for VAT purposes in another Member State: intra-European Union transport of goods and related forwarding, courier and postal services other than those under Article 49; transport handling of goods; services related to transport provided by agents, brokers and other intermediaries acting on behalf of and at the sole expense of another person, as well as services of valuation, expertise and handling of movable items.

2. (effective until 31 December 2015 - amended, SG No. 109/2013, effective 1.01.2014) the person - agricultural producer has effected supplies liable to tax during the 12 months last preceding the current month at a tax rate of 20 per cent of the goods produced thereby under appendix No. 2, part two, to a total value exceeding 50 per cent of the total value of all taxable supplies effected thereby.

(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) (Amended, SG No. 94/2010, effective 1.01.2011) Where, in the cases under Paragraphs (3) and (4), there are public receivables due and payable, 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) (Amended and supplemented, SG No. 94/2010, effective 1.01.2011, repealed, SG No. 101/2013, effective 1.01.2014).

(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) (New, SG No. 108/2007, amended, SG No. 99/2011, effective 1.01.2012, SG No. 101/2013, effective 1.01.2014) Notwithstanding Item 4 of Paragraph 1 and Paragraphs 3 - 5, where an audit of the person has commenced, the time period

for refund of the tax shall be the time period for issuance of the audit act except for the cases where the person provides security in cash, in government securities or in unconditional and irrevocable bank guarantee which shall be valid for not less than 6 months.

(9) (New, SG No. 108/2007, amended, SG No. 94/2010, effective 1.01.2011) The tax shall be refunded and/or set off to the amount of the security under Paragraph (8) within five days after provision thereof.

(10) (Renumbered from paragraph 8, amended SG No. 108/2007, SG No. 95/2009, effective 1.01.2010) 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 under paragraph 1, item 4 and paragraphs 3 and 4, shall be refunded together with the legal interest, 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 provision of Article 8 and the suspension of the tax proceedings.

(11) (New, SG No. 101/2013, effective 1.01.2014) In the cases referred to in Paragraph 3 herein upon assigned verification the tax shall be set off or refunded within 30 days, and in case of assigned audit the tax shall be set off or refunded in whole or in part within 30 days from serving the order for audit in an amount representing the difference between the stated claimable tax and the amount of taxes and compulsory social-insurance contributions which are reasonably expected to be established during the audit. The act of refund or refusal to refund upon assigned audit may be appealed in accordance with the Tax Insurance Procedure Code provided for appeal of security measures. Paragraph 8 shall apply to the non-refunded part of the declared tax.

#### 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. (repealed, SG No. 108/2007).

(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 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) (Amended, SG No. 105/2014, effective 1.01.2015) Excluded from the taxable turnover under Item 1 of Paragraph 2 shall be supplies with place of transaction within the territory of the country covered under Article 21 (6), where such supplies are effected by a person:

1. registered pursuant to Article 154 or registered in another member state for application of a regime outside the Union;
2. registered in another member state for application of a regime within the Union, which has no fixed establishment within the territory of the country;
3. registered pursuant to Article 97b.

(8) (Supplemented, SG No. 108/2007, amended, SG No. 95/2009, effective 1.01.2010) 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 or the grounds for deregistration 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 Supply of Services the Tax for Which Is Chargeable on the Recipient

**Article 97a.** (New, SG No. 95/2009, effective 1.01.2010) (1) Any taxable person under Article 3, paragraphs 1, 5 and 6 receiving services with the place of supply within the territory of the country where such services are taxable and for which the tax is chargeable on the recipient under Article 82, paragraph 2 shall be subject to registration.

(2) Any taxable person under Article 3, paragraphs 1, 5 and 6 established within the territory of the country in which this person provides services under Article 21, paragraph 2 with the place of supply within the territory of another Member State shall be subject to registration.

(3) Any taxable person registered pursuant to the provisions of paragraph 1 shall be considered registered also pursuant under paragraph 2 and vice versa.

(4) The persons under paragraphs 1 and 2 shall lodge a registration application under this Act not later than seven days prior to the date on which the tax on the supply becomes chargeable (advance payment or tax event), whereby the tax base of the received service shall be subject to taxation.

(5) Any person registered pursuant to the provisions of this Article to whom the conditions for compulsory registration under Articles 96, 97, 98 and 99 or for optional registration under Article 100, paragraphs 1, 2 and 3 apply shall register under the terms and conditions set out for either compulsory or optional registration.

#### Obligation to Register upon Supply of Telecommunication Services, Radio and TV Broadcasting Services and Electronically Supplied Services

**Article 97b.** (New, SG No. 105/2014, effective 1.01.2015) (1) Subject to registration hereunder shall be any taxable person which is not established within the territory of the country and effects supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services with non-taxable persons as recipients, which are established or have their permanent address or usually reside in the country, where:

1. such person is not registered pursuant to Article 154 or in another member state for application of a regime outside the Union or a regime within the Union;

2. such person is not registered pursuant to Articles 96, 97, 98 or Article (1) and (3) herein.

(2) An obligation to submit an application for registration shall arise in respect of the person referred to in Paragraph (1) not later than the 10th day of the month following the date of the chargeable event for the first supply.

(3) In the cases where the person referred to in Paragraph (1) has submitted an application for registration under Article 154 (2) or has submitted an application for application of a regime outside the Community in another member state and has been declined registration for application of such regime, as well as where his registration for application of any of the special regimes has been terminated, the person shall be obliged to submit an application for registration not later than the 7th day of the date of receipt of the denial, the date of effecting the first supply after termination of application of such regime respectively.

(4) The first tax period for a person registered pursuant to this Article shall furthermore cover the period from the date of the first supply to the date of the registration inclusive.

(5) 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.

#### 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-European Union 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-European Union acquisition of goods.

(2) Paragraph (1) shall not apply where the total value of taxable intra-European Union 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-European Union acquisitions exceeds BGN 20,000. The intra-European Union 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-European Union 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-European Union 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) (Supplemented, SG No. 108/2007) 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 or the grounds for deregistration 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) (New, SG No. 95/2009, effective 1.01.2010) In the case of failure of the person to indicate an e-mail address before the Registration Agency, this person shall specify such an address in the application under paragraph 1. Where the e-mail address is changed, the person shall advise the revenue administration thereof within seven days, unless the change has been effected through an application to the Registration Agency.

(6) (Supplemented, SG No. 108/2007, renumbered from Paragraph 5, SG No. 95/2009, effective 1.01.2010) Within seven days after receipt of the application, the revenue authority shall verify the grounds for registration. Where the revenue authority has required the security under Article 176a, the time period for performing the verification shall be 30 days from submitting the application for registration.

(7) (Renumbered from Paragraph 6, SG No. 95/2009, effective 1.01.2010, amended, SG No. 94/2012, effective 1.01.2013) Within seven days after completion of the verification under Paragraph (6), 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.

(8) (Renumbered from Paragraph 7, amended, SG No. 95/2009, effective 1.01.2010, supplemented, SG No. 105/2014, effective 1.01.2015) Notwithstanding Paragraphs (5) and (6), the registration under Articles 97, 97a, 97b, 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) (Supplemented, SG No. 99/2011, effective 1.01.2012) 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, as well as on the taxable supplies of services received for which the tax is chargeable from the recipient:

1. (amended, SG No. 94/2012, effective 1.01.2013) for the period from the expiry of the time limit for issuance of the act of registration, if the person has submitted the application for registration within the time limit, until the date on which the person was registered by the revenue authority;

2. (amended, SG No. 94/2012, effective 1.01.2013) for the period from the expiry of the time limit for issuance of the act of registration, if the person has submitted the application for registration within the time limits 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) (Amended, SG No. 94/2012, effective 1.01.2013) 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 45 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. (supplemented, SG No. 108/2007, amended, SG No. 99/2011, effective 1.01.2012) the expungement of the sole trader in the Commercial Register, unless:
  - (a) the person is subject to compulsory registration under the procedure of Article 96 (1) for the taxable turnover of the supplies provided by him, representing independent economic activities, or if the grounds under Article 108 (2) exist
  - (b) the conditions under letter "a" do not exist and the person, within 14 days from registration of the expungement from the commercial register, files an application for registration to the competent territorial directorate of the National Revenue Agency, stating continuation of the registration under the terms of Article 100 (1);
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;
5. (new, SG No. 105/2014, effective 1.01.2015) registration under Articles 96, 97, 98, Article 100 (1) and (3) and Article 154 or registration in another member state for application of a regime outside the Union or a regime within the Union - for a person registered pursuant to Article 97b.

#### Grounds for Optional Deregistration

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

1. (supplemented, SG No. 105/2014, effective 1.01.2015) in respect of any person registered pursuant to Articles 96, 97, 97b, 98 (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-European Union 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.
4. (new, SG No. 95/2009, effective 1.01.2010, amended, SG No. 94/2010, effective 1.01.2011) in respect of any person registered under Article 97a, where the conditions for compulsory deregistration do not exist as at the date of the application for registration.

(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) (Amended, SG No. 113/2007) In the cases referred to in Paragraph (1) the date of occurrence of the respective circumstance under Article 107 shall be deemed a date of deregistration.

(7) (New, SG No. 113/2007) In the cases referred to in Paragraph (2) 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. (amended, SG No. 105/2014, effective 1.01.2015) grounds for compulsory deregistration exists under Items 1, 2 and 5 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;

3. (new, SG No. 108/2007) grounds for deregistration under Article 176 exist.

(2) (Supplemented, SG No. 108/2007, SG No. 105/2014, effective 1.01.2015) In the cases covered under Items 1 and 2 of Paragraph (1), the deregistration act shall not be delivered to the person, except for the cases under Article 107 (5) and the date of deregistration shall be the date of occurrence of the relevant event under Article 107 herein. In all the other cases the date of deregistration shall be the date of delivery of the deregistration act.

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

**Article 111.** (1) (Supplemented, SG No. 108/2007) 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 and/or services 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. (supplemented, SG No. 106/2008, effective 1.01.2009) 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 and services available at the date of registration;

3. (supplemented, SG No. 106/2008, effective 1.01.2009) 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 and services available at the date of registration;

4. to the available assets which constitute public state or public municipal property;

5. (new, SG No. 95/2009, effective 1.01.2010, supplemented, SG No. 99/2011, effective 1.01.2012) upon deregistration under Article 176 and any subsequent registration of the person within the same tax period - for the goods and services on stock both as of the date of the deregistration and as of the date of the subsequent registration.

(3) (Amended, SG No. 94/2012, effective 1.01.2013, SG No. 101/2013, effective 1.01.2014) The tax referred to in Paragraph (1) shall be included in the net tax for the last tax period, shall be declared under the procedure and within the time limit under Article 125 and shall be paid within the time limit under Article 89.

(4) (Amended, SG No. 95/2009, effective 1.01.2010) 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 two one-month periods have expired at the said date.

## **Chapter Eleven**

### **DOCUMENTING SUPPLIES**

#### General Dispositions

**Article 111a.** (New, SG No. 94/2012, effective 1.01.2013) (1) Documenting of the supplies with place of transaction on the territory of the country shall be carried out in accordance with this Chapter.

(2) Documenting of the supplies with place of transaction on the territory of another member state shall be performed in accordance with this Chapter where the tax on the supply is chargeable on the recipient and the supplier is a person in respect whereof the following conditions obtain simultaneously:

1. the person has established his/its independent economic activity on the territory of this country or has a permanent object on the territory of this country from which the supply is performed, or if there is no such establishment or object the said person has a permanent address or usually resides on the territory of the country;

2. the person is not established in the member state on whose territory the place of transaction of the supply takes place or his/its permanent object in this member state does not participate in the supply.

(3) Documenting of the supply of goods or services with place of transaction on the territory of a third country or territory shall be performed in accordance with this Chapter where the person has established his/its independent economic activity on the territory of this country or has a permanent object on the territory of this country from which the supply is performed, or if there is no such establishment or object the said person has a permanent address or usually resides on the territory of the country.

(4) (Amended, SG No. 23/2013, effective 8.03.2013) In the cases under Article 113 (11) where the invoice or the notice to the invoice is issued by the person to whom the goods or services are provided, Paragraphs (2) and (5) shall not apply.

(5) The supplier shall not apply Paragraph (1) for supplies with place of transaction on the territory of the country where the tax is chargeable on the recipient and the supplier is a person in respect whereof the following conditions obtain simultaneously:

1. the person has not established his/its independent economic activity on the territory of this country or has a permanent object on the territory of this country from which the supply is performed, or if there is no such establishment or object the said person has no permanent address or does not usually reside on the territory of the country;

2. the person is established in another member state or has a permanent object in another member state from which the supply is performed.

## 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 Income Taxes on Natural Persons Act is issued, or

c) the document issuance is not obligatory under the Income Taxes on Natural Persons 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-European Union 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) (Amended, SG No. 94/2012, effective 1.01.2013) The supplier may authorize in writing another person to issue invoices and notification to 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) (Supplemented, SG No. 95/2009, effective 1.01.2010, amended, SG No. 94/2012, effective 1.01.2013, supplemented, SG No. 105/2014, effective 1.01.2015) Any taxable persons, who are not registered under this Act or are registered in pursuance of Article 97a, paragraphs 1 and 2, Article 99 and Article 100 (2) herein, shall not have the right to state the tax in the invoices issued thereby and notification to invoices. Any persons registered in pursuance of Article 97b herein shall have no right to state the tax in the invoices issued thereby and notification to invoices for supplies effected by such persons other than supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services on which recipients are non-taxable persons which are established, have their permanent addresses or usually reside in the country.

(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.

(11) (New, SG No. 94/2010, effective 1.01.2011, amended, SG No. 94/2012, effective 1.01.2013) An invoice or notification to an invoice in the name and for the account of the taxable person-supplier, can also be issued by the recipient of the supply, if there is prior agreement between the two parties, provided that there is a procedure for the acceptance of each invoice or notification to the invoice by the taxable person supplying the goods or services.

(12) (New, SG No. 94/2012, effective 1.01.2013) Electronic invoices and electronic notifications to invoices shall be deemed issued on the date on which the supplier or another person acting on his/its behalf provides the invoices and the notifications to the invoices so that these can be received by the client.

(13) (New, SG No. 94/2012, effective 1.01.2013) For two or more effected supplies of goods and services the tax on which becomes chargeable in one and the same tax period a combined invoice may be issued. The combined invoice shall contain the requisites under Items 9 - 15 of Article 114 (1) for each individual supply recorded in the combined invoice and shall not be issued later than the last day of the month during which the tax on the supplies becomes chargeable, and for intra-Community supplies, within the time limit under Paragraph 5.

## 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. (amended, SG No. 106/2008, effective 1.01.2009, repealed, SG No. 95/2009, effective 1.01.2010);
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-European Union 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) (Amended, SG No. 94/2010, effective 1.01.2011) 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 141 2006/112/EC" as grounds for not charging tax.

(4) (Amended, SG No. 94/2012, effective 1.01.2013) 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, recorded in the invoice shall be "reverse charge", 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) (Amended, SG No. 106/2008, effective 1.01.2009, SG No. 100/2010, effective 1.07.2011, SG No. 94/2012, effective 1.01.2013) Every taxable person must assure, applying a method of his/its own choice, from the moment of issuance until the end of the period of storage the authenticity of origin, the integrity of content and the readability of the invoices and the notifications to them issued thereby or on his/its behalf as well as the invoices and notifications received thereby, no matter whether they are on hard copy or in electronic form.

(7) (New, SG No. 94/2012, effective 1.01.2013) The invoice may be exempt from the requisites under Items 12, 14 and 15 of Paragraph (1) where the taxable amount and the tax do not exceed EUR 100 or their equivalent amount in BGN, except for the documenting of supplies with place of transaction on the territory of another member state, intra-Community supplies and distance sales of goods.

(8) (New, SG No. 94/2012, effective 1.01.2013) In the cases under Article 111a (3) the invoice issued by the taxable person-supplier may be exempt from the requisites under Items 12 and 13 of Paragraph (1).

(9) (New, SG No. 94/2012, effective 1.01.2013) Documenting of supplies with electronic invoices and electronic notifications to invoices shall be carried out, provided that such documenting is accepted by the recipient with a written or tacit consent.

(10) (New, SG No. 94/2012, effective 1.01.2013) The taxable person shall ensure the authenticity of origin, the integrity of content and the readability of the invoice or the notification thereto by exercising any type of control over the economic activity, creating a reliable audit trail between the invoice or the notification to the invoice and the supply of the goods or services.

(11) (New, SG No. 94/2012, effective 1.01.2013) In addition to the control over the economic activity under Article 10, the authenticity of origin, the integrity of content and the readability of the invoice or the notification thereto shall be provided by one of the following indicative technologies:

1 a qualified electronic signature within the meaning of the Electronic Document and Electronic Signature Act, or

2. electronic data interchange.

## 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.

(7) (New, SG No. 94/2012, effective 1.01.2013) The notification to the invoice may be exempt from the requisites under Items 12, 14 and 15 of Article 114 (1), unless the supplies with place of transaction on the territory of a member state, intra-Community supplies and distance sales of goods are documented.

## 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. (supplemented, SG No. 95/2009, effective 1.01.2010) grounds for charging or non-charging of the tax by the person referred to in Paragraph (1);
8. amount of tax;
9. (new, SG No. 98/2013, effective 1.01.2014 - amended, SG No. 104/2013, effective 1.12.2013) identification number of the supplier for VAT purposes, which has been used to effect the supply, where the supplier is registered for VAT purposes in another Member State, and number and date of the invoice where such invoice has been issued prior to the date of issuance of the memorandum;
10. (new, SG No. 98/2013, effective 1.01.2014 - amended, SG No. 104/2013, effective 1.12.2013) identification number under Article 84 of the Tax Insurance Procedure Code of the supplier of goods under appendix № 2, part two, and number and date of the invoice.

(3) (Amended, SG No. 108/2007) The memorandum shall be issued not later than 15 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) (Amended, SG No. 108/2007) The memorandum referred to in Paragraph (4) shall be issued not later than 15 days after the date on which the relevant circumstance under Paragraph (4) has occurred.

