

## Value Added Tax Act

Promulgated, State Gazette No. 63/4.08.2006, effective 1.01.2007, amended, SG No 86/24.10.2006, effective 1.01.2007, supplemented, SG No. 105/22.12.2006, effective 1.01.2007, amended and supplemented, SG No. 108/29.12.2006, effective 1.01.2007; Judgment No. 7/23.04.2007 by 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, supplemented, SG No 41/5.06.2015, amended, SG No. 79/13.10.2015, effective 1.08.2016, SG No 94/4.12.2015, effective 1.01.2016, amended and supplemented, SG No. 95/8.12.2015, effective 1.01.2016, amended, SG No. 58/26.07.2016, supplemented, SG No 60/2.08.2016, amended, SG No. 74/20.09.2016, effective 1.01.2018, amended and supplemented, SG No. 88/8.11.2016, effective 1.01.2017, amended, SG No 95/29.11.2016, amended and supplemented, SG No. 97/6.12.2016, effective 1.01.2017, amended, SG No. 85/24.10.2017, amended and supplemented, SG No 92/17.11.2017, effective 1.01.2018, amended, SG No. 96/1.12.2017, effective 1.01.2018, amended and supplemented, SG No. 97/5.12.2017, effective 1.01.2018, SG No. 24/16.03.2018, supplemented, SG No. 65/7.08.2018, effective 7.08.2018, amended and supplemented, SG No. 98/27.11.2018, effective 1.01.2019, amended, SG No. 24/22.03.2019, effective 1.07.2020 (\*), supplemented, SG No. 33/19.04.2019 effective 19.04.2019, amended and supplemented, SG No. 96/6.12.2019, effective 1.01.2020, SG No. 100/20.12.2019, effective 1.01.2020, amended, SG No 101/27.12.2019, supplemented, SG No. 102/31.12.2019, effective 1.01.2020, amended, SG No. 14/18.02.2020, supplemented, SG No. 18/28.02.2020, effective 28.02.2020, amended, SG No. 52/9.06.2020, effective 9.06.2020, amended and supplemented, SG No. 55/19.06.2020, effective 1.07.2020, SG No. 71/11.08.2020, (\* effective 1.08.2020, SG No. 104/8.12.2020, effective 1.01.2021, SG No 107/18.12.2020, effective 1.01.2021, amended, SG No. 17/26.02.2021, SG No 111/31.12.2021, effective 1.01.2022, amended and supplemented, SG No. 14/18.02.2022, effective 18.02.2022

\*Note: An update of the English text of this Act is being prepared following the amendments in SG No. 18/4.03.2022, effective 1.01.2022

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. (supplemented, SG No. 96/2019, effective 1.01.2020) the activity performed by natural persons under employment contract, under contract equivalent to employment contract or under any other employment relationship which creates a relationship similar to an employer and employee relationship in terms of working conditions, remuneration and responsibility of the employer;
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) (Amended, SG No. 97/2016, effective 1.01.2017) 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, amended, SG No 96/2017, effective 1.01.2018, SG No. 17/2021) running of shops, industrial canteens and other commercial outlets, the letting of buildings, parts of buildings and sales areas, as well as granting or awarding of concession;
- (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) (Amended, SG No. 96/2019, effective 1.01.2020) Supply of goods within the meaning of this Act shall be the transfer of the right of ownership or any other right in rem in respect of goods, as well as any other right of disposal of the goods as owner.

(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, SG No. 97/2016, effective 1.01.2017, supplemented, SG No. 96/2019, effective 1.01.2020) 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 in general for purposes other than the independent economic activity of the taxable person, provided that in the production, importation or acquisition of the said goods credit for input tax has been deducted in full, in part or in proportion to the degree of use for independent economic activity;

2. (amended, SG No. 97/2016, effective 1.01.2017) free transfer of ownership or other property right in the goods to third parties, where in the production, importation or acquisition thereof tax credit has been deducted in full, in part or in proportion to the degree of use for independent economic activity;

3. (new, SG No. 106/2008, effective 1.01.2009, supplemented, SG No. 97/2016, effective 1.01.2017, SG No. 96/2019, effective 1.01.2020) 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 where the goods are sent or transported for the purposes of its economic activity by or for its account from the territory of the country to the territory of another Member State in which the person is not registered for VAT purposes; this shall not apply to the transfer of goods under call-off stock arrangements.

(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;

3. (new, SG No. 95/2015, effective 1.01.2016) 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, caused by extreme need or force majeure;

4. (new, SG No. 88/2016, effective 1.01.2017) free of charge provision of foodstuffs to a food bank operator when, at the time of provision, the following conditions are met simultaneously:

(a) the unit of foodstuff is of negligible value;

(b) (amended, SG No. 52/2020, effective 9.06.2020) the food bank operator is entered in the register under Article 103 of the Foodstuffs Act;

(c) (amended, SG No. 52/2020, effective 9.06.2020) the foodstuff is included in the list under Article 96, paragraph 2 of the Foodstuffs Act;

(d) (amended, SG No. 52/2020, effective 9.06.2020) the timeframe under Article 96, paragraph 3 of the Foodstuffs Act for which the foodstuff may be delivered has not expired yet;

(e) the foodstuff is marked as "donation, not subject to sale";

(f) the total value of the foodstuffs provided free of charge to food bank operators for the current calendar year does not exceed 0.5 % of the total value of the taxable supplies of foodstuffs effected by the person in the calendar year preceding the current one;

(g) the person providing the foodstuffs free of charge has no due and unpaid tax, social security or other public liabilities and over the past two years there is no enforceable criminal decree for violation of Articles 180, 180a, 181, 182 and 185.

(5) (New, SG No. 101/2013, effective 1.01.2014, amended, SG No. 98/2018 effective 1.01.2019) 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 (3) of the Registered Pledges Act shall not be considered supply of goods.

(6) (New, SG No. 97/2016, effective 1.01.2017) Item 2 of Paragraph 3 shall furthermore apply in case of free intra-Community supply of goods, where in the production, acquisition or importation thereof credit for input tax has been deducted in full or in part.

(7) (New, SG No. 96/2019, effective 1.01.2020) Item 3 of Paragraph 3 shall not apply where the person holds proofs set out in the Regulations for Application of this Act that the intra-Community acquisition is levied in the Member State where the goods arrive or their transport ends. If Item 3 of Paragraph 3 is applied to the supply and the person subsequently proves that the intra-Community acquisition was levied in the Member State where the goods arrive or where their transport ends, the person shall adjust the result of the application of Item 3 of Paragraph 3. The documents certifying such circumstances and the procedure for the adjustment shall be laid down in the Regulations for Application of this Act.

#### Intra-European Union Supply of Goods

**Article 7.** (1) (Supplemented, SG No. 96/2019, effective 1.01.2020) An intra-Community supply of goods shall be any supply of goods, transported by or for the account of the supplier who is a person registered under this Act, or of the recipient from the territory of the country to the territory of another Member State, where the recipient is a taxable person or a non-taxable legal entity registered for VAT purposes in another Member State and who has provided its identification VAT number to the supplier.

(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. (amended, SG No. 104/2020, effective 1.07.2021) intra-Community selling of goods;

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;

11. (new, SG No. 96/2019, effective 1.01.2020) the supply under Paragraph 1, where the supplier has not submitted a VIES return under Article 125 or where the VIES return does not contain the precise data of the supply, unless the supply may justify the reason for the errors or omissions committed thereby, including where the person has eliminated them in the next VIES return.

(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. (amended, SG No. 96/2019, effective 1.01.2020) performance of a service by a tenant/user for:

a) repair of an asset hired out or allocated for use;

b) 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, supplemented, SG No 96/2019, effective 1.01.2020) the provision of a service 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 the 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, supplemented, SG No 96/2019, effective 1.01.2020) 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 in general 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;

5. (new, SG No. 95/2015, effective 1.01.2016) the provision of services for the private use 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, caused by extreme need or force majeure.

(5) (New, SG No. 97/2016, effective 1.01.2017) Item 1 of Paragraph 3 shall not apply to used goods in respect whereof the right to credit for input tax under Articles 71a, 71b and 73b has been exercised.

#### 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, amended, SG No. 97/2016, effective 1.01.2017) provision for use of properties by the state and municipalities to applicants for the purposes of private kindergartens and schools under the Pre-School and School Education Act and subsequent transfer thereof to the state and municipalities by the applicants upon 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.

#### Where No Supply of Goods or Services Has Taken Place

**Article 10a.** (New, SG No. 97/2016, effective 1.01.2017) (1) No supply of goods or services has taken place upon the importation of goods or services by a partner to achieve the common purpose of a contract for establishing an unincorporated company, provided that no remuneration is expressly agreed.

(2) For the goods or services received under paragraph 1 and imported for public use, no rights and obligations under this Act shall arise for an unincorporated company. The partner importing the goods or services, shall perform all the rights and obligations under this Act in connection with their use by the unincorporated company, including the right to deduct credit for input tax and the obligation to make adjustment of the tax credit used.

(3) Where the goods and services under paragraph 1 are used by the unincorporated company for carrying out deliveries, for which a right to deduct credit for input tax exists and for supplies or activities, for which no such right exists, the partner shall charge a tax or make adjustment of the used tax credit under the law, applying the coefficient referred to in Article 73 for the year of the occurrence of the change, calculated on the basis of the turnover of the unincorporated company.

#### No Supply upon Free of Charge Construction, Improvement or Repair of Physical Infrastructure Elements Constituting Public State Property or Public Municipal Property

**Article 10b.** (New, SG No. 96/2019, effective 1.01.2020) (1) The free of charge supply by a taxable person of constructed, improved or repaired physical-infrastructure elements which pursuant to a law constitute public state property or public municipal property and are used by the taxable person in the course of its independent economic activity, including where the physical-infrastructure elements are accessible for use by other entities, shall not be a supply.

(2) A taxable person shall have the right to deduct credit for input tax under the general rules of this Act, where the costs incurred for the construction, improvement or repair of the physical-infrastructure elements under Paragraph 1 are part of the total costs of the person and/or are a price-setting element of taxable supplies for consideration of goods or services effected in the course of the economic activity of such person.

(3) Paragraph 1 shall not apply to the constructed, improved or repaired physical-infrastructure elements under Paragraph 1 in respect whereof a consideration has been agreed, including where such consideration is determined in full or in part in goods or services.

#### 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) (Supplemented, SG No. 96/2019, effective 1.01.2020) "Intra-Community acquisition" shall mean acquisition of the right of ownership of goods and any other right of disposal of goods as owner, 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. (repealed, SG No. 104/2020, effective 1.07.2021, new, SG No. 14/2022, effective 18.02.2022) the acquisition of goods dispatched or transported from the territory of another Member State for the purpose of intra-Community distance selling of goods whereof the place of transaction is within the territory of the country;

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) (amended, SG No. 58/2016) 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.** (Amended, SG No. 104/2020, effective 1.07.2021) (1) Intra-Community distance sale of goods within the territory of the European Union shall be the supply of goods where the following conditions are simultaneously fulfilled:

1. the goods are dispatched or transported by the supplier or on its behalf, including where the supplier intervenes indirectly in the dispatch or transportation of the goods from the territory of a Member State, other than the one where the dispatch or transportation of the goods to the recipient ends;

2. the recipient of the supply is a non-taxable person; a non-taxable person shall furthermore be considered a taxable person or a non-taxable legal entity that has no obligation to charge VAT on the intra-Community acquisition of the goods in the Member State where the transportation end;

3. the goods are manufactured within the territory of the European Union or are released for free circulation except for:

a) new means of transport, or

b) goods that are assembled and/or installed by or for the account of the supplier, or

c) goods that are subject to special arrangements for taxing the price margin for second-hand goods, works of art, collectors' items and antiques.

(2) The sale of excisable goods shall be an intra-Community distance sale of goods under Paragraph 1, Items 1 and 3, where the recipient is a non-taxable natural person or a person under Article 173, Paragraph 5 and Paragraph 6, Item 1.

(3) Distance sale of goods imported from third countries or territories shall be the supply of goods where the following conditions are simultaneously fulfilled:

1. the goods are dispatched or transported by the supplier or on its behalf, including where the supplier intervenes indirectly in the dispatch or transportation of the goods from third countries or territories to the recipient in a Member State;

2. the recipient of the supply is a non-taxable person; a non-taxable person shall furthermore be considered a taxable person or a non-taxable legal entity that has no obligation to charge VAT on the intra-Community acquisition of the goods in the Member State where the transportation end;

3. the goods are not:

a) new means of transport, or

b) goods that are assembled and/or installed by or for the account of the supplier, or

c) goods that are subject to special arrangements for taxing the price margin of second-hand goods, works of art, collectors' items and antiques;

4. the goods are dispatched or transported from third countries or territories at the time of their supply.

(4) The cases where the goods are considered dispatched or transported by the supplier or on its behalf, including where the latter intervenes indirectly in the

dispatch or transportation of the goods, for the purposes of this Article shall be those within the meaning of Article 5a of Council Implementing Regulation (EU) 2019/2026 of 21 November 2019 amending Implementing Regulation (EU) No. 282/2011 as regards supplies of goods or services facilitated by electronic interfaces and the special schemes for taxable persons supplying services to non-taxable persons, making distance sales of goods and certain domestic supplies of goods (OJ, L 313/14 of 4 December 2019), hereinafter referred to as "Implementing Regulation (EU) 2019/2026".

Services facilitated by electronic interfaces

**Article 14a.** (New, SG No. 104/2020, effective 1.07.2021) (1) An electronic interface shall be a device or a programme that allows communication between two autonomous systems or a system and a final recipient and it may cover a website, portal, platform, interface for applications and other similar devices.

(2) A taxable person that operates an electronic interface shall be deemed to facilitate the supply of goods where the use of the electronic interface enables a recipient and a supplier offering goods for sale to have communication, resulting in the supply of goods through such electronic interface. The taxable person that operates an electronic interface shall be a person other than the supplier offering goods for sale and the recipient.

(3) Goods packaged together or dispatched simultaneously by the same sender to the same recipient and covered by the same transport contract shall be a consignment.

(4) A main supplier shall be a taxable person delivering goods or making distance sales of goods imported from third countries or territories through the use of an electronic interface.

(5) Services facilitated by electronic interfaces shall be the supplies of:

1. intra-Community distance sales of goods within the territory of the European Union by a taxable person who has not a fixed establishment within the territory of the European Union and the recipient is a non-taxable person;

2. distance sales of goods within the territory of the European Union imported from third countries or territories in the form of consignments with an intrinsic value not exceeding EUR 150 by a taxable person, whether the person has or has not a fixed establishment within the territory of the European Union, and the recipient is a non-taxable person;

3. domestic distance sales of goods shall be the supplies of goods under Article 14, Paragraph 1, Item 3, where the dispatch or transportation begins and ends in the territory of the same Member State in which the recipient, who is a non-taxable person, has a fixed establishment, a permanent address or usually resides, by a taxable person who has not a fixed establishment within the territory of the European Union;

4. intra-Community distance sales of goods within the territory of the European Union, where the main supplier is a taxable person who has a fixed establishment within the territory of the European Union, and /or of distance sales of goods within the territory of the European Union imported from third countries or territories in the form of consignments with intrinsic value not exceeding the equivalent of EUR 150.

(6) The taxable person under Paragraph 2, where it facilitates the execution of the supply of goods under Paragraph 5, Items 1 – 3, shall be deemed a supplier and a recipient and in this case there shall be two simultaneous supplies:

1. a supply between a main supplier and a recipient who is the taxable person operating the electronic interface;

2. a supply of the goods subject of the supply under Item 1 between the taxable person operating the electronic interface and a recipient being the non-taxable person.

(7) The chargeable event for the supply of goods under Paragraph 6 shall arise and the tax shall become chargeable at the moment of accepting the payment.

(8) The moment of accepting the payment under Paragraph 7 shall be determined in compliance with Article 41a of with Implementing Regulation (EU) No 2019/2026.

(9) For the taxable person operating an electronic interface and facilitating the execution of supply under Paragraph (5) wherein it is considered a supplier and where it does not apply Union scheme and a scheme for distance sales of goods imported from third countries or territories for the supply, the rules for the purposes of the value added tax of the relevant Member State where the recipient is established, has its permanent address or usually resides shall apply.

(10) A taxable person operating an electronic interface, where the person is registered pursuant to Articles 154, 156 or Article 157a, shall keep an electronic register under Article 159d for the supplies under Paragraph (5) in respect whereof he is considered a supplier, and for the supplies of telecommunication services, radio and TV broadcasting services or electronically provided services in which he participates and is considered to be acting in his own name in accordance with Article 9a 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 (OJ, L 284/1 of 26 October 2013), hereinafter referred to as "Implementing Regulation (EU) 1042/2013".

(11) A taxable person operating an electronic interface, when it is not registered pursuant to Article 154, 156 or 157a, shall keep an electronic register which shall contain summary information on the relevant tax period for the supplies under Paragraph 5 in respect whereof it is considered the supplier and for the supplies of telecommunication services, radio and TV broadcasting services or electronically provided services in which he participates and is considered to act in his own name in accordance with Article 9a of Implementing Regulation (EU) No. 1042/2013. The content of the consolidated information shall be specified by the Regulations for Application of this Act.

(12) A taxable person operating an electronic interface for the supplies under Paragraph (5) wherein it is not considered a supplier, and for the supply of telecommunication services, radio and TV broadcasting services or electronically provided services in which it does not participate and where it is not considered to act in its own name in accordance with Article 9a of Implementing Regulation (EU) 1042/2013, shall keep accounts of such goods and services.

(13) Upon a request, the information from the registers Paragraphs (10) and (11) and the accounts under Paragraph (12) shall be provided to a revenue authority electronically or on an electronic data storage medium in the file format laid down in the regulations.

(14) The persons under Paragraphs (10), (11) and (12) shall keep the accounts under Paragraph (12) and the information in the electronic registers under Paragraphs (10) and (11) for a period of 10 years, effective from the end of the year during which the supply of the goods was made.

(15) A taxable person that operates an electronic interface shall not facilitate the supply of goods where the conditions of Article 5b of Implementing Regulation (EU) 2019/2026 are fulfilled.

(16) (New, SG No. 14/2022, effective 18.02.2022) Paragraph 7 shall not apply to supplies referred to in paragraph 6, point 1 of distance sales of goods imported from third countries or territories, whether or not the scheme referred to in Article 157a is applied.

(17) (New, SG No. 14/2022, effective 18.02.2022) Paragraph 7 shall not apply to supplies referred to in paragraph 6, point 2 of distance sales of goods imported from third countries or territories, where the scheme referred to in Article 157a is not applied in respect of said supplies.

(18) (New, SG No. 14/2022, effective 18.02.2022) In the cases referred to in paragraph 6, the dispatch or transport of the goods shall relate only to the supply carried out by the taxable person operating the electronic interface to a recipient being the non-taxable person.

#### 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 C;
3. the intermediary is not registered for VAT purposes in Member States A and C;
4. the acquirer charges VAT as a recipient of the supply.

#### Call-off stock arrangements

**Article 15a.** (New, SG No. 96/2019, effective 1.01.2020) (1) A taxable person may transfer goods forming part of his business assets from the territory of one Member State to the territory of another Member State under call-off stock arrangements.

(2) The transfer under Paragraph 1 under call-off stock arrangements shall not be treated as a supply of goods for consideration where the following conditions apply simultaneously:

1. goods are dispatched or transported by a taxable person, or by a third party on his behalf, from the territory of one Member State to another Member State with a view to those goods being supplied to the Member State, at a later stage, to which the goods are dispatched or transported under an existing contract between the two taxable persons providing for the transfer of the right of ownership or any other right of disposal of the goods as owner;
2. the taxable person transferring the goods has not established his business nor has a fixed establishment in the Member State to which the goods are dispatched or transported;
3. the taxable person to whom the goods are intended to be supplied is identified for VAT purposes in the Member State to which the goods are dispatched or transported and its/his VAT identification number assigned thereto by that Member State is provided to the taxable person referred to in Item 2 at the time when the dispatch or transport begins;
4. the goods are recorded in the registers under Article 123 (5) at the time when the dispatch or transport begins by the taxable person under Item 2;
5. the VAT identification number of the taxable person referred to in Item 3, which is issued thereto by the Member State where the goods arrive or their transport ends, is included in a VIES return for the tax period of dispatch or transport of the goods of the taxable person under Item 2.

(3) Where the conditions laid down in Paragraph 2 are met, the following shall be deemed to apply at the time of the transfer of the right to dispose of the goods as owner to the taxable person referred to in Item 3 of Paragraph 2, provided that the transfer occurs within a 12-month period from arrival of the goods or from the end of their transport:

1. an intra-Community supply of goods effected by the taxable person under Item 2 of Paragraph 2 in the Member State to which the goods were dispatched or transported;
2. an intra-Community acquisition of goods effected by the taxable person under Item 3 of Paragraph 2 to whom such goods are supplied in the Member State to

which the goods were dispatched or transported.

(4) Where, within the 12-month period of the arrival or end of transport of the goods to the Member State to which the goods have arrived or their transport has ended, the taxable person referred to in Item 3 of Paragraph 2 is substituted by another taxable person, provided that all other applicable conditions set out in Paragraph 2 are met and subject to recording of the substitution of the taxable person under Item 2 of Paragraph 2 in the register under Article 123 (5), the call-off stock arrangements shall continue until that period has expired.

(5) The return of goods to the Member State from which they were dispatched or transported, where the right of ownership or any other right of disposal of the goods as owner was not transferred within the 12-month time limit of the arrival or end of transport of the goods and where their return is recorded in the register under Article 123 (5) by the person under Item 2 of Paragraph 2 shall not be deemed a supply of goods.

(6) Where within the 12-month time limit of the arrival or end of transport of the goods any of the conditions under Paragraphs 2 and 4 cease to be fulfilled, as of that moment it shall be deemed that the following takes place:

1. an intra-Community supply of goods effected by the taxable person under Item 2 of Paragraph 2 in the Member State from which the goods were dispatched or transported;

2. an intra-Community acquisition of goods effected by the taxable person under Item 2 of Paragraph 2 in the Member State to which the goods arrived or their transport ended.

(7) Where within the 12-month time limit of the arrival or end of transport the goods were not supplied and the circumstances under Paragraphs 5, 9 or 10 did not arise, it shall be deemed that the conditions under Paragraph 2 cease to be fulfilled as of the day following the expiration of the 12-month time limit, and as of that moment Paragraph 6 shall apply.

(8) (Amended, SG No. 14/2020) Where within the 12-month time limit of the arrival or end of transport the goods were supplied to a person other than the taxable person under Item 3 of Paragraph 2 or Paragraph 4, it shall be deemed that the conditions under Paragraph 2 cease to be fulfilled immediately before the supply, and as of that moment Paragraph 6 shall apply.

(9) Where within the 12-month time limit of the arrival or end of transport the goods were dispatched or transported to a country other than the country to which the goods initially arrived or the transport ended, it shall be deemed that the conditions under Paragraph 2 cease to be fulfilled before such dispatch or transportation begins, and as of that moment Paragraph 6 shall apply.

(10) Where within the 12-month time limit of the arrival or end of transport the goods were destroyed, missing or discarded, it shall be deemed that the conditions under Paragraphs 2 and 4 cease to be fulfilled on the date of occurrence of the respective circumstance, or, if it is impossible to determine that date, the date on which the said circumstance was found, and as of that moment Paragraph 6 shall apply.

(11) The chargeable event in the event of intra-Community supply and intra-Community acquisition under Paragraph 6 shall occur on the date of the respective circumstance. In such cases, Article 51(3) and Article 63(3) shall apply.

## Importation of Goods

**Article 16.** (1) (Amended, SG No. 58/2016) "Importation of goods", within the meaning given by this Act, shall be the introduction of non-EU 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, SG No. 58/2016)

"Importation of goods" shall furthermore mean the introduction of EU 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) (Amended, SG No. 58/2016, SG No. 96/2019, effective 1.01.2020) Paragraphs 1, 2, 3 and 4 shall not apply, where upon introduction into the territory of the country the goods have a status of goods in temporary storage or are placed in a free zone, or are placed under the customs procedures of: customs warehousing, inward processing, temporary importation with total exemption from import duty, external transit, the importation shall be deemed effected when the goods are released for free circulation.

## **PART TWO TAXATION OF SUPPLIES**

### **Chapter One PLACE OF TRANSACTION**

#### Place of Supply of Goods

**Article 17.** (1) (Supplemented, SG No. 96/2019, effective 1.01.2020) Place of transaction in a supply of goods which are not dispatched or transported shall mean the place where the goods are located upon the transfer of ownership or of any other right to dispose of the goods as owner 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.

(5) (New, SG No. 104/2020, effective 1.07.2021) The place of supply of goods by the importer defined as the payer of the value added tax, where the dispatch or transportation of the goods begins from the territory of a third country or territory, shall be in the territory of the Member State of importation of the goods. The place of the subsequent supply shall be in the territory of the Member State of importation of the goods.

#### 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.** (Supplemented, SG No. 95/2015, effective 1.01.2016, amended, SG No 104/2020, effective 1.07.2021) (1) The place of transaction of the supply of Intra-Community distance sale of goods under Article 14, Paragraph 1 and Article 14a, Paragraph 5, Item 1 in connection with the supply under Article 14a, Paragraph 6, Item 2 shall be the place where the goods are at the time when dispatch or transport to the recipient ends.

(2) The place of transaction of the supply of distance sales of goods imported from third countries or territories under Article 14, Paragraph 3 and Article 14a, Paragraph 5, Item 2 in connection with the supply under Article 14a, Paragraph 6, Item 2 to a Member State other than the Member State where the dispatch or transport of the goods to the recipient ends, shall be the place where the goods are at the time of dispatch or transport of the goods to the recipient ends.

(2) (Supplemented, SG No. 14/2022, effective 18.02.2022) The place of transaction of the supply of distance sales of goods imported from third countries or territories under Article 14 (3) and Item 2 of Article 14a (5) in connection with the supply under Item 2 of Article 14a (6) to a Member State other than the Member State where the dispatch or transport of the goods to the recipient ends, shall be the place where the goods are at the time of dispatch or transport of the goods to the recipient



ends, provided that the tax on these goods is declared in accordance with Article 159a.

(4) The place of transaction of the supply of goods under Item 1 of Article 14a (6) shall be the location of the goods at the time in which a consignment is sent or its transportation begins.

(5) The place of transaction of the supply under Item 3 of Article 14a (5) in the cases of domestic distance sales of goods shall be set out in accordance with Article 17 (1).

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.

A threshold for defining the place of transaction in the supply of intra-Community distance sales of goods and supplies of telecommunication services, radio and TV broadcasting services and electronically provided services

**Article 20b.** (New, SG No. 104/2020, effective 1.07.2021) (1) Article 20, Paragraph 1 and Article 21, Paragraph 6 shall not apply where the following conditions are simultaneously fulfilled:

1. the supplier, including a supplier operating an electronic interface, is established, has its permanent address or usually resides in the territory of only one Member State;

2. telecommunication services, radio and TV broadcasting services and electronically supplied services are supplied to non-taxable persons, which are established, have their permanent address or usually reside within the territory of Member States other than the Member State under Item 1 or the goods in Intra-community distance sales are dispatched or transported from the territory of the State under Item 1 to another Member State;

3. the total amount excluding VAT of the supplies under item 2 does not exceed in the current calendar year and did not exceed in the previous calendar year EUR 10,000 or its equivalent amount in the national currency of the Member State where the supplier under item 1 is established, has his permanent address or usually resides; the equivalent amount in national currency shall be determined at the exchange rate published by the European Central Bank as of 5 December 2017.

(2) The place of transaction of the supply under Paragraph 1 shall be the Member State in which the supplier is established.

(3) The place of transaction of the supply where the threshold referred to under Paragraph 1, Item 3 is exceeded in the respective calendar year shall be determined in accordance with Article 20, Paragraph 1 and Article 21, Paragraph 6.

(4) The supplier in respect whereof the conditions under Paragraph 1 obtain

simultaneously may opt for to determine the place of transaction of the supply in accordance with Article 20, Paragraph 1 and Article 21, Paragraph 6. In these cases the choice shall apply until expiry of two calendar years from the beginning of the calendar year following the selected year.

(5) (Amended, SG No. 14/2022, effective 18.02.2022) The right of option under Paragraph (4) by a supplier which is established, has its permanent address or usually resides only in the territory of the country shall be exercised under Article 156 (16) or in accordance with the registration rules for the purposes of the value added tax of the respective Member State where:

1. the recipient is established, has its permanent address or usually resides - in supplies of telecommunication services, radio and TV broadcasting services and electronically supplied services;

2. the dispatch or transport of the goods to the recipient ends - in the case of supply of intra-Community distance sales of goods.

(6) A supplier who is established, has its permanent address or usually resides in the territory of only one Member State shall exercise the right of choice under Paragraph 4 in accordance with Article 96, Paragraph 9.

(7) In determining the threshold under Paragraph 1, Item 3, the supplies of domestic distance sales of goods by a taxable person operating an electronic interface where the person acts as a supplier shall not be taken into account.

### 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).

(8) (New, SG No. 98/2018, effective 1.01.2019, repealed, SG No. 104/2020 effective 1.07.2021).

(9) (New, SG No. 98/2018, effective 1.01.2019, repealed, SG No. 104/2020 effective 1.07.2021).□

(10) (New, SG No. 98/2018, effective 1.01.2019, repealed, SG No. 104/2020 effective 1.07.2021).□

(11) (New, SG No. 98/2018, effective 1.01.2019, repealed, SG No. 104/2020 effective 1.07.2021).□

#### 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) (Repealed, SG No. 96/2019, effective 1.01.2020).□

#### 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, SG 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) (Amended, SG No. 96/2019, effective 1.01.2020) The chargeable event shall occur on the date on which the right of ownership of the goods or another right in rem occurs, as well as any other right of disposal of the goods as owner, or on the date on which the service was rendered.

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

1. (supplemented, SG No. 108/2007, amended, SG No. 96/2019, effective 1.01.2020) the date of actual handing over of the goods under Article 6 (2) herein, except for the cases under Paragraph (9);

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, SG No. 96/2019, effective 1.01.2020) 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 of the leased or provided for use asset has not been set out as condition and/or obligation under the contract;

7. (new, SG No. 95/2015, effective 1.01.2016) the last day of the month in which the service was provided under Items 1 and 2 of Article 9 (3).

(4) (Amended, SG No. 108/2006, SG No. 97/2016, effective 1.01.2017, SG No. 97/2017, effective 1.01.2018) In supplies effected periodically, or continuously, with the exception of the supplies covered under Article 6 (2) herein, each period 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. Upon supply of a good or service for which a staged implementation has been agreed, the completion of each stage is considered to be a separate supply and the chargeable event for it shall occur on the date of completion of the relevant stage.

(5) (New, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 97/2016, effective 1.01.2017) Paragraph (4), first sentence shall not apply to supplies with continuous performance and duration of over 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) Or 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.

(10) (New, SG No. 96/2019, effective 1.01.2020) A chargeable event under Paragraph (1) shall also be the placement under re-export arrangements of goods intended for the continental shelf and the exclusive economic zone in which the state exercises sovereign rights, jurisdiction and control in accordance with Article 42 and/or Article 47 of the Maritime Space, Inland Waterways and Ports of the Republic of Bulgaria Act, which upon their introduction into the territory of the country have a status of goods in temporary storage or are placed in a free zone, or are placed under the customs procedures of: customs warehousing, inward processing, temporary importation with total exemption from import duty, external transit.

(11) (New, SG No. 96/2019, effective 1.01.2020) The chargeable event under Paragraph 10 shall occur and the tax shall become chargeable on the date on which the goods are placed under re-export arrangements.

(12) (New, SG No. 96/2019, effective 1.01.2020) In the cases when the goods arrive directly in the continental shelf and the exclusive economic zone in which the state exercises sovereign rights, jurisdiction and control in accordance with Article 42 and/or Article 47 of the Maritime Space, Inland Waterways and Ports of the Republic of Bulgaria Act, from a third country or territory or from another Member State, where no intra-Community acquisition exists for the goods, the chargeable event shall arise

and the tax shall become chargeable on the date on which the goods arrived in the continental shelf and the exclusive economic zone.

#### 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 incurrance 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.

(10) (New, SG No. 98/2018, effective 1.01.2019) The taxable amount of the supply of goods and services provided against a multi-purpose voucher shall be equal to the amount paid for the voucher, or where there is no information about that amount, to the monetary value shown in the voucher itself or in the related documentation, excluding the tax hereunder on the goods and services supplied.

#### Special Cases of Determination of Taxable Amount

**Article 27.** (1) (Amended, SG No. 99/2011, effective 1.01.2012, SG No. 98/2018 effective 1.01.2019). The taxable amount of the supply of goods under Article 6 (3), to be determined at the beginning of the month of separation or supply of the goods, shall be the taxable amount upon acquisition or the cost of the goods, and in the cases of importation - the taxable amount upon importation less costs for wear and tear in line with the ordinary economic life of the goods. Where the taxable amount cannot be determined according to this procedure, the taxable amount shall be the market price.

(2) (Amended, SG No. 101/2013, effective 1.01.2014, supplemented, SG No 95/2015, effective 1.01.2016, amended, SG No. 97/2016, effective 1.01.2017, SG No 97/2017, effective 1.01.2018, SG No. 96/2019, effective 1.01.2020) 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. In determining the amount of the direct costs for the goods used, which are or could be fixed assets, a cost for their wear and tear shall be taken into account as part of the value of the taxable amount, for the tax charged on which a credit for input tax has been deducted, calculated for each tax period under the straight-line method for real estate over a period of 20 years, effective from the beginning of the tax period for which the right of tax credit has been exercised, respectively from the beginning of the tax period during which the actual use started in case the property is not used for more than one year after the tax period during which the right to tax credit was exercised, and for other goods for a period of 5 years, effective from the beginning of the tax period during which the right of tax credit was exercised. The costs for wear and tear in the case of existing rights in rem in respect of goods shall be determined for the period for which these rights have been established, but for no longer than the applicable number of years under the preceding sentence. 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 of the leased or provided for use asset, 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.

(6) (New, SG No. 95/2015, effective 1.01.2016) In the cases of Items 1 and 2 of Article 9 (3), in the event of simultaneous use of goods and/or services and for independent economic activity for the purposes of determining direct costs under Paragraph (2), sentence one, sentence two and sentence three, the taxable amount shall be split pro-rata in accordance with the degree of use of the relevant good and/or service for the private use of the owner, of the factory and office workers or for purposes other than the independent economic activity.

### **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) (Supplemented, SG No. 97/2017, effective 1.01.2018) 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). Motor vehicles used to carry out contracts for transportation of cargo shall not be part of the luggage of passengers, in respect of their drivers.