## Cash Receipts and Data Reporting

**Article 118.** (Amended and supplemented, SG No. 95/2009, effective 1.01.2010, supplemented, SG No. 19/2011, effective

8.03.2011, SG No. 99/2011, effective 1.01.2012, amended and supplemented, SG No. 54/2012, effective 17.07.2012, amended, SG No. 23/2013, effective 8.03.2013) (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 from a fiscal device (fiscal slip) or by means of issuing of a cash receipt from an integrated automated system for commercial activity management (system slip), regardless of whether another tax document has been requested. The recipient shall be obligated to receive the fiscal slip or the system slip and to keep them until he or she leaves the outlet.

(2) Fiscal devices and integrated automated systems for commercial activity management shall have the technical capability of establishing distance connection to the National Revenue Agency. The technical requirements and the terms and conditions for the establishment and performance of the distance connection shall be set out in the ordinance under paragraph 4, subject also to coordination with the Bulgarian Institute for Metrology.

(3) (Supplemented, SG No. 101/2013, effective 1.01.2014, amended, SG No. 1/2014, effective 1.01.2014) The fiscal slip and the system slip shall be paper documents 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 or an integrated automated system for commercial activity management of an approved type. In the case of entertainment services, or goods sold through fiscal devices integrated in electrically powered vending machines, the till receipt registering the sale may be visualized on a display only, without issuing a paper document, as per the procedure and manner laid down in the regulation referred to in Article 4.

(4) The Minister of Finance shall issue an ordinance establishing:

1. the terms, procedure and manner of type approval, type cancellation, commissioning/decommissioning, registration/deregistration, reporting, storage of documents issued from/in connection with a fiscal device and an integrated automated system for commercial activity management.
2. the service maintenance, expertise and control of a fiscal device and an integrated automated system for commercial activity management, the technical and functional requirements thereto;
3. the requirements, terms and procedures for establishing a distance connection and reporting of data to the National Revenue Agency;
4. the issue of fiscal cash receipts from a fiscal device and cash receipts from an integrated automated system for commercial activity management and the mandatory requisites to be contained therein;
5. the type of reported data, format and time limits for reporting thereof.

(5) Upon operation of a fiscal device and an integrated automated system for commercial activity management, 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 Metrology. Service maintenance during the warranty period shall be free of charge within the warranties assumed by the manufacturer.

(6) All persons under Paragraph (1) supplying/selling liquid fuels at a commercial outlet, except for those supplying/selling liquid fuels at a tax warehouse within the meaning of the Excise Duties and Tax Warehouses Act, shall also be under the obligation to transmit via a remote connection to the National Revenue Agency data making it possible to determine the quantities of fuel available in storage tanks at liquid fuel trade outlets.

(7) Paragraphs (1) and (6) shall not be applied by a supplier/recipient - a petrol base, where the following conditions are simultaneously fulfilled:

1. the payments on the supplies/sales of liquid fuels shall be made only via banks, including via credit transfer, direct debit or cash funds transfer made through another provider of a payment service within the meaning of the Payment Services and Payment Systems Act or via a postal funds transfer made through a licensed postal operator for making postal funds transfers under the Postal Services Act;
2. shall have its own measurement system which shall allow a reliable and truthful reporting of the available fuel quantity at any time;
3. shall provide, upon request from revenue authorities, an immediate access to the measurement system under item 2;

4. shall submit data at the National Revenue Agency under the terms and procedure of Paragraph (10).

(8) (Amended, SG No. 107/2014, effective 1.01.2015) A tax liable person who supplies vehicles, machines, facilities or other equipment with liquid fuels to meet its own needs shall register and report the fuelling under Paragraph (4).

(9) (Amended, SG No. 107/2014, effective 1.01.2015) Paragraph 8 shall not apply to entities receiving supplies of liquid fuels, which are budgetary organisations in the meaning of the Public Finances Act or municipal enterprises and do not sell liquid fuels.

(10) (A tax liable person or a supplier/recipient of liquid fuel supply shall submit data to the National Revenue Agency about the supply and the movement of the supplied/received quantities of liquid fuels and the changes thereof. Data shall be submitted electronically with a qualified electronic signature on the date of the chargeable event or the date of occurrence of a change in the circumstances.

(11) Data under Paragraph (10) shall not be submitted by:

1. the supplier and the recipient about supplies of liquid fuels under excise duty suspensive arrangement;
2. the supplier about supplies and supplied quantities of liquid fuels in respect whereof data has been submitted to the Customs Agency that the fuels are released for consumption under the Excise Duties and Warehouses Act;
3. the supplier about supplies reported thereby via its fiscal memory electronic system;
4. the recipient about supplies reported by the supplier via a fiscal memory electronic system and the recipient is an end user;
5. the recipient about supplies reported thereby as received via its fiscal memory electronic system;
6. (repealed, SG No. 107/2014, effective 1.01.2015).

(12) (New, SG No. 107/2014, effective 1.01.2015) Where the revenue authorities establish that a final distributor sells liquid fuels from a commercial outlet and has no fixed underground storage tanks for the fuel or tanks permanently attached to the grounds, they shall immediately inform the competent authorities to take action on the violations found.

(13) (New, SG No. 107/2014, effective 1.01.2015) Paragraph 12 shall not apply to sales of liquid fuels for river and maritime transport.

## 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) (Amended, SG No. 105/2014, effective 1.01.2015) A person registered in pursuance of Article 154 or Article 156 shall keep an electronic register of the supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services effected thereby on which recipients are non-taxable persons. The following information on any effected supply shall be specified in the register:

1. member state of consumption;
2. type and quantity of the service provided;
3. date on which the chargeable event for the supply occurred;
4. number and date of the invoice, if such invoice has been issued on the supply, as well as other information contained therein;
5. the taxable amount, stating the currency applied;
6. any subsequent increase or decrease of the taxable amount;
7. rate of tax as applicable;
8. the amount of the tax, stating the currency applied;
9. the date and amount of payments received, and the method of payment;
10. all advance payments;
11. name, mailing address and emails of the client, where these are known by the taxable person;

12. information used for identification of the client's place of establishment or his permanent address or where he usually resides.

(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, amended, SG No. 94/2012, effective 1.01.2013) The electronic register under Paragraph (3) and the report on the purchases under Paragraph (4) effected in the tax period shall be drawn up not later than the last day of the tax period.

## **Chapter Twelve**

### **OTHER OBLIGATIONS**

#### Storage of Documents

**Article 121.** (1) (Supplemented, SG No. 101/2013, effective 1.01.2014) 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 in the original.

(2) (Amended and supplemented, SG No. 94/2012, effective 1.01.2013) 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. Where the tax documents are stored by electronic means, taxable persons shall furthermore store within the time limit under Paragraph (1) the data ensuring the authenticity of origin and the integrity of their content.

(3) (Amended, SG No. 94/2010, effective 1.01.2011) 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 documents for importation.

#### Right of Access to Tax Documents Stored by Electronic Means State

**Article 122.** (Amended, SG No. 94/2012, effective 1.01.2013) When the taxable person stores by electronic means that ensure on-line access to electronic invoices and electronic notifications to invoices issued or received thereby, the said person shall be obligated to ensure the competent revenue authorities (on-line) access by electronic means to the data stored to:

1. the competent revenue authorities - where the person is established on the territory of the country and where the person is not established on the territory of the country but the tax on the supply is due in Bulgaria;
2. the competent authorities of the member state where the tax is due - where the person is established on the territory of the country and the tax on the supply is due in another member state.

**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-European Union 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, amended, SG No. 95/2009, effective 1.01.2010) The registered person shall be obligated to show the tax documents received thereby in the purchase day book not later than until the twelfth 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) (Amended, SG No. 105/2014, effective 1.01.2015) 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 159b herein.
- (2) (Amended, SG No. 95/2009, effective 1.01.2010) A registered person, who has effected intra-European Union supplies, supplies as an intermediary in a triangular operation or supplies of services under Article 21, paragraph 2 with the place of supply within the territory of another Member State for the tax period, shall submit a VIES 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.
- (10) (New, SG No. 95/2009, effective 1.01.2010) In the cases under Article 111, paragraph 2, item 5, the registered person shall submit a single return for the tax period, covering the supplies by the person until the deregistration date, including those after the date of a subsequent registration.
- (11) (New, SG No. 94/2010, effective 1.01.2011) When a return is filed under Paragraph 2, the said return, the return under Paragraph 1 and the ledgers of account under Paragraph 3 shall be submitted mandatorily by electronic means under the terms and according to the procedure of the Tax Insurance Procedures Code. When the tax return, VIES-return and the ledgers of account are submitted by electronic means, Paragraph 6 shall not be applied.
- (12) (New, SG No. 99/2011, effective 1.01.2012) When any of the ledgers of account under Article 124 contains more than five entries for the respective period, the tax return under Paragraph 1 and the ledgers under Paragraph 3 shall be mandatorily submitted electronically under the terms and procedure of the Tax Insurance Procedure Code. When the tax return and the ledgers are submitted electronically, Paragraph 6 shall not apply.

#### 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/mandatory) 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/mandatory 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/mandatory 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/mandatory and the principal/mandator; the taxable amount of such supply shall be the compensation of the commission agent/mandatory, 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/mandatory 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 retains 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) (Amended, SG No. 106/2008, effective 1.01.2009) The chargeable event for the supplies referred to in Paragraph (1) shall occur under the general rules of law.

(3) (New, SG No. 106/2008, effective 1.01.2009) The supply referred to in Paragraph (1) with an earlier date of occurrence of a chargeable event shall be deemed an advance payment (in full or in part) on the second supply.

(4) (New, SG No. 94/2012, effective 1.01.2013) For the purposes of Paragraph (3) the value of the taxable amount for the received prepayment shall be the value of the taxable amount of the supply from an earlier date.

## 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) (Amended, SG No. 94/2010, effective 1.01.2011) 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 owner of the item, the debtor, the pledger or the owner of the mortgaged property respectively 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. (amended, SG No. 99/2011, effective 1.01.2012) to pay the tax payable under the sale by crediting a bank account of the National Revenue Agency territorial directorate which shall be competent for the bailiff or the pledgee or to the bank account of the respective National Revenue Agency territorial directorate within the area of operation of the public enforcement agent;
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 owner of the item, and one copy for the recipient (buyer);
3. to provide the document referred to in Item 2 to the owner of the item and to the recipient within three days after the issuing of the said document;
4. to notify the competent National Revenue Agency territorial directorate whereat the owner of the item 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.

When determining the taxable amount, Article 27 shall not be applied.

(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.

(5) (New, SG No. 113/2007) In case the competent court repeals the public auction or sale under Paragraph (1) the remitted tax on the auction/sale shall be refunded according to a procedure set out by the Regulations for Application of this Act.

## **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) (Supplemented, SG No. 94/2012, effective 1.01.2013) 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 or entry in the BULSTAT Register.

(3) (Supplemented, SG No. 94/2012, effective 1.01.2013) 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 or entry in the BULSTAT Register.

(4) (Amended, SG No. 94/2012, effective 1.01.2013) 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 45th 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) (Amended, SG No. 108/2007) 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 under Article 8 of the Tax Social-Insurance Procedure Code.

(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 obligated to designate a new accredited representative within 14 days after the date of occurrence of the intervening circumstances.

(5) (Amended, SG No. 105/2014, effective 1.01.2015) Paragraphs (1) to (4) shall not apply to any non-resident persons who have selected to register in pursuance of Article 154 for applying a regime outside the Union.

(6) (New, SG No. 95/2009, effective 1.01.2010) Where a person under paragraphs 1 and 2 is established in another Member State or in a third country with which this country has signed legal assistance instruments, the registration shall follow the general rules. A foreign person may designate an accredited representative and, in such cases, the provisions of paragraph 4 shall not apply.

(7) (New, SG No. 95/2009, effective 1.01.2010) The revenue authority may register under Article 102 also a person meeting the requirements under paragraphs 1 and 2, including when the person has filed an application for registration within the prescribed time limit but has not designated an accredited representative.

#### 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) (Amended, SG No. 95/2009, effective 1.01.2010) 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 may 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) (Amended, SG No. 108/2007) Only a natural person capable of performing juridical act with permanent address or permanently residing only 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) (Supplemented, SG No. 95/2009, effective 1.01.2010) The accredited representative shall incur solidary and unlimited liability for the obligations under this Act of the registered non-resident person, except for the cases under Article 133, paragraph 6.

## PART EIGHT SPECIAL TAXING ARRANGEMENTS



# Chapter Sixteen

## SERVICES TO TOURISTS

### Supply of Single Service to Tourists

**Article 136.** (Amended, SG No. 99/2011, effective 1.01.2012) (1) The provision by a tour operator, acting in his own name, of goods or services in connection with the journey of a traveller, for the carrying out of which goods or services for the direct benefit of the traveller 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 traveller shall be the goods and services which the tour operator has received from other taxable persons and has provided to the traveller without alteration.

(3) The provisions of this Chapter shall not apply in respect of:

1. the supplies of travel agents when they act on behalf and for the account of another person;
2. a supply by a tour operator to another tour operator.

### Place of Transaction of Single Service to Tourists

**Article 137.** (Amended, SG No. 99/2011, effective 1.01.2012) The place of transaction of a single service to tourists shall be the place where the tour operator 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) (Amended, SG No. 99/2011, effective 1.01.2012) The date of occurrence of the chargeable event for the supply of a single service to tourists shall be the date on which the traveller 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) (Amended, SG No. 99/2011, effective 1.01.2012) 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 has received or will receive from the traveller or from 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 from other taxable persons for the direct benefit of the traveller, 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) (Amended, SG No. 99/2011, effective 1.01.2012) 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 traveller, shall have a place of transaction within the territory of third countries and territories.

(2) (Amended, SG No. 99/2011, effective 1.01.2012) Where only part of the supplies of goods and services referred to in Paragraph (1) which are for the direct benefit of the traveller 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

**Article 141.** (Amended, SG No. 99/2011, effective 1.01.2012) The tour operator 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 traveller.

#### Charging Tax and Documenting Supply of Single Service to Tourists

**Article 142.** (1) (Amended, SG No. 94/2012, effective 1.01.2013) The tax on the supply of a single service to tourists shall be charged by the issuing of a memorandum, and recorded in the invoice and the notification to it shall be "regime of margin taxation - tourist services".

(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, amended, SG No. 95/2009, effective 1.01.2010) 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 or from the territory of another Member State by:

1. a non-taxable person;
2. (supplemented, SG No. 94/2012, effective 1.01.2013) another taxable person registered under this Act, where the subject of the supply is an exempted good under Article 50 (1) herein or persons registered for VAT purposes in another Member State who are exempted from taxation under the laws of the respective country on equivalent grounds;
3. another taxable person who is not registered under this Act or a taxable person from a Member State who is not registered for VAT purposes, where the subject of the supply is goods representing fixed assets within the meaning of the relevant accountancy law;
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-European Union 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) (Repealed, SG No. 95/2009, effective 1.01.2010).

(3) (Repealed, SG No. 95/2009, effective 1.01.2010).

(4) (Repealed, SG No. 95/2009, effective 1.01.2010).

(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.

(6) (New, SG No. 99/2011, effective 1.01.2012) The dealer shall have the right to deduct credit for input tax in respect of second-hand goods imported thereby under the general procedure of this Act.

(7) (New, SG No. 99/2011, effective 1.01.2012) The dealer shall have the right to deduct credit for input tax in respect of imported works of art, collectors' items and antiques or works of art provided to him by the author or his heirs, under the general procedure of this Act, provided that he has not exercised his right of option under Article 143 (3).

### Documenting Supply of Goods under Special Arrangements for Taxing Margin

**Article 148.** (1) (New, SG No. 94/2012, effective 1.01.2013) The dealer shall write down in the invoice and in the notification to the invoice "regime of margin taxation - second hand goods" or "regime of margin taxation - works of art" or "regime of margin taxation - objects for collections and antique items".

(2) (Previous Article 148, SG No. 94/2012, effective 1.01.2013) 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).

**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) (Amended, SG No. 95/2009, effective 1.01.2010) The taxable amount of the supply shall be determined according to the procedure established by Articles 26 and 27 herein.

(4) (Amended, SG No. 99/2011, effective 1.01.2012) In the cases referred to in Paragraph (1) for the goods to which Article 143 (3) applies, the right to credit for input tax 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 Seventeen "a"**

### **VALUE ADDED TAX SPECIAL CASH ACCOUNTING REGIME**

**(New, SG No. 101/2013, effective 1.01.2014)**

#### General Provisions

**Article 151a.** (New, SG No. 101/2013, effective 1.01.2014) (1) The persons registered under Articles 96, 97 and 100 (1) may apply a value added special cash accounting regime, hereinafter referred to as "special regime", if they meet simultaneously the following conditions:

1. have a taxable turnover not exceeding the lev equivalent amount of 500,000 euro, realized for a period not exceeding the last 12 successive months before the current month; the taxable turnover shall be determined in accordance with Article 96;
2. have no effective tax assessment act under Article 122 of the Tax Insurance Procedure Code and/or for liability under Article 177;
3. have no chargeable and unpaid tax liabilities and liabilities for social-insurance contributions under effective acts, and in case of existing liabilities they have provided security or a permit for deferral or rescheduling has been granted thereto.

(2) Upon applying the special regime to supplies in respect whereof a chargeable event has occurred, the tax shall become chargeable on the date of receipt of the whole payment or of a partial payment proportionate to the required payment. The regime shall apply to all supplies of goods or services with the exception of:

1. importation of goods;
2. intra-Community acquisitions of goods;
3. intra-Community supplies of goods;
4. supplies to persons not registered under this Act;
5. tax-exempt supplies;
6. supplies with place of transaction outside the territory of the country;

7. supplies of services with place of transaction on the territory of the country in respect whereof the tax is chargeable on the recipient of the goods;
8. supplies under lease contract under Item 3 of Article 6 (2);
9. supplies in respect whereof part eight applies, except for this chapter;
10. supplies of goods and services in respect whereof the consideration is not paid via bank transfer, including credit transfer, direct debit or cash transfer effected through a payment service provider within the meaning of the Payment Services and Payment Systems Act, or via postal transfer effected through a licensed postal operator making money transfers within the meaning of the Postal Services Act;
11. supplies chargeable at the zero tax rate under chapter three;
12. supplies between related parties;
13. chargeable supplies in respect whereof the whole payment is made, including the tax for the supply, including the tax hereunder, before or on the date of occurrence of the chargeable event.

(3) For application of the special regime a permit shall be granted by the National Revenue Agency authorities.

(4) For obtaining a permit for application of the special regime the person referred to in Paragraph (1) shall submit to the competent territorial directorate of the National Revenue Agency a written request in standard form set out in the Regulations for Application of this Act. The request for application of the special regime shall be submitted in accordance with the procedure for submission of applications under Article 101.

(5) Within the time limits under Article 101 (6) and (7), the revenue authority shall perform verification and shall issue an act confirming or reasonably refusing to issue a permit for application of the special regime. The permit shall be issued on the date of serving the act referred to in Article 101 (7).

(6) The National Revenue Agency shall refuse to issue a permit under Paragraph 5 should it establish that any of the conditions referred to in Paragraph 1 has not been fulfilled.

(7) The National Revenue Agency may refuse to issue a permit under Paragraph 5 should it establish that a circumstance under Article 176 exists.

(8) For the persons referred to in Paragraph 1 the National Revenue Agency shall create and maintain a special public register which is part of the register under Article 80 (1) of the Tax Social Insurance Procedure Code.

(9) The revenue authority shall record the person in the special public register under Paragraph 8 on the day of issuance of the permit for application of the special regime.

#### Application and Termination of the Special Regime

**Article 151b.** (New, SG No. 101/2013, effective 1.01.2014) (1) A person who has obtained a permit under Article 151a (5) shall apply the special regime from the first day of the month following the month of obtaining the permit.

(2) When the conditions under Article 151a (1) exist, the person who has obtained a permit for application of the special regime may take actions for termination of the application of the regime upon expiry of 12 months effective from the month following the month of issuing the permit.

(3) When one of the conditions under Article 151a (1) does not exist, the person who has obtained a permit for application of the special regime shall take actions to terminate the application of the regime.

(4) For termination of the application of the special regime under Paragraphs 2 and 3 the person shall submit to the competent territorial directorate of the National Revenue Agency a request for termination of the application of the special regime in standard form determined in the Regulations for Application of this Act. In the cases under Paragraph 3 the request shall be submitted within 7 days from occurrence of the circumstances.

(5) For termination of the application of the special regime under Article 109 (4) and (5) the revenue authority shall make verification and shall issue an act confirming or reasonably refusing to terminate the application of the special regime.

(6) A person who has chosen to apply the general rules for chargeability of the tax under Article 25 after the time limit under Paragraph 2 may request a permit for application of the special regime after expiry of 12 months effective from the beginning of the month following the month of termination of application thereof.

(7) Application of the special regime shall be terminated at the initiative of the revenue authority by issuing an act when:

1. it is established that any of the conditions under Article 151a (1) does not exist and the person has not fulfilled its obligation for submission of a request under Paragraph 4 within the required time limit;

2. the person has deducted a credit for input tax before occurrence of the conditions under Article 151d (1);

3. the person under Paragraph 1 has not issued or recorded the memorandum issued under Article 151c (8) for the value added tax due upon received payment for the supply of goods or services effected thereby in the reporting ledger under Item 2 of Article 124 (1) and in the VAT return under Article 125 for the period for which the tax has become chargeable.

(8) The revenue authority may terminate the application of the special regime for a person who has been granted a permit under Article 151a (5) should it establish that the circumstances under Article 176 apply.

(9) Application of the special regime shall be terminated under Paragraphs 2, 3, 7 and 8 from the day following the serving of the act of termination of the special regime.

(10) The revenue authority shall de-register the person from the special public register under Article 151a (8) on the day of the serving of the act of termination of the special regime.

#### Chargeable Event, Tax Chargeability and Tax Charging

**Article 151c.** (New, SG No. 101/2013, effective 1.01.2014) (1) The chargeable event of a supply in respect whereof the provisions of this chapter apply shall arise in accordance with the general rules hereunder.

(2) A person applying the special regime, on the date of occurrence of the chargeable event under Paragraph 1, shall charge the tax on the supply by:

1. issuing an invoice or notification and specifying the tax on a separate line;

2. specifying the invoice or notification under Item 1 in the sales ledger for the respective tax period and the taxable amount and the amount of the tax shall not be taken into account in the calculation of the result for the tax period.

(3) The tax on the supply under Paragraph 1 shall be chargeable on the date of receipt of the whole payment or of a partial payment on the supply and the person applying the special regime shall record and include in the sales ledger and in the VAT return under Article 125 for that tax period the amount of the tax indicated in the memorandum under Paragraph 8 in determining the result for the respective tax period.

(4) Upon received partial payment on or after the date of the chargeable event, chargeability under Paragraph 3 shall arise only for the portion of the tax charged in the invoice and/or notification under Paragraph 2, which proportionately corresponds to the amount of the partial payment made against the total amount of the payment due at the date of the chargeable event.

(5) For a partial advance payment on a supply under Paragraph 1, which is received before occurrence of the chargeable event, Article 25 (7) shall apply and chargeability shall be effected in accordance with the general procedure of this Act. Upon a partial advance payment received before occurrence of the chargeable event, Paragraph 3 shall apply to the amount of the tax on the difference between the taxable amount on the supply and the amounts paid in advance, excluding the tax hereunder.

(6) When before the start of application of the special regime an invoice has been issued for a partial advance payment on a chargeable supply, the chargeable event in respect whereof occurs after the first day of the month following the month of obtaining the permit for application of the special regime, Paragraph 5 shall apply.

(7) Upon termination of application of the special regime a tax in respect whereof no chargeability under Paragraph 3 has

occurred shall become chargeable on the date of serving of the act of termination of the regime application and the person shall include it in the VAT return under Article 125 in the calculation of the result for the tax period in which the application of the special regime is terminated.

(8) For determination of the tax under Paragraphs 3 and 7 a memorandum shall be issued under the procedure set out in the Regulations for Application of this Act to each of the parties by the supplier - a person applying the special regime. The tax shall be due for the tax period in which it became chargeable.

### Credit for Input Tax

**Article 151d.** (New, SG No. 101/2013, effective 1.01.2014) (1) For the persons under Article 151b (1) the right to deduct credit for input tax for received supply in which the supplier does not apply the special regime shall arise for the tax period in which the whole or partial payment on the supply was made to the supplier and shall be exercised within the time limit under Article 72.

(2) Paragraph 1 shall not apply for the supplies of goods or services which according to Article 151a (2) are excluded from the scope of the special regime. The right to deduct credit for input tax for such supplies shall arise and shall be exercised in accordance with the general rules of the act.

(3) For the persons under Article 151b (1) the right to deduct credit for input tax on a supply for which the supplier applies the special regime and in the invoice is written "cash accounting" shall arise for the tax period in which the whole or a partial payment was made on the supply to the supplier and shall be exercised within the time limit under Article 72.

(4) Upon a partial payment made on or after the date of the chargeable event the right to deduct credit for input tax under Paragraph 1 shall arise for the portion of the tax charged in the invoice and/or notification at the date of the chargeable event, which proportionately corresponds to the amount of the partial payment made against the total amount of the payment due at the date of the chargeable event.

(5) Upon a partial advance payment made prior to occurrence of the chargeable event the right to deduct credit for input tax shall arise in accordance with the general rules of the act. For the tax stated in the invoice and/or notification issued at the date of the chargeable event, determined on the difference between the taxable amount on the supply and the amounts paid in advance, excluding the tax hereunder, Paragraph 1 shall apply.

(6) A person terminating the application of the special regime under the procedure of Article 151b shall have the right to deduct credit for input tax for the tax in respect whereof the said right has not been exercised as a result of the application of Paragraph 1. The right shall arise on the date of serving of the act for the termination of the regime application and shall be exercised within the time limit under Article 72.

(7) For a person terminating the application of the special regime the right to deduct credit for input tax on a supply for which no tax chargeability has arisen in respect of a supplier - a person applying the special regime and in the invoice is written "cash accounting" shall arise in accordance with the procedure of Article 68 (6).

(8) To determine the amount of the tax credit under Paragraphs 1 and 6 a memorandum shall be issued by the recipient - a person under Article 151b (1) in accordance with the procedure set out in the Regulations for Application of this Act. No memorandum shall be issued by the recipient for supplies in respect whereof the supplier has applied Article 151c (8) and in the invoice is written "cash accounting".

### Documenting the Supply

**Article 151e.** (New, SG No. 101/2013, effective 1.01.2014) (1) The effected supplies for which chargeability of the tax under Article 151c (3) has not occurred shall be documented by stating "cash accounting" in the invoice and in the notification thereto.

(2) Paragraph 1 shall not apply to goods which are excluded from the scope of the special regime in accordance with Article 151a (2).



(3) Documenting and reporting of supplies under the special regime shall be effected in accordance with a procedure set out in the Regulations for Application of this Act.

## **Chapter Eighteen**

**(Repealed, new, SG No. 105/2014, effective 1.01.2015)**

### **SPECIAL REGIMES OF TAXATION OF SUPPLIES OF TELECOMMUNICATION SERVICES, RADIO AND TV SERVICES AND ELECTRONICALLY SUPPLIED SERVICES ON WHICH RECIPIENTS ARE NON-TAXABLE PERSONS**

**(Title amended, SG No. 94/2010, effective 1.01.2011, SG No. 105/2014, effective 1.01.2015)**

## **Section I**

**(New, SG No. 105/2014, effective 1.01.2015)**

### **General Provisions**

#### Scope of Special Regimes

**Article 152.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) (1) The provisions of this chapter shall apply to supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services on which recipients are non-taxable persons which are established, have their permanent address or usually reside within the territory of a member state, where the supplier:

1. is a taxable person not established in the member state of consumption, and
2. has selected to register for application of one of the special regimes under Paragraph (2) in the country or in another member state.

(2) The special regimes under this chapter shall be: a regime outside the Union where the supplier of the services under Paragraph (1) is not established within the territory of the European Union, and a regime in the Union where the supplier of the services under Paragraph (1) is established within the territory of the European Union.

(3) A person registered in another member state for application of a regime in the Union and which has no fixed establishment within the territory of the country shall apply such a regime for supplies of telecommunication services, radio and TV broadcasting services or electronically supplied services with place of transaction within the territory of the country and on which the recipient is a non-taxable person.

(4) A person registered in another member state for application of a regime in the Union and which has no fixed establishment

within the territory of the country shall apply such a regime for supplies of telecommunication services, radio and TV broadcasting services or electronically supplied services with place of transaction within the territory of the country and on which the recipient is a non-taxable person.

(5) A person effecting supplies of telecommunication services, radio and TV broadcasting services or electronically supplied services with place of transaction within the territory of the country and on which recipients are non-taxable persons and the said person is not registered for application of any of the regimes within the country or in other member state shall not apply the provisions of this chapter.

#### Supplies Outside the Union, Effected by a Person Registered for Application of This Regime

**Article 153.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) (1) A person registered pursuant to Article 156 for application of a regime in the Union for supplies with place of transaction within the territory of the country under Article 21 (6), including where the supplies are effected from a fixed establishment within the territory of another member state, shall apply the general rules of this Act in respect of such supplies.

(2) A person registered pursuant to Article 156 for application of a regime in the Union shall not apply this regime for supplies with place of transaction within the territory of another member state under Article 21 (6) where the person has a fixed establishment within such member state, regardless of whether the supplies are effected from such an establishment. For said supplies the person shall apply the legislation of the member state in which the fixed establishment is located.

## Section II

**(New, SG No. 105/2014, effective 1.01.2015)**

### **Registration and Deregistration for Application of a Regime Outside the Union**

#### Special Registration

**Article 154.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) (1) Entitled to register under this section shall be a taxable person for which the following conditions apply simultaneously:

1. effects supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services on which recipients are non-taxable persons which are established, have their permanent address or usually reside within the territory of a member state, including the country;
2. the said person is not established within the territory of the European Union;
3. the said person is not registered and has no obligation to register for VAT purposes within the territory of the country on a ground other than Article 97b, or within the territory of another member state on a ground other than the ground for provision of the services under Item 1;

4. the said person is not registered for application of such special regime in another member state;

5. there is no effective restriction under Article 10.

(2) (Effective 19.12.2014 - SG No. 105/2014) The right referred to in Paragraph (1) shall be exercised by the person submitting an application for registration according to a standard form set out in the Regulations for Application of this Act to the Sofia Territorial Directorate of the National Revenue Agency. The application shall be submitted electronically via the dedicated WEB-based application at the website of the National Revenue Agency by entering the data in the application.

(3) Together with the application referred to in Paragraph (2), the person shall provide at least the following information:

1. name, mailing address, electronic addresses, including Internet sites of the person;

2. identification number for the purposes of tax registration, if any;

3. electronic declaration that it is not registered for VAT purposes in a member state;

4. a bank account of the person in Euro;

5. identification numbers from previous registrations of the person for application of a regime outside the Union and a regime in the Union, if any.

(4) Within 7 days from receipt of the application under Paragraph (2) the revenue authority shall verify the grounds for registration for application of a regime outside the Union. 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 reasons for such refusal. Delivery of the act to the person under Paragraph (1) shall be effected electronically by an electronic message.

(5) The first day of the quarter following the calendar quarter of submitting the application under Paragraph (2) shall be considered to be a date of registration.

(6) Identification number for the purposes of registration for application of the regime outside the Union shall be the official identification number under Article 84 (3) of the Tax and Social-Insurance Procedure Code bearing the EU sign in front.

(7) The date of the first supply shall be considered to be a date of registration, where the first supply of the services under Item 1 of Paragraph 1 is effected before the date under Paragraph 5, provided that the taxable person has submitted an application for registration under Paragraph 2 not later than the 10th day of the month following the date of the first supply.

(8) Upon a change in the details of a submitted application under Paragraph 2, the person shall submit electronically an application for update not later than the 10th day of the month following the occurrence of the change.

(9) A person registered in another member state for application of the regime outside the Union may register on the grounds of this Article by submitting an electronic application under Paragraph 2 not later than the 10th day of the month following the date of change specified thereby, notifying the other member state of the change within the same time limit. In these cases, the date of registration shall be the date of the change.

(10) Restriction on registration for the regime outside the Union shall be effective:

1. until expiry of 6 months from the date of termination of the application of the regime outside the Union in any member state, where the person has voluntarily waived his registration for application of the said regime;
2. until expiry of 6 months from the date of termination of the application of the regime outside the Union in any member state owing to the fact that the person has notified such member state that he shall no longer effect the supplies under Item 1 of Paragraph 1;
3. until expiry of two years from the date of termination in any member state of identification of application of a regime outside the Union or a regime in the Union due to a systematic failure by the person to comply with the obligations for the application of the respective regime.

(11) Item 1 of Paragraph 10 shall apply in case of non-compliance with the time limit under Paragraph 9.

#### Termination of Special Registration

**Article 155.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) (1) The registration for application of the regime outside the Union shall be terminated at the person's initiative where:

1. the person no longer effects supplies of telecommunication services, radio and TV broadcasting services or electronically supplied services;
2. the person no longer fulfils the conditions under Article 154 (1) herein.
3. the person opts for applying the regime outside the Union.

(2) The person shall terminate the registration under Paragraph (1) by submitting an application for deregistration according to a standard form set out in the Regulations for Application of this Act to the Sofia Territorial Directorate of the National Revenue Agency. The application shall be submitted electronically via the dedicated WEB-based application at the website of the National Revenue Agency by entering the data in the application.

(3) In the cases under Items 1 and 2 of Paragraph 1 the person shall submit an application for deregistration not later than the 10th day of the month following the month in which the respective circumstance arises.

(4) In the cases under Item 3 of Paragraph 1 the person shall submit an application for deregistration not later than 15 days before the end of the quarter preceding the calendar quarter from which he does not wish to apply the regime.

(5) Within 7 days from receipt of the application for deregistration under Paragraph 2 the revenue authority shall verify the grounds for deregistration of the application of a regime outside the Union. 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. Delivery of the act to the person whose registration for application of the regime is terminated shall be effected electronically by an electronic message.

(6) In the cases under Items 1 and 2 of Paragraph 1 the date of deregistration of application of the regime outside the Union shall be the first day of the quarter following the calendar quarter of sending the electronic message for issuance of the act of deregistration, and in the cases under Item 3 of Paragraph 1 the date of deregistration of application of the regime outside the Union shall be the first day of the quarter following the calendar quarter of submitting the application for deregistration.

(7) Registration for application of the regime outside the Union shall be terminated at the initiative of the revenue authority by issuing an act of deregistration, where it is established that the person:

1. has not effected any supplies of telecommunication services, radio and TV broadcasting services or electronically supplied services in eight consecutive tax periods and has not submitted an application for deregistration of application of the regime, or

2. does not fulfil the conditions under Article 154 (1) herein, or

3. systematically fails to comply with the provisions of the regime outside the Union.

(8) Systematic failure to comply with the provisions of the regime outside the Union exists where:

1. pursuant to Article 159b (11) the National Revenue Agency has sent reminders to the person registered for application of the regime for the last three preceding tax periods and the VAT return under Article 159b (4) for each tax period has not been submitted within 10 days after sending of a reminder;

2. pursuant to Article 159b (11) the National Revenue Agency has sent reminders to the person registered for application of the regime for the last three preceding tax periods and the total amount of the declared tax for each tax period has not been paid by the person within 10 days after sending of a reminder, except for the case where the outstanding tax amount is less than EUR 100 for each tax period;

3. upon request by a revenue authority or a competent tax authority of a member state of consumption and one month after sending a relevant reminder by the National Revenue Agency the person has not submitted the ledgers of account under Article 120 (3);

4. the person registered for application of the regime has stated false information under Article 159b (7) in two or more VAT

returns submitted, thereby considerably decreasing the tax due.

(9) In the cases under Paragraph 7, delivery of the act to the person whose registration for application of the regime is terminated shall be effected electronically by an electronic message. In these cases, the date of deregistration of the person for application of the regime outside the Union shall be the first day of the quarter following the calendar quarter of sending of the message.

(10) A person registered pursuant to Article 154 may be registered for said regime in another member state by submitting an electronic application for deregistration to the Sofia Territorial Directorate of the National Revenue Agency in accordance with the procedure referred to in Paragraph 2, not later than the 10th day of the month following the date of the change specified thereby. The person shall notify the member state of the change within the same time limit. In these cases, the date of deregistration shall be the date of the change.