### International Transport of Goods

**Article 30.** (1) (Previous text of 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) (amended, SG No. 97/2016, effective 1.01.2017) vessels designed and used for the carriage of goods or passengers on the high seas, with the exception of those used for sporting and entertaining purposes or for personal needs;

(b) (supplemented, SG No. 97/2016, effective 1.01.2017) vessels designed and used to carry out commercial, industrial or fishing activities on the high seas;

(c) vessels used for rescue of life and property at sea;

(d) (amended, SG No. 97/2016, effective 1.01.2017, SG No. 14/2022, effective 18.02.2022) military vessels falling within CN code 8906 10 00, leaving the territory of the country and sailing in the direction of ports or anchoring outside the territory of the country;

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

3. (amended, SG No. 105/2014, effective 1.01.2015, SG No. 97/2016, effective 1.01.2017) the supply of services for the construction, maintenance, repair, modification, transformation, assembly, equipment, supply, transportation and destruction of aircraft used by an air operator performing mainly international flights, and of vessels referred to in item 2, with the exception of those referred to in letter "d";

4. (amended, SG No. 97/2016, effective 1.01.2017) rental of aircraft used by an aviation operator performing mainly international flights, and of vessels referred to in item 2, with the exception of those referred to in letter "d";

5. (amended, SG No. 97/2016, effective 1.01.2017) handling of aircraft used by an aviation operator performing mainly international flights, and of vessels referred to in item 2, with the exception of those referred to in letter "d";

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

(a) (amended, SG No. 97/2016, effective 1.01.2017) vessels referred to in item 2, with the exception of those referred to in letter "d";

(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. (amended, SG No. 97/2016, effective 1.01.2017) the supply of aircraft used by an aviation operator performing mainly international flights, and of vessels referred to in item 2, with the exception of those referred to in letter "d";

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. (amended, SG No. 97/2016, effective 1.01.2017) the supply of services under chapter nine of the Merchant Shipping Code provided to vessels referred to in item 2, with the exception of those referred to in letter "d";

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;

12. (new, SG No. 98/2018, effective 1.01.2019) another supply of services to meet the immediate needs of:

a) vessels referred to in item 2, with the exception of those referred to in letter "d";

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

#### 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 the recipient whereof is a person managing an electronic interface

**Article 35a.** (New, SG No. 104/2020, effective 1.07.2021, supplemented, SG No 14/2022, effective 18.02.2022) A supply liable to tax at the zero rate with the place of transaction in the territory of the country shall be the supply of goods under Item 1 of Article 14a (6).

#### 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.

Supply of vaccines against COVID-19 and in vitro diagnostic medical devices intended for COVID-19 diagnosis

**Article 36b.** (New, SG No. 107/2020, effective 1.01.2021 until 31.12.2022) (1) A supply liable to tax at the zero rate with the place of transaction in the territory of the country shall be:

1. the supply of vaccines against COVID-19 and the services directly to such vaccines;
2. the supply of in vitro diagnostic medical devices intended for COVID-19 diagnosis and the services directly to such devices.

(2) Paragraph 1 shall apply where the vaccines against COVID-19 and the in vitro diagnostic medical devices intended for COVID-19 diagnosis comply with the requirements of the Medicinal Products in Human Medicine Act and the Medical Devices 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, amended, SG No. 74/2016 effective 1.01.2018, supplemented, SG No. 88/2016, effective 1.01.2017, amended, SG No. 52/2020, effective 9.06.2020) the supply of goods and services within the framework of humanitarian activity carried out by the Bulgarian Red Cross and other non-profit legal entities pursuing public-benefit activities; the supplies are exempt when the Bulgarian Red Cross or other non-profit organisations, registered to pursue public-benefit activities and entered in the register under Article 103 of the Foodstuffs Act as food bank operators, do not carry out the sale of the gratuitously provided foodstuffs under Article 6, paragraph 4, item 4;
8. (new, SG No. 95/2015, effective 1.01.2016) the provision of medical care by a person practising the medical profession under the Health Act.

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

**Article 40.** The following supplies shall be exempt:

1. (amended, SG No. 24/2019, effective 1.07.2020 - amended, SG No 101/2019) the provision of social services according to the Social Services 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;
4. (new, SG No. 98/2018, effective 1.01.2019) mediation in international adoption under the Family Code.

#### 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, amended, SG No 79/2015, effective 1.08.2015) institutions in the pre-school and school education system under the Pre-school and School 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, SG No. 79/2015, effective 1.08.2015) the supply of textbooks, knowledge books and school kits, approved by the Minister of Education and Science, where the said goods are supplied by the organizations covered under Item 1 (a), as well as the supply of textbooks, knowledge books and school kits, 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. (supplemented, SG No. 97/2016, effective 1.01.2017) the supply of goods and the performance of services by organisations which are not merchants and which have aims of political, trade-union, religious, patriotic, philosophical, philanthropic or civic nature, where the said supply is linked to fund-raising events organised for the benefit of their activities or for achieving the goals set;

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. (supplemented, SG No. 95/2015, effective 1.01.2016, amended, SG No 97/2016, effective 1.01.2017) the transaction, 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, supplemented, SG No. 60/2016, SG No 97/2017, effective 1.01.2018, supplemented, SG No. 98/2018, effective 1.01.2019) the management of the activities of collective investment schemes, national investment funds and pension funds and the provision of investment advice in accordance with the Activities of Collective Investment Schemes and Other Collective Investment Companies Act and the service provided by a tied agent of an investment intermediary in relation to the services under Article 33 of the Markets in Financial Instruments Act, where such services comprise financial services, and the provision of investment advice under the Markets in Financial Instruments Act, as well as the management of activity of a Fund of Funds pursuant to the Management of Funds from the European Structural and Investment Funds Act and the implementation of financial instruments under financial agreements within the meaning of Article 38, paragraph 7 of Regulation (EU) No. 1303/2013 of the European Parliament and of the Council of 17 December 2013 laying down common provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund, the European Agricultural Fund for Rural Development and the European Maritime and Fisheries Fund and laying down general provisions on the European Regional Development Fund, the European Social Fund, the Cohesion Fund and the European Maritime and Fisheries Fund and repealing Council Regulation (EC) No. 1083/2006 (OJ L 347/320 of 20 December 2013);

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.** (Supplemented, SG No. 108/2006, amended, SG No. 104/2020, effective 1.01.2021) An exempt supply shall be the provision of insurance and reinsurance services, including related services thereof, carried out by insurance brokers and 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. (amended, SG No. 97/2017, effective 1.01.2018) 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 text of 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, amended, SG No. 97/2016 effective 1.01.2017, SG No. 97/2017, effective 1.01.2018) Paragraph (1) shall not apply where a right to deduct credit for input tax is exercised by making a correction under the terms of Article 79 (a) and Article 79 (b).

## **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) (Amended, SG No. 98/2018, effective 1.01.2019) The taxable amount in intra-Community supplies under Article 7 (4) shall be the taxable amount under Article 27 (1), increased in accordance with Article 26 (3).

(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) (Amended, SG No. 96/2019, effective 1.01.2020) In order to apply a zero rate under Paragraph 1, the supplier shall have:

1. documents for the supply determined by the Regulations for Application of this Act, and

2. (supplemented, SG No. 102/2019, effective 1.01.2020) documents for the dispatch or transportation of the goods from the territory of the country to the territory of another Member State, laid down in Article 45a of Council Implementing Regulation (EU) 102 of 2019 December 1.01.2020 amending Implementing Regulation (EU) No. 2018/1912 as regards certain exemptions for intra-Community transactions (OJ, L 4 of 2018 December 282/2011), hereinafter referred to as "Implementing Regulation (EU) No. 311/10" or determined 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) (Amended, SG No. 58/2016, replacing "вносни митни сборове" by "вносни мита" does not effect the English text) 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) (Amended, SG No. 58/2016, replacing "вносни митни сборове" by "вносни мита" does not effect the English text) 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. (amended, SG No. 58/2016) the taxes, 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.

(5) (New, SG No. 98/2018, effective 1.07.2019) Regardless of Article 56, a tax upon importation under Article 16 may be charged by the importer should the latter meet the conditions of Article 167a.

(6) (New, SG No. 98/2018, effective 1.07.2019) The importer shall charge the tax in respect of the import for which the importer has exercised the right thereof under Paragraph (5) for the tax period during which the chargeable event under Article 54 herein occurred, on a taxable amount set under Article 55, by a memorandum, and shall:

1. 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;
2. indicate the customs document of import and enter the amount of the tax in the sales log for the respective tax period.

#### Importation of goods under a special scheme for distance sale of goods imported from third countries or territories

**Article 57a.** (New, SG No. 104/2020, effective 1.07.2021) (1) When filing the customs import declaration the importer shall declare that it shall apply the special arrangements for distance sales of goods imported from third countries or territories, specifying its individual identification number under the arrangements.

(2) The customs authorities shall authorise the release of the goods while the tax has not been effectively paid to the budget where:

1. when based on the inquiry in the database for VAT identification numbers under the arrangements for distance sales of goods imported from third countries or territories it is found that the stated individual identification number under such arrangements is valid;
2. the intrinsic value of the goods imported from third countries or territories does not exceed BGN equivalent of EUR 150 and the goods are not excisable;
3. the goods are intended for non-taxable persons.

## Special Arrangements for Declaration and Deferred Payment of Import Tax

**Article 57b.** (New, SG No. 104/2020, effective 1.07.2021) Special arrangements for declaration and deferred payment of import tax may be applied by a taxable person who at the date of import meets simultaneously the following conditions:

1. presents to the customs authorities goods:
  - a) in the form of consignments with an intrinsic value not exceeding the lev equivalent of EUR 150;
  - b) other than excisable goods;
  - c) on which no special arrangements for distance sales of goods imported from third countries or territories under Article 152, Paragraph 5 have been applied;
  - d) which are released for free circulation in the territory of the country;
  - e) whose dispatch or transport ends in the territory of the country;
  - f) (amended, SG No. 14/2022, effective 18.02.2022) of which the recipient is a non-taxable person;
2. is registered pursuant to Article 96, Paragraph 1 or Article 100, paragraph 1;
3. has authorisation for deferred payment of import duties, issued under the terms and procedure of the Union customs legislation;
4. acts as an indirect proxy under the Union customs legislation.

## Tax Declaration and Reporting When Applying the Special Arrangements for Declaration and Payment of Import Tax

**Article 57c.** (New, SG No. 104/2020, effective 1.07.2021) (1) When filing the customs import declaration the taxable person under Article 57b shall state:

1. that it applies the special arrangements for declaration and deferred payment of the import tax;
  2. the recipient for whom the consignment is intended.
- (2) The import tax under the special arrangements shall be charged by the customs authorities, and the amount of the tax shall be accounted for according to the procedure established for the customs obligation.
- (3) Where the taxable person meets the conditions under Article 57b, the customs authorities shall authorise the release of the goods without the tax being effectively paid to the budget at that time.
- (4) The period of reporting the tax shall be one month.
- (5) The person under Article 57b shall file a monthly declaration under the special arrangements for tax declaration and deferred tax payment to the Customs Agency according to the standard form set out in the Regulations for Application of this Act.
- (6) Stated in the monthly declaration under Paragraph 5 shall be the total VAT amount collected in the relevant reporting month.
- (7) The monthly declaration under Paragraph 5 shall be submitted by electronic means to the Customs Agency under the terms and according to the procedure of the Tax Social-Insurance Procedure Code by the 16th day inclusive of the month following the month for which it refers.
- (8) The person under Article 57b shall keep an electronic register for the purposes of the special scheme to enable the revenue authorities to check the proper application of said scheme.
- (9) The structure and contents of the electronic register under Paragraph 8 shall be determined by the Regulations for Application of this Act. Upon a request, the information from the register shall be provided to the revenue authorities electronically or on an electronic data storage medium in the file format laid down in the Regulations for Application of this Act.
- (10) The person under Article 57b shall store the information in the electronic register under Paragraph 8 for a period of 10 years from the year following the year in

which the respective consignment was presented to the customs authorities.

#### Procedure for Tax Payment When Applying the Special Arrangements for Declaration and Deferred Payment of Import Tax

**Article 57d.** (New, SG No. 104/2020, effective 1.07.2021) (1) A non-taxable recipient for whom the consignment is intended shall pay the tax according to the customs import declaration to the person under Article 57b upon acceptance of the consignment.

(2) The person under Article 57b shall collect the tax from all recipients who accepted the consignment in the respective period.

(3) (Amended, SG No. 14/2022, effective 18.02.2022) The person under Article 57b shall pay in accordance with Article 90 the tax for the respective period, collected from the non-taxable recipients, not later than by the 16th day of the month following the month of acceptance of the consignment by the consignee for whom it is intended.

#### Applicability of Special Arrangements for Distance Sales of Goods Imported from Third Countries or Territories Upon Import of Goods and Special Arrangements for Declaration and Deferred Payment of Import Tax

**Article 57e.** (New, SG No. 104/2020, effective 1.07.2021) (1) Where the conditions under Articles 57a and 57b are not fulfilled, the general rules of the Act shall apply.

(2) (Amended, SG No. 14/2022, effective 18.02.2022) For the tax paid under Article 57d no right to deduct credit for input tax under chapter seven shall arise for the person under Article 57b.

(3) Where the goods are in the form of consignments with intrinsic value not exceeding the lev equivalent of EUR 150 or are exisable goods, the general import rules of this Act shall apply.

#### 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) (amended, SG No. 58/2016) 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;

(d) (new, SG No. 14/2022, effective 1.01.2021) the European Commission or by an agency or a body set up under the European Union law where the European Commission or such agency or body import these goods in discharge of tasks conferred on them under the European Union law in response to the COVID-19 pandemic, with the exception of imported goods which are used immediately or at a later date by the European Commission or by such agency or body for subsequent supplies for remuneration;

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. (amended, SG No. 97/2016, effective 1.01.2017) aircraft and vessels under Item 7 of Article 31, as well as spare parts for them;

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, SG No. 58/2016) 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 duties;

18. (amended, SG No. 58/2016, replacing "вносни митни сборове" by "вносни

мита" does not effect the English text) 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;

19. (new, SG No. 104/2020, effective 1.07.2021) goods for which tax is declared under the special scheme for distance sales of goods imported from third countries or territories and where an individual VAT identification number for application of the special scheme has been granted upon submission of the customs declaration for release for free circulation at the latest.

(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. (repealed, SG No. 104/2020, effective 1.07.2021);
2. (supplemented, SG No. 104/2020, effective 1.07.2021) small consignments of goods of a non-commercial nature are received, which have been sent from a third party by 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 under the terms of Council Directive 2006/79/EC of 5 October 2006 on the exemption from taxes of imports of small consignments of goods of a non-commercial character from third countries;
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.

(16) (New, SG No. 14/2022, effective 1.01.2021) When the European Commission or an agency or a body established under the European Union law, when importing the goods under Item 2, littera "d" of Paragraph (1) does not have written documents certifying that the import of the goods is in discharge of tasks assigned thereto under the European Union law, or that the goods will be used immediately or at a later date by the European Commission or such agency or body for subsequent supplies for remuneration, the import tax shall become chargeable by the European Commission or an agency or a body established under the European Union law.

(17) (New, SG No. 14/2022, effective 1.01.2021) Where the conditions for exemption provided for in Item 2, littera "d" of Paragraph (1) cease to apply, the European Commission or the relevant agency or body shall inform the party that the exemption applied to imports of those goods is subject to taxation under the conditions applicable at that time.

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

**Article 59.** (1) (Amended, SG No. 58/2016) 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) (Amended, SG No. 98/2018, effective 1.01.2019) Where an obligation to pay interest on import duties on a customs debt arises according to the customs legislation, an obligation to pay interest on the uncollected tax shall arise as well.

(3) (Amended, SG No. 58/2016) Any person, who has been granted authorisation to manage facilities for customs warehousing 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, SG No. 58/2016) 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 import 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 SG No. 58/2016) 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 VIES return for the relevant tax period.

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

#### Chargeable Event and Chargeability of Tax upon Intra-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) (Amended, SG No. 97/2016, effective 1.01.2017) Regardless of paragraph 3, the tax shall become due and payable on the date of issue of the invoice, and when there is no obligation to issue an invoice – on the date of issue of the document certifying the acquisition of a new vehicle, where they are issued before the 15th day of the month following the month in which the chargeable event occurs.

(5) (Amended, SG No. 97/2016, effective 1.01.2017) Paragraph 4 shall not apply where the invoice or the document certifying the acquisition of a new vehicle is issued in connection with a payment made prior to 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.

#### Intra-Community Acquisition at the Zero Tax Rate

**Article 64a.** (New, SG No. 107/2020, effective from 1.01.2021 till 31.12.2022) Intra-Community acquisitions of goods shall be liable to tax at the zero rate whereof the place of transaction is within the territory of the country, whose supply within the territory of the country is specified in Article 36b.

#### 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. (repealed, SG No. 14/2022, effective 18.02.2022);

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 FOUR "A"** **(New, SG No. 96/2019, effective 1.01.2020)** **SUCCESSIVE SUPPLIES OF GOODS**

#### Defining the Intra-Community Supply in Successive Supplies of Goods

**Article 65a.** (New, SG No. 96/2019, effective 1.01.2020) The supplies of the same goods within a chain, including an intermediary operator, which are dispatched or transported from one Member State to another Member State directly by the first supplier to the final recipient in the chain shall be successive supplies of the goods.

(2) An intermediary operator under Paragraph 1 within a chain of successive supplies of goods, other than the first supplier in the chain, who dispatches or transports the goods either himself or through a third party acting on his behalf.

(3) In the cases under Paragraph 1, for the purposes of Article 53, dispatch or transport shall be ascribed only to the supply effected to the intermediary operator.

(4) Where the intermediary operator has communicated to his supplier the VAT identification number issued to him by the Member State from which the goods are dispatched or transported, for the purposes of Article 53, regardless of Paragraph 3, the dispatch or transport thereof shall be ascribed only to the supply of the goods effected by the intermediary operator.

(5) The place of transaction of the other supplies within the chain shall be determined as follows:

1. of the supplies effected before the supply for which the dispatch or transport of the goods refers – the place of transaction shall be in the Member State from which the goods were dispatched or transported;

2. of the supplies effected after the supply for which the dispatch or transport of the goods refers – the place of transaction shall be in the Member State to which the goods arrived or their transport ended.

(6) Where an obligation to register for VAT purposes arises for any of the suppliers in the Member State where the place of transaction of the supply under Paragraph 5 takes place, the rules of the said Member State shall apply.

## **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. (supplemented, SG No. 55/2020, effective from 1.07.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) importation within the territory of the country of goods, except for the cases referred to in Items 2, 4 and 5 of Paragraph 2;

3. (supplemented, SG No. 55/2020, effective from 1.07.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) taxable intra-Community acquisitions, except for the cases referred to in Items 2, 4 and 5 of Paragraph 2.

(2) (Amended, SG No. 94/2010, effective 1.04.2011, SG No. 99/2011, effective 1.01.2012, SG No. 55/2020, effective 1.07.2020) The rate of tax shall be 9 per cent applicable to:

1. accommodation provided at hotels and similar establishments, including the provision of vacation accommodation and letting out of places for camping sites or caravan sites;

2. (effective from 1.07.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) supplies of books on physical carriers or carried out electronically or both (including textbooks, cognitive booklets and study sets, children's picture, drawing and colouring books, music printed or in manuscript form), other than publications which are fully or mainly intended for advertising, and other than publications which are fully or mainly composed of video content or audio-music content;

3. (effective from 1.07.2020 till 31.12.2022 (\*) - SG No. 55/2020, amended, SG No. 71/2020, effective from 1.08.2020 till 31.12.2022 (\*), supplemented, SG No. 104/2020, effective from 1.12.2020 till 31.12.2022 (\*) - amended, SG No. 111/2021, effective 1.01.2022) restaurant and catering services, consisting of supply of prepared or unprepared food, including supply of takeaway food; this shall not apply to restaurant and catering services consisting of supply of spirit drinks, including in the cases of Article 128;

4. (effective from 1.07.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) food suitable for babies or for infants in accordance with appendix No. 4;

5. (effective from 1.07.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) napkins and napkin liners for babies in accordance with appendix

No. 4;

6. (new, SG No. 71/2020, effective from 1.08.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) the supply of single service to tourists in the cases of Article 136, as well as excursions organised by tour operators and tourist agents with occasional bus transport of passengers;

7. (new, SG No. 71/2020, effective from 1.08.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) the supply of sport facility use services.

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. (amended, SG No. 96/2019, effective 1.01.2020) 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;

9. (new, SG No. 88/2016, effective 1.01.2017) free of charge provision of goods under Item 4 of Article 6 (4).

(4) (Supplemented, SG No. 95/2009, effective 1.01.2010, SG No. 105/2014 effective 1.01.2015, SG No. 96/2019, effective 1.01.2020, amended, SG No. 104/2020 effective 1.07.2021, supplemented, SG No. 14/2022, effective 18.02.2022) Any person registered in pursuance of Articles 97a, 99 (1) – (6) and Article 100 (2) or a person established on the territory of the country and registered only under Article 156 shall have no right to credit for input tax.

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

#### Conditions for Exercise of Right to Deduct Credit for Input Tax

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

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

2. (amended, SG No. 108/2006, SG No. 98/2018, effective 1.01.2019 supplemented, SG No. 96/2019, effective 1.01.2020) the said person has issued a memorandum under Article 117 or Article 163b (2) and has complied with the requirements of Article 86 – in the cases where the tax is chargeable on the person as a payer under Article 82 with the exception of Item 1 of Paragraph 6; in the cases under Article 161 or 163a, where the supplier is a taxable person, the recipient must possess a tax document, drawn up in compliance with the requirements of Articles 114 and 115, wherein the respective grounds for not charging of 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, supplemented, SG No 98/2018, effective 1.01.2019) 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 (1) and (4) 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";

10. (new, SG No. 98/2018, effective 1.07.2019) the said person holds a customs document for importation wherein the person is specified as importer, and has complied with the requirements of Article 57 (6) herein – in the cases under Article 57 (5) herein;

11. (new, SG No. 96/2019, effective 1.01.2020) the said person holds a customs document for re-export, has issued a memorandum under Article 117 herein, and has complied with the requirements of Article 86 herein in the cases under Item 1 of Article 82 (6) herein.

Right to credit for input tax in proportion to the degree of use for independent economic activity on the acquisition or construction of real estate

**Article 71a.** (New, SG No. 97/2016, effective 1.01.2017) (1) For tax charged upon the acquisition or construction of immovable property that is to be used both for independent economic activity and for the personal needs of the taxable person or for the needs of the owner, its employees, or more generally for purposes other than its independent economic activity, the person has the right to deduct credit for input tax in accordance with the rules of this chapter only for the portion of the tax charged thereon corresponding to the use of the immovable property for independent economic activity.

(2) The portion of the charged tax under Paragraph (1), corresponding to the use of the property for independent economic activity, shall be determined in proportion to the degree of use of the immovable property for independent economic activity, and the charged tax on the acquisition or construction of the immovable property shall be multiplied by the proportion of its expected use for independent economic activity in its common use both for both independent economic activity and for purposes other than the independent economic activity, calculated to the second digit of the decimal point.

(3) The registered person is entitled to a partial tax credit under Article 73 for the deductible tax determined under the terms of paragraph 2 in respect of immovable properties, which, within the framework of its independent economic activity, are used thereby both for effecting supplies for which it has the right to deduct credit for input tax, and for supplies or activities for which it has no such right.

(4) The proportion referred to in paragraph 2 shall be determined by applying of a criterion for allocation, which ensures most accurate calculation of the amount of the tax corresponding to the use of the immovable property for independent economic activity, taking into account the specifics of the property.

(5) Paragraphs 1 – 4 shall furthermore apply to a right in rem to an immovable property established in favour of the registered person, which property is to be used both for independent economic activity and for its personal needs or for the needs of

the owner, its/his employees, or more generally for purposes other than its/his independent economic activity.

(6) Upon acquisition or construction of an immovable property the registered person shall consider whether to include in its assets the entire property or part thereof which can be separated and distinguished. The provisions of this Act shall not apply to the part of the property not included in the economic assets.

Right to Credit for Input Tax in Proportion to the Degree of Use for Independent Economic Activity in Manufacture, Acquisition Or Importation Of Goods Other Than Immovables Properties, Which Are or Would Be Fixed Assets

**Article 71b.** (New, SG No. 97/2016, effective 1.01.2017) For goods other than immovable properties, which are or would be fixed assets and which are to be used by a registered person for both independent economic activity and for its personal use or for the needs of the owner, its/his employees, or more generally for purposes other than its/his independent economic activity, the person shall apply the provisions of Article 71a, paragraphs 1 – 5.

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) (Amended, SG No. 95/2015, effective 1.01.2016) 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, subparagraphs 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. (supplemented, SG No. 97/2016, effective 1.01.2017) the value of the supplies and activities outside the economic activity of the person, with the exception of those for which no credit for input tax is deducted on the grounds of Article 71a and Article 71b;

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) (Amended, SG No 98/2018, effective 1.01.2019) 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 recipient has not complied with the requirements of Article 72 and/or where the supplier of the good has not issued a document, and/or the recipient does not hold a document under Items 2, 4, 5 and 10 of Article 71, 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 Production, Acquisition Or Importation of Goods or Receipt of Services Which Are Not or Would Not Be Fixed Assets

**Article 73b.** (New, SG No. 97/2016, effective 1.01.2017) For goods or services which are not or would not be fixed assets, a registered person may exercise the right of tax credit for the amount of the tax corresponding to the use of the goods or services in

the framework of the independent economic activity for carrying out supplies in respect of which it has the right to deduct credit for input tax and shall determine by a reasonable method that amount when using the goods or services:

1. for independent economic activity and for its/his personal use or for the needs of the owner, its/his employees, or more generally for purposes other than its/his independent economic activity, and/or
2. within the framework of the independent economic activity for effecting supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies or activities in respect of which he/it has no such right, and not applying Article 73.

#### Right to Deduct Credit for Input Tax for Assets Available and Services Received before Registration Date

**Article 74.** (1) (Amended, SG No. 97/2016, effective 1.01.2017, SG No. 104/2020 effective 1.07.2021). A registered person under Articles 96, 97, Article 100, paragraph 1, Articles 102, 132 or 132a 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, repealed, SG No. 92/2017 effective 1.01.2018);
4. (amended, SG No. 97/2016, effective 1.01.2017) 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, repealed, SG No. 92/2017 effective 1.01.2018).

(4) (New, SG No. 97/2016, effective 1.01.2017) For available goods of a registered person under paragraph 1, which are or would be fixed assets and which are used both for independent economic activity and for its/his personal needs or the needs of the owner, its/his employees, or more generally for purposes other than its/his independent economic activity, the right to credit for input tax under paragraph 2 shall arise under the terms and conditions of Articles 71a and 71b.

#### 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, SG No. 92/2017 effective 1.01.2018) The right to deduct credit for input tax under Paragraph 1 shall be exercised in the tax period in which it occurred or in one of the following consecutive twelve tax periods, and the documents under Article 71 shall be recorded in the purchases day book together with the tax base and tax corresponding to the available assets or the received services.

(3) (Amended, SG No. 94/2012, effective 1.01.2013, repealed, SG No 92/2017, effective 1.01.2018).

## 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. (supplemented, SG No. 98/2018, effective 1.01.2019) the tax charged at the date of deregistration is effectively paid or is deducted by the revenue authority, except for the cases where the subsequent registration of the person is within the time limit for payment of the tax for the last tax period;

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, repealed, SG No. 92/2017 effective 1.01.2018);

5. (amended, SG No. 97/2016, effective 1.01.2017) 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, SG No. 92/2017 effective 1.01.2018) The right to deduct credit for input tax under Paragraph 1 shall be exercised in the tax period in which it occurred or in one of the following consecutive twelve tax periods, and the document whereby tax was charged upon the deregistration shall be recorded in the purchases day book together with the tax base and tax corresponding to the available assets.

(3) (Amended, SG No. 94/2012, effective 1.01.2013, repealed, SG No 92/2017, effective 1.01.2018).

## Adjustments to Credit for Input Tax Used

(Title amended, SG No. 97/2016, effective 1.01.2017)

**Article 78.** (1) (New, SG No. 97/2016, effective 1.01.2017) Credit for input tax shall be the amount of tax that a person registered under this Act has deducted in the year of the exercise of the right to credit for input tax.

(2) (Renumbered from Paragraph 1, SG No. 97/2016, effective 1.01.2017) 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.

(3) (Renumbered from Paragraph 2, amended and supplemented, SG No. 97/2016, effective 1.01.2017) The adjustment under Paragraph 2 shall be effected in the tax period in which the circumstances referred in Paragraph 2 occurred, by recording the document referred to in Article 115 or the new document referred to in Article 116 whereby the adjustment was effected, in the purchase day book and in the VAT return for the relevant tax period.

(4) (New, SG No. 97/2016, effective 1.01.2017) The registered person shall adjust the amount of the credit for input tax used upon rescission of a supply for which an invoice for advance payment is issued in the tax period when the supply is rescinded, in accordance with a procedure laid down in the implementing regulations of this Act, regardless of whether the amount paid in advance was refunded, set-off or otherwise settled against compensation, or whether the supplier has issued a credit advice thereto.

(5) (New, SG No. 97/2016, effective 1.01.2017) Paragraphs (2) and (4) shall furthermore apply where the registration of the supplier is terminated hereunder.

(6) (New, SG No. 97/2016, effective 1.01.2017) Adjustments under Article 79 (1), Articles 79a and 79b in the case of operating lease contract to which Item 3 of Article 6 (2) has been applied, shall be made by the lessee.

(7) (New, SG No. 96/2019, effective 1.01.2020) The adjustments under Articles 79, 79a and 79b in the cases of a service supplied under Item 4, littera "b" of Article 9 (2) for consideration shall be made by the lessor or by the person having granted the right of use of the asset.

(8) (New, SG No. 96/2019, effective 1.01.2020) The adjustments under Articles 79, 79a and 79b in the cases of a service supplied under Item 3 of Article 9 (3) shall be made by the tenant/user.

(9) (New, SG No. 96/2019, effective 1.01.2020) For the purposes of Paragraphs 7 and 8, the adjustments shall be made in accordance with the type of the leased asset.

Adjustments upon Destruction, Shortages and Retirement of Goods or upon Supply of Goods or Services

**Article 79.** (Supplemented, SG No. 108/2006, SG No. 113/2007, amended, SG No. 94/2012, effective 1.01.2013, SG No. 97/2016, effective 1.01.2017) (1) A registered person who in full, in part or in proportion to the degree of use for independent economic activity has deducted credit for input tax for goods manufactured, acquired or imported thereby, upon destruction, identification of shortages or upon retirement of the goods, shall charge and owe a tax in the amount of the credit for input tax used.

(2) A registered person who in full, in part or in proportion to the degree of use for independent economic activity has deducted credit for input tax for goods manufactured, acquired or imported thereby, or who has deducted in full or in part credit for input tax for a service received, during subsequent supply of the goods or service for which no right to deduct credit for input tax applies, shall owe a tax in the amount of the tax credit used.

(3) For goods and services that are or would be fixed assets, for the purposes of Paragraphs (1) and (2), the person shall owe a tax in the amount determined by

the following formula:

1. in respect of immovable properties:

a) for which upon the acquisition or construction thereof credit for input tax has been deducted in full, as the person intended to use them in his/its independent economic activity only for supplies in respect of which he/it has the right to deduct credit for input tax;

$TD = CVAT \times 1/20 \times NY$ , or

b) for which upon the acquisition or construction thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$TD = CVAT \times 1/20 \times FA \times NY$ , or

c) for which upon the acquisition or construction thereof credit for input tax has been deducted in proportion to the degree of use for independent economic activity under Article 71a:

$DD = CVAT \times 1/20 \times PrIEAO \times FA \times NY$ , where:

TD shall be the tax due;

CVAT – charged VAT upon acquisition or construction of the property;

PrIEAO – the proportion of use of the immovable property for independent economic activity in relation to the overall use during the year in which the right to credit for input tax is exercised for said property;

FA – the factor under Article 73 for the year in which the right to credit for input tax is exercised;

NY – the number of the years from the occurrence of the circumstance under Paragraphs (1) and (2), including the year of the occurrence of the circumstance until the end of the 20-year period, effective from the beginning of the year of exercise of the right of credit for input tax, respectively from the beginning of the year of actual use, in case the property is not used for more than one year after the year of exercising the right of credit for input tax;

2. for the remaining goods:

a) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in full, as the person intended to use them in his/its independent economic activity only for supplies in respect of which he/it has the right to deduct credit for input tax:

$TD = CVAT \times 1/5 \times NY$ , or

b) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$TD = CVAT \times 1/5 \times FA \times NY$ , or

c) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in proportion to the degree of use for independent economic activity under Article 71b:

$TD = CVAT \times 1/5 \times PrIEAO \times FA \times NY$ , where:

TD shall be the tax due;

CVAT – VAT charged upon the manufacture, acquisition or importation of the goods;

PrIEAO – the proportion of use of the respective goods for independent economic activity in relation to their overall use during the year in which the right to credit for input tax is exercised for said goods;

FA – the factor under Article 73 for the year in which the right to credit for input tax is exercised;

NY – the number of years from occurrence of the circumstance under



Paragraphs (1) and (2), including the year of occurrence of the circumstance, until the lapse of the five-year period, effective from the beginning of the year of exercise of the right to credit for input tax;

3. for services:

a) for which upon the receipt thereof credit for input tax has been deducted in full, as the person intended to use them in his/its independent economic activity only for supplies in respect of which he/it has the right to deduct credit for input tax;

$TD = CVAT \times 1/5 \times NY$ , or

b) for which upon the receipt thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$TD = CVAT \times 1/5 \times FA \times NY$ , where:

TD shall be the tax due;

CVAT – VAT charged upon receipt of the service;

FA – the factor under Article 73 for the year in which the right to credit for input tax is exercised;

NY – the number of years from occurrence of the circumstance under Paragraphs (1) and (2), including the year of occurrence of the circumstance, until the lapse of the five-year period, effective from the beginning of the year of exercise of the right to credit for input tax.

(4) Charging of the tax under Paragraphs (1) – (3) shall be made in the tax period in which the relevant circumstance occurred, by executing a protocol for determining the amount of the tax due and its entry in the sales day book and the VAT return for the said tax period.