### **Section III**

**(New, SG No. 105/2014, effective 1.01.2015)**

### **Registration and Deregistration for Application of a Regime in the Union**

#### Special Registration

**Article 156.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) (1) The right to register for application of the regime in the Union shall be a taxable person registered pursuant to Articles 96, 98 or Article 100 (1) or (3), for which the following conditions shall apply simultaneously:

1. the person effects supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services on which recipients are non-taxable persons which are established, have their permanent address or usually reside within the territory of another member state in which the taxable person has no fixed establishment;
2. the person is established by seat and registered office within the territory of the country or, where the person is not established by seat and registered office within the territory of the European Union, is established by fixed establishment within the territory of the country;
3. the person is not registered for application of the said regime in another member state, where the person is established by fixed establishment within the territory of the country;
4. there is no effective restriction on application under Paragraph 12.

(2) (Effective 19.12.2014 - SG No. 105/2014) The right referred to in Paragraph 1 shall be exercised by the person by submitting an application for registration according to a standard form set out in the Regulations for Application of this Act to the competent territorial directorate of the National Revenue Agency. The application shall be submitted electronically in accordance with the procedure laid down in the Tax Social-Insurance Procedure Code with a qualified electronic signature via the dedicated WEB-based application at the website of the National Revenue Agency by entering the data in the application.

(3) Together with the application referred to in Paragraph (2), the person shall provide at least the following information:

1. name, mailing address, electronic addresses, including websites of the person;

2. a bank account of the person in Euro;

3. identification numbers for VAT purposes in other member states;

4. fixed establishments within the territory of other member states;

5. identification numbers from previous registrations of the person for application of a regime outside the Union and a regime in the Union, if any.

(4) Within 7 days from receipt of the application under Paragraph (2) the revenue authority shall verify the grounds for registration for application of the regime in the Union. Within 7 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 reasons for such refusal. Delivery of the act to the person under Paragraph (1) shall be effected electronically by an electronic message.

(5) The first day of the quarter following the calendar quarter of submitting the application under Paragraph (2) shall be considered to be a date of registration.

(6) The identification number for the purposes of registration for application of the regime in the Union shall be the identification number under Article 94 (2).

(7) The date of the first supply shall be considered to be the date of registration, where the first supply of the services under Item 1 of Paragraph (1) is effected before the date under Paragraph (5), provided that the taxable person has submitted an application for registration under Paragraph (2) not later than the 10th day of the month following the date of the first supply.

(8) Upon a change in the data of a submitted application under Paragraph (2), the person shall submit electronically an application for update not later than the 10th day of the month following the occurrence of the change.

(9) A person registered in another member state for application of the regime in the Union, which is not established by seat and registered office within the territory of the European Union but has fixed establishment both within the territory of the country and within the territory of another member state, subject to compliance with the conditions under Paragraph (1), may register under this Article after expiry of two years following the year of registration for application of the regime in the Union in the other member state.

(10) A person registered in another member state for application of the regime in the Union, which relocates its place of

establishment by set and registered office to the territory of the country or where it is not established by seat and registered office within the territory of the European Union, relocates its fixed establishment to the territory of the country, subject to compliance with the conditions under Paragraph (1), may register pursuant to this Article.

(11) In the cases referred to in Paragraphs (9) and (10) the date of registration shall be considered to be the date of the change, if the person submits an application for registration under Paragraph (2) not later than the 10th day of the month following the change, and notifies the member state of identification of the change within the same time limit.

(12) Restriction on registration for the regime in the Union shall be effective:

1. until expiry of 6 months from the date of termination of the application of the regime in the Union in any member state, where the person has voluntarily waived his registration for application of the said regime;

2. until expiry of 6 months from the date of termination of the application of the regime in the Union in any member state owing to the fact that the person has notified such member state that it shall no longer effect the supplies under Item 1 of Paragraph (1);

3. until expiry of two years from the date of termination in any member state of identification of application of a regime outside the Union or a regime in the Union due to a systematic failure by the person to comply with the obligations for the application of the respective regime.

(13) Item 1 of Paragraph (12) shall apply in case of failure to comply with the requirements of Paragraph (11).

#### Termination of Special Registration

**Article 157.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) (1) The registration for application of the regime in the Union shall be terminated at the person's initiative, where:

1. the person no longer effects supplies of telecommunication services, radio and TV broadcasting services or electronically supplied services;

2. the person no longer fulfils the conditions under Article 156 (1) herein.

3. the person opts for not applying the regime in the Union.

(2) The person shall terminate the registration under Paragraph (1) by submitting an application for deregistration according to a standard form set out in the Regulations for Application of this Act to the competent territorial directorate of the National Revenue Agency. The application shall be submitted electronically in accordance with the procedure laid down in the Tax Social-Insurance Procedure Code with a qualified electronic signature via the dedicated WEB-based application at the website of the National Revenue Agency by entering the data in the application.



(3) In the cases under Items 1 and 2 of Paragraph (1) the person shall submit an application for deregistration not later than the 10th day of the month following the month in which the respective circumstance arises.

(4) In the cases under Item 3 of Paragraph (1) the person shall submit an application for deregistration not later than 15 days before the end of the quarter preceding the calendar quarter from which the person does not wish to apply the regime.

(5) Within 7 days from receipt of the application for deregistration under Paragraph(2) the revenue authority shall verify the grounds for deregistration of the application of the regime in the Union. 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 the reasons for such refusal. Delivery of the act to the person whose registration for application of the regime is terminated shall be effected electronically by an electronic message.

(6) In the cases under Items 1 and 2 of Paragraph (1) the date of deregistration of application of the regime in the Union shall be the first day of the quarter following the calendar quarter of sending of the electronic message for issuance of the act of deregistration, and in the cases under Item 3 of Paragraph (1) the date of deregistration of application of the regime in the Union shall be the first day of the quarter following the calendar quarter of submitting the application for deregistration.

(7) Registration of application of the regime in the Union shall be terminated at the initiative of the revenue authority by issuing an act of deregistration, where it is established that the person:

1. has not effected any supplies of telecommunication services, radio and TV broadcasting services or electronically supplied services in eight consecutive tax periods and has not submitted an application for deregistration of application of the regime, or

2. does not fulfil the conditions under Article 156 (1) herein, or

3. systematically fails to comply with the provisions of the regime in the Union.

(8) Systematic failure to comply with the provisions of the regime in the Union exists where:

1. pursuant to Article 159b (11) the National Revenue Agency has sent reminders to the person registered for application of the regime for the last three preceding tax periods and the VAT return under Article 159b (4) for each tax period has not been submitted within 10 days after the sending of a reminder;

2. pursuant to Article 159b (11) the National Revenue Agency has sent reminders to the person registered for application of the regime for the last three preceding tax periods and the total amount of the declared tax for each tax period has not been paid by the person within 10 days after sending of the reminder, except for the case where the outstanding tax amount is less than EUR 100 for each tax period;

3. upon request by a revenue authority or a competent tax authority of a member state of consumption and one month after sending of a relevant reminder by the National Revenue Agency the person has not submitted the ledgers of account under Article 120 (3);

4. the person registered for application of the regime has stated false information under Article 159b (7) and (8) in two or more VAT returns submitted, thereby considerably decreasing the tax due.

(9) In the cases under Paragraph (7), delivery of the act to the person whose registration for application of the regime is terminated shall be effected electronically by an electronic message. In these cases, the date of deregistration of the person for application of the regime in the Union shall be the first day of the quarter following the calendar quarter of sending of the message.

(10) A person registered pursuant to Article 156, which is not established by seat and registered office within the territory of the European Union but has fixed establishment both within the territory of the country and within the territory of another member state, may register for application of the regime in the other member state after expiry of two years effective from the beginning of the year following the year of registration.

(11) A person registered pursuant to Article 156, which relocates its place of establishment by seat and registered office to the territory of another member state or if it is not established by seat and registered office within the territory of the European Union and relocates its fixed establishment to the territory of another member state or establishes its seat and registered office within the territory of another member state, shall terminate its registration under this Article.

(12) In the cases under Paragraphs (10) and (11), the date of deregistration under this Article shall be considered to be the date of the change, if the person submits an application for deregistration under Paragraph (2) not later than the 10th day of the month following the change and notifies the other member state of the change.

## **Section IV**

**(New, SG No. 105/2014, effective 1.01.2015)**

### **Taxation of Supplies of Telecommunication Services, Radio and TV Broadcasting Services and Electronically Supplied Services**

#### Place of Transaction of Supplies

**Article 158.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) The place of transaction of supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services by a person registered under this Chapter shall be determined in accordance with Article 21 (6) herein.

#### Taxable Amount, Date of Occurrence of Chargeable Event and Chargeability of Tax

**Article 159.** (Repealed, new, SG No. 105/2014, effective 1.01.2015) 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 by the legislation of the member state of consumption.

(2) A person registered for application of the regime outside the Union or the regime in the Union shall charge the value added tax due for the effected supply within the scope of the respective regime by:

1. including the amount of the tax upon assessment of the net tax in the VAT return for application of a special regime for the relevant tax period in the member state of identification;
2. stating the information on the supply in the electronic register kept thereby in accordance with the legislation of the member state of identification.

#### Rate of Tax and Documenting of Supplies

**Article 159a.** (New, SG No. 105/2014, effective 1.01.2015) (1) The rate of tax of the supplies under this Chapter shall be the applicable rate of tax in the member state of consumption.

(2) For documenting the supplies of services under this Chapter the legislation of the member state of consumption shall apply.

#### Tax Period, VAT Return for Application of Special Regime and Remittance of Tax

**Article 159b.** (New, SG No. 105/2014, effective 1.01.2015) (1) The tax period for the persons registered under this Chapter shall be quarterly and shall coincide with the calendar quarter.

(2) In the cases under Article 154 (7) and Article 156 (7) the first tax period shall cover the period from the date of the first supply to the end of the calendar quarter.

(3) In the cases under Article 154 (9) and Article 156 (11) the first tax period shall cover the period from the date of the change to the last day inclusive of the calendar quarter in which the change occurred. Under Article 155 (10) and Article 157 (12) respectively, the last tax period shall cover the period from the first day of the calendar quarter in which the change occurred to the date of the change inclusive.

(4) A person registered pursuant to Article 154 or Article 156 shall submit a VAT return for application of a special regime according to a standard form specified in the Regulations for Application of this Act for each tax period by the 20th day of the month following the tax period, regardless of whether it has effected any supplies in the period. If the 20th day of the month is a non-working day, Article 22 (7) of the Tax Social-Insurance Code shall not apply.

(5) The VAT return referred to in Paragraph (4) shall be submitted electronically to the competent territorial directorate under Section II or Section III of this Chapter via the dedicated WEB-based application at the website of the National Revenue Agency. Persons registered pursuant to Article 156 shall submit the VAT return electronically in accordance with the procedure laid down in the Tax Social-Insurance Procedure Code with a qualified electronic signature by entering the data in the application or by submitting a pre-generated file. The format, structure and validation scheme of the file shall be approved by an order of the executive director of the National Revenue Agency.

(6) The competent territorial directorate under Section II or Section III of this Chapter shall submit electronically to the person a unique incoming number of each VAT return submitted under Paragraph (4), and shall provide the incoming number of the originally submitted VAT return on making adjustments under Article 159e.

(7) The VAT return under Paragraph (4) shall state the identification number of the person for application of the respective regime and, separately for each member state of consumption in which the person has no fixed establishment, shall state the applicable rates of tax, the sum total of the taxable amounts of the effected supplies for which the regime applies and for which the value added tax has become chargeable, the total amount of the tax due at the respective rates of tax and the total amount of the tax due separately for each member state for the relevant tax period.

(8) A person registered pursuant to Article 156, where the person has one or more fixed establishments within the territories of other member states, shall also state the identification numbers for VAT purposes, issued by the member states where such establishments are located, and the information under Paragraph (7) for supplies effected from such fixed establishments in the respective tax period for which the value added tax at the applicable rates of tax is chargeable and with place of transaction within the territory of another member state of consumption in which the person has no fixed establishment.

(9) The amounts referred to in Paragraphs (7) and (8) shall be stated in Euro. For supplies in other currencies, the exchange rate of the last day of the tax period shall be used, applying the exchange rate published by the European Central Bank for such day, or if no exchange rate is published for such day, the exchange rate published on the next day shall be applied.

(10) A person registered pursuant to Article 154 or Article 156 shall remit, within the time limit for submission of the VAT return under Paragraph (4), the total amount of the value added tax chargeable for the respective tax period to Executive Budget Revenue by crediting an account of the National Revenue Agency in Euro. The tax shall be deemed remitted on the date on which the amount is credited to the account. On payment of the amount the person shall state the incoming number of the respective VAT return.

(11) Where a person registered pursuant to Article 154 or Article 156 has failed to submit the VAT return under Paragraph (4) within the required time limit or has failed to remit the tax under Paragraph (10), or has remitted a lower tax amount, the National Revenue Agency shall send electronically a reminder to the person on the 10th day following the day on which the VAT return should have been submitted or the tax amount should have been remitted. Subsequent actions for determination and collection of the tax after the National Revenue Agency has sent the reminder shall be performed by the competent tax authorities of the member state of consumption.

(12) In the cases referred to in Paragraph (11) the VAT return shall be submitted in accordance with Paragraph (5) until expiry of three years from the date on which the VAT return should have been submitted. Upon expiry of said time limit the VAT return shall be submitted in the respective member state of consumption.

(13) After the competent tax authorities of another member state of consumption undertake actions in accordance with Paragraph (11), the tax due for that member state for the respective tax period shall be remitted to an account of the said member state.

(14) The VAT return under Paragraph (4) shall not state supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services if said services are exempt under the legislation of the member state of consumption, as well as supplies outside the scope of the regime in the Union under Article 153.

#### Credit for Input Tax

**Article 159c.** (New, SG No. 105/2014, effective 1.01.2015) (1) A person registered pursuant to Article 154 or registered in

another member state for application of the regime outside the Union shall have the right to refund value added tax for received supplies of goods and/or services with place of transaction within the territory of the country in relation to supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services effected thereby, on which recipients are non-taxable persons, in accordance with the procedure set out in Article 81 (2) for persons which are not established within the territory of the Union.

(2) A person registered pursuant to Article 156 shall have the right to deduct credit for input tax under the general rules of this Act for received supplies of goods and/or services with place of transaction within the territory of the country.

(3) A person registered in another member state for application of the regime in the Union, provided the person is registered under Articles 96, 97, 98 or Article 100 (1) and (3), shall have the right to deduct credit for input tax under the general rules of this Act for received supplies of goods and/or services with place of transaction within the territory of the country.

(4) A person registered in another member state for application of the regime in the Union, provided that he is not registered pursuant to Articles 96, 97, 98 or Article 100 (1) and (3), shall have the right to refund tax under Article 81 (2) provided for persons which are not established in the member state of refund but which are established within the territory of the European Union.

#### Electronic Register

**Article 159d.** (New, SG No. 105/2014, effective 1.01.2015) (1) A person registered pursuant to Article 154 or Article 156 shall keep the electronic register referred to in Article 120 (3).

(2) The information in the register under Article 120 (3) shall be recorded in a manner that allows for its immediate electronic submission in a structured format upon request by a revenue authority or by the competent authorities of the member states of consumption.

(3) The information in the electronic register under Article 120 (3) 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.

#### Adjustments of VAT Return for Application of Special Regime

**Article 159e.** (New, SG No. 105/2014, effective 1.01.2015) (1) Any errors (amounts not shown or shown incorrectly) made in a VAT return submitted for application of a special regime by a person registered pursuant to Article 154 or Article 156 shall be corrected by the said person by making the required adjustments and re-submitting the adjusted VAT return for the same tax period in accordance with Article 159b (5). The adjustments may not be recorded in a VAT return for another tax period.

(2) A debit or credit advice issued for supply shall be recorded in accordance with Paragraph (1), requiring from the person to make the necessary adjustments and re-submit the adjusted VAT return for the tax period in which the supply has been declared in accordance with Article 159b (5).

(3) The adjustments under Paragraphs (1) and (2) shall be made within three years from expiry of the time limit for submission of the VAT return for application of the respective regime, including after termination of its application. Upon expiry of said time limit adjustments in a submitted VAT return shall be made in accordance with the legislation of the respective member

state of consumption.

(4) The tax due as a result of adjustment of a submitted submitted shall be remitted to Executive Budget Revenue by crediting an account of the National Revenue Agency in Euro. On payment of the amount the person shall state the incoming number of the respective VAT return.

#### Refund of Over-paid Tax on VAT Return for Application of Special Regime

**Article 159f.** (New, SG No. 105/2014, effective 1.01.2015) (1) Any over-paid tax on a VAT return for application of a special regime by a person registered pursuant to Article 154 or Article 156 shall be set off or refunded in accordance with the Tax Social-Insurance Procedure Code, unless the over-paid tax has already been transferred to other member states of consumption.

(2) Any tax due on a VAT return for application of a special regime, which has been remitted to Executive Budget Revenue by crediting an account of the National Revenue Agency but which is due in another member state of consumption pursuant to Article 159b (13), shall be set off or refunded to the person under Paragraph (1) in accordance with the Tax Social-Insurance Procedure Code.

(3) Any over-paid tax as a result of adjustment under Article 159e shall be refunded in accordance with the Tax Social-Insurance Procedure Code, provided it has not been transferred to other member states of consumption. Where the over-paid tax has been transferred to other member states of consumption, such tax shall be refunded to the person by the respective member state of consumption in accordance with the adjustment made.

(4) Any over-paid tax on a VAT return submitted in another member state for application of the special regime by a person registered in such member state for application of the regime in the Union or the regime outside the Union, where such over-paid tax has been transferred by the member state or has been remitted by the person to Executive Budget Revenue by crediting an account of the National Revenue Agency, shall be set off or refunded to the person in accordance with the Tax Social-Insurance Procedure Code.

#### Obligations for Effecting Supplies with Place of Transaction within the Territory of the Country by a Person Registered in Another Member State for Application of the Regime outside the Union or the Regime in the Union

**Article 159g.** (New, SG No. 105/2014, effective 1.01.2015) (1) A person registered in another member state for application of a regime outside the Union or a regime in the Union, which effects supply of services with place of transaction within the territory of the country under Article 21 (6), shall declare such supplies by stating them in the VAT return in accordance with the legislation of the member state of identification. A VAT return submitted in a member state of identification shall be considered to be a VAT return submitted under this Act.

(2) A person registered in another member state for application of a regime outside the Union or a regime in the Union, which effects supply of services with place of transaction within the territory of the country under Article 21 (6), shall remit the tax due on the VAT return under Paragraph (1) within the time limit set out in the legislation of the member state of identification. The tax shall be considered remitted on the date of receipt of the tax amount on an account of the member state of identification or, if the tax amount was not received on said account, on the date of receipt thereof in the Executive Budget Revenue on an account of the National Revenue Agency.

(3) A person registered in another member state for application of a regime outside the Union or a regime in the Union, which effects supply of services with place of transaction within the country under Article 21 (6), shall submit upon request by a revenue authority the electronic register kept in accordance with the legislation of the member state of identification.

(4) Following a reminder sent to the person by the tax authorities of the member state of identification, demanding compliance with his obligations under Paragraphs (1) and (2), where the country is a member state of consumption, subsequent actions for determination and collection of the tax shall be effected by the National Revenue Agency in accordance with the Tax Social-Insurance Procedure Code. Following actions undertaken by the National Revenue Agency, the tax for the respective tax period, which is due to the country as a member state of consumption, shall be remitted by the person to Executive Budget Revenue by crediting an accounting of the National Revenue Agency.

(5) Where the country is a member state of consumption, until expiry of three years of the legally prescribed time limit under the legislation of the member state of identification, a VAT return not submitted within the prescribed time limit shall be submitted or adjustments shall be made to a VAT return submitted in such member state, and after expiry of such time limit the VAT return shall be submitted or adjustments shall be made to a VAT return submitted in accordance with the procedure specified by the Regulations for Application of this Act.

#### Transition from a Regime outside the Union to a Regime in the Union

**Article 159h.** (New, SG No. 105/2014, effective 1.01.2015) (1) A person registered pursuant to Article 154 who no longer meets the conditions of the said Article may register for application of the regime in the Union, provided that it meets the conditions for registration under Article 156. In these cases the person shall also submit an application for registration under Article 156 (2) within the time limit under Article 155 (3).

(2) A person registered pursuant to Article 156 which no longer meets the conditions of the said Article may register for application of the regime outside the Union, provided that it meets the conditions for registration under Article 154. In these cases the person shall also submit an application for registration under Article 154 (2) within the time limit under Article 157 (3).

(3) In the cases referred to in Paragraphs (1) and (2), the date of deregistration of the respective regime shall be considered to be the date of occurrence of the change in the respective circumstance.

#### Special Register

**Article 159i.** (New, SG No. 105/2014, effective 1.01.2015) (1) For persons registered in the country for application of the regime outside the Union or the regime in the Union the National Revenue Agency shall establish and maintain a special register, which shall be part of the register referred to in Article 80 (1) of the Tax and Social-Insurance Procedure Code.

(2) For any of the persons under Paragraph (1) the revenue authority shall enter in the special register the date of registration of the application of the respective regime and the date of deregistration of the application of the regime.

## **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 or 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. (supplemented, SG No. 106/2008, effective 1.01.2009) the received supply, intra-European Union acquisition 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) (Supplemented, SG No. 106/2008, effective 1.01.2009) 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, intra-European Union acquisition or importation within the territory of the country of goods or services related to the production or transformation of such gold.



**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/DEDELIVERY 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) (Amended, SG No. 95/2009, effective 1.01.2010) The tax for the supplies under paragraph 1 shall become executable according to the procedures of Article 25, paragraphs 6 and 7.

#### 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;
7. (new, SG No. 98/2013, effective 1.01.2014 - amended, SG No. 104/2013, effective 1.12.2013) name and identification number under Article 84 of the Tax Insurance Procedure Code of the supplier of goods or services under appendix № 2, part two.

#### 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.

#### Restriction of scope

**Article 163d.** (New, SG No. 98/2013, effective 1.01.2014 - amended, SG No. 104/2013, effective 1.12.2013) The provisions of this chapter shall not apply where the conditions under Articles 7, 13, 15, 16 and 28 exist in respect of the supplier of goods or services under appendix № 2.

## 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. (amended, SG No. 94/2010, effective 1.01.2011) declaring in the customs document for importation 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) (Amended, SG No. 105/2014, effective 1.01.2015) A permission to apply the special arrangements for charging tax upon importation and/or 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, No. 113/2007, SG No. 105/2014, effective 1.01.2015) the conditions for grant of minimum aids under Regulation (EU) No. 1407/2013 of the Commission for application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ, L 352/1 of 24 December 2013) exist.

(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. (amended, SG No. 101/2013, effective 1.01.2014) the amount of investment exceeds BGN 5 million for a period not longer than two years;
3. (amended, SG No. 101/2013, effective 1.01.2014) more than 20 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. (amended, SG No. 113/2007, SG No. 105/2014, effective 1.01.2015) a declaration by the person of the amount of de minimis aid received for the last three tax years, the current one inclusive; in case of transformation of entities and transfer of an undertaking the person shall submit the declaration in accordance with the provisions of Article 3 (8) and (9) of Regulation (EU) No 1407/2013 of the Commission of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid;

7. (new, SG No. 105/2014, effective 1.01.2015) a declaration by the person of the amount of de minimis aid received for the last three tax years, the current one inclusive; when they meet the definition of "single undertaking" within the meaning of Article 2 (2) of Regulation (EU) No 1407/2013 of the Commission of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid.

(4) (New, SG No. 105/2014, effective 1.01.2015) Received minimum aids under Items 6 and 7 of Paragraph (3), irrespective of their form and source, for the last three tax years, the current one inclusive, shall not exceed the lev equivalent threshold of EUR 200,000 at the official BGN/EUR exchange rate at the date of the authorisation; for undertakings carrying out road transport activity at other persons' expense or against compensation the total amount of the minimum aid shall be the lev equivalent threshold of EUR 100,000, excluding costs for acquisition of road transport trucks; these thresholds shall apply irrespective of whether the aid is financed in full or in part with resources of the European Union.

(5) (New, SG 113/2007, renumbered from Paragraph 4, amended, SG No. 105/2014, effective 1.01.2015) Minimum aid for the approved investment project shall accumulate:

1. to the thresholds set out in Paragraph (4) by:

(a) other minimum aid granted under Regulation (EC) No. 1407/2013 of the Commission of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid, and

b) minimum aid granted under Regulation (EC) No. 360/2012 of the Commission on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid for undertakings providing services of general economic interest, to the threshold laid down in the said Regulation, and

c) minimum aid granted in accordance with other regulations on de minimis aid, as well as

2. with other state aid received for the same investment project, approved by a decision of the European Commission or with obtained permission under Article 9 of the State Aids Act for such assets for determining the maximum permissible intensity.

(6) (Amended, SG No. 86/2006, renumbered from Paragraph 4, No. 113/2007, repealed, renumbered from Paragraph 5, SG No. 105/2014, effective 1.01.2015) 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 European Commission whereby the grant of the aid is authorized.

(7) (New, SG No. 113/2007, repealed, SG No. 105/2014, effective 1.01.2015).

(8) (Renumbered from Paragraph 5, SG No. 113/2007, repealed, SG No. 105/2014, effective 1.01.2015).

(9) (Renumbered from Paragraph 6, amended SG No. 113/2007, repealed, SG No. 105/2014, effective 1.01.2015).

(10) (Renumbered from Paragraph 7, SG No. 113/2007, repealed, SG No. 105/2014, effective 1.01.2015).

(11) (New, SG No. 105/2014, effective 1.01.2015) A person who has obtained permission under Paragraph (6) shall submit information on the implementation of the investment project to the Ministry of Finance:

1. for the year of granting of the permission and for the next calendar year - by 20 January of the year following the year for which the information refers;
2. for the remaining period of implementation of the investment project - by the 20th day of the month following the month of expiry of the time limit of the permission.

#### Refusal for Granting or Withdrawing the Permission

**Article 167.** (Amended, SG No. 105/2014, effective 1.01.2015) (1) Permission under Article 166 (6) shall not be granted where with the minimum aid under Article 166 the thresholds or the minimum permissible intensity of approved state aid are exceeded.

(2) The permission under Article 166 (6) shall specify the amount of the minimum aid for the approved investment project.

(3) A permission shall be issued or refused by a written order of the Minister of Finance.

(4) Within six months after the issuing of the permission under Article 166 (6), 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.

(5) A refusal to issue a permission shall be appealable according to the procedure established by the Code of Administrative Procedure.

(6) 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.

(7) 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.

(8) The permission shall be withdrawn by an order of the Minister of Finance, which shall be appealable according to the procedure established by the Code of Administrative Procedure.

(9) 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-European Union Supply and Intra-European Union Acquisition of New Means of Transport

**Article 168.** (1) (Supplemented, SG No. 94/2010, effective 1.01.2011) Any person not registered under this Act and any person registered under Article 97a (1) and (2) and under Article 99, 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-European Union 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-European Union 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) (amended, SG No. 94/2010, effective 1.01.2011) holds a customs document for importation: in the cases of importation, or

(c) the person has submitted a return under Paragraph (2) on the intra-European Union acquisition: in the cases of intra-European Union acquisition under Paragraph (1);

2. (amended, SG No. 105/2014, effective 1.01.2015) the tax on the intra-European Union 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;
4. (new, SG No. 105/2014, effective 1.01.2015) a ground for registration hereunder in case of registration pursuant to Articles 97a, 97b, 99, Article 100 (2) and Article 151a.

(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) (Amended, SG No. 94/2010, effective 1.01.2011) The customs administration shall provide the revenue administration with information, by electronic means, on the accepted customs documents for importation 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.

## Chapter Twenty-Three

# 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) (Amended, SG No. 101/2013, effective 1.01.2014) 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.

(2) (Supplemented, SG No. 113/2007) Exemption from tax shall be granted in respect of importation of goods imported by the staff/headquarters of the North Atlantic Treaty Organisation or 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) (Amended, SG No. 101/2013, effective 1.01.2014) 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.

(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) (Amended, SG No. 95/2009, effective 1.01.2010) Zero rate is charged on supplies of goods and services, in which the recipients are the persons referred to in Article 172, paragraph 2 herein. The supplier shall possess the relevant documentation for the application of the zero tax rate in accordance with the implementing regulations of the act.

(5) (Amended, SG No. 95/2009, effective 1.01.2010, SG No. 94/2010, effective 1.01.2011) The zero tax rate shall apply to the supply of goods and services with the place of supply within the territory of the country at a value exceeding BGN 400, the recipients of which are the institutions of the European Union, European Atomic Energy Agency, European Central Bank, European Investment Bank and the authorities of the European Union, to which the Protocol of Privileges and Immunities of the European Union is applicable, subject to the restrictions and terms of this protocol and the agreements for its application or the agreements on the headquarters, provided that this does not result in violation of the fair competition practices. For the sake of application of the zero tax rate, the supplier shall be obligated to possess written documents attesting to the contractual relations with the respective institutions of the European Union.

(6) (New, SG No. 94/2010, effective 1.01.2011) For the taxables supplies of goods and services with place of execution the territory of the country, the zero tax rate shall be applied, when the following conditions are met simultaneously:

1. recipients are:

a) command headquarters/chiefs of staff of the North Atlantic Treaty Organization;



- b) armed forces of other countries which are parties to the North Atlantic Treaty;
- c) diplomatic and consular offices, as well as the members of their staff;
- d) international organizations recognized by the state authorities of the host member state or of members of such organizations, subject to the restrictions and terms stipulated in the international conventions on creation of the organizations or in the agreements on their headquarters;

2. the Republic of Bulgaria is not a host country of the persons referred to in Item 1.

(7) (New, SG No. 94/2010, effective 1.01.2011) The documents, by virtue of which the presence of the circumstances referred to in Paragraph 6 is attested to, shall be stipulated in the regulation for application of the 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.

Ascertaining the status of a person exempt from obligation for tax payment in respect whereof the Republic of Bulgaria is a host country

**Article 174a.** (New, SG No. 106/2008, effective 1.01.2009) (1) (Amended, SG No. 94/2010, effective 1.01.2011) The status of a person who is exempt from the obligation for tax payment referred to in Article 173 (4) and (5) and Article 174, whereof the Republic of Bulgaria is a host country, shall be ascertained by a certificate issued by the National Revenue Agency.

(2) The procedure for the issue of the certificate and the template thereof shall be laid down in the regulations for the application of this Act.

## **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) (Amended, SG No. 95/2009, effective 1.01.2010) The Minister of Finance shall issue the ordinances referred to in Article 81 (2), Article 118 (4) 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. (repealed, SG No. 105/2014, effective 1.01.2015).

(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. (amended, SG No. 95/2009, effective 1.01.2010) incurs public liabilities collected by the National Revenue Agency the total value exceeds the value of the assets thereof less the liabilities thereof;

5. (new, SG No. 95/2009, effective 1.01.2010) fails to indicate an e-mail address for a period of more than three months as from the date of occurrence of the obligation to notify;

6. (new, SG No. 94/2012, effective 1.01.2013) fails to submit or provide access to original accounting documents issued or drawn up thereby, which have been required by the revenue authority, unless the documents are lost or destroyed and the person has notified the revenue authorities thereof.

#### Registration upon Security

**Article 176a.** (New, SG No. 108/2007) (1) (Amended, SG No. 95/2009, effective 1.01.2010) The competent revenue authority may refuse registration to a person having failed to provide, within the specified time period, security in cash, in government securities or in unconditional and irrevocable bank guarantee for a term of one year and on which data exist that one or more of its owners, managing directors, procurators, majority partners or shareholders:

1. are or have been, at the time of occurrence of the liabilities, owners, procurators, majority partners or shareholders, members of managing or controlling bodies of persons with unsettled value added tax liabilities exceeding BGN 5,000, or

2. (amended, SG No. 94/2012, effective 1.01.2013) have unsettled value added tax liabilities exceeding BGN 5,000, or

3. are persons against whom penal proceedings have been initiated or have been convicted for offences against the tax system.

(2) (Amended, SG No. 94/2010, effective 1.01.2011) Paragraph (1) shall not apply to the persons subject to registration under Article 97a and Article 99 (1).

(3) (Amended, SG No. 95/2009, effective 1.01.2010) The competent revenue authority may terminate the registration of a person registered under the terms of Article 132, which has failed to provide, within the specified time period, the security for a term of one year, where the transformation, confiscation or in-kind contribution is performed by a person with unsettled value added tax liabilities exceeding BGN 5,000.

#### Security Requirements and Amount

**Article 176b.** (New, SG No. 108/2007) (1) The competent revenue authority shall require provision of the security by a written request which shall specify:

1. the grounds for requiring the security;
2. the amount of the security;
3. the time period in which the person shall submit evidence of the provided security, which shall not be less than 7 days.

(2) The amount of the security shall be equal to the sum total of unsettled liabilities in respect of which the security is required. In the cases under Item 3 of Article 176a (1) the amount of the security shall be BGN 250,000 where the amount of the liabilities is not established at the date the security is required.

(3) The security may be released or reduced prior to expiry of the one year time period if after the registration of the person the grounds on the basis of which the amount of the required security is determined are removed or changed.

(4) The revenue authority which has established existence of the grounds for release or reduction of the security under Paragraph (3) shall notify the bank that the security may be released or reduced up to a specific amount.

#### Persons' Liability in Case of Abuse

**Article 177.** (1) (Amended, SG No. 94/2012, effective 1.01.2013) Any registered person who is the recipient in a taxable supply shall be liable for the value added tax due and unremitted by another 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 Articles 117 to 120 of the Tax and Social-Insurance Procedure Code.

(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.** (Amended, SG No. 108/2007, SG No. 94/2012, effective 1.01.2013) (Previous Article 179, amended, SG No. 105/2014, effective 1.01.2015) Any person, 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 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 500 or exceeding this amount but not exceeding BGN 10,000.

(2) (New, SG No. 105/2014, effective 1.01.2015) Paragraph (1) shall furthermore apply to a person registered pursuant to Article 154 herein or in another member state for application of a regime outside the Union or a regime in the Union, which is obliged but fails to submit a VAT return for application of a special regime for effected supplies with place of transaction within the territory of the country under Article 21 (6), or which fails to submit it within the required time limit.

**Article 180.** (1) (Amended, SG No. 108/2007) 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 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 500.

(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) (Amended, SG No. 108/2007) 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 250.

(4) (Amended, SG No. 108/2007) 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 5,000.

**Article 180a.** (New, SG No. 106/2008, effective 1.01.2009) (1) A registered person who has failed to charge tax within the time limits prescribed herein in cases where the tax has become chargeable from the person as payer under Chapter Eight and for the tax charged the person is entitled to full tax credit and shall be penalized by a fine - for natural persons other than merchants, or by a pecuniary penalty - for legal persons and sole traders in the amount of 5% of the non-charged tax, but not less than BGN 50.

(2) Paragraph 1 shall furthermore apply where the person has failed to charge tax because it has not filed an application for registration and has not registered under this Act within the legally set time limit.

(3) In case of violation under Paragraph 1, where the registered person has charged the tax in the period following the period in which the tax should have been charged, the fine or the pecuniary penalty, as the case may be, shall amount to 2% of the tax, but not less than BGN 25.

(4) In the cases under Paragraph 1, where the person has notified the revenue authorities under Item 2 of Article 126 (3) within

two months from the end of the month in which the tax should have been charged, the fine or the pecuniary penalty shall be in the amount of BGN 100 to BGN 300.

(5) In case of repeated violation under Paragraphs 1 and 2, the amount of the fine or the pecuniary penalty shall be 20% of the non-charged tax but not less than BGN 500, and in the cases under Paragraph 4, from BGN 200 to BGN 600.

**Article 180b.** (New, SG No. 105/2014, effective 1.01.2015) (1) A person registered in pursuance of Article 154 herein or who is registered in another member state for application of a regime outside the Union or a regime in the Union and who fails to charge value added tax on effected supplies with place of transaction within the territory of the country under Article 21 (6) in the tax period in which the tax becomes chargeable, 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, amounting to 25 per cent of the non-charged tax or the lower than required tax, but not less than BGN 250.

(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 5,000.

**Article 181.** (1) (Amended, SG No. 108/2007) 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 natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 500 or exceeding this amount but not exceeding BGN 10,000.

(2) (Amended, SG No. 108/2007) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be BGN 1,000 or exceeding this amount but not exceeding BGN 20,000.