(5) (Amended, SG No. 97/2017, effective 1.01.2018) A registered person who has deducted credit for input tax in part or in proportion to the degree of use for independent economic activity, including as a result of the adjustment made under Article 79a, for goods manufactured, acquired or imported thereby, including for the acquisition or construction of immovable property, or has deducted in part credit for input tax for service received, which are or would be fixed assets, and carries out a taxable supply of the goods or services shall have the right to deduct a credit for input tax not used in the acquisition in the amount determined by the following formula:

1. in respect of immovable properties:

a) for which upon the acquisition or construction thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$TD = CVAT \times 1/20 \times (1 - FA) \times NY$ , or

b) (amended, SG No. 97/2017, effective 1.01.2018) for which upon the acquisition or construction thereof credit for input tax has been deducted in proportion to the degree of use for independent economic activity under Article 71a:

$TD = CVAT \times 1/20 \times (1 - PrIEAO \times FA) \times NY$ , where:

TD is the amount of the unused credit for input tax in the acquisition or construction of the property, which the person may deduct;

CVAT – VAT charged upon the acquisition or construction of the property;

PrIEAO – the proportion of use of the immovable property for independent economic activity in relation to the overall use during the year in which the right to credit for input tax is exercised for said property;

FA – the factor under Article 73 for the year in which the right to credit for input tax is exercised, when tax credit is partially deducted;

NY – the number of years from the occurrence of the circumstance under Paragraph (5), including the year of the occurrence of the circumstance until the end

of the 20-year period, effective from the beginning of the year of exercise of the right of credit for input tax, respectively from the beginning of the year of actual use, in case the property is not used for more than one year after the year of exercising the right of credit for input tax;

2. for the remaining goods:

a) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$TD = CVAT \times 1/5 \times (1 - FA) \times NY$ , or

b) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in proportion to the degree of use for independent economic activity under Article 71b:

$TD = CVAT \times 1/5 \times (1 - PrIEAO \times FA) \times NY$ , where:

TD is the amount of the unused credit for input tax in the acquisition or construction of the property, which the person may deduct;

CVAT – VAT charged upon the manufacture, acquisition or importation of the goods;

PrIEAO – the proportion of use of the respective goods for independent economic activity in relation to their overall use during the year in which the right to credit for input tax is exercised for said goods;

FA – the factor under Article 73 for the year in which the right to credit for input tax is exercised, when tax credit is partially deducted;

NY – the number of years from the occurrence of the circumstance under Paragraph (5), including the year of the occurrence of the circumstance until the end of the 5-year period, effective from the beginning of the year of exercise of the right of credit for input tax;

3. for services for which upon receipt thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$TD = CVAT \times 1/5 \times (1 - FA) \times NY$ , where:

TD is the amount of the unused credit for input tax upon the receipt of the service, which the person may deduct;

CVAT – VAT charged upon receipt of the service;

FA – the factor under Article 73 for the year in which the right to credit for input tax is exercised, when tax credit is partially deducted;

NY – the number of years from the occurrence of the circumstance under Paragraph (5), including the year of the occurrence of the circumstance until the end of the 5-year period, effective from the beginning of the year of exercise of the right of credit for input tax.

(6) New, SG No. 97/2017, effective 1.01.2018) A registered person who has deducted credit for input tax as a result of an correction made under Article 79a or Article 79b of the Act, but has not deducted credit for input tax on the grounds of Article 70 of the Act for goods manufactured, acquired or imported thereby, including for the acquisition or construction of immovable property, or upon receiving a service, which are/is or would be fixed assets when it carries out a taxable supply of such goods or service, shall have the right to deduct a credit for input tax not used in the acquisition in the amount determined by the following formula:

1. in respect of immovable properties:

$TC = CVAT \times 1/20 \times NY$ , where:

TC is the amount of the unused credit for input tax in the acquisition or construction of the property, which the person may deduct;

CVAT – VAT charged upon the acquisition or construction of the property;  
NY – the number of the years from the occurrence of the circumstance, including the year of the occurrence of the circumstance, until the end of the 20-year period, effective from the beginning of the year in which the term under Article 72(1) expires, respectively from the beginning of the year of actual use, in case the property is not used for more than one year after the year of expiry of such term;

2. in respect of all other goods and services:

$TC = CVAT \times 1/5 \times NY$ , where:

TC is the amount of the unused credit for input tax in the manufacture, acquisition or importation of the goods or upon receipt of the service, which the person may deduct;

CVAT – VAT charged upon the manufacture, acquisition or importation of the goods or upon receipt of the service;

NY – the number of years from the occurrence of the circumstance, including the year of the occurrence of the circumstance, until the end of the 5-year period, effective from the beginning of the year of expiry of the term under Article 72(1).

(7) (Renumbered from Paragraph 6, supplemented, SG No. 97/2017, effective 1.01.2018). The right of credit for input tax under Paragraphs (5) and (6) shall be exercised in the tax period in which the supply of goods or services is effected, or in one of the following 12 tax periods by executing a protocol for determining the amount of the unused credit for input tax upon the acquisition, which the person may deduct, and its entry in the purchases day book and the VAT return for the said tax period.

(8) (Renumbered from Paragraph 7, amended, SG No. 97/2017, effective 1.01.2018). Paragraphs (2), (3), (5) and (6) shall also apply in case of supply under Items 1 and 2 of Article 6 (3) and Article 111 (1) in accordance with the tax regime of the supply at the date of occurrence of the tax event.

(9) (New, SG No. 96/2019, effective 1.01.2020). For the purposes of this Article, in the event of improvement of an existing building, resulting in a new building the following individual adjustments shall be made:

1. for the tax accrued in respect of the improvement made a new 20-year period shall apply from:

a) the beginning of the year of the exercise of the right to credit for input tax for the tax accrued for the improvement made, respectively from the beginning of the year of the actual use, in the event that the property is not used for more than one year after the year of exercising the right to credit for input tax, or

b) the beginning of the year during which the period under Article 72(1) expires, when for the improvement of the building made no right to credit for input tax has been exercised, respectively from the beginning of the year of actual use, in the event that the building is not used, after the improvement made, for more than one year following the expiry of that period;

2. in the cases of Item 1 of the VAT Regulations under Item 1 of Paragraph 3, Item 1 of Paragraph 5 and Item 1 of Paragraph 6 this shall be the VAT charged for the costs incurred for the improvement made;

3. no new 20-year period shall arise for the tax accrued upon the acquisition or construction of the building before the improvement made.

(10) (New, SG No. 96/2019, effective 1.01.2020). For the purposes of this Article, for the tax charged for subsequent costs incurred relating to improvement of goods, including immovable properties other than a building, and services which are or would be fixed assets, no new 20-year or 5-year period shall resume.

**Adjustment of Used Credit for Input Tax for Acquired, Manufactured or Imported Goods, Including Acquired or Constructed Immovable Properties Which Are or Would Be Fixed Assets**

**Article 79a.** (New, SG No. 97/2016, effective 1.01.2017) (1) For goods, including

immovable properties which are or would be fixed assets, for each of the years following the year of the exercise of the right to credit for input tax in which a change in the use of the goods occurs in respect of which the right to deduct credit for input tax exists, the amount of the credit for input tax used shall be adjusted when it is higher or lower than the one the registered person would be entitled to deduct if the person acquired the goods in the year of occurrence of the change.

(2) Paragraph 1 shall apply regardless of whether in the manufacture, acquisition or importation of the goods, including in the acquisition or construction of the immovable property, credit for input tax has been deducted in full, in part or in proportion to the degree of use for independent economic activity or no credit for input tax has been deducted.

(3) The adjustment referred to in Paragraph (1) shall be determined by the following formula:

1. for immovable properties:

a) for which upon the acquisition or construction no credit for input tax has been deducted on the grounds of Article 70:

$$\text{AATCU} = \text{CVAT} \times 1/20 \times \text{PrIEAO}_x \times F_x, \text{ or}$$

b) for which upon the acquisition or construction thereof credit for input tax has been deducted in full, as the person intended to use them in his/its independent economic activity only for supplies in respect of which he/it has the right to deduct credit for input tax:

$$\text{AATCU} = \text{CVAT} \times 1/20 \times (F_x - 1), \text{ or}$$

c) for which upon the acquisition or construction thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$$\text{AATCU} = \text{CVAT} \times 1/20 \times (F_x - F_0), \text{ or}$$

d) (amended and supplemented, SG No. 97/2017, effective 1.12.2017) for which upon the acquisition or construction thereof credit for input tax has been deducted in proportion to the degree of use for independent economic activity under Article 71a:

$$\text{AATCU} = \text{CVAT} \times 1/20 \times (\text{PrIEA}_x \times F_x - \text{PrIEA}_0 \times F_0), \text{ where:}$$

AATCU is the adjustment in the amount of the tax credit used for the year of the occurrence of the change in the use of the immovable property;

CVAT – charged VAT upon acquisition or construction of the property;

PrIEA<sub>0</sub> – the proportion of use of the immovable property for independent economic activity in relation to the overall use during the year in which the right to credit for input tax is exercised for said property;

PrNID<sub>x</sub> – the proportion of the use of the immovable property for independent economic activity in relation to the total use for the year of the occurrence of the change in the use of the property until the end of the 20-year period, starting from:

– the beginning of the year of the exercise of the right of tax credit, respectively from the beginning of the year of actual use, in the event that the property is not used for more than one year after the year of exercising the right of tax credit, or

– the beginning of the year during which the period under Article 72(1) expires, when upon the acquisition or construction of the property the right to credit for input tax credit is not exercised, respectively from the beginning of the year of actual use, in the event that the property is not used for more than one year following the expiry of that period;

F<sub>0</sub> – the factor under Article 73 for the year in which the right to credit for input tax is exercised;

$F_x$  – the factor under Article 73 for the year of the occurrence of the change in the use of the property until the end of the 20-year period, starting from:

– the beginning of the year of the exercise of the right of tax credit, respectively from the beginning of the year of actual use, in the event that the property is not used for more than one year after the year of exercising the right of tax credit, or

– the beginning of the year during which the period under Article 72(1) expires, when upon the acquisition or construction of the property the right to credit for input tax credit is not exercised, respectively from the beginning of the year of actual use, in the event that the property is not used for more than one year following the expiry of that period;

2. for the remaining goods:

a) for which upon the manufacture, acquisition or importation no credit for input tax has been deducted on the grounds of Article 70:

$AATCU = CVAT \times 1/5 \times PrIEA_x \times F_x$ , or

b) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in full, as the person intended to use them in his/its independent economic activity only for supplies in respect of which he/it has the right to deduct credit for input tax:

$AATCU = CVAT \times 1/5 \times (F_x - 1)$ , or

c) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$AATCU = CVAT \times 1/5 \times (F_x - F_0)$ , or

d) for which upon the manufacture, acquisition or importation thereof credit for input tax has been deducted in proportion to the degree of use for independent economic activity under Article 71b:

$AATCU = CVAT \times 1/5 \times (PrIEA_x \times F_x - PrIEA_0 \times F_0)$ , where:

$AATCU$  is the adjustment in the amount of the tax credit used for the year of the occurrence of the change in the use of the goods;

$CVAT$  – VAT charged in the manufacture, acquisition or importation of the goods;

$PrIEA_0$  – the proportion of use of the respective goods for independent economic activity in relation to their overall use during the year in which the right to credit for input tax is exercised for said goods;

$PrNID_x$  – proportion of use of the product for independent economic activity in relation to the total use for the year of the occurrence of the change in the use of the goods until the end of the five-year period, starting from the beginning of the year of the exercise of the right of tax credit, and when it is not exercised, from the beginning of the year in which the time limit under Article 72 (1) expires;

$F_0$  – the factor under Article 73 for the year in which the right to credit for input tax is exercised;

$F_x$  – the factor under Article 73 for the year of the occurrence of the change in the use of the goods until expiry of the five-year time limit, starting from the beginning of the year of the exercise of the right of tax credit, and when it is not exercised, from the beginning of the year in which the time limit under Article 72 (1) expires.

(4) (Amended, SG No. 97/2017, effective 1.12.2017) The adjustment referred to in Paragraph (3) shall be made in the last tax period of the calendar year in which the relevant circumstances occurred, by executing a protocol of the correction made and entry of the change in the amount of the tax credit used under this protocol in

the purchases day book and the VAT return for that tax period, as follows:

1. with a sign (+) when it is in the direction of increase in the amount of the tax credit used;
2. with a sign (-) when it is in the direction of decrease in the amount of the tax credit used.

(5) In the case of existing right in rem in goods established to the benefit of the registered person Paragraph (1) shall apply to the period but for no longer than the applicable number of years under Paragraph (3).

(6) The adjustment under Paragraph (3) is optional when it is in the direction of increase in the amount of the tax credit used.

(7) (New, SG No. 97/2017, effective 1.12.2017) For the calendar year in which the circumstances under Paragraph (1) occurred, no adjustment pursuant to this article shall be made for goods, including for acquired or constructed properties that are or would be fixed assets when they are not available at the end of that calendar year and circumstances have arisen to make adjustment Article 79.

(8) (New, SG No. 98/2018, effective 1.01.2019) For the purposes of the correction of this Article, the 5-year period and the 20-year period respectively shall cease to be effective for each calendar year in which the goods, the real estate respectively, are not used for the activities referred to in Articles 69 and 70. The time limit shall resume for each calendar year in which the goods, according to the real estate, the real estate respectively, resume to be used for the activities referred to in Articles 69 and 70.

(9) (New, SG No. 96/2019, effective 1.01.2020) For the purposes of this Article, in the event of improvement of an existing building, resulting in a new building the following individual adjustments shall be made:

1. for the tax accrued in respect of the improvement made a new 20-year period shall apply from:

a) the beginning of the year of the exercise of the right to credit for input tax for the tax accrued for the improvement made, respectively from the beginning of the year of the actual use, in the event that the property is not used for more than one year after the year of exercising the right to credit for input tax, or

b) the beginning of the year during which the period under Article 72(1) expires, when for the improvement of the building made no right to credit for input tax has been exercised, respectively from the beginning of the year of actual use, in the event that the building is not used, after the improvement made, for more than one year following the expiry of that period;

2. in the cases of Item 1 of the VAT Regulations under Item 1 of Paragraph 3, this shall be the VAT charged for the costs incurred for the improvement made;

3. no new 20-year period shall arise for the tax accrued upon the acquisition or construction of the building before the improvement made.

(10) (New, SG No. 96/2019, effective 1.01.2020) For the purposes of this Article, for the tax charged for subsequent costs incurred relating to improvement of goods, including immovable properties other than a building, which are or would be fixed assets, no new 20-year or 5-year period shall resume.

Adjustment of Credit for Input Tax Used for Services Received That Are or Would be Fixed Assets

**Article 79b.** (New, SG No. 97/2016, effective 1.01.2017) (1) For services that are or would be fixed assets, for each of the years following the year of the exercise of the right to credit for input tax in which a change in the use of the relevant service occurred in respect of which a right to deduct credit for input tax exists, the amount of the credit for input tax used shall be adjusted when it is higher or lower than the one the registered person would be entitled to deduct if the person received the service in the year of the occurrence of the change.

(2) Paragraph (1) shall apply irrespective of whether upon the receipt of the

service credit for input tax has been deducted in full or in part or has not been deducted.

(3) The adjustment referred to in Paragraph (1) shall be determined by the following formula:

1. for services upon the receipt of which no credit for input tax has been deducted on the grounds of Article 70:

$$\text{AATCU} = \text{CVAT} \times 1/5 \times F_x, \text{ or}$$

2. for services upon the receipt of which credit for input tax has been deducted in full, as the person intended to use them in his/its independent economic activity only for supplies in respect of which he/it has the right to deduct credit for input tax:

$$\text{AATCU} = \text{CVAT} \times 1/5 \times (F_x - 1), \text{ or}$$

3. for services for which upon receipt thereof credit for input tax has been deducted in part, as the person intended to use them in his/its independent economic activity for supplies in respect of which he/it has the right to deduct credit for input tax, and for supplies in respect of which he/it has not the right to deduct credit for input tax:

$$\text{AATCU} = \text{CVAT} \times 1/5 \times (F_x - F_0), \text{ where}$$

AATCU is the adjustment in the amount of the tax credit used for the year of the occurrence of the change in the use of the service;

CVAT – VAT charged upon receipt of the service;

$F_0$  – the factor under Article 73 for the year in which the right to credit for input tax is exercised;

$F_x$  – the factor under Article 73 for the year of the occurrence of the circumstances until the end of the 5-year period, starting from:

– the beginning of the year in which the right to credit for input tax was exercised, or

– the beginning of the year in which the time limit under Article 72 (1) expires, when no credit for input tax was exercised.

(4) (Amended, SG No. 97/2017, effective 1.12.2017) The adjustment referred to in Paragraph (3) shall be made in the last tax period of the calendar year in which the relevant circumstances occurred, by executing a protocol of the adjustment made and entry of the change in the amount of the tax credit used under this protocol in the purchases day book and the VAT return for that tax period, as follows:

1. with a sign (+) when it is in the direction of increase in the amount of the tax credit used;

2. with a sign (-) when it is in the direction of decrease in the amount of the tax credit used.

(5) The adjustment under Paragraph (3) is optional when it is in the direction of increase in the amount of the tax credit used.

(6) (New, SG No. 97/2017, effective 1.12.2017) For the calendar year in which the circumstances under Paragraph (1) occurred, no adjustment pursuant to this article shall be made for services that are or would be fixed assets, when they are not available at the end of that calendar year and circumstances have arisen to make adjustment Article 79.

(7) (New, SG No. 98/2018, effective 1.01.2019) For the purposes of the correction of this Article, the 5-year period shall cease to be effective for each calendar year in which the service which is or would be fixed assets, is not used for the activities referred to in Articles 69 and 70. The time limit shall resume for each calendar year in which the service resumes to be used for the activities referred to in Articles 69 and 70.

(8) (New, SG No. 96/2019, effective 1.01.2020) For the purposes of this Article, for the tax charged for subsequent costs incurred relating to improvement of

services which are or would be fixed assets no new 5-year period shall resume.

#### Rules for the calculation of adjustments

**Article 79c.** (New, SG No. 97/2017, effective 1.01.2018) For the purposes of the calculation of the adjustments under Articles 79, 79a and 79b:

1.  $F_x$  is 1 if during the corresponding year the registered person uses the goods or the service within the framework of its independent economic activity only for effecting supplies in respect of which a right to deduct credit for input tax exists; in this case the ratio under Article 73 for the corresponding year is not taken into account;

2.  $F_x$  is 0 if during the corresponding year the registered person uses the goods or the service within the framework of its independent economic activity only for effecting supplies in respect of which no right to deduct credit for input tax exists; in this case the factor under Article 73 of the Act for the corresponding year shall not be taken into account;

3.  $F_0$  is 1 if upon the acquisition of the goods or the receipt of the service the registered person has deducted credit for input tax in full, as it has intended to use the goods or the service within the framework of its independent economic activity only for effecting supplies in respect of which a right to deduct credit for input tax exists; in this case the factor under Article 73 of the Act for the year in which the right to deduct credit for input tax was exercised shall not be taken into account;

4.  $F_0$  cannot be 0 if upon the acquisition of the goods or the receipt of the service the registered person has deducted credit for input tax partially, as it has intended to use the goods or the service within the framework of its independent economic activity both for effecting supplies in respect of which a right to deduct credit for input tax exists and for supplies in respect of which the person has no such right; in this case the factor under Article 73 of the Act for the year in which the right to deduct credit for input tax was exercised shall be taken into account;

5.  $F_0$  is 0 if upon the acquisition of the goods or the receipt of the service the registered person has not deducted credit for input tax on the grounds of Article 70 of the Act, as it has intended to use the goods or the service within the framework of its independent economic activity only for effecting supplies in respect of which no right to deduct credit for input tax exists, regardless of whether upon the acquisition of the goods or the receipt of the service the person has intended to use such goods or service outside its independent economic activity; in this case the factor under Article 73 of the Act for the year in which the right to deduct credit for input tax was exercised shall not be taken into account;

6.  $PrIEA_x$  is 1 if during the corresponding year the registered person has used the goods or the service only for independent economic activity;

7.  $PrIEA_x$  is 0 if during the corresponding year the registered person has used the goods or the service only for purposes other than its independent economic activity;

8.  $PrIEA_0$  may not be 0 or 1.

#### Block on Adjustments

**Article 80.** (1) (Supplemented, SG No. 108/2007, amended, SG No. 97/2016, effective 1.01.2017) Adjustments under Articles 79, 79a and 79b shall not be made:

1. in the following cases:

a) if the goods or services are used for supplies under Article 70 (3);

b) for the supply of goods or services to the transferee from the transforming company, from the alienator or from the contributor in the cases under Article 10 (1);

c) for the importation of goods or services from a partner to achieve the common purpose under a contract for establishing an unincorporated company;



d) (new, SG No. 96/2019, effective 1.01.2020) for goods or services received, which are used in the construction, improvement or repair of physical-infrastructure elements under Article 10b (1);

2. if the tax treatment of the supplies for which the registered person uses the goods or services is modified by law;

3. for immovable properties if 20 years have lapsed, starting from:

a) (amended, SG No. 97/2017, effective 1.01.2018) the beginning of the year of the exercise of the right to credit for input tax, respectively from the beginning of the year of the actual use, in the event that the property is not used for more than one year after the year of exercising the right to credit for input tax, or

b) (supplemented, SG No. 97/2017, effective 1.01.2018) the beginning of the year during which the period under Article 72(1) expires, when upon the acquisition or construction of the property no right to credit for input tax has been exercised, respectively from the beginning of the year of actual use, in the event that the property is not used for more than one year following the expiry of that period;

4. for items other than immovable properties, goods or services, if 5 years have lapsed from:

a) the beginning of the year in which the right to credit for input tax was exercised, or

b) the beginning of the year in which the time limit under Article 72 (1) expires, when no credit for input tax was exercised;

5. when the document under Article 71 for the acquisition of the goods or services is recorded in the purchase day book under Article 124 in the time limit under Article 72;

6. (new, SG No. 96/2019, effective 1.01.2020) for improvement of an existing building as a result of which a new building emerged, if 20 years have passed from:

a) the beginning of the year of the exercise of the right to credit for input tax for the tax accrued for the improvement made, respectively from the beginning of the year of the actual use, in the event that the property is not used for more than one year after the year of exercising the right to credit for input tax, or

b) the beginning of the year during which the period under Article 72(1) expires, when for the improvement of the building made no right to credit for input tax has been exercised, respectively from the beginning of the year of actual use, in the event that the building is not used, after the improvement made, for more than one year following the year of expiry of that period.

(2) (Amended, SG No. 97/2016, effective 1.01.2017) Adjustments under Article 79 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. (amended, SG No. 97/2016, effective 1.01.2017) discarding fixed assets

where their carrying amount is lower than 10 per cent of their book value.

(3) (New, SG No. 108/2006, repealed, SG No. 97/2016, effective 1.01.2017).

(4) (New, SG No. 33/2019, effective 19.04.2019) The calendar years for which the period ceases to be effective on the grounds of Article 79a(8) and Article 79b(7) shall not be included when the 20-year period for immovable properties is determined for the purposes of Item 3 of Paragraph (1), respectively when the 5-year period for goods which are or would be fixed assets is determined for the purposes of Item 4 of Paragraph (1).

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.

(6) (New, SG No. 96/2019, effective 1.01.2020) For goods intended for activities in the continental shelf and the exclusive economic zone in which the state exercises sovereign rights, jurisdiction and control in accordance with Article 42 and/or Article 47 of the Maritime Space, Inland Waterways and Ports of the Republic of Bulgaria Act, the tax shall be chargeable to:

1. by a person registered under this Act in respect whereof such goods are placed under re-export arrangements and upon their introduction into the territory of the country have a status of goods in temporary storage or are placed in a free zone, or are placed under the customs procedures of: customs warehousing, inward processing, temporary importation with total exemption from import duty, external transit;

2. the recipient who is a person registered under this Act, when the goods arrive directly to the continental shelf and the exclusive economic zone from a third country or territory or from another Member State where there is no intra-Community acquisition in respect of the goods.

#### Taxpayer upon Importation

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

(2) (Amended, SG No. 58/2016) Where two and/or more persons are solidarily liable for payment of import duties according to customs legislation, the said persons shall be solidarily liable for payment of the tax due as well.

(3) (New, SG No. 14/2022, effective 18.02.2022) Where the grounds of Article 57a or 57b of the Act are not present, the payer of the tax under Paragraph 1 shall be the non-taxable recipient for whom the consignment is intended.

#### 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, amended, SG No. 14/2022 effective 18.02.2022) The tax shall be payable by a person registered for application of non-Union scheme, Union scheme or distance sales of goods imported from third countries or territories, the supplier of a taxable supply, within the scope of the relevant scheme and with a place of transaction within the territory of the country in which the recipient is a non-taxable person.

#### 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) (Amended, SG No. 14/2022, effective 18.02.2022) The first tax period shall cover the time from the date of service of the registration act, including the date of service, until the end of the tax period, except in the cases under Chapter Eighteen. In the cases referred to in Article 132, the first tax period shall cover the time from the date of the entry of the circumstance referred to in Article 10 in the trade register or the entry in the BULSTAT register, including the date of registration of the circumstance until the end of the tax period.

(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) (New, SG No. 98/2018, effective 1.01.2019) Where there is an output tax payable for the last tax period, the person shall remit the tax to Executive Budget Revenue to an account of the competent National Revenue Agency territorial directorate by the end of the calendar month following the calendar month in which the VAT return for that tax period should have been submitted.

(3) (Renumbered from Paragraph (2), SG No. 98/2018, effective 1.01.2019) 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 30.06.2022 - amended, SG No. 109/2013, effective 1.01.2014, SG No. 95/2015, effective 1.01.2016, SG No. 98/2018, effective 1.01.2019) 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;

3. (new, SG No. 41/2015, supplemented, SG No. 97/2017, effective 1.01.2018, SG No. 65/2018, effective 7.08.2018) the person has utilised funds to construct, manage, maintain and operate water supply and sewage systems and facilities in the course of implementation of water projects under Priority Axis 1 of the Operational Programme "Environment 2007 - 2013" and the systems and facilities in the course of implementation of projects under Priority Axes 1 and 2 of the Operational Programme "Environment 2014 - 2020", until the completion of their construction;

4. (new, SG No. 95/2015, effective 1.01.2016) the person shall provide access to the railway infrastructure and has utilised funds on projects financed under Operational Programme "Transport 2007 - 2013", Operational Programme "Transport and Transport Infrastructure 2014 - 2020", the European Programme "Connecting Europe Facility" and the Trans-European transport network TEN-T, until their completion;

5. (new, SG No. 104/2020, effective 12.12.2020) for managing the sales the person has opted to use in the outlet software which is included in the list under Article 118 (16).

(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, SG No. 97/2016, effective 1.01.2017) Where, in the cases under Paragraphs (3) and (4) there are public receivables due and payable, and collectible by the National Revenue Agency, which have arisen prior to the date of issuance of the tax assessment act or the act of set-off and refund, the revenue authority shall effect a set-off and shall refund 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).<sup>□</sup>

(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) (Amended, SG No. 97/2017, effective 1.01.2018, supplemented, SG No 96/2019, effective 1.01.2020)<sup>□</sup> Any taxable person who is established within the territory of the country and having a taxable turnover of BGN 50,000 or more for a period not exceeding 12 consecutive months preceding the current month shall submit an application for registration under this Act within 7 days of the lapse of the tax period during which such turnover has accrued to the said person. When the turnover is reached for a period of not more than two consecutive months, including the current one, the person shall submit the application within 7 days from the date on which the turnover is reached.

(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, SG No. 97/2016, effective 1.01.2017) The taxable turnover shall not include the supplies referred to in Items 2 and 3 of Paragraph (2), where they are not related to the primary activity of the person, the supplies of fixed assets used in the activity of the person, as well as the supplies for which the tax is chargeable on the recipient under Article 82 (2) and (3).

(4) (Supplemented, SG No. 97/2016, effective 1.01.2017, SG No. 97/2017 effective 1.01.2018) 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. The taxable turnover shall furthermore include the turnover generated by the transforming person or by the alienator, where the said person is a registered person on the grounds of this Article or Article 100(1) or is not registered under this Act, for a period not exceeding the last 12 consecutive months prior to the transformation or transfer in the cases referred to in Items 1 and 2 of Article 10 (1) and under Item 3 only in case of in-kind contribution of a company or a distinct part therefrom. Upon spin-off or separation, as well as upon in-kind contribution of a distinct part of the undertaking the turnover generated from the implementation of the transferred activities transferred by the transforming person or the alienator shall be taken into account, and failing to be determined, depending on the activities – in proportion to the assets transferred.

(5) (Supplemented, SG No. 96/2019, effective 1.01.2020) The obligation to register for a taxable person who is established within the territory of the country 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. (repealed, SG No. 104/2020, effective 1.07.2021).

(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.

(9) (New, SG No. 96/2019, effective 1.01.2020, amended, SG No. 104/2020 effective 1.07.2021, SG No. 14/2022, effective 18.02.2022) Notwithstanding the taxable turnover under Paragraph (1), any taxable person under Article 95 (2) shall, within 7 days before the date on which the tax for the chargeable supply becomes chargeable, submit an application for registration under this Act, with the exception of the cases where this Act sets out an obligation for registration under Article 97.

(10) (New, SG No. 96/2019, effective 1.01.2020) In the consecutive performance of homogeneous activity in the same commercial outlet by two or more related persons acting in concert, included in the chargeable turnover of any

subsequent person shall be the turnover achieved in the commercial outlet by all persons who had consecutively performed the activity in the said commercial outlet before him, for a period not exceeding the latest 12 consecutive months, including the current one, and it shall be deemed to be turnover achieved by the respective person in the first day of the start of the same activity in the commercial outlet by that person. The activity shall be deemed to be homogeneous when there is a significant identity in respect of two or more of the following properties: the goods or services offered, the assets used, the staff, the trade name/outlet name, the suppliers/customers.

(11) (New, SG No. 96/2019, effective 1.01.2020) There shall be no consecutive performance by two persons of homogeneous activity, if the activity is interrupted for more than a month from the date of suspension of the activity by the previous person and the date of beginning the activity by the person determining the turnover under Paragraph 10.

(12) (New, SG No. 104/2020, effective 1.07.2021) Paragraph (9) shall not apply to supplies in respect whereof a Union scheme, a non-Union scheme or arrangements for distance sales of goods imported from third countries or territories apply where the taxable person is registered in another Member State for application of the Union scheme, the non-Union scheme or the arrangements for distance sales of goods imported from third countries or territories.

(13) (New, SG No. 14/2022, effective 18.02.2022) Paragraph 9 shall not apply where a taxable person referred to in Article 95 (2) only carries out supplies for which he is registered under Articles 154 and 156.

#### 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) (Amended, SG No. 104/2020, effective 1.07.2021) Any person registered

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

**Article 97b.** (New, SG No. 105/2014, effective 1.01.2015, amended and supplemented, SG No. 98/2018, effective 1.01.2019, repealed, SG No. 104/2020 effective 1.07.2021).□

Obligation of taxable persons established only in the territory of the country in the supply of telecommunication services, radio and TV broadcasting services and electronically supplied services or of goods in intra-Community distance sales with place of transaction supply in the territory of another Member State

**Article 97c.** (New, SG No. 98/2018, effective 1.01.2019, amended, SG No. 104/2020 effective 1.07.2021) A taxable person who is not registered in the country of application of Union arrangement, and where it has exercised its right of choice under Article 20b, Paragraph 4, shall notify the competent territorial directorate of the National Revenue Agency within 7 days of the issue of VAT identification number by any Member State, electronically, as well as in case of revocation thereof.

**Article 98.** (Repealed, SG No. 104/2020, effective 1.07.2021).□

Obligation to Register in Case of Intra-European Union Acquisition

**Article 99.** (1) (Amended, SG No. 104/2020, effective 1.07.2021) 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, 97p Article 100 (1), and Article 102 herein, and which effects intra-Community acquisition of goods.

(2) Paragraph (1) shall not apply where the total value of taxable intra-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) (Amended, SG No. 104/2020, effective 1.07.2021) Any person, who is registered in pursuance of this Article and for whom grounds for compulsory registration under Articles 96 and 97 herein or for optional registration under Article 100 (1) herein arise, shall register according to the procedure and within the time limits applicable to compulsory registration or optional registration.

(7) (New, SG No. 96/2019, effective 1.01.2020)□ Regardless of the value of the effected chargeable intra-Community acquisitions under Paragraph 2, subject to registration hereunder shall be any taxable person established in another Member State and effecting intra-Community acquisition of goods within the territory of the country under Article 15a (6) or Article 65a.

(8) (New, SG No. 96/2019, effective 1.01.2020) An obligation to register hereunder shall arise in respect of the persons referred to in Paragraph 7 not later

than seven days prior to the date of occurrence of the circumstance referred to in Article 15a (6) or Article 65a by filing an application.

### Optional Registration

**Article 100.** (1) Any taxable person, whereto 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, whereto 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) (Repealed, SG No. 104/2020, effective 1.01.2021).<sup>□</sup>

(4) (Supplemented, SG No. 108/2007, amended, SG No. 104/2020, effective 1.07.2021)<sup>□</sup> Notwithstanding Paragraph (1), 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.

(5) (New, SG No. 92/2017, effective 1.01.2019) The right under Paragraphs (1) and (2) shall be declared by the persons before the Registry Agency at the time of the application for effecting the initial registration pursuant to the procedure established by Chapter Two of the Commercial Register and Register of Non-Profit Legal Persons Act.

### Registration Procedure

**Article 101.** (1) (Supplemented, SG No. 92/2017, effective 1.01.2019) 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, or shall declare optional registration on the grounds of Article 100, Paragraph (5) before the Registry Agency.

(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;

6. (new, SG No. 92/2017, effective 1.01.2019)<sup>□</sup> by a lawyer authorised by the persons under items 1 - 4 with an explicit power of attorney drawn up in compliance with the provisions of the Bar Act.

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

(4) (Supplemented, SG No. 92/2017, effective 1.01.2019) 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. In the cases specified in Article 100, Paragraph (5), when applying before the Registry Agency for effecting the initial registration the person shall not enclose information regarding taxable turnover.

(5) (New, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 96/2019, effective 1.01.2020)<sup>□</sup> 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. The notified e-mail addresses for correspondence shall be deemed to be an e-mail address for receipt of messages under Article 28 (2) of the Tax and Social-Insurance Procedure Code.

(6) (Supplemented, SG No. 108/2007, renumbered from Paragraph 5, SG No 95/2009, effective 1.01.2010, amended, SG No. 92/2017, effective 1.01.2019, SG No 97/2017, effective 1.01.2018 until 31.12.2018) The revenue authority shall verify the grounds for registration within 7 days of the filing of the application or of the receipt at the competent territorial directorate of the National Revenue Agency of the information regarding the entry and the exercise of the right under Article 100, Paragraph (5) from the Registry Agency.

(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, amended, SG No 96/2019, effective 1.01.2020, SG No. 104/2020, effective 1.07.2021) Notwithstanding Paragraphs (6) and (7), the registration under Article 96 (9), Articles 97, 97a 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) (New, SG No. 97/2017, effective 1.01.2018) To determine the tax liabilities of the person in the cases under Article 96(1), second sentence, when the person was required, but has not submitted an application for registration in due time, it shall be deemed that the person owes a tax for the taxable supplies exceeding the taxable turnover of BGN 50 000 from the date on which it exceeded the turnover until the date on which it is registered by the revenue body, or until the date on which the grounds for registration no longer existed. A tax shall be due for the taxable supply exceeding the taxable turnover. The person shall furthermore owe a tax on the taxable supplies of services received, for which the tax is exigible from the recipient, and for the taxable intra-Community acquisitions carried out during that

period.