**Article 181a.** (New, SG No. 105/2014, effective 1.01.2015) (1) A person registered in pursuance of Article 154 or 156 herein or registered in another member state for application of a regime outside the Union or a regime in the Union, who fails to submit to a revenue authority upon request the electronic register under Article 120 (3) or the electronic register kept thereby in accordance with the legislation of the member state of identification 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 500 or exceeding this amount but not exceeding BGN 10,000.

(2) Upon a repeated violation under Paragraph (1000), the fine or the pecuniary penalty shall be BGN 20 000 or exceeding this amount but not exceeding BGN 20,000.

**Article 182.** (1) (Amended, SG No. 108/2007) 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 natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, in the amount of the smaller tax amount but not less than BGN 1,000.

(2) (Amended, SG No. 108/2007) 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 in the amount of 25 per cent of the smaller tax amount but not less than BGN 250.

**Article 183.** (1) (Amended, SG No. 108/2007) 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 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 1,000.

(2) (Amended, SG No. 108/2007) 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 5,000.

**Article 184.** (1) (Amended, SG No. 108/2007) 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 natural persons who are not merchants, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 1,000 or exceeding this amount but not exceeding BGN 10,000.

(2) (Amended, SG No. 108/2007) Upon a repeated violation, the fine or the penalty under Paragraph (1), as the case may be, shall be BGN 5,000 or exceeding this amount but not exceeding BGN 20,000.

**Article 185.** (Amended and supplemented, SG No. 95/2009, effective 1.01.2010, amended, SG No. 99/2011, effective 1.01.2012, supplemented, SG No. 54/2012, effective 17.07.2012, amended, SG No. 23/2013, effective 8.03.2013)

(1) Any person, who fails to issue a document under Article 118 (1) 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 500 or exceeding this amount but not exceeding BGN 2,000, applicable to legal persons and sole traders.

(2) (Apart from the cases under Paragraph (1), any person who breaches or allows a breach of Article 118 or a statutory act for its application shall be liable to a fine of BGN 300 or exceeding this amount but not exceeding BGN 1,000, applicable to natural persons who are not merchants, or to a pecuniary penalty of BGN 3,000 or exceeding this amount but not exceeding BGN 10,000, applicable to legal persons and sole traders. Where the violation does not lead to under-reporting of revenues, the penalties under paragraph 1 shall apply.

(3) In the cases under Paragraph (1), the natural person who is actually obligated to issue a document under Article 118 (1) and has accepted a payment without issuing such a receipt, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 500.

(4) Upon a repeated violation under Paragraph (1), the fine shall be BGN 200 or exceeding this amount but not exceeding BGN 1,000, and the pecuniary penalty shall be BGN 1,000 or exceeding this amount but not exceeding BGN 4,000.

(5) In the case of a repeated violation under paragraph 1, the fine shall be BGN 600 or exceeding this amount but not exceeding BGN 2,000 and the pecuniary penalty shall be BGN 6,000 or exceeding this amount but not exceeding BGN 20,000. Where the violation does not lead to under-reporting of revenues, the penalties under paragraph 4 shall apply.

(6) Any person, who fails to fulfil the obligation thereof to keep the document under Article 118(1) 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.** (Supplemented, SG No. 95/2009, effective 1.01.2010, SG No. 99/2011, effective 1.01.2012, amended, SG No. 23/2013, effective 8.03.2013)

(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, issued according to the established procedure for supply/ sale;

(b) commissioning or registration in the National Revenue Agency of the fiscal devices or integrated automated systems for commercial activity management;

(c) daily reporting of sales turnovers, where this is mandatory;

(d) transmission of data under Article 118c to the National Revenue Agency;

(e) storage of documents issued from/in connection with fiscal devices or integrated automated systems for commercial activity management;

2. uses a fiscal device or an integrated automated system for commercial activity management which does not meet the requirements of approved type and which is not approved by the Bulgarian Institute of Metrology.

(2) In the cases under Item 2 of Paragraph (1), the fiscal device shall be confiscated by the revenue authority and shall be destroyed, and the right of the person to use the integrated automated system for commercial activity management shall be revoked.

(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 Code of Administrative Procedure.

**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) (Supplemented, SG No. 95/2009, effective 1.01.2010) 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 fine or pecuniary penalty has been paid in full. The person shall be obligated to cooperate upon the unsealing. In the case of a repeated violation, the outlet shall not be unsealed earlier than a month after its sealing.

**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) (Amended, SG No. 95/2009, effective 1.01.2010) Any taxpayer under Article 91 (1) and (2) 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.** (Amended, SG No. 23/2013, effective 8.03.2013) 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 Bulgarian Institute of Metrology 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 PROVISIONS**

### **(Title amended, SG No. 95/2009, effective 1.01.2010)**

**§ 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. (Amended, SG No. 108/2007) "Territory of a Member State" shall be the area of application of the Treaty establishing the European European Union, as defined in respect of each Member State in Article 299 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 Busingen;

(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) (amended, SG No. 105/2014, effective 1.01.2015) for the Republic of France: the French territories referred to in Articles 349 and 355 (1) of the Treaty on the Functioning of the European Union;

(ee) for the Hellenic Republic: (Mt Athos);

(ff) for the Republic of Finland: Ahvenanmaa (the Oland Islands);

(gg) (new, SG No. 108/2007) for the United Kingdom of Great Britain and Northern Ireland: the Anglo-Norman 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.

(cc) (new, SG No. 108/2007) The sovereign base areas of the United Kingdom of Great Britain and Northern Ireland in Akrotiri and Dhekelia - for the purposes of this Act they shall be treated as supplies originating in or intended for Cyprus.



3. "European Union" and "territory of the European Union" 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. (Supplemented, SG No. 95/2009, effective 1.01.2010, SG No. 105/2014, effective 1.01.2015) "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. A foreign person holding an outlet within the territory of the country who is not involved in the supply shall not be considered to be a person established within the territory of the country. Sentence two shall not apply for the purposes of application of a regime in the Union and a regime outside the Union.
12. "Person established within the territory of the European Union" shall be any person who has a registered office and an address of the place of management within the territory of the European Union or who has a fixed establishment within the territory of the European Union.
13. (Amended SG No. 41/2007, SG No. 105/2014, effective 1.01.2015) "Telecommunication services" shall be the services listed in Article 6a of Council Implementing Regulation (EU) No 1042/2013 of 7 October 7 October 2013 amending Implementing Regulation (EU) No 282/2011 as regards the place of supply of services (OJ, L 284/1 of 26 October 2013).
14. (Amended, SG No. 105/2014, effective 1.01.2015) "Electronically supplied services" shall be the services referred to in Annex II of Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax and Article 7 of Council Implementing Regulation No 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EO on the common system of value added tax(OJ, L 77/1 of 23 March 2011), and Council Implementing Regulation (EU) No 1042/2013 of 7 October 2013 for implementation of Implementing Regulation (EU) No 282/2011 as regards the place of supply of services.

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.

14a. (New, SG No. 105/2014, effective 1.01.2015) "Radio and TV broadcasting services" shall be the services listed in Article 66 of Council Implementing Regulation (EU) No 1042/2013 of 7 October 2013 amending Implementing Regulation (EU) No 282/2011 as regards the place of supply of services.

15. (Amended, SG No. 113/2007) "Subsidies and investment grants directly linked to a supply" shall be such subsidies and investment grants whereof the allocation is directly dependent on the 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. (Amended, SG No. 95/2009, effective 1.01.2010, SG No. 94/2012, effective 1.01.2013) "Passenger car" shall be any automobile designed to seat no more than five persons (excluding the driver). Any automobile intended to carry cargo 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.

18a. (New, SG No. 94/2012, effective 1.01.2013) "Core activity" within the meaning of Item 5 of Article 70 (2) is the activity of the registered person where the total value of the supplies effected thereby in regard to one or more of the activities referred to in Items 1 - 4 of Article 70 (2) comprises more than 50 per cent of the total value of all supplies effected by that person during the last 12 months preceding the current month, regardless of whether 12 months from the registration hereunder have lapsed.

19. (Amended, SG No. 99/2011, effective 1.01.2012) "Second-hand goods" shall be any used 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 Commerce 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. (Amended, SG No. 94/2010 effective 1.01.2011) "Taxable dealer of natural gas and electricity or of heating or cooling energy" shall be a taxable person whose economic activity is related to purchases of natural gas or electricity or of heating or cooling energy and subsequent resale of such products and whose own consumption of these products is negligible.

28. (Amended, SG No. 108/2007) "Handling of a vessel" shall be all operations concerning the admission, stay and departure of a vessel performed by the port 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. 2/1999; amended in No. 15/2000, Nos. 9 and 62/2001, No. 19/2002, No. 16/2003, Nos. 32 and 71/2004, Nos. 15 and 96/2005, No. 22/2006).

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. (Supplemented, SG No. 94/2012, effective 1.01.2013) "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. Creation of a new asset by a tenant/user of the hired or provided for use asset is equal to improvement.

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-European Union goods" shall be the terms within the meaning given by customs legislation.

37. (Supplemented, SG No. 108/2006, amended, SG No. 94/2010, effective 1.01.2011, SG No. 19/2011, SG No. 99/2011, effective 1.01.2012) "Tour operator", "travel agent" and "main tourist services" shall mean those under the Tourism Act, regardless of whether the tour operator or travel agent has been registered in accordance with the procedure provided for by the Tourism Act.

37a. (New, SG No. 99/2011, effective 1.01.2012) "Traveller" shall mean any person who is the recipient of a single service to tourists which is not acquired for the purpose of subsequent sale.

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 European Union.

39. (Supplemented, SG No. 108/2007, SG No. 113/2007, amended, SG No. 94/2010, effective 1.01.2011) "Excisable goods" shall be the goods covered under Items 1, 2 and 3 of Article 2 of the Excise Duties and Tax Warehouses Act except for natural gas supplied through a natural gas system situated on the territory of the European Union or through any other network connected to such a system, and electricity.
40. (Amended, SG No. 23/2013, effective 8.03.2013) "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. Fiscal devices shall be:
- (a) electronic cash registers with fiscal memory (ECRFM);
  - (b) fiscal printers (FPs);
  - (c) electronic systems with fiscal memory (ESFM) for reporting liquid fuels sales turnovers by means of consumption measurement devices approved under the Measurements Act ;
  - (d) fiscal devices embedded in vending machines (FDEVVM).
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, amended, SG No. 99/2011, effective 1.01.2012, SG No. 30/2013, effective 26.03.2013, SG No. 101/2013, effective 1.01.2014) "Accommodation" means basic tourist services in the meaning of sub-paragraph 69 from the additional provision of the Tourism Act with the exception of the supply of a single service by a tour operator to a traveller.
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.
49. (New, SG No. 108/2007, amended, SG No. 95/2009, effective 1.01.2010) "Vehicles under Article 23" are motor or non-motor as well as the other equipment and facilities designed to transport goods and people from one place to another, which may be pulled, tracted or pushed by vehicles and which are usually designed and fit to transport goods or people. Vehicles are also:
- (a) trailers, semi-trailers and railway carriages;
  - (b) motor and non-motor land vehicles, as motorbikes, bicycles, three-wheel bicycles, caravans, except for caravans fixed on the ground;
  - (c) self-propelled and non-self-propelled vessels;
  - (d) motorised and non-motorised aircraft;
  - (e) vehicles designed to transport sick or wounded people;
  - (f) farm tractors and other self-propelled farming and forestry machinery;

(g) military vehicles which are not combat vehicles and vehicles used for intelligence or civil defence purposes;

(h) mechanical and electronic wheelchairs.

Containers are not vehicles within the meaning of Article 23.

50. (New, SG No. 108/2007, repealed, SG No. 95/2009, effective 1.01.2010).

51. (New, SG No. 108/2007) "Majority partner or shareholder" is a person holding more than 33 per cent of the participating interest or shares, as the case may be, in the company.

52. (New, SG No. 108/2007) "Unsettled liabilities" are the established chargeable liabilities of the person except for the fully secured, rescheduled and deferred liabilities.

53. (New, SG No. 108/2007) "Active implantable medical device" is a device within the meaning of Item 1 of § 1 of the supplementary provisions of the Medical Devices Act.

54. (New, SG No. 106/2008, effective 1.12.2008) "Importation of a non-commercial nature" is importation which fulfils the following conditions:

a) is not carried out on a regular basis;

b) consists exclusively of goods for the personal or family use of the travellers, or of goods intended as presents;

c) the nature or quantity of such goods must not be such as might indicate that they are being imported for commercial reasons.

55. (New, SG No. 106/2008, effective 1.12.2008) "Personal luggage" is the whole of the luggage which a traveller is in a position to submit to the customs authorities on his arrival, as well as that which he presents at a later date to the same customs authorities, subject to proof that such luggage was registered as accompanied luggage, at the time of his departure, with the company responsible for conveying him. Fuel other than that referred to in Article 58 (8) shall not be regarded as personal luggage.

56. (New, SG No. 106/2008, effective 1.12.2008) "Air passengers" and "sea passengers" shall be travellers traveling on air or sea, excluding a private entertainment flight or private entertainment sailing.

57. (New, SG No. 106/2008, effective 1.12.2008) "Private entertainment flight" and "private entertainment sailing" is the use of either aircraft or vessel by his owner or by a natural or legal person renting it or using it otherwise for non-commercial purposes and in particular for purposes other than transport of passengers or goods or rendering of services, against consideration of value, or for the purposes of public authorities.

58. (New, SG No. 106/2008, effective 1.01.2009) "Electronic data interchange" or abbreviated "EDI" is an electronic transfer of data from a computer to a computer of commercial and administrative data using an approved format for structuring a message for electronic data interchange within the meaning of Article 2 of Commission Recommendation 1994/820/EC of 19 October 1994 relating to the legal aspects of electronic data interchange.

59. (New, SG No. 106/2008, effective 1.01.2009) "Electronic data interchange message" (EDI message) is a message whose components are structured using approved formats prepared in a computer readable form and capable of being automatically and unambiguously processed.

60. (New, SG No. 106/2008, effective 1.01.2009) "Acknowledgement of receipt of an electronic data interchange message" is the procedure by which, on receipt of the message, the syntax and semantics are checked, and a corresponding acknowledgement is sent by the receiver.

61. (New, SG No. 95/2009, effective 1.01.2010) "Catering services" is the totality of characteristics and actions in which services prevail and the supply of food and/or beverages is only one component. Prevailing services are the same as in the case of restaurant services but the supply is conducted outside the premises of the supplier.

62. (New, SG No. 95/2009, effective 1.01.2010) "Restaurant services" are the services of supplying, on the premises of the supplier, of cooked or non-cooked food and/or beverages for human consumption, followed by sufficient ancillary services enabling their immediate consumption.

The following are not restaurant and catering services:

- a) the ordinary delivery of cooked or non-cooked food (for instance, home delivery from restaurants, supermarkets and others of this kind);
- b) the supply of cooked food and the supply of takeaway food from restaurants;
- c) the supply constituting cooking and delivery of food and/or beverages without any other ancillary service.

63. (New, SG No. 95/2009, effective 1.01.2010) "Third country with which this country has signed legal assistance instruments" is a third country with which this country has signed legal assistance instruments similar in scope with that provided for in Directive 76/308/EEC of the Council of 15 March 1976 on mutual assistance for the recovery of claims relating to certain levies, duties, taxes and other measures and Regulation (EC) No. 1798/2003 of the Council of 7 October 2003 on administrative cooperation in the field of value added tax.

64. (New, SG No. 94/2010, effective 1.01.2012) "Air traffic control" and "aeronavigational services" are services in the sense of § 3, Items 44 and 48 from the supplementary provisions of the Civil Aviation Act, supplied by suppliers of aeronavigational services upon:

- (a) flying over the serviced air space;
- (b) performing flights in the zones and regions of the airports.

65. (New, SG No. 94/2012, effective 1.01.2013) "Authenticity of the origin" means the assurance of the identity of the supplier or the issuer of the invoice/the notification to the invoice by the supplier or by the recipient of the supply.

66. (New, SG No. 94/2012, effective 1.01.2013) "Integrity of the content" means that the content of the invoice and the notification to it has not been changed. The format of the electronic invoice and electronic notification to an invoice may be changed.

67. (New, SG No. 23/2013, effective 8.03.2013) "Integrated automated system for commercial activity management" is a system for registration and reporting of sales of goods or services by means of issuing of cash receipts (system slips), allowing automatic control over the movement of the goods or the provision of the service from its receipt/ordering at the outlet till accounting for its realisation.

68. (New, SG No. 23/2013, effective 8.03.2013) "Petrol base" within the meaning of Article 118 (7) is a place of warehousing, storing, selling/supplying and providing logistics for liquid fuels, which is not an end distributor.

69. (New, SG No. 23/2013, effective 8.03.2013) "End user" within the meaning of Item 4 of Article 118 (11) is a natural person or a legal entity that acquires liquid fuels to meet his/her/its own needs from an end distributor.

70. (New, SG No. 23/2013, effective 8.03.2013) "End distributor" is a petrol station, gas station, methane station and a similar station, which carries out daily fuelling of liquid fuels intended for fuel reservoirs of individual motor vehicles, from reservoirs for storage of such fuels.

71. (New, SG No. 98/2013, effective 1.01.2014 until 31.12.2015 - amended, SG No. 104/ 2013, effective 1.12.2013, SG No. 109/2013, effective 1.01.2014) The "CN code" are tariff CN codes established by Annex I to Regulation (EC) No. 2658/87 of the Council 23 July 1987 on the tariff and statistical nomenclature and on the Common Customs Tariff.

72. (New, SG No. 101/2013, effective 1.01.2014) "First place of destination" on the territory of the country within the meaning of Item 2 of Article 55 (1) shall be the place specified in the waybill or another document with which the goods are imported into the territory of the country. When the said place is not specified in any of the documents accompanying the goods, the first place of destination shall be deemed to be the place where the goods are re-loaded for the first time from one vehicle to another on the territory of the country.

73. (New, SG No. 101/2013, effective 1.01.2014) "Domestic waste" shall be "waste from households" and "waste similar to household waste". "Household waste" shall be the waste formed by households. "Similar waste" shall be the waste which in nature and content is comparable to household waste, except for industrial waste and agricultural and forestry waste.