(5) (Renumbered from Paragraph 4, SG No. 97/2017, effective 1.01.2018) 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, repealed, SG No 92/2017, effective 1.01.2018).

#### Documents Certifying Registration

**Article 104.** (1) (Amended, SG No. 97/2016, effective 1.01.2017) Simultaneously with delivering the registration act to the registered person and at his/its request, a registration certificate shall be submitted, protected by plastic foil, executed in standard form specified in the Implementing Regulations of this Act.

(2) (Amended, SG No. 97/2016, effective 1.01.2017) Upon written request by the registered person, within 7 days, the revenue body shall issue a certificate in one or more copies, in accordance with the request of the person.

(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 trade, 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 trade 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) (amended, SG No. 97/2017, effective 1.01.2018) the conditions under letter "a" do not exist and the person, within 7 days from registration of the deregistration 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. (amended, SG No. 98/2018, effective 1.01.2019, SG No. 14/2022, effective 18.02.2022) dissolution of the legal person:

a) without liquidation;

b) with liquidation, unless the legal entity decides to remain registered under the date of deregistration from the commercial register; the right of option shall be exercised by filing a declaration to the relevant territorial directorate of the National Revenue Agency within 14 days from occurrence of the circumstance; in this case the liquidator shall be jointly and severally liable for the tax due for the period of liquidation;

5. (new, SG No. 105/2014, effective 1.01.2015, repealed, SG No. 104/2020, effective 1.07.2021);

6. (new, SG No. 14/2022, effective 18.02.2022) dissolution of the unincorporated association or the social insurance fund;

7. (new, SG No. 14/2022, effective 18.02.2022) deletion of branches of foreign legal entities.

#### Grounds for Optional Deregistration

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

1. (supplemented, SG No. 105/2014, effective 1.01.2015, SG No. 96/2019 effective 1.01.2020, SG No. 104/2020, effective 1.07.2021) in respect of any person registered pursuant to Articles 96 (1), 97 or Article 100 (1) herein, upon the lapse of the relevant grounds for compulsory registration;

2. (repealed, SG No. 104/2020, effective 1.07.2021);

3. (supplemented, SG No. 96/2019, effective 1.01.2020) in respect of any person registered pursuant to Article 99 (3) and Article 100 (2), 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;

5. (new, SG No. 96/2019, effective 1.01.2020) in respect of any person registered pursuant to Article 96 (9) where the person did not effect chargeable supplies of goods or services under Article 12 in the 12 months preceding the current month;

6. (new, SG No. 96/2019, effective 1.01.2020) in respect of any person registered pursuant to Article 99 (7) where:

a) in the 12 months preceding the current month, the person did not effect chargeable intra-Community acquisitions, and

b) at the date of submission of the application for deregistration, no grounds for compulsory registration exist.

(2) (Amended, SG No. 98/2018, effective 1.01.2019) Registered persons having 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 12

months from the beginning of the calendar year following the year of registration under this Act.

(3) (New, SG No. 97/2016, effective 1.01.2017) Any person registered under Articles 132 and 132a may file an application for deregistration where the conditions for compulsory registration do not exist as at the date of filing the said application.

(4) (New, SG No. 14/2022, effective 18.02.2022) Except in the cases referred to in Paragraph 1, the grounds for optional deregistration shall also arise where a taxable person registered under Article 96 (9) is registered:

1. in another Member State for application of a Union scheme, a non-Union scheme or a scheme for distance sales of goods imported from third countries or territories when it starts to carry out only supplies subject to a non-Union scheme, a Union scheme or a scheme for distance sales of goods imported from third countries or territories;

2. in the country - under Article 154 or 156 when it starts to carry out only supplies subject to a non-Union scheme or a Union scheme.

#### Deregistration Procedure Initiated by Person

**Article 109.** (1) (Amended, SG No. 97/2017, effective 1.01.2018, SG No. 98/2018 effective 1.01.2019) In the cases referred to in Item 3 of Article 107 herein and upon dissolution of the legal entity with liquidation, the person shall submit an application for deregistration to the competent National Revenue Agency territorial directorate within 14 days from the occurrence of the relevant circumstance under Article 107 herein, unless the legal entity opts for to remain registered until the date of deregistration thereof from the commercial register.

(2) (Supplemented, SG No. 97/2016, effective 1.01.2017, SG No. 14/2022 effective 18.02.2022) In the cases referred to in Article 108 (1) and (3) herein, the registered person shall have discretion to decide when to submit an application for deregistration to the competent National Revenue Agency territorial directorate. In the cases referred to in Article 108 (4) herein, the registered 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.

(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, amended, SG No. 14/2022, effective 18.02.2022) In the cases referred to in Paragraph (2) the date of deregistration shall be the date of service of the deregistration act under Paragraph (5).

(8) (New, SG No. 14/2022, effective 18.02.2022) In the cases under Paragraph (2), second sentence, as deregistration date shall be considered the date of registration of the person in another Member State for application of a non-Union scheme, a Union scheme or a scheme for distance sales of goods imported from third countries or territories or the registration date in the country under Articles 154 and 156.

#### 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, SG No. 97/2017, effective 1.01.2018, SG No. 14/2022, effective 18.02.2022) there is a ground for compulsory deregistration under Items 1, 2, 6 and 7 of Article 107 and upon dissolution of a legal person without liquidation;

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 amended, SG No. 14/2022, effective 18.02.2022) In the cases covered under Items 1 and 2 of Paragraph (1), the deregistration act shall not be served on the person, and the date of deregistration shall be the date of occurrence of the relevant event under Article 107. In all the other cases the date of deregistration shall be the date of service of the deregistration act.

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

**Article 111.** (1) (Supplemented, SG No. 108/2007, amended, SG No. 97/2016 effective 1.01.2017) At the date of deregistration, it shall be deemed that the person effects supply within the meaning of this Act of all available goods and services for which the said person has used credit for input tax in full, in part or in proportion to the degree of use for independent economic activity, and which are:

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. (amended, SG No. 97/2016, effective 1.01.2017) upon deregistration due to the death of a natural person or a sole trader natural person, where the total sum of the taxable amounts of the available goods and services defined under Article 27 (5) for which the person has used credit for input tax in full, in part or in proportion to the degree of use for independent economic activity does not exceed BGN 25,000 inclusive; where the total sum of the taxable amounts of the available goods and services exceeds BGN 25,000 a tax shall be charged on the total sum of the taxable amounts of the goods and services;

2. (supplemented, SG No. 106/2008, effective 1.01.2009, amended, SG No 97/2016, effective 1.01.2017) when the total sum of the taxable amounts of the available goods and/or services exceeds BGN 25,000 upon deregistration due to the death of a natural person who:

a) is not a sole trader, if the independent economic activity of the deceased is continued by a person registered under this Act on grounds entitling him to the right to deduct credit for input tax – only for the goods and services accepted by inheritance or by legacy, or by a person who applies for registration on grounds entitling him to deduct credit for input tax, not later than the 14th day inclusive of the month following the 6th month of the date of death of the deceased – only for the goods and services accepted by inheritance or legacy and available at the date of registration;

b) is a sole trader, if his enterprise is taken over by inheritance or by legacy and his independent economic activity is continued by a person registered under this Act on the grounds entitling him to the right to deduct credit for input tax, or by a person who applies for registration on grounds entitling him to deduct credit for input tax, not later than the 14th day inclusive of the month following the 6th month of the date of death of the deceased – only for 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, amended, SG No. 98/2018, effective 1.01.2019) upon deregistration 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, supplemented, SG No. 104/2020, effective 1.07.2021) 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 (2).

(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. (amended, SG No. 104/2020, effective 1.07.2021) for supplies under an arrangement for distant sale of goods imported from third countries or territories or under non-Union arrangement;

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, SG No. 104/2020, effective 1.07.2021, supplemented, SG No. 14/2022, effective 18.02.2022). Any taxable persons, who are not registered under this Act or are registered in pursuance of Article 97a (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. Taxable persons, established within the territory of the country, which are registered solely on the grounds of Article 156, shall have no right to state the tax in the invoices issued thereby and notifications to invoices for supplies with place of transaction on the territory of the country for which no Union scheme applies.

(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.

(14) (New, SG No. 104/2020, effective 1.07.2021) A taxable person, including a person operating an electronic interface, may not apply Paragraph 1 for intra-Community distant sale of goods or domestic distant sales of goods performed, where the person is registered to apply an Union arrangement hereunder.

(15) (New, SG No. 14/2022, effective 18.02.2022) A taxable person, including a person operating an electronic interface, may not apply Paragraph (3) for intra-Community distance sale of goods or domestic distant sales of goods performed with a place of transaction on the territory of the country, where the person is not registered to apply a Union scheme hereunder or in another Member State.

#### 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) (Repealed, SG No. 95/2015, effective 1.01.2016).
  - (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. (amended, SG No. 85/2017) a qualified electronic signature within the meaning of Regulation (EU) No. 910/2014 of the European Parliament and of the Council of 23 July 2014 on electronic identification and trust services for electronic transactions in the internal market and repealing Directive 1999/93/EC (OJ, L 257/73 of 28.8.2014) and of the Electronic Document and Electronic Trust Services Act, or

2. electronic data interchange.

(12) (New, SG No. 104/2020, effective 1.07.2021) A taxable person registered to apply an arrangement for distance sale of goods imported from third countries or territories shall specify the identification number under the arrangement only in the customs import declaration under Article 57a.

## 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) (Supplemented, SG No. 97/2016, effective 1.01.2017) The advice shall be issued not later than 5 days from occurrence of the relevant circumstance under Paragraph (1), and where it is issued for a supply for which an invoice was issued with charged tax for received advance payment, within 5 days of the date of refund, set-off or otherwise settlement against compensation of the amount paid in advance for the amount of the refunded, set off or otherwise settled amount against compensation.

(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, SG No. 96/2019, effective 1.01.2020) in the cases referred to in Article 82 (2), (3), (4), (5) and (6) 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;

5. (new, SG No. 88/2016, effective 1.01.2017) in the cases under Item 4 of Article 6 (4) - by a registered person having provided foodstuffs free of charge.

(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, supplemented, SG No. 88/2016, effective 1.01.2017) The memorandum shall be issued not later than 15 days after the date on which the tax became chargeable. In the cases of free of charge provision of foodstuffs under Item 4 of Article 6 (4) the protocol shall be issued not later than 5 days from the date on which these foodstuffs are provided.

(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.

(6) (New, SG No. 14/2022, effective 18.02.2022) The issued invoices and notes thereto, in which a wrong tax rate is applied for the supply, shall likewise be deemed erroneously drafted documents.

(7) (New, SG No. 14/2022, effective 18.02.2022) Correction of invoices and notes in case of effective act issued by the revenue authorities shall be carried out in accordance with Paragraphs 2, 3 and 6.

#### Correction of Memorandums

**Article 117a.** (New, SG No. 14/2022, effective 18.02.2022) (1) No corrections and additions are allowed in the memorandums. Incorrectly drawn up or corrected memorandums shall be cancelled and new ones shall be issued.

(2) An incorrectly completed memorandum shall furthermore be a memorandum issued, wherein:

1. no tax has been entered, although it should have been;
2. a tax has been entered, although it should not have been;
3. a wrong tax rate has been applied to the supply.

(3) When an incorrectly completed memorandum is reflected in the recipient's registers, no memorandum shall be drawn up for the cancellation, and the grounds for the cancellation shall be indicated in the incorrectly completed memorandum.

(4) The copies of the memorandums cancelled shall be kept with the issuer, and the said memorandums shall be accounted for according to a procedure set out in the Regulations for Application of this Act.

(5) Correction of memorandums in case of effective act issued by a revenue authority shall be made in accordance with Paragraph 2.

#### Cash Receipts, Substitution Documents and Data Submission

(Title amended, SG No. 96/2019, effective 10.12.2019)

**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, amended, SG No. 98/2018, effective 1.01.2019, SG No 96/2019, effective 10.12.2019) 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 sales of goods or services provided by electrically powered self-service vending machines and which are registered and reported through fiscal devices integrated in the self-service vending machines, except for self-service vending machines for currency exchange, the fiscal slip registering the sale may be visualised on a display only, without issuing a paper document, as per the procedure and manner laid down in the ordinance referred to in Paragraph (4).

(3a) (New, SG No. 96/2019, effective 10.12.2019) In the cases of a credit or debit card not present payment for sales/supplies of goods or services, a sales document may be electronically issued and provided to the recipient, which is not issued by a fiscal device of approved type or by an approved integrated automated system for management of sales operations, instead of a fiscal slip or a system slip. The conditions for the application of this provision, the format and content and the manner of issuing the document and the obligations for submission of data from the document to the National Revenue Agency shall be determined by the ordinance under Paragraph 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;

6. (new, SG No. 97/2017, effective 1.01.2018) the conditions and procedures for granting and withdrawing authorisations of persons who carry out the maintenance and repair of a fiscal device/integrated automated system for commercial activity management (FD/IASCAM);

7. (new, SG No. 24/2018) the requirements for the outlet sales management software, and to manufacturers, distributors and users of such software;

8. (new, SG No. 24/2018) the requirements for persons carrying out sales via e-shops;

9. (new, SG No. 96/2019, effective 10.12.2019) the format and content of the documents, the terms, procedure and the manner of issuance thereof, as well as the obligations for transfer of data in the event of credit or debit card not present payment.

(5) (Amended, SG No. 97/2017, effective 1.01.2018) For the operation of FD/IASCAM the persons under Paragraph (1) shall conclude a written contract for the maintenance and repair with persons who have obtained authorisation under the ordinance referred to in Paragraph (4).

(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) (Repealed, SG No. 95/2015, effective 1.01.2016).□

(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. (supplemented, SG No. 96/2019, effective 1.01.2020) the supplier for supplies reported thereby through his electronic system with fiscal memory, except for supplies effected from a site which is not a final distributor and uses as a consumption measuring tool a measuring system or a flow-meter;

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);

7. (new, SG No. 96/2019, effective 1.01.2020) the supplier and the recipient of supplies for household purposes of fuel in bottles of not more than 50 kg or transported through a constructed gas transmission network.

(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.

(14) (New, SG No. 24/2018, amended, SG No. 104/2020, effective 12.12.2020) Manufacturers/distributors of outlet sales management software may declare before the National Revenue Agency the following data and circumstances:

1. the name and version of the software manufactured/distributed thereby;

2. that the software under Item 1 complies with the requirements set forth in the ordinance under paragraph 4;

3. that it does not manufacture/distribute software designed to change the functionality of the software referred to in Item 1 and to change, delete or otherwise manipulate the information in the database operated by the software.

(15) (New, SG No. 24/2018) The procedure for declaring the data and circumstances under Paragraph (14) shall be set out in the ordinance referred to in Paragraph (4).

(16) (New, SG No. 24/2018) The National Revenue Agency shall establish and maintain a public electronic list of outlet sales management software, for which data and circumstances under Paragraph (14) have been declared. The register shall be available on the website of the National Revenue Agency. The procedure for entry in and deletion from the list and the contents of the list shall be specified in the ordinance referred to in Paragraph (4).

(17) (New, SG No. 24/2018, amended, SG No. 104/2020, effective 12.12.2020)

□ Paragraph 14 shall not apply to integrated automated systems for commercial activity management and to fiscal memory electronic systems.

(18) (New, SG No. 24/2018, amended, SG No. 104/2020, effective 12.12.2020)

□ A person for whom an obligation exists to register and report sales by issuing fiscal cash receipts and who wishes to use outlet sales management software may choose to use for the sales management in the outlet the software listed in Paragraph 16. The procedure for the selection of and withdrawal from it, the requirements for the persons having opted for the application of such software, to the software developers/distributors and for the software shall be set out in the ordinance under Paragraph (4). In an outlet for which the person has opted for using sales management software included in the list under Paragraph (16) only such software shall be used.

(19) (New, SG No. 104/2020, effective 12.12.2020) Paragraph (18) shall not apply to person using integrated automated systems for commercial activity management and to fiscal memory electronic systems.

(20) (New, SG No. 98/2018, effective 1.01.2019, renumbered from Paragraph (19), SG No. 104/2020, effective 12.12.2020) The National Revenue Agency shall create and maintain an electronic public list of electronic stores for which data under Paragraph (4), item 5 have been submitted. The list shall be available on the website of the Agency. The procedure for entry in and deletion from the list and the contents of the list shall be specified in the ordinance referred to in Paragraph (4).

## 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 Nineteer 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, repealed, SG No 104/2020, effective 1.07.2021). □

(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 SG No. 104/2020, effective 1.07.2021) The purchases report for the tax period referred to in Paragraph (4) shall be prepared on the last day of the tax period at the latest.

## **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.

### Accounts

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

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

(3) Each taxable person shall keep a register of the goods transported thereto from another Member State by a person registered for VAT purposes in the said Member State, in connection with the supply of services involving assessment or work

on movable things.

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

(5) (New, SG No. 96/2019, effective 1.01.2020) Any taxable person transferring goods under call-off stock arrangements under Article 15a from the territory of this country to the territory of another Member State shall keep an electronic register of such goods in order to enable the revenue authorities to check the proper application of said arrangements.

(6) (New, SG No. 96/2019, effective 1.01.2020) Any taxable person for which the goods under call-off stock arrangements under Article 15a are intended to be supplied and which are dispatched to the territory of this country shall keep an electronic register of such goods.

(7) (New, SG No. 96/2019, effective 1.01.2020) Any taxable person established in the territory of the country to whom goods are provided for storage shall maintain detailed accounts for such goods, which shall contain information allowing for identification of the type and quantity of the goods at any time, as well as of each of the persons that provided the goods for storage, and shall identify the persons who dispatched, transported or received the goods at the end of their storage.

(8) (New, SG No. 96/2019, effective 1.01.2020) The structure and contents of the electronic registers Paragraphs 5 and 6 shall be determined by the Regulations for Application of this Act. Upon a request, the information from the registers shall be provided to a revenue authority electronically or on an electronic data storage medium in the file format laid down in the regulations.

(9) (New, SG No. 96/2019, effective 1.01.2020) The persons under Paragraphs 5, 6 and 7 shall keep the accounts under Paragraph 7 and the information in the electronic registers under Paragraphs 5 and 6 for a period of 10 years, effective from the end of the year during which the storage of the goods under Paragraph 7 or the transfer of the goods under Paragraphs 5 and 6 began.

## **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, supplemented, SG No. 96/2019, effective 1.01.2020) 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. The registered person shall record the information from the register under Article 123 (5) in the sales day book for the tax period in which such information or changes therein were recorded in the said register, including in the event of substitution of the person under Item 3 of Article 15a (2), and the return of the goods to the Member State from which they were dispatched or transported, and the content of the information and the method of its recording shall be determined by the Regulations for the Application of this Act.

(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, supplemented, SG No. 96/2019, effective 1.01.2020) The registered person shall be obligated to show tax the 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. The registered person shall record the information from the register under Article 123 (6) in the sales day book for the tax period in which such information or changes therein were recorded in the said register, and the content of the information and the method of its recording shall be determined by the Regulations for the Application of this Act.

(5) (Supplemented, SG No. 97/2016, effective 1.01.2017) Notwithstanding Paragraph (4), the registered person shall be obligated to record the credit advices received thereby in the purchase day book for the tax period during which the said advices were issued, including issued by persons which have been deregistered under this Act.

(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.

(9) (New, SG No. 88/2016, effective 1.01.2017) The protocol of free of charge provision of foodstuffs under Item 4 of Article 6 (4) shall be recorded in the sales log, in the tax return under Article 125 (1) respectively, according to the procedure set forth in the regulations for application of the Act.

#### Declaration of Tax

**Article 125.** (1) (Amended, SG No. 105/2014, effective 1.01.2015, SG No. 14/2022 effective 18.02.2022) For every tax period under Articles 96, 97, 97a, 99 and 100 (1) and (2), the registered person shall submit a VAT return, prepared on the basis of the ledgers of account covered under Article 124 herein.

(2) (Amended, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 96/2019, effective 1.01.2020) A registered person, who has effected intra-Community supplies, supplies as an intermediary in a triangular operation or supplies of services under Article 21 (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). The registered person transferring goods, which comprise part of his business assets, from the territory of the country to the territory of another Member State under call-off stock arrangements shall submit together with the VAT return referred to in Paragraph (1) a VIES return for the tax period of dispatch or transport of the goods under such arrangements and for the tax periods of occurrence of changes during the 12-month period from the arrival or end of transport, including in the event of substitution of the person under Item 3 of Article 15a (2).

(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) (Amended, SG No. 97/2016, effective 1.01.2017, repealed, SG No 97/2017, effective 1.01.2018).□

(7) (Amended, SG No. 97/2017, effective 1.01.2018).□ The returns referred to in Paragraphs (1) and (2) and the ledgers of account referred to in Paragraph (3) shall be submitted electronically under the terms and according to the procedure established by the Tax and Social-Insurance Procedure Code, except for the cases referred to in Paragraph (13) and Article 126 (4), (7) and (8).

(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, amended, SG No. 97/2016, effective 1.01.2017 SG No. 98/2018, effective 1.01.2019) The register under Article 124 (7) shall be electronically submitted under the terms and according to the procedure of the Tax Social-Insurance Procedure Code by the 14th day of the month following the calendar quarter for which it refers.

(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, repealed, SG No. 97/2017 effective 1.01.2018).□

(12) (New, SG No. 99/2011, effective 1.01.2012, repealed, SG No. 97/2017 effective 1.01.2018).□

(13) (New, SG No. 97/2016, effective 1.01.2017) Upon the death of a natural person or a sole trader natural person, the returns referred to in Paragraphs (1) and (2) and the ledgers under Paragraph (3) for the last tax period under Article 87 (4) shall be submitted by the heirs or legatees within 2 months of acceptance of the succession, but not later than the 14th day inclusive of the month following the 6th month of the date of death of the deceased. Additionally emerging circumstances shall be declared, and within one month of becoming aware thereof the heirs shall submit new returns under Paragraphs (1) and (2) and ledgers of account referred under Paragraph (3). Other heirs shall enjoy a return submitted by one heir.

(14) (New, SG No. 14/2022, effective 18.02.2022) The person referred to in Paragraph 1, where he is registered under Articles 154, 156 and 157a, shall submit the VAT return referred to in Article 159 (4) and/or Article 159a (2). A taxable registered only under Articles 154 and 156 shall submit only the VAT return under Article 159 (4).

#### Adjustments after Declaration

(Title amended, SG No. 97/2016, effective 1.01.2017).□

**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.

(4) (New, SG No. 97/2016, effective 1.01.2017) A person which has been deregistered under this Act shall notify in writing the competent territorial directorate of the National Revenue Agency of errors made in the submitted returns under Article 125 (1) and (2) and the ledgers of account under Article 124. The adjustments shall be made after an authorisation by the competent territorial directorate of the National Revenue Agency has been issued, by submitting a new return and ledgers of account for the relevant period within 14 days of receipt of the authorisation.

(5) (New, SG No. 97/2016, effective 1.01.2017) A person whose registration is terminated under this Act, within 5 days from the establishment of the fact that prior to the termination of the registration no tax document has been issued under Article 112 (1), and in the cases under Article 116 shall notify in writing the competent territorial directorate of the National Revenue Agency, which after consideration shall issue an authorisation for issuance of the relevant tax document or shall refuse issuance thereof.

(6) (New, SG No. 97/2016, effective 1.01.2017) A person whose registration is terminated under this Act, upon occurrence of a circumstance for amending the taxable amount or for rescission of a supply for which a tax document has been issued with charged tax before the date of termination of its/his registration, shall notify in writing the competent territorial directorate of the National Revenue Agency, which after consideration shall issue an authorisation for issuance of the relevant tax document or shall refuse issuance thereof.

(7) (New, SG No. 97/2016, effective 1.01.2017) Within 14 days of receipt of authorisation under Paragraphs (5) and (6) the person shall issue the relevant tax document and shall submit a return under Article 125 (1) and ledgers of account under Article 124 for the period in which the document was issued, in accordance with the procedure laid down in the Regulations for Application of this Act.

(8) (New, SG No. 97/2016, effective 1.01.2017) Where, prior to the date of termination of the registration of the person, a tax document has been issued with charged tax for received advance payment and in the period under Paragraph (7) the amount due in connection with the reduction of the taxable amount or for rescission of the supply has not been refunded to the recipient, set off or settled otherwise against compensation, the person shall issue the document referred to in Paragraph (6) within 14 days from the date of the refund, set-off or settlement in another way against consideration for the amount of the refunded, set off or otherwise settled against consideration amount and shall submit a return under Article 125 (1) and ledgers of account under Article 124 for the period in which the document was issued, in accordance with the procedure laid down in the Regulations for Application of this Act.

## **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.** (Amended, SG No. 97/2016, effective 1.01.2017) (1) Where a taxable person (commission agent/mandatory) effects supply of 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), two supplies shall be in place:

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. supply of the goods or services which are the subject of the supply under Item 1, between the principal/mandator and the commission agent/mandatory, for which the date of occurrence of the tax event and the taxable amount of the supply shall be determined as follows:

a) supply between the commission agent/mandatory acts at the expense of the principal/mandator in relation to a sale, the date of occurrence of the tax event for this supply shall be determined by the general rules of the Act but shall not exceed the date of occurrence of the tax event under Item 1, and the taxable amount of the supply shall be the taxable amount of the supply under Item 1 less the fee for the commission agent/mandatory;

b) where the commission agent/mandatory acts at the expense of the principal/mandator in relation to a purchase, the date of occurrence of the tax event shall be determined by the general rules of the Act but shall not be earlier than the date of occurrence of the tax event under Item 1, and the taxable amount of the supply shall be the taxable amount of the supply under Item 1 plus the fee for the commission agent/mandatory.

#### Ancillary Supply

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

#### Warranty Services

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

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

1. the service is performed by a person authorized to do so by the manufacturer;

2. the manufacturer is not established within the territory of the country;

3. the warranty services are for the account of the manufacturer.

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

#### Barter

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

(2) (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, SG No. 94/2015, effective 1.01.2016) 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 (9) 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.

Single-purpose voucher

**Article 131a.** (New, SG No. 98/2018, effective 1.01.2019) (1) The sale of a single-purpose voucher by a taxable person acting in its name shall be deemed as a supply of the goods or services to which the voucher relates.

(2) The sale of a single-purpose voucher by a taxable person acting on behalf of another taxable person shall be deemed as a supply of the goods or services to which the voucher relates, effected by such other taxable person.

(3) The actual provision of goods or execution of services by the supplier to the person that has provided a single-purpose voucher as payment or part thereof for the receipt of such goods or services shall not be deemed as supply.

(4) Where a taxable person that has provided the goods or services against receipt of a single-purpose voucher as payment or part thereof is a person other than the issuer of the voucher, upon the provision of the goods or services there shall be a supply to the issuer of the voucher.

#### Multi-purpose voucher

**Article 131b.** (New, SG No. 98/2018, effective 1.01.2019) (1) The sale of a multi-purpose voucher by a taxable person acting in its name shall not be deemed as a supply of the goods or services to which the voucher relates.

(2) The actual provision of goods or execution of services by the supplier to the person that has provided a multi-purpose voucher as payment or part thereof for the receipt of such goods or services shall be a supply.

(3) The sale of a multi-purpose voucher by a taxable person acting on behalf of another taxable person shall not be deemed as supply effected by such other taxable person.

(4) Retention of a multi-purpose voucher after expiry of its validity without actual provision of goods or services shall not be deemed as a supply of the goods or services.

#### Vouchers – special provisions

**Article 131c.** (New, SG No. 98/2018, effective 1.01.2019) (1) When for the service provided by a taxable person acting on behalf of another taxable person a consideration is agreed in relation to the sale of the voucher, there shall be a chargeable supply of a service.

(2) The provisions of Articles 131a and 131b shall not apply to:

1. the instruments entitling the holder to a discount upon purchase of goods or services but carrying no right to receive such goods or services;

2. transport tickets, admission tickets to cinemas and museums, postage stamps or similar;

3. (repealed, SG No. 14/2022, effective 18.02.2022).□

#### Supplies of Goods Intended for Activities in the Continental Shelf and the Exclusive Economic Zone

**Article 131d.** (New, SG No. 96/2019, effective 1.01.2020) (1) In the event of supplies of goods in the territory of the country, which are intended for activities in the continental shelf and the exclusive economic zone, the supplier shall apply the general rules of this Act to such supplies, including in respect of supplies of goods placed under re-export or export arrangements.

(2) The tax under Article 82 (6) shall be charged by issuing a protocol. For the tax charged, the person under Article 82 (6) shall have the right to credit for input tax under the terms of Chapter Seven.

(3) The person under Items 1 and 2 of Article 82 (6) shall notify the competent territorial directorate of the National Revenue Agency that he shall charge electronically a tax on goods intended for the continental shelf and the exclusive economic zone.

## **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, amended, SG No

97/2017, effective 1.01.2018). The registration referred to in Paragraph (1) shall be effected by submission of an application for registration within 7 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, repealed, SG No 92/2017, effective 1.01.2018).

(5) (New, SG No. 97/2016, effective 1.01.2017) Any unincorporated company, which has a participating partner who is a person, registered under this Act, is subject to compulsory registration hereunder.

(6) (New, SG No. 97/2016, effective 1.01.2017, amended, SG No. 97/2017 effective 1.01.2018) Registration under Paragraph (5) shall be made by submitting an application for registration within 7 days from the date of the establishment of the unincorporated company, which shall be deemed to be date of registration of the company under this Act. When the partner is registered under this Act after the date of establishment of the unincorporated company, the application shall be submitted within 7 days from the date of the registration of the partner, which shall be deemed to be date of registration of the company under this Act.

#### Registration upon Succession

**Article 132a.** (New, SG No. 97/2016, effective 1.01.2017) (1) Upon the death of a natural person registered under this Act or a sole trader natural person, whose undertaking has been taken over by inheritance or by legacy, when the independent economic activity of the deceased is continued by a person who is not registered under this Act and for which the conditions for compulsory registration under Article 96 (1) do not apply, the person is entitled to be registered under this Act.

(2) (Amended, SG No. 97/2017, effective 1.01.2018) The registration under Paragraph (1) shall be made by filing an application for registration within 7 days of the acceptance of the succession under Articles 49 and 51 of the Inheritance Act, but not later than the 14th day inclusive of the month following the 6th month from the date of death of the deceased.

(3) The date of delivery of the registration act shall be deemed to be the date of registration under this Act.

(4) (Repealed, SG No. 92/2017, effective 1.01.2018).

#### 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, SG No. 104/2020 effective 1.07.2021) A non-resident person who has no established seat and registered office in the territory of the European Union but is established in a third country with which the European Union has not concluded an agreement on mutual assistance similar in scope to Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ, L 84/1 of 31 March 2010), hereinafter referred to as "Directive 2010/24/EU", and Council Regulation (EU) No. 904/2010 of 7 October 2010 on administrative cooperation and combating fraud in the field of value added tax (OJ, L 268/1 of 12 October 2010), hereinafter referred to as "Regulation (EU) No. 904/2010", and has opted for to register pursuant to and in accordance with Article 154 for application of non-Union scheme or Article 156 for application of Union scheme, shall be registered through an accredited representative.

(6) (New, SG No. 95/2009, effective 1.01.2010, amended, SG No. 104/2020 effective 1.07.2021) Where a person under Paragraphs (1), (2) and (5) is established in another Member State or in a third country with which the European Union has concluded an agreement on mutual assistance similar in scope to Directive 2010/24/EU and Regulation (EU) No. 904/2010, the registration shall be carried out following the general rules or the special rules of chapter eighteen. 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) (Amended, SG No. 104/2020, effective 1.07.2021) The registration of a non-resident person registered in pursuance of Article 133 herein shall be terminated if the conditions for deregistration under this Act are fulfilled.

(2) (Supplemented, SG No. 104/2020, effective 1.07.2021) Deregistration under Paragraph (1) shall be effected according to the procedure established in Article 109 or Article 155 or 157.

(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, amended, SG No 104/2020, effective 1.07.2021) 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 (5) for the persons registered pursuant to Article 154 for application of a non-Union scheme and under Article 133, Paragraph (6).

(4) (New, SG No. 104/2020, effective 1.07.2021, amended, SG No. 14/2022 effective 18.02.2022) The representative referred to in Article 157a (2) shall be deemed to be an accredited representative of the person referred to in Article 157a (3) and shall represent him in all its tax relationships under the scheme for distance sales of goods imported from third countries or territories and shall be jointly and severally liable for the obligations under that scheme.

## **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) (Amended, SG No. 97/2016, effective 1.01.2017) The provisions of this chapter shall not apply to the supplies of travel agents when they act on behalf and for the account of another person.

#### 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 text of 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).

#### Right of Option

**Article 151.** (1) A taxable dealer may apply the standard procedure under this Act for taxing the supply of second-hand goods, works of art, collectors' items and antiques.

(2) The right referred to in Paragraph (1) shall be exercised by the person for each particular supply and, to this end, the invoice issued shall not state that the special arrangements under this Chapter are applied.

(3) (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 SCHEMES FOR TAXABLE PERSONS SUPPLYING SERVICES,**  
**MAKING INTRA-COMMUNITY DISTANCE SALES OF GOODS, DOMESTIC**  
**DISTANCE SALES OF GOODS AND DISTANCE SALES OF GOODS**  
**IMPORTED FROM THIRD COUNTRIES AND TERRITORIES**  
**(Heading amended, SG No. 94/2010, effective 1.01.2011, SG No.**  
**105/2014, effective 1.01.2015, SG No. 104/2020, effective 1.07.2021)**

**Section I**  
**(New, SG No. 105/2014, effective 1.01.2015)**  
**General Provisions**

Special Schemes

**Article 152.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021) (1) Special schemes under this chapter shall be a non-Union scheme, a Union scheme and a scheme for distant sales of goods imported from third countries or territories.

(2) A non-Union scheme may be applied to the supply of services made by a taxable person who is not established in the territory of the Union and the recipients thereof are non-taxable persons who are established, have their permanent address or usually reside in the European Union.

(3) A Union scheme may be applied to the supply of services or intra-Community distance sales of goods or certain domestic distance sales of goods made by:

1. (supplemented, SG No. 14/2022, effective 18.02.2022) taxable persons who are not established in the Member State of consumption, in the case of supplies of services to non-taxable persons who are established, have their permanent addresses or usually reside in the European Union or outside it;

2. taxable persons for the supply of services or intra-Community distance sales of goods under Article 14, Paragraph (1);

3. taxable persons operating electronic interfaces where they facilitate the sales of goods under Article 14a, Paragraph (5), Items 1 and 3.

(4) For supply of services, distance sales of goods or certain domestic sales of goods on which recipients are non-taxable persons which are established, have their permanent address or usually reside within the territory of a Member State, the supplier may choose to register to apply any of the special schemes referred to in Paragraphs (2) and (3) in the said Member State or in another Member State.

(5) A scheme for distance sales of goods imported from third countries or territories may be applied to goods in the form of consignments with an intrinsic value not exceeding the BGN equivalent of EUR 150, except for excisable goods the import whereof is carried out in any of the Member States and regardless of the intended State, by:

1. a taxable person, including a person operating an electronic interface,

where the person is established within the territory of the European Union and makes distance sales of goods within the territory of the European Union imported from third countries or territories in the form of consignments with intrinsic value not exceeding the equivalent of EUR 150; in this case the person may be represented by a representative established within the territory of the European Union, or

2. a taxable person, including a person operating an electronic interface, where the person is established within the territory of a third country with which the European Union has concluded an agreement on mutual assistance similar in scope to Directive 2010/24/EU and Regulation (EU) No. 904/2010, and imports the goods from said third country in the form of consignments with intrinsic value not exceeding the equivalent of EUR 150, making distance sales therewith within the territory of the European Union; in this case the person may be represented by a representative established within the territory of the European Union, or

3. a taxable person, including a person operating an electronic interface, where the person is established within the territory of a third country with which the European Union has not concluded an agreement on mutual assistance similar in scope to Directive 2010/24/EU and Regulation (EU) No. 904/2010; in this case the person must be represented by a representative established within the territory of the European Union.

(6) For the purposes of the non-Union scheme:

1. a taxable person not established within the territory of the European Union shall be a taxable person who has no seat or registered office within the territory of the European Union or has no fixed establishment within the territory of the European Union;

2. a Member State of identification shall be the Member State in the territory of which the taxable person who is not established in the territory of the European Union has opted for to register when starting its activity as a taxable supplier of services and the recipients thereof are non-taxable persons who are established, have their permanent address or usually reside in the European Union, in accordance with the provisions of this chapter;

3. a Member State of consumption shall be the Member State in which the place of transaction of the supply of service is located.

(7) For the purposes of the Union scheme:

1. a taxable person not established within the territory of the Member State of consumption shall be a taxable person who has a seat and registered office or has a fixed establishment within the territory of the European Union but has no seat and registered office or a fixed establishment within the territory of the Member State of consumption;

2. Member State of identification

a) the Member State in which the taxable person has a seat and registered office or has a fixed establishment provided the person has no seat and registered office within the territory of the European Union;

b) when the taxable person has no seat and registered office within the territory of the European Union but has a fixed establishment in more than one Member State, the person may choose which of these Member States to be the Member State of identification; the taxable person shall be bound by that decision in the calendar year of the choice and in the next two calendar years;

c) when a taxable person has no seat and registered office within the territory of the European Union and has no fixed establishment therein, the Member State of identification shall be the Member State in which the dispatch or transport of the goods begins; when there is more than one Member State in which the dispatch or transport of the goods begins, the taxable person may choose which of these Member States shall be the Member of State of identification; the taxable person shall be bound by that decision in the calendar year of the choice and in the next two calendar years;

3. Member State of consumption shall be:

a) for supply of goods - the Member State in which the place of transaction of the supply of the service is located;

b) for intra-Community distance sales of goods by a taxable person, including a taxable person operating an electronic interface facilitating the sale under Article 14a, Paragraph (5), Item 1 - the Member State where the dispatch or transport of the goods to the recipient ends.

c) for supply of goods by a taxable person facilitating the sale under Article 14a, Paragraph (5), Item 3, where the dispatch or transport of the goods begins and ends in the same Member State - such Member State.

(8) For the purposes of the scheme for distance sales of goods imported from third countries or territories:

1. a taxable person not established within the territory of the European Union shall be a taxable person who has no seat or registered office within the territory of the European Union or has no fixed establishment within the territory of the European Union;

2. a representative shall be a person who is established within the territory of the European Union and who is designated by the taxable person making distance sales of goods imported from third countries or territories as the payee of the tax and as a person who acts on behalf of and for the account of the taxable person in fulfilment of the obligations set out in such special scheme;

3. Member State of identification shall be:

a) the Member State where the taxable person chooses to register, where such person is not established within the territory of the European Union;

b) the Member State where the taxable person has chosen to register and has a fixed establishment therein, in case the person has no seat and registered office within the territory of the European Union but has fixed establishments in more than one Member State; the taxable person shall be bound by that decision in the relevant calendar year and in the next two calendar years;

c) the Member State in which the taxable person has a seat and registered office within the territory of the European Union;

d) the Member State in which the representative has a seat and registered office within the territory of the European Union;

e) the Member State in which the representative has chosen to register and has a fixed establishment therein, in case the representative has no seat and registered office within the territory of the European Union but has fixed establishments in more than one Member State; the representative shall be bound by that decision in the relevant calendar year and in the next two calendar years;

4. a Member State of consumption shall be the Member State in which the dispatch or transport of the goods to the recipient ends.

#### Applicability of the Special Regimes

**Article 153.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021) (1) A taxable person who is not established within the territory of the country and provides services or distance sales of goods on which recipients are non-taxable persons which are established, have their permanent address or usually reside within the territory of the country and the person is not registered to apply any of the special schemes referred to in Article 152, Paragraph 1 in the country or in another Member State, shall apply the general rules of this Act.

(2) A person registered pursuant to Article 156 for application of Union scheme for supplies of services on which recipients are non-taxable persons which are established, have their permanent address or usually reside within the territory of the country, including where the supplies are made from a fixed establishment within the territory of another Member State, shall apply the general rules of this Act.

(3) A person registered pursuant to Article 156 for application of Union



scheme for supplies of 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 person has a fixed establishment, regardless of whether the supplies are made from that establishment, shall not apply said scheme. For said supplies the person shall apply the legislation of the Member State in which the fixed establishment is located.

(4) A person registered pursuant to Article 156 for application of Union scheme for supplies of Intra-community distance sales of goods under Article 14, Paragraph 1 and article 14a, Paragraph 5, Item 1, which are dispatched or transported from another Member State, regardless of whether the person has a fixed establishment within the territory of the other Member State, on which recipients are non-taxable persons which are established, have their permanent address or usually reside within the territory of the country, shall apply said scheme.

(5) A taxable person operating an electronic interface and who is registered pursuant to Article 156 to apply Union scheme, for supplies of domestic distance sales of goods under Article 14a, Paragraph 5, Item 3 shall apply said scheme.

(6) A taxable person operating an electronic interface and who is registered in another Member State for application of Union scheme, for supplies of domestic distance sales of goods with recipients non-taxable persons who are established, have their permanent address or usually reside within the country, shall apply said scheme.

(7) A person registered in another Member State for application of Union scheme, shall apply the scheme for supplies of Intra-community distance sales of goods with recipients non-taxable persons who are established, have their permanent address or usually reside within the country.

(8) A person registered in another Member State for application of Union scheme and who has no fixed establishment within the territory of the country, for supplies of services with recipients non-taxable persons who are established, have their permanent address or usually reside within the country, shall apply said scheme.

(9) A taxable person registered in another Member State for application of Union scheme, for supplies of services with recipients non-taxable persons who are established, have their permanent address or usually reside within the country, shall apply said scheme.

(10) In the cases referred to in Article 14, Paragraph 2 Union scheme shall apply.

(11) In the cases referred to in Article 152, Paragraph 5 the taxable person may not indicate more than one representative simultaneously.

(12) For supplies under Article 152, Paragraph 5 in other currencies than EUR their exchange rate effective at the first business day of October shall apply, which shall be effective from 1 January till 31 December inclusive of the following calendar year.

## **Section II** **(New, SG No. 105/2014, effective 1.01.2015)** **Registration and Deregistration for Application of a Regime Outside the Union**

Special Registration for Application of Non-Union Scheme

**Article 154.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, supplemented, SG No. 98/2018, effective 1.01.2019, SG No. 104/2020, effective 1.07.2021) (1) Entitled to register for application of the non-Union scheme shall be a taxable person for which the following conditions apply simultaneously:

1. the said person makes supplies of services to recipients who are non-taxable persons and who are established or have a permanent address, or usually

reside in a Member State, including in the country;

2. the said person is not established within the territory of the European Union;

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

4. there is no effective restriction on registration under Paragraph (10);

5. has designated an accredited representative under Article 133, Paragraph (5).

(2) (Effective 1.04.2021 - SG No. 104/2020, supplemented, SG No. 14/2022 effective 18.02.2022) 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 under the Tax and Social-Insurance Procedure Code with a qualified electronic signature.

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

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

2. identification number for tax purposes, if any;

3. a declaration of absence of seat and registered office and that it has no fixed establishment in the territory of the European Union;

4. a bank account of the person in Euro;

5. identification numbers from previous registrations of the person for application of a non-Union scheme, a Union scheme and a scheme for distance sales of goods imported from third countries or territories, 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.

(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) (Amended, SG No. 14/2022, effective 18.02.2022) The identification number for the purposes of registration for application of a non-Union scheme shall consist of 11 alphanumeric digits containing the sign "EU" and shall be used only for the purposes of application of a non-Union scheme.

(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) (Amended, SG No. 14/2022, effective 18.02.2022) 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 such cases, the date of registration under this Article shall be the first day of the quarter following the calendar quarter of the submission of the application for registration by electronic means.

(10) (Supplemented, SG No. 14/2022, effective 18.02.2022) A restriction for registration under a non-Union scheme due to systemic failure on the obligations by

the persons shall be in force until the expiration of 8 consecutive tax periods effective from the tax period following the period of termination of the application of the scheme in any Member State of identification of the application of a non-Union scheme, a Union scheme, or 24 tax periods effective from the tax period following the period of termination of the application of the scheme for distance sales of goods imported from third countries or territories in any Member State of identification.

(11) Where the registration of the person for the application of non-Union scheme is terminated on grounds that the person has not made supplies under Paragraph 1, Item 1 for a period of 8 consecutive tax periods, the person may register to apply the scheme as soon as it resumes the supply of said goods.

#### Termination of the Special Registration for the Application of Non-Union Scheme

**Article 155.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021) (1) The registration for the application of the non-Union scheme shall be terminated at the person's initiative where:

1. the said person no longer makes supplies of services to recipients who are non-taxable persons and who are established or have a permanent address, or usually reside in a Member State, including in the country;

2. the person no longer fulfils the conditions under Article 154 (1) herein.

3. the person opts for applying the non-Union scheme.

(2) (Supplemented, SG No. 14/2022, effective 18.02.2022) 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 under the Tax and Social-Insurance Procedure Code with a qualified electronic signature.

(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 seven days of receipt of the application for deregistration under Paragraph (2) the revenue authority shall verify the grounds for termination of the registration for application of non-Union scheme. 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.

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

(7) Registration for application of the non-Union scheme 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 made any supplies under Item 1 of Paragraph (1) in eight consecutive tax periods and has not submitted an application for deregistration of application of the scheme, or

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

3. (supplemented, SG No. 14/2022, effective 18.02.2022) systematically fails to comply with the provisions of a non-Union scheme; in this case, registration for the application of a Union scheme and of a scheme for distance sales of goods imported

from third countries or territories is also terminated.

(8) Systematic failure to comply with the provisions of the non-Union scheme exists where:

1. pursuant to Article 159 (12) 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 159 (4) for each tax period has not been submitted within 10 days after sending of a reminder;

2. pursuant to Article 159 (12) 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 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 159d, Paragraph (1).

(9) In the cases referred to in Paragraph (7) the act to the person whose registration for application of the scheme is terminated shall be delivered electronically. In these cases, the date of deregistration of the person for application of the non-Union scheme shall be the first day of the quarter following the calendar quarter of sending electronically of the act of deregistration.

(10) (Amended, SG No. 14/2022, effective 18.02.2022) A person registered pursuant to Article 154 may be registered for said scheme 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 such cases, the date of termination of the registration shall be the first day of the quarter following the calendar quarter of the submission of the application for termination of registration by electronic means.

### **Section III**

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

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

Special Registration for the Application of the Union Scheme

**Article 156.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, supplemented, SG No. 95/2015, effective 1.01.2016, SG No. 98/2018, effective 1.01.2019, amended, SG No. 104/2020, effective 1.07.2021) (1) Entitled to register for application of the Union scheme shall be a taxable person for which the following conditions apply simultaneously:

1. makes supplies of:

a) (amended, SG No. 14/2022, effective 18.02.2022) services to recipients who are non-taxable persons and with a place of transaction on the territory of another Member State in which the taxable person is not established, including without fixed establishment, and/or

b) intra-Community distance sales of goods to non-taxable persons, and/or

c) domestic distance sales of goods to non-taxable persons;

2. the person:

a) is established by seat and registered office within the territory of the country, or

b) is not established by seat and registered office within the territory of the European Union, but has a fixed establishment within the territory of the country, or

c) is not established by seat and registered office within the territory of the European Union, but has a fixed establishment both within the territory of the country

and within the territory of another Member State, and is not registered for the application of said scheme in the other Member State, and

d) is not established by seat and registered office and by fixed establishment within the territory of the European Union, but the dispatch or transport of the goods supplied thereby begins only from the territory of the country, or

e) is not established by seat and registered office and by fixed establishment within the territory of the European Union, but the dispatch or transport of the goods supplied thereby begins both from the territory of the country and from the territories of other Member States, and is not registered for the application of said scheme in these Member States;

3. there is no effective restriction on registration under Paragraph (15);

4. has designated an accredited representative under Article 133 in the cases where the taxable person is not established by seat and registered office and by fixed establishment within the territory of the European Union.

(2) (Effective 1.04.2021 - SG No. 104/2020) 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 under the Tax and Social-Insurance Procedure Code with a qualified electronic signature.

(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. a bank account of the person in EUR or BGN at a Bulgarian bank or a branch of a foreign bank in the Republic of Bulgaria;

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 and current registrations of the person for application of the non-Union scheme, the Union scheme and the scheme for distance sales of goods imported from third countries or territories, 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 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.

(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 Union scheme shall be the identification number under Article 94 (2).

(7) The date of the first supply shall be considered to be a date of registration, where the first supply 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 Union scheme, who relocates its place of establishment by seat and registered office to the territory of the country, subject to compliance with the conditions under Paragraph (1), may register pursuant to this Article.

(10) A person registered in another Member State for application of the Union scheme, where the person is not established by seat and registered office, but has a

fixed establishment 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) 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 calendar years following the year of registration for application of the regime in the Union in the other member state.

(12) A person registered in another Member State for application of the Union scheme, where the person is not established by seat and registered office and by fixed establishment within the territory of the European Union, and where the person begins dispatching or transporting the goods supplied thereby only from the territory of the country, subject to compliance with the conditions under Paragraph (1), may register pursuant to this Article.

(13) A person registered in another Member State for application of the Union scheme, where the person is not established by seat and registered office and by fixed establishment within the territory of the European Union, and where the person begins dispatching or transporting the goods supplied thereby both from the territory of the country and from the territories of other Member State, subject to compliance with the conditions under Paragraph (1), may register pursuant to this Article.

(14) In the cases referred to in Paragraphs (9) and (13) 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.

(15) (Supplemented, SG No. 14/2022, effective 18.02.2022) A restriction for registration under a Union scheme due to systemic failure on the obligation by the person shall be in force until the expiration of 8 consecutive tax periods effective from the tax period following the period of termination of the application of the scheme in any Member State of identification of the application of the non-Union scheme, the Union scheme, or 24 tax periods effective from the tax period following the period of termination of the application of the scheme for distance sales of goods imported from third countries or territories, in any Member State of identification.

(16) (Amended, SG No. 14/2022, effective 18.02.2022) The right under Paragraph (1) to register for the application of a regime in the Union shall have a taxable person, which carries out supplies with place of transaction under Article 20b (4) on the territory of the country, if such person notifies, together with the application under Paragraph (2), that he wishes the place of transaction of supplies to be determined in accordance with Article 20 (1) and Article 21 (6).

(17) Where the registration of the taxable person for the application of Union scheme is terminated on grounds that the person has not made supplies under Paragraph 1, Item 1 for a period of 8 consecutive tax periods, the person may register to apply the scheme as soon as it resumes the supply of said goods.

#### Termination of the Special Registration for Application of Union Scheme

**Article 157.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, supplemented, SG No. 98/2018, effective 1.01.2019, amended, SG No. 104/2020, effective 1.07.2021)

(1) The registration for the application of the Union scheme shall be terminated at the initiative of the person where:

1. the person no longer makes supplies of services and Intra-community distance sales of goods, including some domestic distance sales of goods of non-taxable persons;
2. the person no longer fulfils the conditions under Article 156 (1) herein.

3. the person opts for not applying the Union scheme.

(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 under the Tax and Social-Insurance Procedure Code with a qualified electronic signature.

(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 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 deregistration or shall refuse 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.

(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 the act of deregistration electronically, 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 for application of the Union scheme 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 made any supplies under Item 1 of Article 156 (1) in eight consecutive tax periods and has not submitted an application for termination of the application of the scheme, or

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

3. (supplemented, SG No. 14/2022, effective 18.02.2022) repeatedly fails to comply with the provisions of a Union scheme; in this case, the registration for the application of a non-Union scheme and of a scheme for distance sales of goods imported from third countries or territories shall also terminated.

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

1. pursuant to Article 159 (12) the National Revenue Agency has sent reminders to the person registered for application of the scheme for the last three preceding tax periods and the VAT return under Article 159 (4) for each tax period has not been submitted within 10 days after sending of a reminder;

2. pursuant to Article 159 (12) 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 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 159d, Paragraph (1).

(9) In the cases referred to in Paragraph (7) the act to the person whose registration for application of the scheme is terminated shall be delivered electronically. In these cases, the date of deregistration of the person for application of the Union scheme shall be the first day of the quarter following the calendar quarter of sending of the act of deregistration.

(10) A person registered pursuant to Article 156, who relocates its place of establishment by seat and registered office to the territory of another Member State, shall terminate his registration under this Article.

(11) A person registered pursuant to Article 156, who is not established by seat and registered office within the territory of the European Union, where the person relocates his fixed establishment to the territory of an other Member State or establishes his seat and registered office within the territory of another Member State, shall terminate his registration under this Article.

(12) A person registered pursuant to Article 156, who is not established by seat and registered office within the territory of the European Union but has a fixed establishment both within the territory of the country and within the territory of another Member State, may register for application of this scheme in the other Member State after expiry of two calendar years effective from the beginning of the year following the year of registration and shall terminate his registration under this Article.

(13) A person registered pursuant to Article 156, who is not established by seat and registered office and by fixed establishment within the territory of the European Union, and where the person begins dispatching or transporting the goods supplied thereby only from the territory of another Member State, shall terminate his registration under this Article.

(14) A person registered pursuant to Article 156, who is not established by seat and registered office and by fixed establishment within the territory of the European Union and where the person begins dispatching or transporting the goods supplied thereby both from the territory of the country and from the territories of other Member States, may register for application of this scheme in the other Member State after expiry of two calendar years effective from the beginning of the year following the year of registration and shall terminate his registration under this Article.

(15) (Amended, SG No. 14/2022, effective 18.02.2022) The date of termination of registration for application of the scheme shall be the first day of the quarter following the quarter of sending electronically of the act of deregistration. In the cases under Paragraphs (10) - (14), the date of termination of registration for application of the scheme shall 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 files an application for registration for application of the scheme within the same time-limit in the other Member State.

(16) Where the conditions under Article 20b (1) exist, a person registered pursuant to Article 156 may terminate his registration should he opt for not applying the Union scheme.

**Section IIIa**  
**(New, SG No. 104/2020, effective 1.07.2021)**  
**Registration for Application of the Scheme for Distance Sales of Goods**  
**Imported from Third Countries or Territories**

Special Registration for Application of the Scheme for Distance Sales of Goods Imported from Third Countries or Territories

**Article 157a.** (New, SG No. 104/2020, effective 1.07.2021) (1) (Supplemented, SG No 14/2022, effective 18.02.2022) Entitled to register for application of the scheme for distance sales of goods imported from third countries or territories shall be a taxable person registered under Article 96 or Article 100 (1), including a person operating an electronic interface, where the following conditions apply simultaneously:

1. imports goods from third countries or territories in the form of consignments with intrinsic value not exceeding the lev equivalent of EUR 150, except



for excisable goods, for non-taxable persons who are established, have their permanent address or usually reside in a Member State, including in the country;

2. the taxable person:

a) is established by seat and registered office within the territory of the country, or

b) is not established by seat and registered office within the territory of the European Union, but has a fixed establishment within the territory of the country, or

c) is not established by seat and registered office within the territory of the European Union, but has a fixed establishment both within the territory of the country and within the territory of another Member State, and is not registered for the application of said scheme in another Member State, or

d) is not established by seat and registered office and by fixed establishment within the territory of the European Union and is not registered for the application of said scheme in another Member State, where the person is established in a third country with which the European Union has concluded an agreement on mutual assistance similar to the scope of Directive 2010/24/EU and Regulation (EU) No 904/2010, and imports goods from that third country;

3. there is no effective restriction on registration under Paragraph (18).

(2) Entitled to register to fulfil the obligations under the scheme for distance sales of goods imported from third countries or territories shall be a taxable person registered pursuant to Article 96 (1) or Article 100 (1), where the following conditions apply simultaneously to said person:

1. the person acts as a representative on behalf of and for the account of a taxable person under Paragraph (1), including a person who operates an electronic interface, during the performance of the obligations set out in the scheme;

2. the person:

a) is established by seat and registered office within the territory of the country, or

b) is not established by seat and registered office within the territory of the European Union, but has a fixed establishment within the territory of the country, or

c) is not established by seat and registered office within the territory of the European Union, but has a fixed establishment both within the territory of the country and within the territory of another Member State, and is not registered for the application of said scheme in another Member State;

3. there is no effective restriction on registration under Paragraph (20);

4. (new, SG No. 14/2022, effective 18.02.2022) is not in a liquidation proceeding or has not been declared bankrupt and has no due and unpaid tax liabilities and liabilities for social security contributions collectable by the National Revenue Agency.

(3) The representative under Paragraph (2) shall register every taxable person, including a person operating an electronic interface, who is not established by seat and registered office and by fixed establishment within the territory of the European Union but who is established in a third country with which the European Union has not concluded an agreement on VAT mutual assistance, is not registered for application of said scheme in another Member State, imports goods under Item 1 of Paragraph (1) and no there is no effective restriction for registration under Paragraph (18). Any taxable person under Item 2 of Paragraph (1) who opts to have a representative under Paragraph (2) for application of the scheme for distance sale of goods imported from third countries or territories shall be registered by such representative, if the person meets the conditions of Paragraph (1).

(4) (Effective 1.04.2021 - SG No. 104/2020, supplemented, SG No. 14/2022 effective 18.02.2022) In the cases referred to in Paragraphs (1), (2) and (3) the person shall submit 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 under the Tax and Social-Insurance Procedure Code with a qualified electronic signature.

(5) In the cases referred to in Paragraph (1), together with the application under Paragraph (4), 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 VAT purposes or for tax purposes registration;
3. a bank account of the person in EUR or BGN at a Bulgarian bank or a branch of a foreign bank in the Republic of Bulgaria;
4. identification numbers, if any, from previous and current registrations of the person for application of the non-Union scheme, the Union scheme and the scheme for distance sales of goods imported from third countries or territories.

(6) In the cases referred to in Paragraph (2), together with the application under Paragraph (4), the representative shall provide at least the following information:

1. name, mailing address and electronic address;
2. VAT Identification Number.

(7) In the cases referred to in Paragraph (3), together with the application under Paragraph (4), the representative shall provide at least the following information:

1. name, mailing address, electronic address and websites of the taxable person represented thereby;
2. identification number for VAT purposes or for tax registration of the taxable person represented thereby;
3. a bank account of the taxable person represented thereby, in EUR or BGN in a Bulgarian bank or in a branch of a foreign bank in the Republic of Bulgaria;
4. individual identification number under said scheme of the representative under Paragraph (2).

(8) The registered persons shall apply the special scheme to all distance sales of goods imported from third countries or territories made thereby.

(9) Within 7 days from receipt of the application under Paragraph (4) the revenue authority shall verify the grounds for registration for application of the scheme for distance sales of goods imported from third countries or territories. 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. The act shall be delivered electronically to the taxable person who acts without a representative or to the representative.

(10) (Amended, SG No. 14/2022, effective 18.02.2022) The date of registration under a scheme for distance sales of goods imported from third countries or territories shall be the date of sending the act under Paragraph (9), which shall define:

1. individual VAT identification number of the taxable person for the application of said scheme;
2. individual identification number of the representative for the performance of the obligations under said scheme;
3. individual VAT identification number of any person who is represented by a representative for the application of said scheme.

(11) The identification number for the purposes of registration for application of the scheme for distance sales of goods imported from third countries or territories shall consist of 12 alphanumeric digits and shall be used only for the purposes of the scheme for distance sales of goods imported from third countries or territories.

(12) A person registered in another Member State for application of the scheme for distant sales of goods imported from third countries or territories, who is not represented by a representative and who relocates his place of establishment by seat and registered office to territory of the country, after termination of the special

registration in the other Member State, provided that he is compliant to the terms of Paragraph (1), may register on the grounds of this Article.

(13) A person registered in another Member State for application of the scheme for distant sales of goods imported from third countries or territories, where the person is not established by seat and registered office but has a fixed establishment in the territory of the European Union, which is not represented by a representative and in case he relocates his fixed establishment to the territory of the country, after termination of the special registration in the other Member State, provided that he is compliant to the terms of Paragraph (1), may register on the grounds of this Article.

(14) A person registered in another member state for application of the scheme for distant sales of goods imported from third countries or territories, who is not established by seat and registered office within the territory of the European Union but has a fixed establishment both within the territory of the country and within the territory of another Member State, and who is not represented by a representative, after termination of the special registration in the other Member State, provided that he is compliant to the terms of Paragraph (1), may register on the grounds of this Article upon expiry of two calendar years following the year in which the person was registered for application of the scheme for distant sales of goods imported from third countries or territories.

(15) In the cases of Paragraphs (12) - (14) the person may register by filing an electronic application for registration under Paragraph (4) not later by the 10th day of the month following the date of change indicated by the person in the application, 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.

(16) Upon a change in the details under Paragraphs (5), (6) and (7) in the application filed under Paragraph (4), the person shall file an electronic application for update not later than the 10th day of the month following the occurrence of the change.

(17) Paragraphs (12) - (14) shall furthermore apply to a representative acting on behalf and for the account of a taxable person making distance sales of goods imported from third countries or territories should he meet the terms of Paragraph (2). In such cases, Paragraphs (15) and (16) shall apply.

(18) (Supplemented, SG No. 14/2022, effective 18.02.2022) A restriction for registration for application of a scheme for distance sales of goods imported from third countries or territories due to repeated failure on the obligation by the person shall be in force until the expiration of 24 months e from the tax period in which the registration is terminated in any Member State of identification of the application of the scheme for distance sales of goods imported from third countries or territories, the Union scheme, or until expiry of 8 consecutive tax periods effective from the tax period following the period of termination of the application of a non-Union scheme or a Union scheme, in any Member State of identification.

(19) Paragraph (18) shall not apply in the cases where the termination of the registration for application of the scheme is due to repeated failure on the obligations by the representative.

(20) A restriction for registration of a representative who acts on behalf and for the account of a taxable person due to repeated failure on the obligations by the representative regarding the application of the scheme for distance sales of goods imported from third countries or territories shall be in force until the expiration of 24 months from the month in which the registration for the scheme was terminated.

(21) A taxable person whose registration for application of the scheme has been terminated under Item 1 of Article 157b (5) and Item 1 of Article 157b (7) on the grounds that the person has failed to make supplies for a period of 24 consecutive tax periods, regardless of whether the person has acted with or without a representative, may register to apply the scheme as soon as he resumes making such supplies.

(22) (New, SG No. 14/2022, effective 18.02.2022) Where a taxable person represented in another Member State by a representative for whom the conditions of Paragraph 15 are fulfilled chooses to continue to be represented by him, the representative shall register the taxable person for the application of the scheme referred to in this Article.

Termination of the special registration for application of the scheme for distance sales of goods imported from third countries or territories

**Article 157b.** (New, SG No. 104/2020, effective 1.07.2021) (1) Registration for application of the scheme for distance sales of goods imported from third countries or territories in the form of consignments with intrinsic value not exceeding the BGN equivalent of EUR 150, except for excisable goods, shall be terminated at the initiative of a taxable person acting without a representative where:

1. the person no longer makes distance sales of goods imported from third countries or territories;

2. the person no longer fulfils the conditions under Article 157a (1) herein;

3. the person opts for not applying the scheme, regardless of whether he continues making distance sales of goods imported from third countries or territories.

(2) the registration of a representative for application of the obligations under the scheme for distance sales of goods imported from third countries or territories shall be terminated at the initiative of the representative where:

1. the representative has not acted as a representative on behalf and for the account of the taxable person who makes use of such scheme, in 6 consecutive months;

2. the person no longer fulfils the conditions under Article 157a (2) herein.

(3) The registration of a taxable person for application of the scheme for distance sales of goods imported from third countries or territories, who acts through a representative, shall be terminated by the representative where the taxable person:

1. the person no longer makes distance sales of goods imported from third countries or territories;

2. no longer fulfils the conditions under Items 1 and 3 of Article 157a (1) or Article 157a (3), first sentence herein;

3. the person opts for not applying the scheme, regardless of whether he continues making distance sales of goods imported from third countries or territories.

(4) (Supplemented, SG No. 14/2022, effective 18.02.2022) To terminate the registration under Paragraphs (1) - (3) the person shall submit 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 under the Tax and Social-Insurance Procedure Code with a qualified electronic signature.

(5) The registration for application of the scheme for distance sales of goods imported from third countries or territories shall be terminated at the initiative of the revenue authority by issuing an act of deregistration, where it is established that the taxable person who does not act with a representative:

1. has not made distance sales of goods imported from third countries or territories and has not submitted an application for deregistration of the application of the scheme, or

2. does not fulfil the conditions under Article 157a (1) herein, or

3. (supplemented, SG No. 14/2022, effective 18.02.2022) repeatedly fails to comply with the provisions of the scheme; in this case, the registration of the person for the application of a Union scheme and a non-Union scheme shall also be terminated.

(6) The registration of a representative for application of the scheme for distance sales of goods imported from third countries or territories shall be terminated at the initiative of the revenue authority by issuing an act of

deregistration, where it is established that the taxable person:

1. over the last 6 consecutive months has not acted as a representative on behalf and for the account of the taxable person who makes use of such scheme and has failed to submit an application for the application of the scheme, or
2. does not fulfil the conditions under Article 157a (2) herein, or
3. systematically fails to comply with the provisions of the regime.

(7) The registration for application of the scheme for distance sales of goods imported from third countries or territories shall be terminated at the initiative of the revenue authority by issuing an act of deregistration, where it is established that a taxable person acting through a representative:

1. has not made distance sales of goods imported from third countries or territories and has not submitted an application for deregistration of the application of the scheme, or
2. does not fulfil the conditions under Items 1 and 3 of Article 157a (1) or Article 157a (3), first sentence, or
3. (supplemented, SG No. 14/2022, effective 18.02.2022) repeatedly fails to comply with the provisions of the scheme; in this case, the registration of the person for the application of a Union scheme and a non-Union scheme shall also be terminated.

(8) Where the taxable person, including where the person acts through a representative, opts to not apply the scheme, the person or the representative acting on his behalf or for his account shall submit an application for deregistration not later than 15 days before the end of the month preceding the month in which he intends to not apply the scheme. In this case the date of termination of the registration for application of the scheme shall be the first day of the month following the month of submission of the application for deregistration and after such date the taxable person shall have no right to apply the scheme.

(9) A person registered pursuant to Article 157a (1) and (2), who relocates his place of establishment by seat and registered office to the territory of another Member State, shall terminate his registration under this Act and may opt to register for application of such scheme in the other Member State.

(10) Where a person registered pursuant to Article 157a (1) and (2), who is not established by seat and registered office in the territory of the European Union, relocates his fixed establishment to the territory of another Member State or establishes his seat and registered office or fixed establishment in the territory of another Member State, he may opt to register for application of such scheme in the other Member State and shall terminate his registration under this Article.

(11) A person registered pursuant to Article 157a (1) and (2), who is not established by seat and registered office in the territory of the European Union but has a fixed establishment both in the territory of the country and in the territory of another Member State, upon expiration of 2 calendar years effective from the beginning of the year following the year of the registration, may opt to register for application of such scheme in the other Member State and shall terminate his registration under this Article.

(12) In the cases of Paragraphs (9) - (11) the person shall submit an application for deregistration under Paragraph (4) not later by the 10th day of the month following the date of change indicated by the person in the application, notifying the other Member State of the change within the same time limit.

(13) Within 7 days from receipt of the application for deregistration under Paragraph(4) the revenue authority shall verify the grounds for deregistration of the application of the regime. Within seven days after completion of the verification, the revenue authority shall issue an act whereby it shall effect the deregistration or shall refuse 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.

(14) The date of termination of registration for application of the scheme shall be the first day of the month following the month of sending electronically of the act of deregistration. In the cases of Paragraphs (9) - (11) the date of termination of registration shall be the date of the change.

(15) Except for the cases of repeated failure on the obligations of the scheme under Paragraph (16) by the taxable person, upon termination of his registration, his individual identification number for VAT purposes, as designated for use under the import scheme, shall remain valid for the period required for the import of goods which have been supplied before the date of termination of the registration, but this may not exceed two months from the said date.

(16) A repeated failure on the obligations of the scheme for distance sales of goods imported from third countries or territories by a taxable person or a representative shall exist where:

1. pursuant to Article 159a (12) 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 159a (2) for each tax period has not been submitted within 10 days after sending of a reminder;

2. pursuant to Article 159a (12) 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 of a relevant reminder by the National Revenue Agency the person has not submitted the ledgers of account under Article 159d (1);

(17) In the cases under Paragraph (5), item 1 and 2 and Paragraph (7), item 1 and 2, delivery of the act to the person whose registration for application of the regime is terminated shall be effected electronically. In these cases, the date of termination of registration of the person for application of the scheme shall be the first day of the month following the calendar month of sending electronically of the act of deregistration.

(18) In the cases under Item 3 of Paragraph (5), and Item 3 of Paragraph (7), delivery of the act to the person whose registration for application of the scheme is terminated shall be effected electronically. The registration shall be terminated from the day following the date of sending electronically of the act of deregistration.

(19) In the cases under Paragraph (2) and Items 1 and 2 of Paragraph (6), delivery of the act to the person whose registration for application of the scheme is terminated shall be effected electronically and shall be furthermore sent to the taxable persons represented thereby. In these cases the registration of the taxable persons who are represented by the representative shall also be terminated. The registration shall be terminated from the first day of the month following the month of sending electronically of the act of deregistration.