74. (New, SG No. 101/2013, effective 1.01.2014) "Industrial waste" shall be the waste formed as a result of the production

activity of natural or legal persons.

75. (New, SG No. 101/2013, effective 1.01.2014) "Construction waste" shall be the waste from construction and demolition, corresponding to the waste codes in chapter 17 of the Index to Council Decision 2000/532/EC of 3 May 2000 replacing Decision 94/3/EC establishing a list of wastes pursuant to article 1 (a) of Council Directive 75/442/EEC on waste and Council Decision 94/904/EC establishing a list of wastes pursuant to article 1 (4) of Council Directive 91/689/EEC on hazardous waste, as amended.

76. (New, SG No. 101/2013, effective 1.01.2014) "Hazardous waste" shall be the waste possessing one or more of the dangerous properties listed in annex No. 3 to § 1, Item 12 of the supplementary provisions of the Waste Management Act.

77. (New, SG No. 101/2013, effective 1.01.2014) "Ferrous and non-ferrous metals waste" shall be technological waste received from extraction, treatment or mechanical processing of ferrous and non-ferrous metals and alloys thereof, rejected machines, facilities, elements and structures of industrial, construction or domestic nature, except for hazardous waste.

78. (New, SG No. 101/2013, effective 1.01.2014) "Ferrous and non-ferrous metals waste of domestic nature" shall be ferrous and non-ferrous metals waste received as a result of the living activity of people in their homes, in administrative, social and public buildings. Equalised to such waste shall be ferrous and non-ferrous metals waste received from retail shops, craft industry, recreation and entertainment buildings.

79. (New, SG No. 105/2014, effective 1.01.2015) "Member state of consumption" shall be the member state where the place of transaction of the supply of telecommunication services, radio and TV broadcasting services and electronically supplied services is pursuant to Article 21 (6).

80. (New, SG No. 105/2014, effective 1.01.2015) "Member state of identification" shall be the member state where a taxable person effecting supplies under Article 21 (6) with place of transaction within the territory of the European Union is registered for application of a regime outside the Union or in the Union.

A member state of identification for a taxable person who is established within the territory of the European Union by seat and registered office shall be the member state where the seat and registered office of the person is.

A member state of identification for a taxable person who is established within the territory of the European Union by seat and registered office shall be the member state where the seat and registered office of the person is. When the person has fixed establishments in more than one member state it may choose which of these shall be the member state of identification.

81. (New, SG No. 105/2014, effective 1.01.2015) "Taxable person not established within the member state of consumption" for the purpose of chapter eighteen shall be a taxable person not established by seat and registered office or by fixed establishment within the territory of the member state in which the recipient who is a non-taxable person is established, has a permanent address or usually resides.

**§ 1a.** (New, SG No. 95/2009, effective 1.01.2010) This Act shall transpose the provisions of

1. Directive 2008/8/EC of the Council of 12 February 2008 amending Directive 2006/112/EC as regards the place of supply of services (OJ L 44/11 of 20 February 2008).

2. Directive 2008/11/EC of the Council of 16 December 2008 amending Directive 2006/112/EC on the common system of value added tax to combat tax evasion connected with intra-European Union transactions (OJ L 14/7 of 20 January 2009).

3. (New, SG No. 94/2010, effective 1.01.2011) Directive 2009/162/EU of the Council of 22 December 2009 for amendment of various provisions from Directive 2006/112/EC regarding the common system of the value added tax (OJ, L 10/14 of 15 January 2010).

4. (New, SG No. 94/2010, effective 1.01.2011) Directive 2009/69/EC of the Council of 25 June 2009 for amendment of Directive 2006/112/EC regarding the common system of the value added tax regarding the avoidance of taxes upon



importation (OJ, L 175/12 of 4 July 2009).

5. (New, SG No. 94/2010, effective 1.01.2011) Directive 2009/132/EC of the Council of 19 October 2009 for determining the area of applicability of Article 143 Letters (b) and (c) of Directive 2006/112/EC regarding the exemption from value added tax upon the final importation of some goods (OJ, L 292/5 of 10 November 2009).

6. (New, SG No. 94/2012, effective 1.01.2013) Council Directive 2010/45/EU of 13 July 2010 amending Directive 2006/112/EC on the common system of value added tax as regards the rules on invoicing (OB, L 189/1 of 22 July 2010).

7. (New, SG No. 98/2013, effective 1.01.2014 - amended, SG No. 104/2013, effective 1.12.2013) Council Directive 2013/43/EU of 22 July 2013 amending Directive 2006/112/EC on the common system of value added tax, as regards an optional and temporary application of the reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud (OJ, L 201/4 of 26 July 2013).

8. (New, SG No. 105/2014, effective 1.01.2015) Council Directive 2013/61/EC of 17 December 2013 amending directives 2006/112/EC and 2008/118/EC as regards the French outermost regions and Mayotte in particular (OJ, L 353/5 of 28 December 2013).

## **TRANSITIONAL AND FINAL PROVISIONS**

**§ 2.** This Act shall supersede the Value Added Tax Act (promulgated in the State Gazette No. 153/1998; corrected in No. 1/1999; amended in Nos. 44, 62, 64, 103 and 111/1999, Nos. 63, 78 and 102/2000, No. 109/2001, Nos. 28, 45 and 117/2002, Nos. 37, 42, 86 and 109/2003, Nos. 53, 70 and 108/2004, Nos. 28, 43, 76, 94, 95, 100, 103 and 105/2005, Nos. 30 and 54/2006).

**§ 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.

**§ 4a.** (New, SG No. 12/2009, effective 13.02.2009) (1) Traders referred to in Article 30 of the Tobacco and Tobacco Products Act that were registered after 1 January 2009 as per Article 100(1), or are undergoing a registration procedure, may submit a request to the competent regional office of the National Revenue Agency to declare their registration null.

(2) The request referred to in paragraph 1 shall be submitted by 1 April 2009, and the relevant registration shall be considered null from 1 January 2009.

**§ 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/mandatory and the said goods have not been delivered by the commission agent/mandatory 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/mandatory 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.

(7) (New, SG No. 113/2007) Notwithstanding Paragraph (1), no tax shall be due on the performance of customs formalities for declaring vehicles for free circulation where the following conditions exist simultaneously:

1. as of 31 December 2006 inclusive the vehicles are under temporary import regime with full exemption from customs duties;
2. the vehicles are acquired in or imported from another Member State, including Romania;
3. at the time of declaring the free circulation the vehicles are under temporary import regime with full exemption from customs duties;
4. the date of the first registration of the vehicles is not later than 31 December 1998 inclusive;
5. the amount of the tax does not exceed BGN 100 inclusive.

**§ 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. 19/1999; amended No 55/1999, amended No 9/2000; amended No 15/2000, amended No. 12/2001 - Ruling № 404/2001 of the Supreme Administrative Court under administrative file № 1581 of 2000; amended No. 15 and No 58/2001, No. 43 and No. 63/2002, amended No. 29/2003, amended No. 26/2004, amended No. 32/2005, amended No. 9/2006; repealed, State Gazette No. 76/2006).

(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.

**§ 15b.** (New, SG No. 54/2012, effective 17.07.2012, amended, SG No. 103/2012, effective 1.01.2013, SG No. 23/2013, effective 8.03.2013) The persons under Article 118 (7), (8), Item 1 of (9) and (10) shall bring their activity in accordance with the requirements of this Act by 30 April 2013.

**§ 15c.** (New, SG No. 54/2012, effective 1.01.2013) Where by 31 December 2012 an advance payment for supply of a service provided by a public enforcement agent for which the chargeable event occurs after 31 December 2012 is received, the tax regime as of the date of occurrence of the chargeable event shall apply. The tax due shall be determined under the terms of Article 67 (2) of this Act on the total taxable amount of the supply, including the advance payment made.

**§ 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 amend 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 repeal.

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 amend 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. 86/2003; amend in No. 70/2004, Nos. 77, 87, 88, 95 and 105/2005, Nos. 30 and 34/2006), 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. 91/2005; amend in No. 105/2005, Nos. 30 and 34/2006) shall be amend 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 amend 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 delete.

4. In Article 21:

(a) in Item 2 of Paragraph (1), the word "at importation" shall be delete;

(b) there shall be insert 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. 105/2005; amended in Nos. 30, 33 and 34/2006) 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. 52/1997; supplemented in No. 15/1998; amended in Nos. 21, 52, 70 and 98/1998, Nos. 54, 103 and 114/1999, Nos. 24, 63, 84 and 92/2000, No. 1/2001, Nos. 45, 91 and 92/2002, No. 31/2003, Nos. 19, 31, 39 and 105/2005, Nos. 30, 33 and 34/2006) 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. 114/1999; amended in Nos. 63 and 92/2000, Nos. 28, 61, 93 and 101/2002, Nos. 8, 31, 67 and 71/2003, No. 37/2004, Nos. 19, 31, 39, 103 and 105/2005), 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. 118/1997, modified by Constitutional Court Judgment No. 6/1998, promulgated in No. 35/1998; amended in Nos. 71 and 153/1998, Nos. 50, 103 and 111/1999, No. 105/2000, No. 110/2001, Nos. 40, 45, 61 and 118/2002, Nos. 42, 67, 95 and 112/2003, Nos. 36, 37, 53, 70 and 108/2004, Nos. 43, 102, 103 and 105/2005, No. 17/2006) 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. 91/2002, No. 96/2004, Nos. 102 and 105/2005, No. 33/2006) 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. 103/2005; amended in Nos. 30 and 34/2006) 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. 81/2004; amended in Nos. 28, 88, 94, 103 and 105/2005, Nos. 18, 30, 33 and 37/2006) 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 21th day of July 2006 and the Official Seal of the National Assembly has been affixed thereto.

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Act for Amending and Supplementing  
the Value Added Tax Act

(SG No. 106/2008, effective 1.01.2009)

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SUPPLEMENTARY PROVISION

§ 17. This Act shall transpose the provisions of Council Directive 2007/74/EC of 20 December 2007 on the exemption from value added tax and excise duty of goods imported by persons travelling from third countries (OJ, L 346/6 of 29 December 2007).

TRANSITIONAL AND FINAL PROVISIONS

§ 18. (1) Registered persons - recipients of the supply or importers in respect of whom the tax has become chargeable as payer under Chapter Eight who, until entry into force of this Act, have not charged tax under the terms of Article 86 (1) and/or have not exercised their right to deduct credit for input tax, may charge the tax or exercise the right to deduct credit for input tax, as the case may be, within 4 months from entry into force of this Act.

(2) Where the persons under Paragraph 1 have deducted credit for input tax after the time limit under Article 72 (1) has expired shall be regarded as having lawfully exercised the right to deduct credit for input tax.

(3) Paragraph 2 and Article 73a shall furthermore apply to pending administrative and judicial proceedings as of the date of entry into force of this Act.

(4) Registered persons in respect whereof there is an enforced administrative act on the grounds of which the right to deduct credit for input tax for supplies has not been recognised where the tax is chargeable on the recipient/importer and in respect whereof Article 73a hereof would apply, may exercise their right to deduct the unrecognised credit for input tax by including the memorandum for the tax charged on the supply in the purchases log for the tax period January 2009 or for any of the following 6 tax periods. The issued memorandum shall not be included in the purchases log where the tax due on the supply is charged by the registered person or by the revenue authorities for a previous tax period.

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§ 20. This Act shall enter into force as from 1 January 2009, with the exception of § 5 and § 16 regarding Items 54, 55, 56 and 57 of § 1 of the supplementary provision, which shall enter into force on 1 December 2008.

TRANSITIONAL AND FINAL PROVISIONS  
to the Payment Services and Payment Systems Act

(SG No. 23/2009, effective 1.11.2009)

§ 6. (1) Suppliers of payment services, operators of payment systems and other persons with obligations under this Act shall

adjust their activities and relations with third parties which occurred prior to the effective date of this Act within three months of the effective date of this Act.

(2) Suppliers of payment services may use the ways and means of notification under Article 42, paragraph 1 and Article 43, paragraphs 1 and 2 when notifying persons with whom they have framework agreements of the changes therein resulting from this Act.

§ 7. The Bulgarian National Bank shall update the licences of cash transfer companies issued under the repealed Money Transfers, Electronic Payment Instruments and Payment Systems Act in accordance with the requirements of this Act and enter them into the register under Article 17 within three months of the effective date of this Act. Updated licenses shall be issued by the BNB Governor.

§ 8. The Bulgarian National Bank shall update the licences of system operators of payment systems under Article 60 of the repealed Money Transfers, Electronic Payment Instruments and Payment Systems Act in accordance with the requirements of this Act and enter them into the register under Article 81 within three months of the effective date of this Act. Updated licenses shall be issued by the BNB Governor.

§ 9. In the cases other than those under § 7 and 8, the companies providing any payment service under Article 4 shall apply for licensing to the Bulgarian National Bank within three months of the effective date of this Act. Any company failing to submit an application under the first sentence or rejected after examination of the documents by the BNB under Article 14 shall not be entitled to operate as a payment institution.

§ 10. The Governing Board of the Bulgarian National Bank shall adopt implementing regulations on the application of Chapters Two, Three, Four and Six within three months of the date of promulgation of this Act in The State Gazette.

§ 11. The Governing Board of the Bulgarian National Bank shall adopt regulations to specify the ways of formation of the unique identifier of bank accounts, the international bank account number (IBAN).

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§ 21. This Act shall enter into force on 1 November 2009, except for § 10 which shall enter into force on the date of its promulgation in The State Gazette.

Act Amending and Supplementing the Value Added Tax Act  
(SG No. 95/2009, effective 1.01.2010)

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Transitional and Final Provisions

§ 49. The right to deduct tax credit which occurred prior to 1 January 2010 but had not been exercised as of the effective date of this Act and for the exercise of which the three tax periods following the tax period of its occurrence have not elapsed yet may be exercised in any of the twelve tax periods following the tax period of its occurrence.

§ 50. (1) Where an advance payment was received prior to 31 December 2009, including payment for the supply of goods or services, for which this Act has changed the tax treatment as regards the tax rate, the place of supply, the consideration of the supply as a taxable supply under Article 69, paragraph 2 and for which the chargeable event occurs thereafter, the supplier shall document the supply through the issuance of an invoice specifying the whole taxable amount. The tax regime existing as of the date of occurrence of the chargeable event under this Act shall apply to the supply.

(2) The tax regime as of the date of the relevant chargeable event under Article 25, paragraph 4 shall apply to the supply of services related to procedural representation exercising the right of defence of individuals in pre-trial, trial, administrative or arbitration proceedings, where such supply is regular or on a stage-by-stage basis.

(3) Where an advance payment was made prior to 31 December 2009, including payment for the supply of goods or services the chargeable event for which occurs thereafter and the tax is chargeable on the recipient under this Act, the registered person who is the recipient shall accrue the tax on the whole taxable amount, including the advance payment.

§ 51. (1) The restriction under Article 70, paragraph 1, items 4 and 5 shall not apply to the right to deduct tax credit, which existed or occurred prior to or on 31 December 2009 for automobiles with up to five seats installed by the manufacturer alongside with the driver's seat.

(2) As regards lease contracts specifying only an option rather than an obligation for transfer of the ownership right to automobiles under paragraph 1, the right to deduct tax credit on the lease instalments will continue to occur after 1 January 2010 provided that the right to deduct tax credit on at least one lease instalment occurred prior to or on 31 December 2009.

(3) The right to deduct tax credit shall not occur for the goods and services under Article 70, paragraph 1, item 5 in relation to the automobiles under paragraph 2 after 1 January 2010.

§ 52. (1) ) The persons under Article 97a, paragraph 1 who made an advance payment prior to or on 31 December 2009, including payment for the supply of services, the chargeable event for which occurs thereafter and the tax is chargeable on the recipient under this Act, shall apply for registration under Article 97a within 20 days of the effective date of this Act. On the date of occurrence of the chargeable event, the registered person who is the recipient shall accrue the tax on the whole taxable amount, including the advance payment. Where the chargeable event occurred prior to the date of registration under this Act, the tax on the service received shall be accrued within 15 days of the date of registration under this Act.

(2) The persons under Article 97a, paragraph 2 who received an advance payment prior to or on 31 December 2009, including payment for the supply of services the place of which was within the territory of another Member State and the chargeable event occurred thereafter, shall be registered under Article 97a within seven days of the effective date of this Act. The tax regime as of the date of occurrence of the chargeable event shall apply to these supplies.

§ 53. The two-month period under Article 92 shall apply to refundable tax related to tax periods after 1 January 2010.

§ 54. A taxable person who is not established within the territory of the country but is registered pursuant to Article 133 may apply for optional deregistration under Article 108, regardless of the taxable turnover for the last twelve consecutive months prior to the current one, where over the said period the person engaged only in supplies for which the tax became chargeable on the recipient under Article 82 after 31 December 2009.

§ 55. Persons registered as of the effective date of this Act shall specify the e-mail address under Article 101, paragraph 5 within three months of the effective date of this Act.

§ 56. (1) The Minister of Finance shall adjust the ordinance under Article 118, paragraph 4 to the requirements of this Act within six months of its effective date.

(2) The Minister of Finance shall specify the time limit for the persons obliged to use fiscal devices to adjust their activities with a view to maintaining the distance connection in accordance with the requirements set out in the ordinance under paragraph 1. The Minister may specify different time limits for certain groups of persons, which may not be shorter than six months and longer than two years of the effective date of the ordinance under paragraph 1.

§ 57. This Act shall enter into force on 1 January 2010.

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Act for amendment and supplementation of the Value Added Tax Act

(SG No. 94/2010, effective 1.01.2011)

Supplementary provision

§ 29. In the remaining texts of the act, the word "European Union" is replaced by the "European Union", whereas the words "within the European Union and outside of it" are replaced by the words "within the European Union and outside of it".

Transitional and final provisions

§ 30 (1) For the supplies of a concession for construction, service or extraction/mining under contracts concluded prior to 1 January 2011, the tax arrangements as of the occurrence of the taxable event shall be applied as stipulated pursuant to Article 25(4). In such cases it shall be deemed that the tax is not included in the concessionary remuneration.

(2) When an advance payment has been received under Paragraph 1 through 31 December 2010 and the taxable event occurs after this date, the supplier shall document the supply by issuing an invoice in which the supplier shall state the entire taxable amount of the supply.