(20) In the cases under Item 3 of Paragraph (6), the date on which the registration for application of the scheme by the representative is terminated shall be the date following the date of sending electronically of the act of deregistration of the representative and of the taxable persons represented thereby. In these cases the registration of the taxable persons who are represented by the representative shall also be terminated.

(21) (New, SG No. 14/2022, effective 18.02.2022) Where the conditions referred to in Paragraph 12 for a representative under Article 157a are present, the registration of the taxable person represented by the representative shall also be terminated. The date of termination of the registration for application of a scheme of the taxable person shall be the first day of the month following the month of sending of the act of deregistration.

(22) (New, SG No. 14/2022, effective 18.02.2022) A taxable person referred to in Paragraph 21, for whom the conditions laid down in Article 157a (3), first sentence, are fulfilled may choose to continue to be represented by the representative for whom the conditions referred to in Paragraph 12 are fulfilled or select a new representative in accordance with Article 157a (2). A taxable person referred to in Paragraph 21, for whom the conditions laid down in Article 157a (3), second sentence, are fulfilled may choose to continue to be represented by the representative for whom the conditions referred to in Paragraph 12 are fulfilled or select a new representative in accordance with Article 157a (2) or register for the purposes of the scheme under the conditions for determining the Member State of identification.

**Section IV**  
**(New, SG No. 105/2014, effective 1.01.2015)**  
**Taxation and Declaration of Supplies When Applying the Special Schemes**  
**(Title amended, SG No. 104/2020, effective 1.07.2021)**

Taxation of Supplies When Applying the Special Schemes

**Article 158.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021) (1) The place of transaction of supplies to which the special schemes under Article 152 (2), (3) and (5) apply and which are made by a registered person under this Chapter, shall be in the Member State of consumption.

(2) The taxable amount, the date of occurrence of the chargeable event and the chargeability of tax on supplies of services and intra-community distance sales of goods under this Chapter shall be determined by the legislation of the Member State of identification.

(3) The chargeable event and the chargeability of the tax in case of distance sales of goods imported from third countries or territories shall arise at the time of supply and the goods shall be considered supplied at the time of receiving the payment.

(4) The moment of receiving the payment under Paragraph (3) shall be the earlier of the moment at which the confirmation of payment or the message of the authorisation of payment or the commitment for payment by the recipient is received by the taxable person or on behalf of the taxable person applying the import scheme, or the moment of the actually made payment.

(5) 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.

(6) The rate of tax of the supplies under this Chapter shall be the applicable rate of tax in the member state of consumption.

(7) For documenting the supplies of services and goods under this Chapter the legislation of the Member State of identification shall apply.

(8) (New, SG No. 14/2022, effective 18.02.2022) For the supplies to which the special schemes under Article 152 (2), (3) and (5) apply and which are made by a registered person under Chapter Eighteen, the tax shall be due for the Member State of consumption, where the place of performance is.

Tax Period, VAT Return and Tax Remittance Applying Union or Non-Union Scheme

**Article 159.** (Repealed, new, SG No. 105/2014, effective 1.01.2015, amended, SG No

98/2018, effective 1.01.2019, SG No. 104/2020, effective 1.07.2021) (1) The tax period for the persons registered under Articles 154 and 156 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 (9) - (13) 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 (10) - (14) 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 scheme according to a standard form specified in the Regulations for Application of this Act for each tax period by the end of the month following the tax period for which the VAT return refers, regardless of whether it has made any supplies in the period. Where the last 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. Persons registered pursuant to Article 154 and 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 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 provide by electronic means the person with a unique incoming number for each submitted VAT return under Paragraph (4).

(7) The information in the VAT return under Paragraph (4) shall state the identification number of the person for application of the respective scheme and, separately for each Member State of consumption shall state the applicable rates of tax, the sum total of the taxable amounts of the effected supplies for which the scheme applies and for which the value added tax at the respective tax rates 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 of consumption and the total amount of the tax due on the value added for the relevant tax period for:

1. supplies of services;
2. intra-Community distance sales of goods;
3. domestic distance sales of goods under Item 3 of Article 14a (5).

(8) Where the goods are dispatched or transported from the territories of other Member States, the VAT return shall contain, besides the information under Paragraph (7) for such supplies, an identification number for VAT purposes or a national tax number issued to the person by the Member State from which the goods are dispatched or transported.

(9) 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 or the national tax numbers issued by the Member States where each of the establishments is 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 a Member State of consumption in which the person has no fixed establishment.

(10) The amounts referred to in Paragraphs (7), (8) and (9) 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.

(11) 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, without rounding off. 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.

(12) 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 (11), 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, and shall notify the other Member States electronically that a reminder has been issued. 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.

(13) Regardless of the reminders issued by the Member State of consumption and the actions taken under Paragraph (12), the VAT return shall be submitted in accordance with Paragraph (5).

(14) After the competent tax authorities of another member state of consumption undertake actions in accordance with Paragraph (12), the tax due for that member state for the respective tax period shall be remitted to an account of the said member state.

(15) The VAT return under Paragraph (4) shall not state supplies of goods or services, if they are exempt under the legislation of the Member State of consumption, as well as supplies outside the scope of the Union scheme under Article 153.

(16) Where a taxable person is registered for application of the non-Union scheme and the Union scheme, the person shall submit VAT returns and shall remit the tax due to the Member States of identification for each scheme.

Tax Period, VAT Return and Tax Remittance Applying the Scheme for Distance Sales of Goods Imported from Third Countries or Territories

**Article 159a.** (New, SG No. 105/2014, effective 1.01.2015, amended, SG No. 98/2018 effective 1.01.2019, SG No. 104/2020, effective 1.07.2021) (1) The tax period for the persons registered under Article 157a shall be monthly.

(2) The VAT return for application of the scheme for distance sales of goods imported from third countries or territories shall be submitted by a person registered pursuant to Article 157a according to a standard form set out in the Regulations for Application of this Act.

(3) The VAT return under Paragraph (2) shall be submitted to the competent territorial directorate for each tax period by the end of the month following the tax period, regardless of whether any supplies were made during the period. Where the last day of the month is a non-working day, Article 22 (7) of the Tax Social-Insurance Code shall not apply.

(4) (Supplemented, SG No. 14/2022, effective 18.02.2022) The VAT return under Paragraph (2) shall be submitted electronically in accordance with the procedure laid down in the Tax Social-Insurance Procedure Code with a qualified electronic signature by entering the data 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.

(5) The representative under Article 157a (2) shall submit a VAT return under Paragraph (2) for each registered person under Article 157a (3) represented thereby.

(6) The competent territorial directorate shall provide to the person electronically a unique incoming number to each submitted VAT return under Paragraph (2).

(7) The VAT return under Paragraph (2) shall state the identification number of the person for purposes of application of such scheme and, separately for each Member State of consumption shall state the applicable rates of tax, the sum total of the taxable amounts of the effected supplies for which the scheme 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 and the total amount of the value added tax due for the relevant tax period.

(8) Any errors (amounts not shown or shown incorrectly) made in a VAT return submitted shall be corrected within three years from expiry of the time limit for submission of the original VAT return, including after application of this scheme.

(9) Corrections of errors made under Paragraph (8) shall be made in a subsequent VAT return under Paragraph (2), including for issued credit and/or debit notes of supply made in a previous period, stating the respective Member State of consumption, the tax period and the tax amount in relation to which corrections are made. Upon expiry of said time limit corrections in a submitted VAT return shall be made in accordance with the legislation of the respective Member State of consumption. Where the country is a Member State of consumption, the corrections shall be made in accordance with a procedure set out in the Regulations for Application of this Act.

(10) The amounts referred to in Paragraphs (7) and (9) 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.

(11) A person registered pursuant to Article 157 (1) and (2) shall remit, within the time limit for submission of the VAT return under Paragraph (3), the total amount of the value added tax due for the respective tax period to Executive Budget Revenue by crediting an account of the National Revenue Agency in Euro, without rounding off. 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.

(12) Where a person registered pursuant to Article 157a (1) and (2) has failed to submit the VAT return under Paragraph (3) within the required time limit or has failed to remit the tax under Paragraph (11), 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, and shall notify the other Member States electronically that a reminder has been issued. 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.

(13) Regardless of the reminders issued by the Member State of consumption and the actions taken under Paragraph (12), the VAT return shall be submitted in accordance with Paragraph (3).

(14) After the competent tax authorities of another member state of consumption undertake actions in accordance with Paragraph (12), the tax due for that member state for the respective tax period shall be remitted to an account of the said member state.

## Tax Credit in Applying Non-Union Scheme and Union Scheme

**Article 159b.** (New, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021) (1) A person registered pursuant to Article 154 or registered in another Member State for application of non-Union scheme shall have the right to refund input value added tax for received supplies of goods and/or services with place of transaction within the territory of the country in regard to his supplies of services made in respect whereof the person applies the scheme, in accordance with the procedure set out in Article 81.

(2) Where a person registered pursuant to Article 154 or registered in another Member State for application of non-Union scheme is also registered pursuant to Article 96, 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 in regard to its supplies in respect whereof the person applies the scheme.

(3) A person registered in another Member State for application of the Union scheme, provided the person is registered under Articles 96, 97 or Article 100 (1), 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 relating to supplies made thereby in respect whereof the person applies the scheme.

(4) A person registered in another Member State for application of the Union scheme, provided the person is not registered under Articles 96, 97 or Article 100 (1), shall have the right to refund for received supplies of goods and/or services with place of transaction within the territory of the country relating to supplies made thereby in respect whereof the person applies the scheme, in accordance with Article 81.

(5) A person registered pursuant to Article 156, who is not established within the territory of the European Union and who is not registered pursuant to Article 96 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 relating to his supplies in respect whereof the person applies the scheme, in accordance with the procedure referred to in Article 81 (2) laid down for persons not established within the territory of the European Union.

(6) (Supplemented, SG No. 14/2022, effective 18.02.2022) A person registered pursuant to Article 156 and pursuant to Article 96 and Article 100 (1) 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 relating to supplies made thereby in respect whereof the person applies the scheme.

## Credit for Input Tax when Applying the Scheme for Distance Sales of Goods Imported from Third Countries or Territories

**Article 159c.** (New, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021) (1) A person registered in another Member State for application of the scheme for distance sales of goods imported from third countries or territories, who is established within the territory of the European Union, where he is registered pursuant to Articles 96, 97 or Article 100 (1), 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 relating to supplies made thereby in respect whereof the person applies the scheme.

(2) A person registered in another Member State for application of the scheme for distance sales of goods imported from third countries or territories, who is established within the territory of the European Union, where he is not registered pursuant to Articles 96, 97 or Article 100 (1), 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 relating to his supplies in respect whereof the person applies the scheme, in accordance with the procedure referred to in Article 81 (2) laid down for persons not established within the country of refund but established within the territory of the European Union.

(3) (Repealed, SG No. 14/2022, effective 18.02.2022).□

(4) (Repealed, SG No. 14/2022, effective 18.02.2022).□

#### Electronic Register

**Article 159d.** (New, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021)□ (1) A person registered pursuant to Articles 154, 156 or Article 157a or a taxable person who is not registered pursuant to Article 156 or Article 157a (1) and (3) and who is not registered in another Member State for application of the Union scheme, the non-Union scheme or the scheme for distance sales of goods imported from third countries or territories and who makes supplies under Article 14 with place of transaction within the territory of the country shall keep an electronic register.

(2) The information in the register under Paragraph 1 shall be recorded in a manner that allows for its immediate electronic submission and regarding any single supply of goods and/or service in a structured file format upon request from a revenue authority or from the competent authorities of the Member States of consumption.

(3) Where a taxable person or his representative acting on his behalf and for his account is requested to present electronically the electronic register kept thereby under Paragraph (1) and the person fails to produce it within 20 days from the date of the request, the Member State of identification shall remind the taxable person or his representative to present such register.

(4) The persons under Paragraph (1) shall store the information in the electronic registers under Paragraph (1) for a period of 10 years from the end of the year in which the relevant supply was made.

#### Corrections of VAT Return for Application of Non-Union Scheme and Union Scheme

**Article 159e.** (New, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021)□ (1) Any errors (amounts not shown or shown incorrectly) made in a VAT return submitted for application of a special scheme by a person registered pursuant to Article 154 or 156 shall be corrected by the said person making the required corrections in the subsequent VAT return.

(2) An issued credit and/or debit note of supply made in a previous period shall be recorded in accordance with Paragraph (1).

(3) The corrections under Paragraph (1) shall be made within three years from expiry of the time limit for submission of the VAT return for application of the respective scheme, including after termination of its application. Upon expiry of said time limit corrections in a submitted VAT return shall be made in accordance with the legislation of the respective Member State of consumption.

#### Refund of Overpaid Tax under VAT Return for Application of Non-Union Scheme, Union Scheme and Scheme for Distance Sales of Goods Imported from Third Countries or Territories

**Article 159f.** (New, SG No. 105/2014, effective 1.01.2015, supplemented, SG No 95/2015, effective 1.01.2016, amended, SG No. 104/2020, effective 1.01.2021)□ (1) Any over-paid tax on a VAT return for application of a special regime by a person registered pursuant to Article 154, 156 or Article 157 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 159 (14) or Article 159a (14), 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 159a, Paragraphs (8) and (9) or 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 overpaid 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 correction made.

(4) Any overpaid tax on a VAT return submitted in another Member State for application of the special scheme by a person registered in such Member State for application of the Union scheme, non-Union scheme or a scheme for distance sales of goods imported from third countries or territories, which 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.

(5) Any overpaid tax by a person who is not established within the territory of the country and who is registered for application of the Union scheme, the non-Union scheme or a scheme for distance sales of goods imported from third countries or territories, in another Member State or under Articles 154, 156 or Article 157a, shall be refunded to a bank account. Where the account is not at a Bulgarian bank or a branch of a foreign bank in the Republic of Bulgaria, all bank charges in relation to the tax refund and the currency exchange shall be borne by the person.

Obligations in Making Supplies with Place of Transaction within the Territory of the Country by a Person Registered in Another Member State for Application of Non-Union Scheme, Union Scheme or Scheme for Distance Sales of Goods Imported from Third Countries or Territories

**Article 159g.** (New, SG No. 105/2014, effective 1.01.2015, amended, SG No 104/2020, effective 1.07.2021) (1) A person registered in another Member State for application of non-Union scheme, Union scheme or a scheme for distance sales of goods imported from third countries or territories, who makes supply according to such schemes, with place of transaction within the territory of the country, 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 non-Union scheme, Union scheme or a scheme for distance sales of goods imported from third countries or territories, who makes supply according to such schemes, with place of transaction within the territory of the country, 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 non-Union scheme, Union scheme or a scheme for distance sales of goods imported from third countries or territories, who makes supply according to such schemes, with place of transaction within the territory of the country, 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.

(6) Where a person established in a third country with which the European Union has not concluded an agreement on VAT mutual assistance with a similar scope as that of Directive 2010/24/EU and Regulation (EU) No. 904/2010 and who is registered in another Member State for application of the scheme for distant sales of goods imported from third countries or territories is represented by a representative registered for application of the obligations under the scheme in the other Member State, the representative shall be jointly and severally liable without limit for the obligations under this Act relating to the application of the scheme.

**Article 159h.** (New, SG No. 105/2014, effective 1.01.2015, repealed, SG No. 14/2022 effective 18.02.2022). ▫

#### Special Registers

**Article 159i.** (New, SG No. 105/2014, effective 1.01.2015, amended, SG No. 104/2020, effective 1.07.2021) ▫ (1) For the persons registered in the country for application of the non-Union scheme, the Union scheme or the scheme for distance sales of goods imported from third countries or territories and a representative registered in the country for application of the obligations under the scheme for distance sales of goods imported from third countries or territories 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 under Paragraph (1) 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.

#### Investment Gold

**Article 160a.** (New, SG No. 97/2017, effective 1.01.2018) (1) For the purposes of this Act, investment gold shall be:

1. 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;

2. gold coins listed in the order under Article 175 (5), for which the following circumstances obtain simultaneously:

a) gold coins of a purity equal to or greater than 900 thousandths;

b) they are minted after 1800;

c) they are or have been legal tender in the country of origin;

d) 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.

3. gold coins which are not included in the order under Article 175 (5), but are included in the list of gold coins meeting the criteria established in Article 344, paragraph 1, point 2 of Council Directive 2006/112/EC of 28 November 2006 on the EU's common system of value added tax (special scheme for investment gold), published by 1 December of the year in the "C" series of the Official Journal of the European Union, valid for the calendar year following the year of publication; for investment gold are considered and all coin issues included in this list for the year to which the list relates;

4. gold coins which are not included in the list referred to in Item 3 or in the order under Article 175 (5), but for which a document issued by the Governor of the Bulgarian National Bank certifies that the conditions for investment gold are simultaneously present in Item 2.

(2) The Bulgarian National Bank shall issue the document referred to in Item 4 of Paragraph (1) to the person who has submitted a request for certification of gold coins as investment gold, after providing information about these coins.

(3) The procedure and the required documents for including gold coins in the order under Article 175 (5) shall be determined in the Regulations for Application of this Act.

#### 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.

#### Documenting

**Article 163.** (1) The supplies concerning investment gold, as well as the supplies involving gold material or semi-manufactured products of a purity of 325 thousandths or greater, shall be documented by issuing of an invoice which, in addition to the essential elements covered under Article 114 herein, must also state:

1. description of the gold sufficient for the identification thereof, as a minimum: form, weight, purity etc.;

2. date and address of the physical delivery of the gold;

3. name, address and Standard Public Registry Personal Number and/or type, number, issuer of an official identification document of the persons who prepared the document.

(2) The invoices referred to in Paragraph (1) shall be stored for a period of ten years reckoned from the end of the year during which the relevant supply was effected.

### Chapter Nineteen "a"

#### (New, SG No. 108/2006)

### DELIVERY 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.

#### Transfer of Greenhouse Gas Emission Allowances

**Article 163e.** (New, SG No. 18/2020, effective 28.02.2020 until 30.06.2022) (1) The general rules set out in the Act shall apply to supplies on transfer of greenhouse gas emission allowances under appendix No. 2, part three, the recipients of which are persons not established in the territory of the country.

(2) The general rules set out in the Act shall apply to supplies on transfer of greenhouse gas emission allowances under appendix No. 2, part three, with place of performance within the territory of the country, the suppliers of which are persons registered for VAT purposes in another Member State.

## **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, SG 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. (amended, SG No. 95/2016) an analysis of the financial position, confirmed by a registered auditor 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. (amended, SG No. 14/2022, effective 18.02.2022) 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 CN, 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 No. 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. (amended, SG No. 85/2017) with other state aid received for the same investment project, approved by a decision of the European Commission or with obtained permission under Article 28(1) of the State Aids Act for such assets for determining the maximum permissible intensity.

(6) (Amended, SG No. 86/2006, renumbered from Paragraph 4, SG 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 "a"** **(New, SG No. 98/2018, effective 1.07.2019)** **DEFERRED CHARGING OF TAX UPON IMPORTATION**

#### Conditions for deferred charging of tax upon importation

**Article 167a.** (New, SG No. 98/2018, effective 1.07.2019) Deferred charging of tax upon importation may be applied by a person which at the date of importation complies simultaneously with the following conditions:

1. imports goods listed in appendix No. 3;

2. any good declared in the customs document of import has a customs value equal to or exceeding BGN 50,000;

3. has been registered on the grounds of Articles 96, 97 or Article 100 (1) for

at least 6 months before the importation;

4. the person has no due and payable outstanding public liabilities collected by the National Revenue Agency.

Procedure for deferred charging of tax upon importation

**Article 167b.** (New, SG No. 98/2018, effective 1.07.2019) (1) The importer shall declare in the customs document of import that it shall apply deferred charging of tax upon importation.

(2) Where the importer complies with the conditions of Article 167a, the customs bodies shall clear the goods and there is no need for the tax to be effectively paid or secured.

(3) The importer shall have the right to credit for input tax under the terms of Chapter Seven.

## **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.

**Chapter Twenty One "a"**  
**(New, SG No. 107/2020, effective 1.01.2021)**  
**SPECIAL PROVISIONS FOR THE VALUE ADDED TAX IN REGARD TO THE**  
**UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND**

Supplies from or to the United Kingdom of Great Britain and Northern Ireland

**Article 168a.** (New, SG No. 107/2020, effective 1.01.2021) (1) The United Kingdom of Great Britain and Northern Ireland shall be a third party as of 1 January 2021.

(2) (Amended, SG No. 14/2022, effective 18.02.2022) Northern Ireland shall be considered a territory of a Member State for the purposes of this Act where:

1. the supplier of the goods is a taxable person identified for VAT purposes in Northern Ireland with VAT identification number containing the sign/prefix "XI" or the recipient is a taxable person or a non-taxable legal person identified for the purposes of VAT in Northern Ireland with VAT identification number which has the sign/prefix "XI", and

2. the supply is:

a) intra-Community supply or intra-Community acquisition of goods;

b) intra-Community supply or intra-Community acquisition of new means of transport;

c) supply of goods which shall be assembled or installed;

d) supplies of services under Chapter Eighteen or

e) supplies of goods under call-off stock arrangements.

(3) (Amended, SG No. 14/2022, effective 18.02.2022) For the purposes of this Act, Northern Ireland is also considered to be a territory of a Member State where a taxable person with VAT identification number containing the sign/prefix "XI", is an intermediary in a triangular operation.

(4) (Amended, SG No. 14/2022, effective 18.02.2022) The persons under Item 1 of Paragraph (2) and Paragraph (3), who are established within the territory of Northern Ireland and are not established within the territory of the country, shall have the right to refund charged value added tax for goods purchased thereby on the territory of the country in accordance with Article 81 (2).

**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, amended, SG No. 96/2019, effective 1.01.2020, SG No. 104/2020, effective 1.07.2021, SG No. 14/2022, effective

18.02.2022) a ground for registration hereunder in case of registration pursuant to Articles 96, 97, 97a, 99, Article 100 (1) - (2), Article 151a and Article 156 (1) and (16).

(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

(Title amended, SG No. 88/2016, effective 1.01.2017)

**Article 170.** (1) (Amended, SG No. 94/2010, effective 1.01.2011, SG No. 98/2018 effective 1.07.2019) 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, as well as information about the persons which have declared that they will apply deferred accounting of tax upon importation.

(2) Such information shall be supplied under terms and according to a procedure established by an order of the Minister of Finance.

(3) (New, SG No. 88/2016, effective 1.01.2017) The National Revenue Agency shall provide, upon request of the Bulgarian Agency for Food Safety, information on the availability of public liabilities of the person operating a food bank.

(4) (New, SG No. 88/2016, effective 1.01.2017, amended, SG No. 52/2020 effective 9.06.2020) The National Revenue Agency shall immediately inform the Bulgarian Agency for Food Safety of the presence of the circumstances under Item 1 of Article 106, paragraph 1 of the Foodstuffs Acts.

#### 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, amended, SG No. 14/2022, effective

18.02.2022). Exempt from tax shall be the importation of goods brought into the territory of the country by command headquarters/chiefs of staff of the North Atlantic Treaty Organisation or by the armed forces of other countries which are parties to the North Atlantic Treaty, for use by those armed forces or by the civilian staff accompanying them, or to supply their dining rooms or canteens when the forces participate in the common defence activities of the North Atlantic Treaty in the territory of the country and/or in the territory of another country.

(3) (New, SG No. 14/2022, effective 1.07.2022) Exempt from tax shall be the importation of goods brought into the territory of the country by the armed forces of other EU Member States, for use by those armed forces or by the civilian staff accompanying them, or to supply their dining rooms or canteens when the forces participate in defence activities in the territory of the country and/or in the territory of another country, aimed at the implementation of European Union's activity under the Common Security and Defence Policy set out in Section 2 of Chapter 2 of Title V of the Treaty on the European Union, hereinafter referred to as "CSDP".

(4) (Renumbered from Paragraph (3), amended, SG No. 14/2022, effective 18.02.2022). The procedure for application of Paragraphs (1, 2) and (3) 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, repealed, SG No 14/2022, effective 18.02.2022).

(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) (amended, SG No. 14/2022, effective 18.02.2022) armed forces of other countries 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 activities of the North Atlantic Treaty within the territory of the country and/or within the territory of another country;

c) diplomatic and consular offices, as well as the members of their staff;

d) (amended, SG No. 14/2022, effective 18.02.2022) international organisations recognised by the state authorities of the host member state or of members of such organisations, subject to the restrictions and terms stipulated in the international conventions on creation of the organisations or in the agreements on their headquarters;

e) (new, SG No. 14/2022, effective 1.07.2022) armed forces of other EU Member States, for use by those armed forces or by the civilian staff accompanying them, or to supply their dining rooms or canteens when the forces participate in defence activities in the territory of the country and/or in the territory of another country, aimed at the implementation of European Union's activity under the CSDP;

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.

(8) (New, SG No. 14/2022, effective 1.01.2021) For taxable supplies of goods and services with a place of transaction in the territory of the country, a zero tax rate shall apply when the recipients are the European Commission or an agency or a body established under European Union law, when the European Commission or such agency or body purchases these goods or services in the performance of tasks assigned thereto under the European Union law in response to the COVID-19 pandemic.

(9) (New, SG No. 14/2022, effective 1.01.2021) The zero rate of the tax referred to in Paragraph 8 shall not apply where the goods and services received by the European Commission or the agency or body concerned are used immediately or at a later date for subsequent supplies for remuneration.

(10) (New, SG No. 14/2022, effective 1.01.2021) Where the conditions for application of the zero rate referred to in Paragraph 8 cease to apply, the European Commission or the relevant agency or body that has received a supply to which a zero rate has been applied shall inform the country and the supply of those goods or services shall be subject to taxation under the conditions applicable at that time.

(11) (New, SG No. 14/2022, effective 18.02.2022) A zero-rate taxable supply shall be the supply of goods or services to another Member State intended for the armed forces of a State party to the North Atlantic Treaty other than the Member State of destination, for use by those armed forces or accompanying civilian personnel or to supply their dining rooms or canteens when the forces participate in the common defence activities of the North Atlantic Treaty.

(12) (New, SG No. 14/2022, effective 1.07.2022) A zero-rate taxable supply shall be the supply of goods or services to another Member State intended for the armed forces of a Member State other than the Member State of destination, for use by those armed forces or accompanying civilian personnel or to supply their dining rooms or canteens when the forces participate in the defence activities aimed at the implementation of European Union's activity under the CSDP.

(13) (New, SG No. 14/2022, effective 1.07.2022) An intra-Community acquisition of goods for consideration shall be deemed to be the use of goods by the armed forces of the Republic of Bulgaria, when engaged in defence activities aimed at the implementation of European Union's activity under the CSDP, for the needs of those armed forces or by the accompanying civilian staff, which goods have been

purchased in another Member State and which have not been subject to the general taxation rules in that other Member State where the importation of such goods does not qualify for the exemption set out in Article 172 (3).

(14) (New, SG No. 14/2022, effective 18.02.2022) An intra-Community acquisition of goods for consideration shall be deemed to be the use of goods by the armed forces of the Republic of Bulgaria, which a party to the North Atlantic Treaty, to be used by those armed forces or by the accompanying civilian staff, when the forces take part in the common defence activities of the North Atlantic Treaty, which goods have been purchased in another Member State and which have not been subject to the general taxation rules in that other Member State where the importation of such goods does not qualify for the exemption set out in Article 172 (2).

(15) (New, SG No. 14/2022, effective 18.02.2022) Exempt shall be the intra-community acquisitions with a place of transaction on the territory of the country of goods, the import of which on the territory of the country would be exempt from tax pursuant to:

1. Article 172 (2), or
2. (Effective 1.07.2022 - SG No. 14/2022) Article 172 (3).

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, SG No. 14/2022, effective 18.02.2022) The status of a person who is exempt from the obligation for tax payment referred to in Article 172 (2), Article 173 (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. (repealed, SG No. 97/2017, effective 1.01.2018);

5. (repealed, SG No. 105/2014, effective 1.01.2015).

(4) The orders covered under Paragraph (3) shall be promulgated in the State Gazette.

(5) (New, SG No. 97/2017, effective 1.01.2018) The Minister of Finance in conjunction with the Governor of the Bulgarian National Bank shall determine by order the list of gold coins, which are traded on the territory of the Republic of Bulgaria and represent investment gold. The order shall be published on the official websites of the Ministry of Finance and of the Bulgarian National Bank.

## **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.

**Article 176a.** (New, SG No. 108/2007, 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, repealed SG No. 97/2017, effective 1.01.2018).

**Article 176b.** (New, SG No. 108/2007, repealed, SG No. 97/2017, effective 1.01.2018).

Security in the Event of Supplies of Liquid Fuels

**Article 176c.** (New, SG No. 60/2016) (1) Each taxable person shall be obliged to provide to the competent territorial directorate of the National Revenue Agency security in cash, government securities or in the form of an unconditional and irrevocable bank guarantee valid for a period of one year, where during the current tax period:

1. it effects taxable supplies of liquid fuels with a tax rate of 20 per cent and a total value of their tax bases exceeding BGN 25,000, or

2. (amended, SG No. 97/2017, effective 1.01.2018) the total value of the tax bases of intra-Community acquisitions of liquid fuels exceeds BGN 25,000, or

3. (amended, SG No. 97/2017, effective 1.01.2018) it receives liquid fuels, released for consumption under Item 1 of Article 20 (2) of the Excise Duties and Warehouses Act and a total value of their tax bases exceeding BGN 25,000, if no grounds for providing security have arisen on different grounds.

(2) (Amended, SG No. 98/2018, effective 1.01.2019) The security under

Paragraph (1) shall be at a rate of not less than 20 per cent of the taxable amount of the taxable supplies, acquisitions or the value of the received liquid fuels released for consumption in the previous tax period. In case of subsequent supplies of liquid fuels with place of transaction in the territory of the country, which were subject to intra-Community acquisition or secured upon their release for consumption, no security shall be provided by the person which has effected the intra-Community acquisition or which has received the liquid fuels released for consumption.

(3) (Amended, SG No. 98/2018, effective 1.01.2019) Where a person referred to in Paragraph (1) has not effected taxable supplies or intra-Community acquisitions, or has not received liquid fuels released for consumption under Article 20 (2), item 1 of the Excise Duties and Tax Warehouses Act, with a total value of the supplies, acquisitions or released quantities exceeding BGN 25,000 for the previous tax period, the amount of the security shall be determined in accordance with the procedure established by Paragraph (2) based on the estimated average monthly tax base of taxable supplies or acquisitions of liquid fuels, or the value of the liquid fuels released for consumption, calculated on a 12-month basis.

(4) In the event of any changes in the circumstances relevant for determining the amount of the security, a new security shall be provided not later than 7 days prior to the change. The new security shall be valid for the term of the security already provided under Paragraph (1), and its amount shall not be lower than 20 per cent of the tax base of the taxable supplies/intra-Community acquisitions of liquid fuels or the value of the received liquid fuels released for consumption, which exceeds the amount of 20 per cent of the tax base of the taxable supplies, acquisitions or the value of the received liquid fuels released for consumption, with regard to which security has already been provided.

(5) The security referred to in Paragraph (1) shall be provided not later than 7 days prior to the date of:

1. occurrence of the chargeable event of the supply, the tax base of which results in exceeding BGN 25,000, or
2. occurrence of the chargeable event of the intra-Community acquisition, the tax base of which results in exceeding BGN 25,000, or
3. releasing liquid fuels for consumption under Item 1 of Article 20 (2) of the Excise Duties and Warehouses Act, the value of which results in exceeding BGN 25,000.

(6) When the conditions specified in Paragraph (1) are met, the person shall be obliged to provide a new security no later than 14 days prior to the expiry of the period of validity of the previous security. The amount of the new security shall be determined in accordance with the procedure established by Paragraph (2).

(7) (Supplemented, SG No. 97/2017, effective 1.01.2018) The security shall be released and the person shall be de-registered from the register under Paragraph (10) prior to the expiry of the one-year period, where the registration of the person under this Act is terminated, where the person will no longer effect transactions under Paragraph (1), and where it has no unsettled value added tax liabilities, fines or penalty payments for breaches of this Act.

(8) Authorised warehousekeepers within the meaning of the Excise Duties and Tax Warehouses Act, persons which effect supplies under Item 1 of Article 24 (1) and Article 26 (2) of the Excise Duties and Tax Warehouses Act, and persons which have satisfied the requirements set out in Article 118 (6) herein only with regard to their supplies reported in accordance with the procedure established by the same provision, shall be exempt from the obligation to provide security.

(9) Any competent revenue authority may terminate the registration under this Act and de-register from the register under Paragraph (10) a person who has not provided security or has failed to provide security in the full amount or within the required deadline.

(10) For the persons referred to in Paragraph (1), the National Revenue

Agency shall establish and maintain an electronic register, which shall be part of the register referred to in Article 80 (1) of the Tax and Social-Insurance Procedure Code and which shall contain identification particulars of the persons that have provided security, the amount of the security and the period of validity of such security, the date of registration and the date of de-registration.

(11) A competent revenue shall register the person in the register under Paragraph (10) within seven days of the provision of the security. Upon releasing the security, a competent revenue authority shall de-register the person from the register on the day of the release, and shall notify the person.

(12) The procedure for provision, release and utilisation of the security under this Article shall be determined in the Regulations for Application of the Value Added Tax Act.

(13) (New, SG No. 97/2017, effective 1.01.2018) A registered farmer who performs loading with liquid fuels for vehicles, machinery, facilities or other equipment registered under the Registration and Control of Agricultural and Forestry Equipment Act, or a budget organisation, where they carry out intra-Community acquisition of liquid fuels or receive liquid fuels released for consumption under Item 1 of Article 20 (2) of the Excise Duties and Tax Warehouses Act intended for own consumption shall be exempt from the obligation to provide security.

(14) (New, SG No. 97/2017, effective 1.01.2018) A person other than the persons referred to in Paragraph (13) who carried out intra-Community acquisition of liquid fuels or received liquid fuels released for consumption under Item 1 of Article 20 (2) of the Excise Duties and Tax Warehouses Act, which are intended for own consumption, shall be exempt from the obligation to provide a security in the event it has been entered in the register referred to in Paragraph (15).

(15) (New, SG No. 97/2017, effective 1.01.2018, supplemented, SG No 98/2018, effective 1.01.2019) For the persons referred to in Paragraph (14) the National Revenue Agency shall establish and maintain a public electronic register, which shall be part of the register referred to in Article 80 (1) of the Tax and Social-Insurance Procedure Code. The form and content of the register shall be determined in the implementing regulations of this Act.

#### 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 text of 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, amended, SG No. 104/2020 effective 1.07.2021) Paragraph (1) shall furthermore apply to a person who is not established in the territory of the country and who is registered in another Member State for application of the non-Union scheme, the Union scheme or the scheme for distance sales of goods imported from third countries or to a representative registered for application of the obligations under the relevant scheme to represent such person, or a person registered under Articles 154, 156 or Article 157a, who is obliged but fails to submit a VAT return for application of a special scheme for supplies made with place of transaction within the territory of the country or who fails to submit it within the required time limit.