(3) The concessionaires under a concession contract for construction, service or extraction/mining shall have the right to a credit for input tax for the received supplies of goods and/or services during the period 1 January 2007 - 31 December 2010, which have been used or will be used for supplies under Article 3, Paragraph 5, Item 1 Letter "m" of this act.

(4) The right referred to in Paragraph 3 shall be exercisable by:

1. 31 December 2011 - for the received supplies of goods and services for the period from 1 January 2007 to 30 June 2008,

2. 31 December 2012 - for the received supplies of goods and services for the period from 1 July 2008 to 31 December 2009, and

3. 30 June 2013 - for the received supplies of goods and services for the period from 1 January 2010 to 31 December 2010.

The provisions of Article 126 shall not applied in these cases.

(5) When the persons referred to in Paragraph 3 have exercised the right to deduct a credit for input tax prior to the entry into force of this act, it shall be deemed that this right has been exercised legitimately.

(6) Paragraph 5 shall be applied also to the administrative and judicial proceedings that are not completed as of the date of entry into force of this act.

(7) The concession grantor - persons registered under the act, in respect to whom there exists an individual administrative act which has entered into force and on the basis of which the right to deduct a credit for input tax has not been recognized for received supplies of goods and/or services, for which the terms and conditions of Paragraph 3 exist, can exercise their right to deduct the unrecognized credit for input tax within the time limits referred to in Paragraph 4.

§ 31. For the assets and property under § 29 of the transitional and final provisions of the Act for amendment of the Waters Act (Promulgated SG No. 47/2009, Amended No. 95/2009), including for those written off by 31 December 2010, no adjustments shall be made to the used credit for input tax pursuant to Article 79 in connection with the free-of-charge supply upon their being written-off the balance sheet.

§ 32. (1) When an advance payment has been received through 31 December 2010 for the supply of a good or a service for which (by virtue of this act) the tax treatment has been changed in regard to the tax rate, the place of supply, the equalization of the supply to a taxable supply under Article 69(2) and for which the taxable event occurs after this date, the supplier shall document the supply by issuing an invoice, wherein the supplier shall state the entire taxable amount of the supply. The tax

arrangements as of the date of occurrence of the tax event of the supply under the act shall be applied to the supply.

(2) When an advance payment has been made through 31 December 2010 for the supply of a good or a service, the taxable event for which occurs after this date and the tax for the supply is due and payable by the recipient according to the provisions of the act, the registered recipient shall be obligated to accrue/assess tax on the entire taxable amount of the supply, including for the advance payment made.

§ 33. In the cases of supplies under Article 130, for which the taxable event of the former supply has occurred through 31 December 2010, whereas the taxable event of the second supply occurs after this date, the tax arrangements as of the date of occurrence of the taxable event of the second supply shall be applied to the second supply.

§ 35. The act shall enter into force from 1 January 2011 with the exception of § 12, which shall enter into force from 1 April 2011, and § 7, § 28 Item 1 Letter "d" and § 34, which shall enter into force from 1 January 2012.

Act Amending and Supplementing the Value Added Tax Act

(SG No. 19/2011, effective 8.03.2011)

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Transitional and Final Provisions

§ 3. (1) Within three months of this Act's entry into force the Minister of Finance shall accordingly adapt the ordinance referred to in Article 118 (4) hereof.

(2) The Minister of Finance shall determine a period within which the persons referred to in Article 118 (6) shall adapt their activities related to the establishment of a remote connection to the requirements of the ordinance referred to in Paragraph (1).

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TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing Value Added Tax Act

(SG No. 99/2011, effective 1.01.2012)

§ 22. To import tax charged on December 31, 2009 of second-hand goods available at December 31, 2011, are not covered by special arrangements for taxing the margin, the right of deduction, which is not exercised at the date of entry into force of this Act may be exercised in some of the twelve fiscal period from its entry into force.

§ 23. When to December 31, 2011 is an advance payment, including free delivery, for which this act was changed in taxable tax treatment provider documents delivery by the invoice, stating the entire tax base for the delivery. Invoice issued in connection with an advance payment shall be canceled and the cancellation report is issued under Article 116. In cases under Article 119 adjustment is done by indicating the payment received with opposite sign in the statement of the sales tax for the period during which the chargeable event occurs. Delivery tax regime applies to the occurrence of a chargeable event under this Act.

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Act Amending and Supplementing the Excise Duties and Tax Warehouses Act

(SG No. 54/2012, effective 17.07.2012)

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Transitional and Final Provisions

§ 81. Within three months of this Act's entry into force the Minister of Finance shall accordingly amend the ordinance referred to in Article 118 (4) of the Value Added Tax Act.

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§ 85. This Act shall enter into force on the day of its publication in the State Gazette, except for:

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2. Paragraph 80, Item 1 and Item 4, letter "b", which shall enter into force from 1 January 2013.

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Act Amending and Supplementing the Value Added Tax Act  
(SG No. 94/2012, effective 1.01.2013, amended, SG No. 98/2013,  
effective 1.01.2014 - amended, SG No. 104/2013, effective 1.12.2013)

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Transitional and Final Provisions

§ 42. The right to submit registration inventory of available assets according to standard form at the date of registration, which right has arisen but has not been exercised at the date of entry into force of this Act and the time limits under Article 103 (2) or Article 132 (4) for exercise thereof have not expired, may be exercised within 45 days from the date of registration hereunder.

§ 43. (1) Upon supplies under concession contract for construction, service or extraction/mining whereunder the consideration, wholly or partially, is determined in goods or services for which the concession grantors or concessionaires have not issued invoices and the tax became chargeable in the period 1 January 2011 - 31 December 2012 shall charge the tax within 6 months from entry of this Act into force.

(2) The right to deduct credit for input tax under Paragraph (1) may be exercised for the tax period in which the invoice was issued or in one of the following 12 tax periods.

(3) Paragraph (1) shall furthermore apply to administrative and court proceedings which have not been closed at the date of entry into force of this Act.

(4) The registered persons against which there is an effective individual administrative act on the basis which the tax on supplies under Paragraph 1 has been charged, may issue invoices on such supplies and for the amount of the tax charged by the said act, on the basis of which the recipient may exercise the right to deduct credit for input tax. The right to deduct credit for input tax shall be exercised within the time limit under Paragraph (2).

(5) The concession grantors under concession contracts for construction, for service or for extraction/mining whereunder the payment (wholly or partly) is stipulated in goods or in services, may exercise their right to deduct credit for input tax within 6 months from entry into force of this Act for the supplies of goods and/or services received in the period 1 January 2011 - 31 December 2012, which are used or will be used for supplies under Paragraph (1) and in respect whereof the right to deduct credit for input tax has not been exercised until entry into force of this Act.

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§ 46. (Amended, SG No. 98/2013, effective 1.01.2014 - amended, SG No. 104/2013, effective 1.12.2013) For non-paid



public obligations whose term for payment expired before 1 January 2008, Article 169 (4) of the Tax Insurance Procedure Code shall apply after 1 January 2015.

.....

§ 65. This Act shall enter into force on 1 January 2013, except for Item 2 (a) of § 61, Items 3, 4 and 6, Item 7 - in respect of Article 86 (7), and Item 9 and § 64, which shall enter into force on the day of publication of this Act in the State Gazette, Item 5 of § 61, Item 7 - in respect of Article 86 (5) and (6), and Item 8, which shall enter into force on 1 April 2013, and Item 9 (c) of § 47 - in respect of Article 159 (5) and Item 11, which shall enter into force on 1 July 2013.

Act Amending and Supplementing  
the Tax Insurance Procedure Code

(SG No. 98/2013, effective 1.12.2013, supplemented SG No. 104/2013,  
effective 1.12.2013, amended, SG No. 109/2013, effective 1.01.2014)

.....

Transitional and Final Provisions

§ 7. The Value Added Tax Act (promulgated, SG, No. 63/2006; amended, Nos. 86, 105 and 108 of 2006 ; Decision No. 7 of the Constitutional Court of 2007 - No. 37/2007; amended, Nos. 41, 52, 59, 108 and 113 of 2007, No 106/2008, Nos. 12, 23, 74 and 95/2009, Nos. 94 and 100/ 2010, Nos. 19, 77 and 99/2011, Nos. 54, 94 and 103/2012, and Nos. 23, 30 and 68/2013) shall be supplemented as follows:

.....

§ 8. (1) Where prior to the entry into force of this Act an advance payment was made for the supply of goods under appendix № 2, part two of the Value Added Tax Act, the taxable event for which arises after that date and the tax is chargeable on the recipient, the recipient registered person shall charge the tax on the total tax base of the supply, including the advance payment made.

(2) In the cases referred to in Paragraph (1) the supplier of goods under appendix № 2, part two of the Value Added Tax Act shall document the supply by cancelling the invoice issued for the advance payment, stating the total tax base for the supply. A memorandum under Article 116 (4) of the Value Added Tax Act shall be also issued for the cancellation.

§ 9. (Amended, SG No. 109/2013, effective 1.01.2014) The provisions of Article 92, Paragraph (3), Item 2, § 1, Item 71 of the supplementary provisions and part two of appendix № 2 of the Value Added Tax Act shall apply until 31 December 2015.

§ 10. (Supplemented, SG No. 104/2013, effective 1.12.2013) This Act shall enter into force on 1 December 2013 with the exception of § 7, item 1, 2, 3, 4, 5 item 6 - on Part two of Annex No.2 to Chapter Nineteen "a" and item 7, which come into force from January 1, 2014.

Act Amending and Supplementing the Value Added Tax Act  
(SG No. 101/2013, effective 1.01.2014)

Transitional and Final Provisions

§ 29. The provision of Item 3 of Article 6 (2) shall apply to supplies under lease contracts concluded after 1 January 2014.

§ 30. The provisions of Article 26 (7) and (8) shall apply to supplies under Article 130 in respect whereof the chargeable event

of the supply with an earlier date of the chargeable event occurs after 31 December 2013.

§ 31. This Act shall enter into force on 1 January 2014, except for § 21 which shall enter into force on the date of its publication in the State Gazette.

Act amending the Tax Procedure Code  
(SG No. 109/2013, effective 1.01.2014)

.....  
§ 13. In the transitional and final provisions of the amendment of the Tax Procedure Code (SG No. 98/2013) in § 9, "31 December 2018" be replaced by "31 December 2015".

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing

the Value Added Tax Act

(SG No. 105/2014, effective 1.01.2015)

§ 28. (1) The place of transaction of supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services, provided by a taxable person established within the territory of the country, to non-taxable persons who are established or have their permanent address or usually reside within the territory of another member state, for which the chargeable event occurred prior to 1 January 2015, shall be within the territory of the country, including for a period or a stage in supplies effected periodically, by stages or continuously, in respect whereof the chargeable event occurred prior to 1 January 2015.

(1) The place of transaction of supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services, provided by a taxable person established within the territory of the country, to non-taxable persons who are established or have their permanent address or usually reside within the territory of another member state, for which the chargeable event occurred prior to 1 January 2015, shall be within the territory of the country, including for a period or a stage in supplies effected periodically, by stages or continuously, in respect whereof the chargeable event occurred prior to 1 January 2015.

(3) The place of transaction of supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services, provided by a taxable person established within the territory of the country, to non-taxable persons who are established or have their permanent address or usually reside within the territory of another member state, for which the chargeable event occurred prior to 1 January 2015, shall be within the territory of the country, including for a period or a stage in supplies effected periodically, by stages or continuously, in respect whereof the chargeable event occurred prior to 1 January 2015.

(4) The place of transaction of supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services, provided by a taxable person established within the territory of the country, to non-taxable persons who are established or have their permanent address or usually reside within the territory of another member state, for which the chargeable event occurred prior to 1 January 2015, shall be within the territory of the country, including for a period or a stage in supplies effected periodically, by stages or continuously, in respect whereof the chargeable event occurred prior to 1 January 2015.

(5) In the cases under Paragraphs (2) and (4), where pursuant to legislation of the other member state the chargeable event occurred prior to 1 January 2015 no tax chargeability shall occur/no tax shall be due on the supply within the country after entry into force of this Act.

§ 29. (1) All persons who at the date of entry into force of this Act are registered under the terms of the existing chapter eighteen shall be deemed as registered under the new chapter eighteen, section I. In these cases the identification number under Article 94 92) shall be retained.

(2) Started and not completed procedures on registration or termination of registration under the existing Articles 152 and 153 shall be completed in accordance with the new Article 154.

§ 30. The existing procedure shall apply to the submission of a tax return under the existing Article 157 (2) for the last tax period before entry into force of this Act as well as to the payment of the chargeable tax for the said period.

§ 31. Where an advance payment is made by 31 December 2014 inclusive for supply of telecommunication services, radio and TV broadcasting services and electronically supplied services whose place of transaction is changed pursuant to this Act and for which the chargeable event arises after that date, the tax for advance payment shall be chargeable in the member state where the supplier is established as at that date, and the tax on the difference (if any) between the tax base of the supply and the sums paid by 31 December 2014 inclusive excluding value added tax shall be chargeable in the member state of consumption.

§ 32. Overpaid value added tax on the VAT return for application of a special regime, including for adjustment of such VAT return, for tax periods prior to 1 January 2019 shall be recovered/offset to the person as follows:

1. from the member state of identification in the amount of:

a) thirty per cent of the total amount of the overpaid tax - for tax periods from 1 January 2015 to 31 December 2016;

b) fifteen per cent of the total amount of the overpaid tax - for tax periods from 1 January 2017 to 31 December 2018;

2. from the member state of consumption in the amount of:

a) seventy per cent of the total amount of the overpaid tax - for tax periods from 1 January 2015 to 31 December 2016;

b) eighty five per cent of the total amount of the overpaid tax - for tax periods from 1 January 2017 to 31 December 2018.

§ 33. For a permit issued prior to 1 July 2014 under the existing Article 166 (5), whose term has not expired as at the date of entry into force of this Act, the person who has obtained the permit for application of the special procedure for tax charging

upon importation or for tax refund within 30 days shall submit the information on the implementation of the investment project for the rest of the term to the Ministry of Finance within the time limits referred to in Article 166 (11).

.....

§ 46. This Act shall enter into force on 1 January 2015, with the exception of

1. paragraph 17 regarding Article 154 (2) and Article 156 (2), which shall enter into force from the day of publication of the Act in the State Gazette;

2. Paragraph 39, Item 7, letter "b", Items 9 - 13, and Item 19, letters "a", "b", "c", "d", "e" and letter "f" regarding Items 71 - 74 and Item 23, letter "a" and § 42, Items 11 and 17, which shall enter into force on 1 January 2014;

3. Paragraph 34, Item 7, which shall enter into force on 1 January 2016, Item 21, letter "a" (regarding Item 9 of Article 84 (6), which shall enter into force on 1 July 2015, and Item 2, letter "c", Items 30, 31, 32, 35 and 39 and § 35, which shall enter into force upon issuing of a positive decision by the European Commission on a procedure for notification undertaken by the Ministry of Finance under Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998, laying down a procedure for the provision of information in the field of technical standards and regulations and rules for the services of the information society.

**Annex No. 1**

to Article 32 (1)

(Previous Annex to Article 32 (1),

SG No. 108/2006, effective 1.01.2007)

Description of Goods	Combined Nomenclature of Republic of Bulgaria Code
Tin	8001
Copper	7402
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,  
amended, SG No. 98/2013, effective 1.01.2014,  
SG No. 101/2013, effective 1.01.2014,  
SG No. 104/2013, effective 1.12.2013,  
SG No. 109/2013, effective 1.01.2014)

### I. (Amended, SG No. 101/2013, effective 1.01.2014) Part One:

1. Waste.
2. Industrial waste.
3. Construction waste.
4. Hazardous waste.
5. Ferrous and nonferrous metals.
6. Ferrous and non-ferrous metal bit character.
7. Services, mining, processing or recycling of item 1-6.

II. (Effective 31.12.2015 - SG No. 98/2013, effective 1.01.2014 – amended, SG No. 104/2013, effective 1.12.2013, SG No. 109/2013, effective 1.01.2014) **Part Two**

CN Code 2012	Description
0909	Seeds of anise, badian, fennel, coriander, cumin or caraway; juniper berries:
	- Seeds of coriander
0909 21 00	-- Neither crushed nor ground .
0909 22 00	-- Crushed or ground .

1001	Wheat and meslin:
	- Durum wheat
1001 11 00	-- Seed
1001 19 00	-- Other
	- Other
1001 91	--Seed
1001 91 10	--- Spelt
1001 91 20	--- Common wheat and meslin
1001 91 90	--- Other
1001 99 00	-- Other
1002	Rye:
1002 10 00	- Seed
1002 90 00	- Other
1003	Barley:
1003 10 00	-Seed
1003 90 00	Other
1004	Oats:
1004 10 00	-Seed
1004 90 00	- Other
1005	Maize:
1005 10	-Seed:
	-- Hybrid:
1005 10 13	--- Hybrid "trois voies"
1005 10 15	--- Simple hybrids
1005 10 18	--- Other hybrid
1005 10 90	-- Other
1005 90 00	- Other
1006	Rice
1006 10	- Rice in the husk (paddy or rough):
1006 10 10	-- For sowing
	-- Other:
	--- Other:
1006 10 92	--- Round grain
1006 10 94	--- Medium grain
	--- Long grain:
1006 10 96	---- Of a length/width ratio greater than 2 but less than 3
1006 10 98	---- Of a length/width ratio equal to or greater than 3 .
1007	Grain sorghum:
1007 10	- Seed
1007 10 10	-- Hybrid, for sowing
1007 10 90	-- Other
1007 90 00	- Other
1008	Buckwheat, millet and canary seed; other cereals:

1008 10 00	- Buckwheat
	- Millet:
1008 21 00	-- Seed
1008 29 00	-- Other
1008 30 00	- Canary seed
1008 60 00	- Triticale
1008 90 00	- Other cereals:
1201	Soya beans, whether or not broken:
1201 10 00	- Seed
1201 90 00	- Other
1205	Rape or colza seeds, whether or not broken:
1205 10	- Low erucic acid rape or colza seeds:
1205 10 10	- For sowing
1205 10 90	-- Other
1205 90 00	- Other
1206 00	Sunflower seeds, whether or not broken:
1206 00 10	- For sowing
	- Other:
1206 00 91	-- Shelled; in grey-and-white-striped shell
1206 00 99	--Other