(3) (New, SG No. 104/2020, effective 1.07.2021) Paragraph (1) shall furthermore apply to a person under Article 57b who fails to submit a monthly tax return under Article 57c (5) or who submits any such return past the due date, or who fails to submit the register under Article 57c (8).

**Article 180.** (1) (Amended, SG No. 108/2007, supplemented, SG No. 95/2015 effective 1.01.2016) 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. In case of repeated violation, the amount of the fine or pecuniary penalty shall be in the double amount of the uncharged tax but not less than BGN 1,000.

(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, SG No. 95/2015, effective 1.01.2016) In case of violation under Paragraph (1), where the registered person has charged the tax within 6 months from the end of the month in which the tax should have been charged, the fine or the pecuniary penalty, as the case may be, shall amount to 5 per cent of the tax, but not less than BGN 200, and in case of repeated violation it shall

be not less than BGN 400.

(4) (Amended, SG No. 108/2007, SG No. 95/2015, effective 1.01.2016) In case of violation under Paragraph (1), where the registered person has charged the tax after the period under Paragraph (3) but not later than 18 months from the end of the month in which the tax should have been charged, the fine or the pecuniary penalty, as the case may be, shall amount to 10 per cent of the tax, but not less than BGN 400, and in case of repeated violation it shall be not less than BGN 800.

**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, amended, SG No 104/2020, effective 1.07.2021) (1) A person who is not established within the territory of the country and is registered in another Member State for application of the Union scheme, the non-Union scheme or the scheme for distance sales of goods imported from third countries or territories, or a representative registered for application of the obligations under the relevant scheme in another Member State to represent such person, or a person registered under Articles 154, 156 or Article 157a, who fails to charge value added tax on supplies made with place of transaction within the territory of the country 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 180c.** (New, SG No. 60/2016) (1) Any person who, when obliged, fails to provide within the deadline a security under Article 176c, or fails to provide security, or the security provided by which is not in the amount specified in Article 176c, 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 security due.

(2) Upon a repeated violation, the fine or the penalty under Paragraph (1), as the case may be, shall be in the double amount of the security due.

(3) (Amended, SG No. 14/2022, effective 18.02.2022) Upon a violation under

Paragraph (1), where the person has provided security within seven days of the expiry of the time-period, within which the security should have been provided, the fine or the pecuniary penalty, as the case may be, shall be in the amount of 25 per cent of the security due.

**Article 181.** (1) (Amended, SG No. 108/2007, SG No. 97/2016, effective 1.01.2017) Any registered person who fails to submit information from the ledgers of account or who submits information on a technical carrier, other than 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) (Amended, SG No 104/2020, effective 1.07.2021) A person who is obligated to keep an electronic register under Article 14a (10), Article 159d (1), the accounts under Article 14a (11) 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 181b.** (New, SG No. 96/2019, effective 1.01.2020) (1) A person who is obligated but fails to keep an electronic register under Article 123 (5) and (6) or fails to keep the electronic register in compliance with the legal requirements 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 5,000.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be BGN 1000 or exceeding this amount but not exceeding BGN 10,000.

**Article 181c.** (New, SG No. 96/2019, effective 1.01.2020) (1) A person who is obligated but fails to record in the sales log the information from the register under Article 123 (5) or in the purchases log the information from the register under Article 123 (6) for the tax period during which such information or changes therein are recorded in the relevant register, 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 100 or exceeding this amount but not exceeding BGN 1,000.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be BGN 200 or exceeding this amount but not exceeding BGN 2000.

**Article 181d.** (New, SG No. 96/2019, effective 1.01.2020) (1) A person who is obligated but fails to submit upon a request by a revenue authority the electronic register under Article 123 (5) and (6), 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 5,000.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be BGN 1000 or exceeding this amount but not exceeding BGN 10,000.

**Article 181e.** (New, SG No. 96/2019, effective 1.01.2020) (1) A person who is obligated but fails to keep accounts under Article 123 (7) or fails to keep the accounts in compliance with the legal requirements, 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 5,000.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be BGN 1000 or exceeding this amount but not exceeding BGN 10,000.

**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, SG No. 98/2018, effective 1.01.2019) Upon a repeated violation under Paragraph (1) the amount of the fine or the pecuniary penalty shall be the double amount of the tax stated in the document, 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 185a.** (New, SG No. 24/2018) (1) Any manufacturer/distributor of software who declares false data in the declaration under Article 118(14) shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 3,000, applicable to natural persons who are not merchants, or to a pecuniary penalty of BGN 5,000 or exceeding this amount but not exceeding BGN 10,000, applicable to legal persons and sole traders.

(2) In the case of a repeated violation under Paragraph (1), the fine shall be BGN 2,000 to BGN 6,000, and the pecuniary penalty shall be BGN 10,000 to BGN 20,000.

**Article 185b.** (New, SG No. 24/2018) (1) (Amended, SG No. 104/2020, effective 12.12.2020) A person under Article 118 (18), who has opted for using sales management software included in the list under Article 118 (16), but who uses other sales management software/software module in such outlet, which is not included in the list under Article 118 (16), shall be liable to a fine for non-merchant natural persons of BGN 1,000 or exceeding this amount but not exceeding BGN 3,000, or to a pecuniary penalty for legal entities and sole traders of BGN 5,000 or exceeding this amount but not exceeding BGN 10,000.

(2) In the case of a repeated violation under Paragraph (1), the fine shall be BGN 2,000 to BGN 6,000, and the pecuniary penalty shall be BGN 10,000 to BGN 20,000.

**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) (Amended, SG No. 97/2016, effective 1.01.2017, SG No. 98/2018, effective 1.01.2019) The coercive administrative measure of sealing an outlet for a period of up to 30 days, notwithstanding the fines or pecuniary penalties provided for, shall be imposed on any person who:

1. (amended, SG No. 104/2020, effective 12.12.2020) fails to:
  - a) (amended, SG No. 104/2020, effective 12.12.2020) issue a relevant document of sale under Article 118;
  - b) (amended, SG No. 104/2020, effective 12.12.2020) commission or fails to register in the National Revenue Agency of a fiscal device or an integrated automated system for commercial activity management;
  - c) (repealed, SG No. 98/2018, effective 1.01.2019);
  - d) (amended, SG No. 104/2020, effective 12.12.2020) submits data from the electronic system with fiscal memory (ESFM) under Article 118 to the National Revenue Agency;
  - (e) (amended, SG No. 24/2018, repealed, SG No. 104/2020, effective 12.12.2020);
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;
3. (new, SG No. 97/2016, effective 1.01.2017, repealed, SG No. 104/2020, effective 12.12.2020);
4. (new, SG No. 97/2017, effective 1.01.2018) uses electronic systems with fiscal memory, which:

- a) are not of an approved type;
- b) are modified by adding or removing individual components, without prior notification to the National Revenue Agency;
- c) have broken or missing seals;
- d) allow an operation mode with broken link/links and/or communication/communications between individual modules in conflict with the procedure set out in the ordinance under Article 118 (4);

5. (new, SG No. 24/2018, amended, SG No. 104/2020, effective 12.12.2020) has opted for using sales management software included in the list under Article 118 (16), but who uses other sales management software/software module in such outlet, which is not included in the list under Article 118 (16).

(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 186a.** (New, SG No. 104/2020, effective 12.12.2020) Notwithstanding the fine or pecuniary penalty provided for, the coercive administrative measure under Article 186 shall not apply to a person under Article 118 (18) who fails to issue for the first time a relevant document of sale under Article 118, provided that the person has opted using for the sales management and is using only software included in the list under Article 118 (16).

**Article 187.** (1) (Amended and supplemented, SG No. 97/2017, effective 1.01.2018) 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 authorised thereby. The measure applies to the outlet or outlets where violations are found, including where at the time of sealing the outlet or outlets are managed by a third party, if such third party knows that the outlet will be sealed. The National Revenue Agency shall disclose on its website lists of the outlets subject to sealing and their location. It is considered that the person is aware that a permanent notification of the sealing is affixed and/or the information about the pending sealing of the outlet and its location is disclosed on the website of the revenue administration.

(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.** (1) (Previous text of Article 188, amended, SG No. 100/2019, effective 1.01.2020) The coercive administrative measure referred to in Article 186 (1) herein shall be subject to provisional enforcement under Article 60 (1) – (7) of the Code of Administrative Procedure.

(2) (New, SG No. 100/2019, effective 1.01.2020) The decision of the court may not be appealed.

**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 191a.** (New, SG No. 97/2017, effective 1.01.2018) (1) A person carrying out maintenance, commissioning, registration of FD/IASCAM or removal of fiscal memory contrary to the established procedure, shall be punished with a fine ranging from BGN 1,000 to BGN 5,000. The same penalty shall be imposed on a person breaking the integrity of the seals of the electronic system with fiscal memory contrary to the established procedure.

(2) Upon a repeated violation under Paragraph (1), the fine shall be BGN 2,000 or exceeding this amount but not exceeding BGN 10,000.

**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. (amended, SG No. 97/2017, effective 1.01.2018) shall withdraw the authorisation of the person performing the maintenance.

**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. (Amended, SG No. 96/2019, effective 1.01.2020) "Territory of the country" means the geographic territory of the Republic of Bulgaria, as well as the continental shelf and the exclusive economic zone in which the state exercises sovereign rights, jurisdiction and control in compliance with Article 42 and/or Article 47 of the Maritime Space, Inland Waterways and Ports of the Republic of Bulgaria Act.

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, repealed, SG No. 107/2020, effective 1.01.2021).

(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) (repealed, SG No. 107/2020, effective 1.01.2021);

(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. (Amended, SG No. 96/2019, effective 1.01.2020) "New buildings" are the 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 or a certificate of commissioning was granted according to the procedure established by the Spatial Development Act;

c) which meet the following conditions:

aa) constitute parts separated as individual properties from existing buildings as a result of heightening and/or accessory development and such parts may be the object of separate supplies or constitute buildings for which the direct costs incurred for their reconstruction, major renovation and/or reorganisation, account for at least one-third of the market price of such buildings at the date on which the new use permit or certificate of commissioning is issued in accordance with the Spatial Development Act;

bb) at the date on which the tax on the supply thereof became chargeable before the lapse of 60 months from the date on which a new use permit or certificate of commissioning is issued in accordance with 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.

9a. (New, SG No. 88/2016, effective 1.01.2017, amended, SG No. 52/2020 effective 9.06.2020) "Foodstuff of negligible value" within the meaning of Item 4 of Article 6, paragraph 4 shall be a product included in the list under Article 96, paragraph 2 of the Foodstuffs Act and shall be gratuitously provided within the time limits laid down under Article 96, paragraph 3 of the same Act.

9b. (New, SG No. 88/2016, effective 1.01.2017, amended, SG No. 52/2020 effective 9.06.2020) "Food bank operator" is a person who has been granted authorisation under Chapter Four of the Foodstuffs Act.

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, amended, SG No. 104/2020, effective 1.07.2021) "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 a person established within the territory of the country. For the purposes of application of Union scheme, non-Union scheme or a scheme for distance sales of goods imported from third countries or territories, the second sentence shall not apply.

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, SG No. 97/2016, effective 1.01.2017) "Telecommunications services" means services relating to the transmission, broadcasting or reception of signals, words, images and sounds or information of any nature by cable, radio, optical or other electromagnetic systems, including the related transfer or assignment of the right to use capacity for such transmission, emission, transmission or reception, with the inclusion of the provision of access to global information networks and services listed in Article 6a 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 (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/EC 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, amended, SG No. 97/2016 effective 1.01.2017) "Radio and TV broadcasting services" shall be the services listed in Article 6b 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. (Repealed, SG No. 97/2017, effective 1.01.2018).□

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 incurrance 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, amended, SG No 96/2019, effective 1.01.2020) "Improvement" shall be:

a) for buildings which are or would be fixed assets – any heightening, accessory development, reconstruction, major renovation or reorganisation, resulting in the emergence of "a new building" under Item 5, littera "c", sub-littera "aa";

b) for goods, including immovable properties, other than buildings, and services which are or would be fixed assets – the activity involving the incurrance of subsequent costs in connection with a specific asset which lead to an economic benefit in excess of the benefit from the initially estimated standard return on the said asset.

33. "Cash equivalents" shall be:

(a) receipts for purchases;

(b) gift vouchers or gift coupons;

(c) metal or plastic tokens.

34. "Connected persons" shall be the persons within the meaning given by Item 3 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.

35. "Repeated violation" shall be any violation committed within one year after the entry into effect of a penalty decree whereby the offender was penalized for a violation of the same kind.

36. (Amended, SG No. 58/2016) "Free zone", "goods in temporary storage", "customs procedure", "non-EU 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. (Amended, SG No. 58/2016, replacing "вносните митни сборове" by "вносните мита" does not effect the English text) "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 (FDEVN).

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, SG No. 97/2017, effective 1.01.2018) "Accommodation" means basic tourist services in the meaning of Item 97 from the additional provision of the Tourism Act with the exception of the supply of a single service to tourists.

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 resources 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, amended, SG No. 104/2020 effective from 1.12.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022). "Restaurant and catering services" shall be the services within the meaning of Article 6 of Council Implementing Regulation (EU) No. 282/2011 of 15 March 2011 laying down implementing measures for Directive 2006/112/EC on the common system of value added tax. The supply of prepared or unprepared food from supermarkets, shops and other similar units shall not be a restaurant or catering service.

62. (New, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 55/2020, effective 1.07.2020, repealed, SG No. 104/2020, effective from 1.12.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022).

63. (New, SG No. 95/2009, effective 1.01.2010, amended, SG No. 58/2016, SG No. 104/2020, effective 1.07.2021). "Third country with which the European Union has legal instruments for mutual assistance" shall be a third country with which the Union has concluded an agreement on mutual assistance similar in scope to Directive 2010/24/EU and Regulation (EU) No. 904/2010.

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 automatic 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, repealed, SG No. 95/2015 effective 1.01.2016).

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 30.06.2022 - amended, SG No. 104/2013, effective 1.12.2013, SG No. 109/2013, effective 1.01.2014, SG No

95/2015, effective 1.01.2016, SG No. 98/2018, effective 1.01.2019). 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, repealed, SG No. 104/2020 effective 1.07.2021).

80. (New, SG No. 105/2014, effective 1.01.2015, repealed, SG No. 104/2020 effective 1.07.2021).

81. (New, SG No. 105/2014, effective 1.01.2015, repealed, SG No. 104/2020 effective 1.07.2021).

82. (New, SG No. 97/2016, effective 1.01.2017) "Immovable properties" shall be the items listed in Article 13b 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.

83. (New, SG No. 97/2016, effective 1.01.2017) "Fixed assets" shall be part of the business assets of the taxable person:

a) the immovable properties under Item 82 and vehicles under Item 49, with the exception of those referred to in "h", and

b) (amended, SG No. 97/2017, effective 1.01.2018) goods and services other than those referred to in "a" that are or would be fixed assets within the meaning of

the Corporate Income Tax Act with a tax base upon acquisition, manufacture or importation, equal to or higher than BGN 5,000.

84. (New, SG No. 24/2018) "Outlet sales management software" shall mean any software or software module, regardless of the technology used for its realisation, which is used to process information about sales of goods and/or services completed in an outlet, with regard to which an obligation to issue a fiscal slip exists.

85. (New, SG No. 24/2018) "Manufacturer of outlet sales management software" shall mean a person established in the territory of the European Union, which manufactures outlet sales management software and distributes such software in the territory of the country.

86. (New, SG No. 24/2018) "Distributor of outlet sales management software" shall mean a person established in the territory of the European Union, which distributes outlet sales management software in the territory of the country.

87. (New, SG No. 24/2018, amended, SG No. 96/2019, effective 10.12.2019) "Electronic store" is a software access to which is available via Internet using a web browser or a mobile application, and through which goods/services are sold by entering into a distance contract under Article 45 of the Consumer Protection Act, enabling the customer to choose goods/services from a consumer basket or otherwise, as well as for provision of data for contact with the buyer, address for supply and method of payment.

88. (New, SG No. 98/2018, effective 1.01.2019) "Voucher" shall mean an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services and where the goods or services to be supplied or the identities of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument.

89. (New, SG No. 98/2018, effective 1.01.2019) "Single-purpose voucher" shall mean a voucher where the place of supply of the goods or services to which the voucher relates, and the value added tax due on those goods or services, are known at the time of issue of the voucher.

90. (New, SG No. 98/2018, effective 1.01.2019) "Multi-purpose voucher" shall mean a voucher other than a single-purpose voucher.

91. (New, SG No. 96/2019, effective 1.01.2020) "Register under Article 123 (5)" shall be a register containing the information under Article 54a, paragraph 1 of Implementing Regulation (EU) 2018/1912.

92. (New, SG No. 96/2019, effective 1.01.2020) "Register under Article 123 (6)" shall be a register containing the information under Article 54a, paragraph 2 of Implementing Regulation (EU) 2018/1912.

93. (New, SG No. 96/2019, effective 1.01.2020) "Persons acting in concert" within the meaning of Article 96 (10) shall be persons in the management, control and/or capital of which related parties under § 1, Item 3, litterae "a", "b", "c", and "k" of the Supplementary Provisions of the Tax Social-Insurance Procedure Code participate or in respect whereof, based on their interrelationships or between each of them and a third party according to the economic, organisational, family or other connection/relatedness existing among them, a conclusion can be drawn that they act in concert and may negotiate conditions other than the customary ones.

94. (New, SG No. 96/2019, effective 1.01.2020) "Heightening", "accessory development", "reconstruction", "major renovation", "reorganisation" are terms within the meaning of the Spatial Development Act.

95. (New, SG No. 96/2019, effective 1.01.2020) "Physical-infrastructure elements" shall be those within the meaning given by Article 64 of the Spatial Development Act.

96. (New, SG No. 96/2019, effective 10.12.2019) "Credit or debit card not present payment" shall be a payment through a payment operation initiated via Internet and effected by means of software identification of a credit or debit card or

any other card-based payment instrument from a Virtual POS Terminal without physical reading of the card and without the simultaneous physical presence of the seller and the buyer for sales in which the provision of the goods or services takes place in a place other than the commercial outlet of the merchant.

97. (New, SG No. 96/2019, effective 1.01.2020) "Household purposes" within the meaning of Item 7 of Article 118 (11) shall denote the consumption of liquefied petroleum gas (LPG) or natural gas by a natural person in his household.

98. (New, SG No. 55/2020, effective from 1.07.2020 till 31.12.2022 (\*), repealed, SG No. 71/2020, effective from 1.08.2020 till 31.12.2022 (\*) - amended, SG No. 111/2021, effective 1.01.2022).

99. (New, SG No. 55/2020, effective from 1.07.2020 till 31.12.2022 (\*), repealed, SG No. 71/2020, effective from 1.08.2020 till 31.12.2022 (\*) - amended, SG No. 111/2021, effective 1.01.2022).

100. (New, SG No. 55/2020, effective from 1.07.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) "Spirit drinks under Item 3 of Article 66 (2)" shall be spirit drinks in the meaning of Article 121 (3) of Wine and Spirit Drinks Act.

101. (New, SG No. 71/2020, effective from 1.08.2020 till 31.12.2022 - amended, SG No. 111/2021, effective 1.01.2022) "Occasional bus transport under Item 6 of Article 66 (2)" shall be the transport in the meaning of § 1, Item 24 of the supplementary provisions of the Carriage by Road Act.

102. (New, SG No. 104/2020, effective 1.07.2021) "Register under Article 159d (1)" shall be a register containing the information under Article 63c, paragraph 2 of Implementing Regulation (EU) 2019/2026.

103. (New, SG No. 104/2020, effective 1.07.2021) "The records under Article 14a (12)" shall contain the information under Article 54c (2) of Implementing Regulation (EU) 2019/2026.

**§ 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 (OJ, 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).

9. (New, SG No. 97/2016, effective 1.01.2017) Council Directive (EU) 2016/856 of 25 May 2016 amending Directive 2006/112/EC on the common system of value added tax as regards the duration of the obligation to respect a minimum standard rate (OJ, L 142/12 of 31 May 2016).

10. (New, SG No. 98/2018, effective 1.01.2019) Council Directive (EU) 2016/1065 of 27 June 2016 amending Directive 2006/112/EC as regards the treatment of vouchers (OJ, L 177/9 of 1 July 2016).

11. (New, SG No. 98/2018, effective 1.01.2019) Council Directive (EU) 2017/2455 of 5 December 2017 amending Directive 2006/112/EC and Directive 2009/132/EC as regards certain value added tax obligations for supplies of services and distance sales of goods (OJ, L 348/7 of 29 December 2017).

12. (New, SG No. 98/2018, effective 1.01.2019) Council Directive (EU) 2018/912 of 22 June 2018 amending Directive 2006/112/EC on the common system of value added tax as regards the obligation to respect a minimum standard rate (OJ, L 162/1 of 27 June 2018).

13. (New, SG No. 96/2019, effective 1.01.2020) Council Directive (EU) 2018/2057 of 20 December 2018 amending Directive 2006/112/EC on the common system of value added tax as regards the temporary application of a generalised reverse charge mechanism in relation to supplies of goods and services above a certain threshold (OJ, L 329/3 of 27 December 2018).

14. (New, SG No. 96/2019, effective 1.01.2020) Council Directive (EU) 2018/1695 of 6 November 2018 amending Directive 2006/112/EC on the common system of value added tax as regards the period of application of the optional reverse charge mechanism in relation to supplies of certain goods and services susceptible to fraud and of the Quick Reaction Mechanism against VAT fraud (OJ, L 282/5 of 12 November 2018).

15. (New, SG No. 96/2019, effective 1.01.2020) Council Directive (EU) 2018/1910 of 4 December 2018 amending Directive 2006/112/EC as regards the harmonisation and simplification of certain rules in the value added tax system for the taxation of trade between Member States (OJ, L 311/3 of 7 December 2018).

16. (New, SG No. 96/2019, effective 1.01.2020) Council Directive (EU) 2018/1713 of 6 November 2018 amending Directive 2006/112/EC as regards rates of value added tax applied to books, newspapers and periodicals (OJ, L 286/20 of 14 November 2018).

17. (New, SG No. 96/2019, effective 1.01.2020) Council Directive (EU) 2019/475 of 18 February 2019 amending Directives 2006/112/EC and 2008/118/EC as regards the inclusion of the Italian municipality of Campione d'Italia and the Italian waters of Lake Lugano in the customs territory of the Union and in the territorial application of Directive 2008/118/EC (OJ, L 83/42 of 25 March 2019).

18. (New, SG No. 104/2020, effective 1.07.2021) Council Directive (EU) 2019/1995 of 21 November 2019 amending Directive 2006/112/EC as regards provisions relating to distance sales of goods and certain domestic supplies of goods (OJ, L 310/1 of 2 December 2019).

19. (New, SG No. 107/2020, effective 1.01.2021) Council Directive (EU) 2020/1756 of 20 November 2020 amending Directive 2006/112/EC on the common system of value added tax as regards the duration of the obligation to respect a minimum standard rate (OJ, L 396/1 of 25 November 2020).

20. (New, SG No. 14/2022, effective 18.02.2022) Council Directive (EU)



2020/2020 of 7 December 2020 amending Directive 2006/112/EC as regards temporary measures in relation to value added tax applicable to COVID-19 vaccines and in vitro diagnostic medical devices in response to the COVID-19 pandemic (OJ, L 419/1 of 1: December 2020).

21. (New, SG No. 14/2022, effective 18.02.2022) Council Directive (EU) 2019/2235 of 16 December 2019 amending Directive 2006/112/EC on the common system of value added tax and Directive 2008/118/EC concerning the general arrangements for excise duty as regards defence efforts within the Union framework (OJ, L 336/10 of 30 December 2019).

22. (New, SG No. 14/2022, effective 18.02.2022) Council Directive (EU) 2021/1159 of 13 June 2021 amending Directive 2006/112/EC as regards temporary exemptions on importations and on certain supplies, in response to the COVID-19 pandemics (OJ, L 250/1 of 15 July 2021).

## **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.

**§ 15d.** (New, SG No. 41/2015) Municipalities registered under this Act, which have not exercised within the time period specified in Article 72 their right to deduct credit for input tax with regard to value added tax charged after 1 January 2007 on supplies of goods or services for the construction of water supply and sewage systems and facilities in the course of implementation of water projects, including under Priority Axis 1 of the Operational Programme "Environment 2007 - 2013", can exercise the right to deduct credit for input tax in relation to these supplies.

**§ 16.** The Corporate Income Tax Act (promulgated in the State Gazette No. 115 of 1997; corrected in No. 19 of 1998; amended in Nos. 21 and 153 of 1998, Nos. 12, 50, 51, 64, 81, 103, 110 and 111 of 1999, Nos. 105 and 108 of 2000, Nos. 34 and 110 of 2001, Nos. 45, 61, 62 and 119 of 2002, Nos. 42 and 109 of 2003, Nos. 18, 53 and 107 of 2004, Nos. 39, 88, 91, 102, 103 and 105 of 2005, Nos. 30 and 34 of 2006) shall be amended and supplemented as follows:

1. (Effective 4.08.2006) In Article 16, Paragraph (1) shall be amended to read as follows:

"(1) For the purposes of this Section, fair market value shall be determined according to the methods for determination of market prices within the meaning given by Item 10 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code."

2. In Article 36a, Item 6 of Paragraph (1) shall be repealed.

3. (Effective 4.08.2006) In Article 55, a new Paragraph (5) shall be added to read as follows:

"(5) Taxes withheld at source from non-resident persons which do not carry out economic activity through a permanent establishment or a fixed base within the territory of the country shall be set off and refunded by the territorial directorate referred to in Paragraph (1)."

4. Article 66 shall be amended as follows:

(a) in Paragraph (1), the words "Article 136" shall be replaced by "Article 183";

(b) in Paragraph (2), the words "Article 137" shall be replaced by "Article 185".

**§ 17.** (Effective 4.08.2006) In the Waste Management Act (promulgated in the State Gazette No. 86/2003; amended 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; amended in No. 105/2005, Nos. 30 and 34/2006) shall be amended and supplemented as follows:

1. In Article 4:

(a) in Item 8, after the words "30 litres" there shall be added "of ethyl alcohol

(rakiya)";

(b) Item 10 shall be amended to read as follows:

"10. "Dual use energy product" shall be a product which is used both as heating fuel and for purposes other than as motor fuel and heating fuel; the use of energy products for chemical reduction and in electrolytic and metallurgical processes shall be regarded as dual use.";

(c) in Item 18, the figure "5,000" shall be replaced by "15,000".

2. In Article 9, a new Item 3 shall be added to read as follows:

"3. obtained from distillation and potable, containing other products, whether in solution or not."

3. In Article 14, the words "Section VI and of Chapter Eight" shall be deleted.

4. In Article 21:

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

(b) there shall be inserted a new Paragraph (2) to read as follows:

"(2) Where excise duty has not been paid on the goods referred to in Items 1 and 3 of Paragraph (1), exemption shall be granted by a refund.";

(c) the existing Paragraphs (2) and (3) shall be renumbered to become Paragraphs (3) and (4), respectively.

5. In Article 22:

(a) Paragraph (1) shall be amended to read as follows:

"(1) Completely denatured ethyl alcohol shall be exempted from levy of excise duty.";

(b) there shall be inserted a new Paragraph (2) to read as follows:

"(2) The excise duty paid on ethyl alcohol, which is both expressly denatured and used for the manufacture of products not for human consumption, shall be refunded.";

(c) the existing Paragraphs (2) and (3) shall be renumbered to become Paragraphs (3) and (4), respectively.

(d) the existing Paragraph (4) shall be renumbered to become Paragraph (5) and shall be amended to read as follows:

"(5) The excise duty paid under Paragraphs (2), (3) and (4) shall be refunded after the sale of the manufactured products referred to in Paragraphs (2) and (3) or, respectively, after the use thereof under Paragraph (4)."

6. In Article 24 (2):

(a) in Item 1, the words "other than being used as motor fuel or heating fuel" shall be deleted;

(b) there shall be added a new Item 4 to read as follows:

"4. used for purposes other than as motor fuel and heating fuel."

7. In Article 32:

(a) in Paragraph (2), the text before Item 1 shall be amended to read as follows: "The excise rate on motor fuel used for tillage of agricultural land by agricultural producers approved for financial assistance under the Agricultural Producers Support Act, shall be as follows:";

(b) there shall be added new Paragraphs (3), (4), (5) and (6) to read as follows:

"(3) The rates of excise duty referred to in Items 1 and 2 of Paragraph (2) shall be applied by means of reimbursement of the difference between the relevant rate under Paragraph (1) and the rate under Paragraph (2) for a quantity calculated on the basis of an annual fuel consumption rate of 73 litres per hectare of registered arable agricultural land.

(4) Not later than the 1st day of July of each year, the Minister of Agriculture and Forestry shall provide the Director of the National Customs Agency with the following information from the Register of Agricultural Producers:

1. identification particulars of the agricultural producer;

2. legal form of business organization, name (business name), permanent

address (registered office and address of the place of management), telephone, fax, electronic mail address;

3. data on the agricultural land farmed (in hectares) according to the agricultural land parcel identification.

(5) The right to reimbursement shall be exercised by the agricultural producers on a single occasion in respect of the motor fuel purchased thereby during the current year. A request for reimbursement shall be submitted from the 1st day of July until the 31st day of December in the current year,

(6) Reimbursement under Paragraph (3) shall be effected within two months after submission of the request according to a procedure established the Regulations for Application of this Act."

8. In Article 33 (1), the words "used" and "and household purposes" shall be deleted.

9. In Article 34, the words "Article 32, Paragraph 2 and" shall be deleted.

10. In Item 5 of Article 47, the words "of the tax or customs legislation" shall be replaced by "under this Act".

11. In Item 5 of Article 51 (1), the words "and tax number" shall be deleted.

12. In Item 3 of Article 54 (2) and Item 2 of Article 56 (2), the words "and tax number" shall be deleted.

13. In Article 57, Item 5 of Paragraph (3) shall be amended to read as follows:

"5. a copy of BULSTAT Register identification card, certified by the person;"

14. In Article 59 (1), after the word "including" there shall be inserted "extraction, recovery and".

15. In Article 60, Paragraphs (5) and (6) shall be repealed.

16. In Article 65 (2), Item 2 shall be amended to read as follows:

"2. have been released for free circulation with simultaneous placing under an excise duty suspension arrangement;"

17. In Article 66, there shall be added new Paragraphs (3) and (4) to read as follows:

"(3) Authorized warehousekeepers shall be obligated to use measuring instruments complying with the requirements of the Measurements Act and the statutory instruments on the application thereof.

(4) The specific requirements and the control over the measuring instruments referred to in Paragraph (3) shall be determined according to the procedure established by Article 61 (2) herein."

18. In Article 67, Item 3 shall be amended to read as follows:

"3. Transportation of excisable goods, released for free circulation with simultaneous placing under an excise duty suspension arrangement, to a tax warehouse."

19. In Article 77 (2) at the end, there shall be placed a comma and there shall be added "with the exception of the cases referred to in Article 78 (3) herein."

20. In Article 78:

(a) there shall be inserted a new Paragraph (3) to read as follows:

"(3) The amount of the security for a tax warehouse for production and storage of excisable goods may not exceed BGN 30 million.";

(b) the existing Paragraph (3) shall be renumbered to become Paragraph (4).

21. In Article 88 (4), the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

22. In Article 94, Paragraph (2) shall be repealed.

23. In Article 97 (1), the word "Denaturing" shall be replaced by "Complete denaturing".

24. In Article 106 (1), the word "tax" shall be replaced by "revenue".

25. In Article 125, there shall be added a new Paragraph (4) to read as follows:

"(4) The sanctions referred to in Paragraphs (1), (2) and (3) shall furthermore be imposed on any agricultural producer which uses motor fuel at reduced rates in violation of Article 32 herein."

26. The Transitional and Final Provisions shall be amended and supplemented as follows:

(a) in § 2:

(aa) Paragraph (1) shall be amended to read as follows:

"(1) Any proceedings for the establishment and collection of excise duty liabilities, initiated on or before the 30th day of June 2006, as well any proceedings for reimbursement of excise duty initiated until the said date, shall be completed by the National Revenue Agency authorities.";

(bb) Paragraph (2) shall be amended to read as follows:

"(2) The excise duty charged on or before the 30th day of June 2006 shall be declared and remitted according to the procedure and within the time limits established by the Excise Tax Act and the Regulations for Application thereof.";

(cc) there shall be added new Paragraphs (3) and (4) to read as follows:

"(3) The provisions of the Excise Tax Act shall apply to any excise duty liabilities which have arisen on or before the 30th day of June 2006, and the said liabilities shall be established, secured and collected by the National Revenue Agency authorities according to the procedure established by the Tax and Social-Insurance Procedure Code.

(4) The security furnished under the Excise Tax Act, furnished on or before the 30th day of June 2006, shall be released or utilized by the National Revenue Agency according to the procedure and under the terms established by the Excise Tax Act and the Regulations for Application thereof.";

(b) there shall be inserted § 2a and § 2b to read as follows:

"§ 2a. (1) Authorized warehousekeepers shall have the right to reimbursement of the excise duty paid until the 30th day of June 2006 on:

1. ethyl alcohol (alcohol-containing raw materials) used in the production of alcoholic beverages;

2. gases intended for processing, falling within CN codes 2901 24 100, 2711 14 000, 2901 22 000 and 2901 21 000, which have undergone specific or chemical processing into excisable finished products;

3. heavy oils intended for processing, falling within CN codes 2710 19 710 and 2710 19 750, and for heavy fuel oils, falling within CN codes 2710 19 510 and 2710 19 550, which have under undergone specific or chemical processing into excisable finished products;

4. naphtha used in the production of ethylene;

5. ethylene used in the production of ethylene dichloride.

(2) Reimbursement shall be effected after release for consumption of the excisable goods in which the goods covered under Paragraph (1) are used or, respectively, after the sale of the ethylene dichloride, but not later than the 1st day of July 2007.

§ 2b. The annual fuel consumption rate, referred to in Article 32 (3) herein, for 2006, shall be 44 litres per hectare of registered arable agricultural land.";

(c) in § 5, the words "Article 21, Paragraph 2" shall be replaced by "Article 21, Paragraph 3";

(d) in § 12:

(aa) Item 1 shall be amended to read as follows:

"1. the provisions of Articles 1 to 31, Article 32, Items 2, 4, 5 and 6 of Article 33 (1) and Article 33 (2), Articles 34 to 46, Articles 59 to 128,

§ 1 (1) regarding the repeal of the Excise Tax Act, as well as § 1 (3), which shall enter into force as from the 1st day of July 2006;"

(bb) there shall be added a new Item 3 to read as follows:

"3. The provisions of Items 1 and 3 of Article 33 (1), which shall enter into



force as from the 1st day of January 2007."

**§ 19.** (Effective 4.08.2006) The Tax and Social-Insurance Procedure Code (promulgated in the State Gazette No. 105/2005; 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.

ACT for Amending and Supplementing  
the Value Added Tax Act  
(SG No. 106/2008, effective 1.01.2009)

.....  
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.

.....  
§ 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.

#### TRANSITIONAL AND FINAL PROVISIONS

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

§ 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.

.....

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 SG 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.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Value Added Tax Act  
(SG No. 19/2011, effective 8.03.2011)

§ 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).

.....

#### 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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#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Excise Duties and Tax Warehouses Act  
(SG No. 54/2012, effective 17.07.2012)

.....

§ 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.

.....  
**TRANSITIONAL AND FINAL PROVISIONS**

to the 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)

§ 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.

.....  
§ 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.

**TRANSITIONAL AND FINAL PROVISIONS**

to the 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,  
SG No. 95/2015, effective 1.01.2016, SG No. 98/2018, effective 1.01.2019)



.....  
§ 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. 06/2008, 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, SG No. 95/2015, effective 1.01.2016, SG No. 98/2018, effective 1.01.2019) The provisions of Article 92 (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 30 June 2022.

§ 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.

#### TRANSITIONAL AND FINAL PROVISIONS

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

§ 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)  
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§ 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, amended, SG No. 95/2015, effective 1.01.2016)

§ 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.

(2) 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 (2) 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. (Amended, SG No. 95/2015, effective 1.01.2016) 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 registered for application of a regime within the Union 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.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Value Added Tax Act  
(SG No. 41/2015)

§ 3. (1) Municipalities shall exercise the right referred to in § 15d of the Transitional and Final Provisions by filing with the competent territorial directorate of the National Revenue Agency a statement-inventory using a standard form as per the appendix within the following deadlines:

1. from the entry of this Act into force till 31 July 2015 – regarding the received supplies, the tax for which has become due and payable during tax periods from January 2007 till and including November 2013;

2. from 1 January 2016 till 31 July 2016 – regarding the received supplies, the tax for which has become due and payable during tax periods after 1 December 2013.

(2) The provision of Article 79(8) shall not apply to tax, with regard to which the right to credit for input tax has been exercised in accordance with the procedure of Paragraph 1.

§ 4. (1) Until the date of conclusion of a contract under the procedure of Article 198q (1) of the Water Act or any other contract for provision against consideration of water supply and sewage systems and facilities constructed in the course of implementation of water projects, including under Priority Axis 1 of the Operational Programme "Environment 2007 - 2013", but not later than 31 December 2015, the following shall

not constitute a supply of goods or services:

1. the provision by a municipality to a water operator of the assets required for management, maintenance and operation;

2. the performance by a water operator of the maintenance and repair of the assets, and of the obligation to provide the water supply and sewage service undertaken by such operator.

(2) Where after 31 December 2015 no contract under the procedure of Article 198q (1) of the Water Act or another contract for provision against consideration of water supply and sewage systems and facilities has been concluded, when such water supply and sewage systems and facilities are granted for management, maintenance and operation by a water operator in exchange for their maintenance by it, as of the date of occurrence of the chargeable event:

1. the taxable amount of the supply by the municipality to the water operator shall be equal to the depreciation of the granted assets, which would have been accrued by the water operator in accordance with the procedure of Article 198q (3) of the Water Act;

2. the taxable amount of the supply by the water operator to the municipality shall be equal to the taxable amount upon acquisition or the cost of the granted goods, and where the goods are imported – to the taxable amount upon importation thereof or to the direct costs incurred in connection with the provision of the service, relating to the maintenance and repair of the assets.

(3) The chargeable event of the supplies referred to in sub-paragraphs 1 and 2 of paragraph 2 shall occur at the end of each calendar year.

§ 5. (1) By 31 July 2015 the Ministry of Environment and Water shall submit to the National Revenue Agency information by municipalities of the amount of funds subject to refund, disbursed under Operational Programme "Environment 2007 - 2013" to finance value added tax charged on supplies of goods and services received by municipalities in the course of implementation of water projects under Priority Axis 1 of the Programme, indicating the data regarding each supply separately, as in columns 2 - 7 of the appendix to § 3, paragraph 1, and the bank account into which the funds subject to refund shall be transferred.

(2) Up to the amount specified in accordance with the procedure under paragraph 1, the value added tax subject to refund under § 3 shall be refunded to the municipality via a bank transfer into the bank account indicated by the Ministry of Environment and Water, without any set-off in accordance with the procedure of the Tax and Social Insurance Procedure Code for counter liabilities of the municipality, and the remaining tax subject to refund, if any, shall be refunded to the municipality in accordance with the procedure of Articles 128 - 129 of the Tax and Social Insurance Procedure Code.

(3) In the cases specified in paragraph 2, the procedure of Article 92 shall not apply where the tax has been refunded:

1. by 31 December 2015 – for tax specified in a statement-inventory submitted by 31 July 2015;

2. by 31 December 2016 – for tax specified in a statement-inventory submitted by 31 July 2016.

(4) Any claims between municipalities and the Ministry of Environment and Water, arising from inaccuracies in the amounts about which information is provided in accordance with the procedure of paragraph 1, shall be settled in accordance with the standard procedure.

§ 6. (1) It shall be considered that municipalities, which have exercised, within the deadline set in Article 72, their right to credit for input tax with regard to value added tax charged after 1 January 2007 on supplies of goods and services received by them in the course of implementation of water projects, including under Priority Axis 1 of Operational Programme "Environment 2007 - 2013", have legitimately exercised their

right to deduct credit for input tax.

(2) 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.

§ 7. In cases of enforced individual administrative acts based on which the right to deduct credit for input tax on supplies of goods and services, received in the course of implementation of water projects, including under Priority Axis 1 of the Operational Programme "Environment 2007 - 2013", is not recognised, the municipality may exercise its right to deduct the unrecognised credit for input tax in accordance with the procedure and within the deadlines set out in § 3.

.....

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Corporate Income Tax Act  
(SG No. 95/2015, effective 1.01.2016)

.....

§ 21. Within 6 months from entry into force of the Act the persons applying the regime under Article 118 (7) of the Value Added Tax Act shall bring their activity in accordance with the requirements of Article 118 of said Act.

.....

#### TRANSITIONAL PROVISION

to the Act Amending and Supplementing the Value Added Tax Act  
(SG No. 60/2016)

§ 4. Persons, to which, at the time of entry of this Act into force, the conditions specified in Article 176c apply, shall be obliged to provide security within one month of the entry of this Act into force.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing  
the Excise Duties and Tax Warehouses Act  
(SG No. 97/2016, effective 1.01.2017)

.....

§ 41. The Value Added Tax Act (promulgated, SG No. 63/2006; amended, Nos 86, 105 and 108/2006; Decision No. 7 of the Constitutional Court of the Republic of Bulgaria of 2007 – No. 37/2007; amended, Nos. 41, 52, 59, 108 and 113/2007, 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, Nos. 23, 30 and 68/2013, Nos. 98, 101, 104 and 109/2013, Nos. 1, 105 and 107/2014, Nos. 41, 79, 94 and 95/2015, and Nos. 58, 60, 74 and 88/2016) shall be amended supplemented as follows:

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§ 42. (1) For immovable properties available as of 1 January 2016, the determination of the taxable amount under Article 27 (2) of the Value Added Tax Act and adjustments to the credit for input tax used under Item 1 of Article 79a (3) of the same Act, for the years following the year of entry into force of this Act, shall be calculated by counting the 20-year period from the beginning of the year of the exercise of the right of credit for input tax.

(2) For immovable properties under Paragraph (1) for which the circumstances under the present Article 79 (8) exist of the Value Added Tax Act, registered persons may exercise their right to deduct credit for input tax or to adjust (increase) the amount of the partial credit for input tax used, and by 30 June 2017 shall issue a protocol by which:

1. to increase the amount of the partial credit for input tax used with an amount calculated by the following formula:

$ICIT = (Trdpcit - Trdpcit \times Fydpct) \times 1/20 \times NY$ , where

ICIT is the increase of the amount of the partial credit for input tax used;

Trdpcit – the tax with right to deduct partial credit for input tax;

Fydpct – the factor under Article 73 (2) of the Value Added Tax Act, calculated on the basis of the turnovers for the year in which the right to deduct partial credit for input tax was exercised;

NY – the number of years from occurrence of the circumstances under the existing Article 79 (8) of the Value Added Tax Act, excluding the year of occurrence of the circumstances, until 2016 inclusive;

2. where no credit for input tax has been deducted for the acquisition or construction of properties which were subsequently used for effecting taxable supplies under Article 69 of the Value Added Tax Act, to exercise the right to credit for input tax in an amount determined by the following formula:

$CIT = VAT \times 1/20 \times NY$ , where:

CIT is the portion of the credit for input tax with right to deduction;

VAT – the amount of the charged value added tax according to the tax documents for the acquisition or construction of the property for which no right to deduction is exercised;

NY – the number of years from occurrence of the circumstances under the existing Article 79 (8) of the Value Added Tax Act, excluding the year of occurrence of the circumstances, until 2016 inclusive.

(3) For goods and services other than immovable properties, for which the circumstances under the present Article 79 (8) of the Value Added Tax Act exist, registered persons may exercise their right to deduct credit for input tax or to adjust (increase) the amount of the partial credit for input tax used, and by 30 June 2017 shall issue a protocol by which:

1. to increase the amount of the partial credit for input tax used with an amount calculated by the following formula:

$ICIT = (TDPCIT - TDPCIT \times FYDPCIT) \times 1/5 \times NoY$ , where

ICIT is the increase of the amount of the partial credit for input tax used;

Trdpcit – the tax with right to deduct partial credit for input tax;

Fydpct – the factor under Article 73 (2) of the Value Added Tax Act, calculated on the basis of the turnovers for the year in which the right to deduct partial credit for input tax was exercised;

NY – the number of years from occurrence of the circumstances under the existing Article 79 (8) of the Value Added Tax Act, excluding the year of occurrence of the circumstances, until 2016 inclusive;

2. where no credit for input tax has been deducted for the manufacture, purchase, acquisition or importation of goods or services which were used subsequently only for effecting taxable supplies under Article 69 of the Value Added Tax Act, to exercise the right to credit for input tax in an amount determined by the following formula:

$CIT = VAT \times 1/5 \times NY$ , where:

CIT is the portion of the credit for input tax with right to deduction;

VAT – the amount of the charged value added tax according to the tax documents for the manufacture, purchase, acquisition or importation, for which no right to deduction is exercised;

NY – the number of years from occurrence of the circumstances under the existing Article 79 (8) of the Value Added Tax Act, excluding the year of occurrence of the circumstances, until 2016 inclusive.

(4) The right to deduct credit for input tax under Paragraphs (2) and (3) shall be exercised by recording the protocol in the purchase day book and in the VAT return for the tax period in which the report was issued.

(5) In the cases referred to in Paragraphs (2) and (3) the persons shall cancel the protocols under Article 67 (3) of the Implementing Regulations of the Value Added Tax Act (promulgated, SG No. 76/2006; amended, SG No. 101/2006, Nos. 3 and

16/2007, Nos. 39, 71 and 105/2008, Nos. 4 and 100/2009, No. 6/2010, Nos. 10 and 84/2011, No. 15/2012; corrected, SG No. 16/2012; amended, SG Nos. 20 and 110/2013, No. 1/2015 and Nos. 8 and 70/2016), issued by 31 December 2016 inclusive. Article 80 (7) and (8) of the regulations shall apply to those protocols.

§ 43. Articles 79, 79a and 79b of the Value Added Tax Act shall not apply to goods and services for which the registered person has applied the existing Article 79 (6) and (7) of the same Act.

§ 44. For goods and services that are not fixed assets within the meaning of § 1, item 83 of the Value Added Tax Act, available at 31 December 2016 inclusive, Article 79 (3) and (5), Articles 79a and 79b of the same Act shall not apply.

§ 45. Where a taxable person (commission agent/mandatory) effects supply of goods or services in his own name and for the account of another and the chargeable event of the supply between the principal/mandator and the commission agent/mandatory has arisen by 31 December 2016 inclusive, the provision of the existing Article 127 of the Value Added Tax Act shall apply.

§ 46. Where pending the entry into force of this Act an unincorporated company has been established being a person not registered under the Value Added Tax Act in which a partner participates being a person registered under the Value Added Tax Act, the company shall submit an application for registration within one month of the entry into force of this Act.

.....  
**TRANSITIONAL AND FINAL PROVISIONS**

to the Act Amending and Supplementing the Tax And Social-Insurance Procedure Code

(SG No. 92/2017, effective 1.01.2018)

.....  
§ 28. A registration inventory under Article 74, Paragraph (2), Item 3 and Paragraph (3), Item 6 and under Article 76, Paragraph (2), Item 4 of the Value Added Tax Act shall not be submitted if such an inventory has not been submitted prior to the entry of this Act into force and the deadline for its submission expires after that date. In such cases the right to deduct credit for input tax in connection with the existing assets or the received services as of the date of registration under the Value Added Tax Act shall be exercised in accordance with the procedure established hereby.

.....  
§ 31. This Act shall enter into force on 1 January 2018, with the exception of:

1. Paragraphs 1, 4 – 9 and § 10, items 2 and 3, § 26 and § 29 which shall enter into force three days after the promulgation of the Act in the State Gazette;
2. Paragraph 14, items 5 and 6, which shall enter into force on 1 March 2019.

**ACT**

Amending and Supplementing the Value Added Tax Act  
(SG No. 97/2017, effective 1.01.2018)

.....  
§ 14. (Effective 1.01.2018 until 31.12.2018) In Article 101 Paragraph 6 shall be amended as follows:

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

.....  
**Transitional and Final Provisions**

§ 33. The provision of § 14 shall be effective from 1 January 2018 to 31 December 2018.

§ 34. Where after the date of the establishment of an unincorporated company, which is not registered under the Act, the partner is registered under the Act until 31 December 2017 inclusive, the application for registration under Article 132 (5) shall be filed within one month from the entry into force of this Act.

§ 35. Persons whose registration under the Act was terminated in December 2017 and which have not submitted electronically under the Tax and Social Insurance Procedure Code a VAT return, accounting records and VIES declaration by the date of their deregistration, shall submit them for the last tax period on paper and on hardware carrier to the competent territorial directorate of the National Revenue Agency within the time limit under Article 125 (5).

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

(2) The Minister of Finance shall determine a period within which the persons referred to in Item 6 of Article 118 (4) shall adapt their activities to the requirements of the ordinance under Paragraph (1).

§ 37. The order under § 1, Item 24 (b) of the additional provisions shall be in force until an order under Article 175 (5) is issued.

§ 38. (1) The security provided by 31 December 2017 under the repealed Articles 176a and 176b shall be utilised under the enforcement procedure laid down in the Tax and Social Insurance Procedure Code, in the event of unsettled value added tax liabilities, fines or penalty payments for violating the Act.

(2) The security under Paragraph (1) or the balance thereof shall be released by the competent revenue authority within 30 days of receipt of the request from the taxable person in the cases where no tax audit is assigned in the same period.

§ 39. (1) A security provided by a taxable person for which an obligation for provision of security under Item 3 of Article 176 (1) no longer exists and for which no obligation for the provision of security on other grounds exists, shall be utilised under the enforcement procedure laid down in the Tax and Social Insurance Procedure Code, in the event of unsettled value added tax liabilities, fines or penalty payments for violating the Act.

(2) The security under Paragraph (1) or the balance thereof shall be released by the competent revenue authority within 30 days of receipt of the request from the taxable person in the cases where no tax audit is assigned in the same period.

(3) Upon release of the security, the competent revenue authority shall delete the tax liable person from the register under Article 176c (10) of the Act on the day of the release.

§ 40. Until the creation of a public electronic register under Article 176c (15) the persons under Article 176c (14) shall be exempt from the obligation to provide security by submitting a declaration to the competent territorial directorate of the National Revenue Agency within 7 days prior to the date of occurrence of the chargeable event upon intra-Community acquisition of liquid fuels or the date of release of liquid fuels for consumption under Item 1 of Article 20 (2) of the Excise Duties and Tax Warehouses Act, which are intended for own use.

.....  
§ 52. This Act shall enter into force on 1 January 2018 with the exception of § 8 and § 9 herein, which shall enter into force on 1 December 2017, and § 41 herein regarding Item 17(a), which shall enter into force on 20 May 2019.

#### TRANSITIONAL AND CONCLUDING PROVISIONS

to the Act to Amend and Supplement the Customs Act  
(SG No. 24/2018)



.....  
§ 13. The Minister of Finance shall adjust the ordinance under Article 118 (4) of the Value Added Tax Act to the requirements of this Act within six months of its effective date. The ordinance shall also set out the time limits within which manufacturers/distributors of outlet sales management software shall bring their operations in line with the ordinance and with the Value Added Tax Act.  
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#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Corporate Income Tax Act  
(SG No. 98/2018, effective 1.01.2019)

.....  
§ 58. The provisions of § 57, items 3, 25 and 36, letter "a" shall apply to vouchers issued after 31 December 2018.

§ 59. (1) The persons that have provided security in the amount set in accordance with the requirements of Article 176c (2) and (3) of the Value Added Tax Act, effective until 31 December 2018, for which a ground for a change of the amount of the security arises after the entry into effect of this Act and there is no obligation for the provision of another security on other grounds, may file a request for release of the relevant part thereof.

(2) In the cases under Paragraph (1) the relevant part of the security shall be utilised under the enforcement procedure laid down in the Tax and Social-Insurance Procedure Code, in the event of unsettled value added tax liabilities, fines or penalty payments for violating the Act.

(3) The security under Paragraph (1) or the balance thereof shall be released by the competent revenue authority within 30 days of receipt of the request from the taxable person in the cases where no tax audit is assigned in the same period.

§ 60. In the cases of dissolution of a legal entity which is a trader and where the legal entity continues to carry out independent economic activity and as at the date of entry into effect of this Act the time limit under Article 109 (1) of the Value Added Tax Act for filing an application for deregistration has not expired, the liquidator (liquidators) shall have the right to opt for the person to remain registered by the date of its deregistration from the commercial register. In this case the right shall be exercised by filing a declaration within the 14-day time limit of occurrence of the circumstance under Article 107 of the Value Added Tax Act.

§ 61. The Minister of Finance shall adjust the ordinance under Article 118 (4) of the Value Added Tax Act to the requirements of this Act within six months of its effective date.

.....  
§ 70. This Act shall enter into force on 1 January 2019, with the exception of:  
1. paragraph 43, item 2 – regarding Article 4, item 65, item 4, littera "a", item 5, littera "b", sub-littera "bb", item 9, item 15, littera "b", item 31 and item 34 and § 64, which shall enter into force as from the day of promulgation of this Act in the State Gazette.

2. § 63, which shall enter into force as of 18 January 2018;

3. Paragraph 41, item 1, § 43, item 36, § 50, item 1 – 3, item 4, littera "a", item 5 – 10, § 52, item 3, § 53, items 1 and 3 and § 65 – 69, which shall enter into force as from 7 January 2019;

4. Paragraph 43, Item 11, regarding Article 47, Paragraph (4), Item 1 and Paragraph (5), which shall enter into force from 28 January 2019.

5. Paragraph 52, Items 1, 2, 4 and 5 and paragraph 53, item 2, which shall enter into force from 20 May 2019;

6. Paragraph 43, Item 22, paragraph 57, item 9, item 11, littera "c", item 31, item 32 and 37, which shall enter into force from 1 July 2019;

7. Paragraph 50, item 4, litterae "c" and "d", which shall enter into force on 1 October 2019;

8. Paragraph 39, Item 3, littera "b" regarding Article 14, Paragraph (2), which shall enter into force from 1 January 2020;

9. Item 11 of Paragraph 43 regarding Article 47, Paragraph 4, Item 2, which shall enter into force from 28 January 2020.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Social Services Act

(SG No. 24/2019, effective 1.07.2020 - amended, SG No. 101/2019)

.....  
§ 45. (Amended, SG No. 101/2019) This Act shall enter into force on 1 July 2020 with the exception of:

1. Paragraph 6, subparagraph 5(a), Paragraph 7, subparagraph 2(a) and (b), subparagraph 3, subparagraph 6(a), subparagraph 9 and subparagraph 10, Paragraph 18(2) in the part concerning the "homes for medical and social care for children in accordance with the Medical Treatment Facilities Act" and Paragraph 20, subparagraph 2 in the part concerning the deleting of the test "and the homes for medical and social care for children" and subparagraph 5(c), which shall enter into force on 1 January 2021;

2. Paragraph 3(4)(f), (g) and (h) and Paragraph 28, subparagraph 1(a) and subparagraphs 2 and 5, which shall enter into force on 1 January 2019;

3. Article 22(4), Article 40, Article 109(1), Article 124, Article 161(2), Paragraphs 3(6), 30, 36, 37 and 43, which shall enter into force as from the day of promulgation of this Act in the State Gazette.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Corporate Income Tax Act

(SG No. 96/2019, effective 1.01.2020)

.....  
§ 31. Item 3 of Paragraph 30 regarding Item 11 of Article 7 (5) of the Value Added Tax Act and Item 13 of § 30 regarding Article 53 (2) of the same Act shall apply to an intra-Community supply in respect whereof the chargeable event arises after 1 January 2020.

§ 32. Item 14 of Paragraph 30 regarding Article 65a of the Value Added Tax Act shall apply to successive supplies of goods where the goods arrive or their transport ends after 1 January 2020.

§ 33. Adjustments under Article 79 (9) and Article 79a (9) of the Value Added Tax Act shall also be made for an existing building available at 1 January 2020 for which as a result of improvement of an existing building a new building emerges within the meaning of Item 5 of § 1, littera "c" of the Supplementary Provisions of this Act.

§ 34. A person who at the date of entry into force of this Act meets the conditions for compulsory registration under Article 96 (1) in connection with Paragraph 10 of the Value Added Tax Act shall file an application for registration within 14 days from the entry into force of this Act.

§ 35. "New buildings" are also the buildings available at 1 January 2020 in respect whereof the conditions under Item 5 of § 1, littera "c" of the Supplementary Provisions of this Act are fulfilled.

§ 36. The Minister of Finance shall adjust the ordinance under Article 118 (4) of the Value Added Tax Act in line with the requirements of this Act within three months of its effective date.

.....  
§ 45. This Act shall enter into force on 1 January 2020 with the exception of § 30, Item 28, litterae "a", "b", "c" and "d", Item 35, littera "a", sub-litterae "dd" and "ee" regarding Item 96 of the Supplementary Provisions of this Act, which shall enter into force three days as from the day of promulgation of this Act in the State Gazette.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Independent Financial Audit Act  
(SG No. 18/2020, effective 28.02.2020)

§ 64. (1) When until entry into force of this Act an advance payment for supplies on transfer of greenhouse gas emission allowances under appendix No. 2, part three of the Value Added Tax Act is received, for which the tax treatment of the tax payer person is changed with the said act and for which the chargeable event arises after the day of entry into force of this Act, the supplier shall document the supply by cancelling the issued invoice for the advanced payment and shall issue a new invoice, stating the total taxable amount for the supply. A memorandum under Article 116 (4) of the Value Added Tax Act shall be issued for the cancellation.

(2) When until entry into force of this Act an advance payment for supplies on transfer of greenhouse gas emission allowances under appendix No. 2, part three of the Value Added Tax Act is received, for which the tax treatment of the tax payer person is changed with the said act and for which the chargeable event arises after the day of entry into force of this Act, the recipient that is a registered person under the Value Added Tax Act shall charge a tax on the total taxable amount of the supply, including on the advance payment made.

(3) When until entry into force of this Act a tax has been charged on the total taxable amount of the supply for a supply on transfer of greenhouse gas emission allowances, it shall be deemed that the tax on the supply is due and payable by the recipient and the supplier shall document the supply and shall apply Paragraph 1 by 31 March 2020.

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

§ 65. The provisions of Article 163e and part three of appendix No. 2 in chapter nineteen "a" of the Value Added Tax Act shall apply until 30 June 2022.

§ 66. This Act shall enter into force as of the date when it is promulgated in the State Gazette, except for:

1. Paragraph 57, items 2 and § 60, which shall enter into force on 1 January 2020;

2. Paragraph 57, Item 1 which shall enter into force as of 1 January 2021.

#### FINAL PROVISIONS

to the Act Amending and Supplementing the Value Added Tax Act  
(SG No. 55/2020, effective 1.07.2020,  
amended, SG No. 111/2021, effective 1.01.2022)

(\*) § 4. (Amended, SG No. 111/2021, effective 1.01.2022) The provisions of § 1, Items 1 and 2 regarding Items 2, 3, 4 and 5 of Paragraph 2, § 2, Item 2 and § 3 shall be effective from 1 July 2020 till 31 December 2022.

.....  

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Local Taxes and Fees Act  
(SG No. 71/2020, effective 11.08.2020,  
amended, SG No. 111/2021, effective 1.01.2022)

.....  
§ 6. (Effective from 1.08.2020 till 31.12.2022 - amended, SG No. 111/2021,

effective 1.01.2022). The Value Added Tax Act (promulgated, SG No. 63/2006; amended, Nos. 86, 105 and 108/2006; Decision No. 7 of the Constitutional Court of the Republic of Bulgaria of 2007 – No. 37/2007; amended, Nos. 41, 52, 59, 108 and 113/2007, 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, Nos. 23, 30 and 68/2013, Nos. 98, 101, 104 and 109/2013, Nos. 1, 105 and 107/2014, Nos. 41, 79, 94 and 95/2015, and Nos. 58, 60, 74 and 88/2016, 95/2016 and 97/2016, and Nos. 85, 92, 96 and 97/2017, and Nos. 24, 65 and 98/2018, and Nos. 24, 33, 96, 100, 101 and 102/2019 and Nos. 14 and 18/2020) shall be amended supplemented as follows:

.....  
(\* ) § 10. (Amended, SG No. 111/2021, effective 1.01.2022) Paragraph 6 shall be effective from 1 August 2020 till 31 December 2022.

§ 11. This Act shall enter into force from the day of being promulgated in the State Gazette, with the exception of:

1. § 4, Item 2, which shall enter into force three months after the promulgation of the Act in the State Gazette.

2. § 6, which shall enter into force on 1 August 2020.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Value Added Tax Act  
(SG No. 104/2020, effective 1.01.2021,  
amended, SG No. 111/2021, effective 1.01.2022)

§ 63. (Effective 1.04.2021 - SG No. 104/2020) (1) Taxable persons and representatives acting on their behalf may register to apply Union arrangement, non-Union arrangement or an arrangement for distance sales of goods imported from third countries or territories, effective 1 April 2021.

(2) Taxable persons who at the date of entry into force of this Act are registered under the terms of the existing chapter eighteen may continue their registration for application of the Union or non-Union arrangement by filing electronically an application for update of the data in the originally submitted application for registration, effective from 1 April 2021 till 30 June 2021. In these cases the identification number for application of the Union arrangement under Article 94, Paragraph 2 or for application of the non-Union arrangement under Article 154, Paragraph 6 shall be retained.

(3) Started and not completed procedures for registration or termination of registration under the existing chapter eighteen shall be completed in accordance with the new procedure.

§ 64. (Effective 1.07.2021 - SG No. 104/2020) In the cases of overpaid amounts under § 32 of the transitional and final provisions of the of the Act amending and supplementing the Value Added Tax Act (SG No. 105/2014; amended, SG No 95/2015), for the periods until the latest period of declaration in 2018 inclusive, the Member State of identification shall recover the relevant share of the portion of the amount retained in accordance with Article 46, Paragraph 3 of Regulation (EU) No. 904/2010 and the Member States of consumption shall recover the difference between the overpaid amount and the amount to be recovered by the Member State of identification. The Member State of consumption shall inform by electronic means the Member State of identification about the recovered amounts.

§ 65. (Effective 1.07.2021 - SG No. 104/2020) Upon submission of the VAT return for application of Union scheme or non-Union scheme for periods until the second period of declaration in 2021 inclusive, the changes in the values contained therein shall be made only by amending the VAT return specified, not by corrections in the subsequent VAT return.

§ 66. (Effective 1.07.2021 - SG No. 104/2020) The existing procedure shall apply to the submission of a tax return under the existing chapter eighteen for the last tax period before the entry into force of this Act and for the payment of the chargeable tax for the said period.

§ 67. (1) (Effective 1.07.2021 - SG No. 104/2020) Any taxable person registered under the repealed Articles 97b, 98 and Article 100, Paragraph 3 shall be considered registered under Article 96, Paragraph 9 as of 1 July 2021.

(2) (Effective 1.07.2021 - SG No. 104/2020) Started and not completed procedures for registration until the entry into force of this Act under the repealed Articles 97b and 98 shall continue under the procedure for registration under Article 96, Paragraph 9.

(3) (Effective 1.07.2021 - SG No. 104/2020) Where the taxable person registered under Articles 97b and 98 has opted to register for application of the Union scheme, the non-Union scheme or the scheme for distant sales of goods imported from third countries or third territories in another Member State, or under Article 154, the provisions of Paragraphs (1) and (2) shall not apply, provided that the person has electronically notified the competent territorial directorate of the National Revenue Agency of such choice by 30 June 2021 inclusive.

(4) A taxable person registered under Articles 96, 97, 99 or Article 100 (1), (2) and (3), having its seat and registered office in the United Kingdom of Great Britain or in a third country with which the European Union has not concluded an agreement on mutual assistance similar in scope to that of Directive 2010/24/EU and Regulation (EU) No. 904/2010, shall be considered registered under this Act, if the person designates an accredited representative under Article 133 and notifies in writing the competent territorial directorate of the National Revenue Agency thereof by 31 March 2021 inclusive.

(5) A taxable person registered under Article 98, having its seat and registered office in the United Kingdom of Great Britain, shall be considered registered under Article 96 (9) if the person designates an accredited representative under Article 133 by 15 January 2021 inclusive.

(6) Registration under Paragraphs (5) 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.

(7) If a taxable person registered under Article 98, having its seat and registered office in the United Kingdom of Great Britain, fails to designate an accredited representative within the time-limit under Paragraph (5), its registration shall be terminated at the initiative of the revenue authority by issue of a deregistration act.

(8) In the cases referred to in Paragraph (7), 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 Paragraph 5 herein.

(9) If the taxable person under Paragraph (4) fails to designate an accredited representative within the time-limit set, its registration shall be terminated at the initiative of a revenue authority by issue of a deregistration act.

(10) In the cases referred to in Paragraph (9), 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 Paragraph (4) herein.

(11) Upon deregistration under Paragraphs (7) and (9), it shall be presumed that the person effects a supply under Article 111 herein.

(12) (Effective 1.07.2021 - SG No. 104/2020) The provisions of the existing Article 20 (2) and (6) shall apply to goods dispatched or transported from the territory of another Member State to the territory of the country before 1 July 2021 and arriving in the territory of the country on or after 1 July 2021.

(13) (Effective 1.07.2021 - SG No. 104/2020) The persons registered under

this Act for supplies of goods under the existing Article 20, (1) and (5), which are dispatched or transported from the territory of the country before 1 July 2021 and arrive on and after 1 July 2021 into the territory of another Member State, shall apply the VAT legislation of such Member State.

(14) (Effective 1.07.2021 - SG No. 104/2020) For goods purchased from a third territory or a third country before 1 July 2021 and arriving into the territory of the European Union on or after 1 July 2021 the general customs rules shall apply.

§ 68. (Effective 12.12.2020 - SG No. 104/2020) Persons who have filed a declarator to the National Revenue Agency under Article 118 (14) for outlet sales management software until the entry into force of this Act shall be considered compliant with the requirements of this Act.

§ 69. (Effective 12.12.2020 - SG No. 104/2020) 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.

(\*) § 70. (Amended, SG No. 111/2021, effective 1.01.2022) § 14 and § 62, Item 1, Littera (b) and (c) shall take effect as of 1 December 2020 and shall apply till 31 December 2022.

.....  
§ 94. This Act shall enter into force on 1 January 2021 with the exception of:

1. Paragraphs 17, § 31, § 59 – 61, and § 68, 69, § 71, Item 11, § 88, 89, 91 and 92 which shall enter into force three days after their promulgation in the State Gazette;

2. Paragraph 39 regarding Article 154, Paragraph 2, § 41 regarding Article 156, Paragraph 2, § 43 regarding Article 157a, Paragraph 4 and § 63, which shall enter into force on 1 April 2021;

3. Paragraphs 1 – 9, § 11 – 13, § 15, 16, § 18 – 30, § 32, § 33 – 58, § 62, Item 1, Littera (a), (e) and Item 2, § 64 – 66 and § 67, Paragraphs 1, 2, 3, 12, 13 and 14, which shall enter into force on 1 July 2021;

4. Paragraph 71, Item 4 herein, which shall enter into force as from the 1st day of January 2022.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Value Added Tax Act  
(SG No. 107/2020, effective 1.01.2021)

§ 5. (1) A taxable person registered under Article 97b, established by seat and registered office in the United Kingdom of Great Britain and Northern Ireland, shall be considered registered under Article 96 (9), if the said person designates an accredited representative under Article 133 by 15 January 2021 inclusive, except for the cases where during the same time limit he registers under Article 154 or in another Member State for application of the non-Union scheme and notifies thereof by 15 January 2021 the National Revenue Agency inclusive.

(2) The registration under Paragraph (1) shall be effected according to the procedure set out in Article 101 at the Sofia territorial directorate of the National Revenue Agency.

(3) If a taxable person registered under Article 97b, established by seat and registered office in the United Kingdom of Great Britain and Northern Ireland, fails to designate an accredited representative within the time-limit under Article 133 or fails to register under Article 154 for the non-Union scheme within the time limit set in Paragraph (1), his registration shall be terminated at 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 Paragraph (1) herein.

(5) Upon deregistration under Paragraph (3) it shall be presumed that the person makes a supply under Article 111 herein.

§ 6. (1) The refund of tax to taxable persons established in the United Kingdom of Great Britain and Northern Ireland, who are not established within the territory of the country, for goods and/or services received in the territory of the country by 31 December 2020 inclusive, shall be made in accordance with the procedure set out in Article 81 (2), which is intended for persons who are not established in the Member State of refund, but who are established within the territory of the European Union. The applications for refund for tax periods until 31 December 2020 inclusive shall be submitted until 31 March 2021.

(2) Goods dispatched or transported from the territory of the country to the United Kingdom of Great Britain until 31 December 2020 inclusive, which arrive or their transport ends on the territory of the United Kingdom of Great Britain on or after 1 January 2021, shall be considered goods dispatched or transported to the territory of a Member State. The documents certifying the presence of the circumstances under the first sentence shall be the documents under Article 45 of the Regulations for Application of the Value Added Tax Act (promulgated, SG No. 76/2006, amended, SC No. 101/2006, Nos. 3 and 16/2007, Nos. 39, 71 and 105/2008, Nos. 4 and 100/2009, No. 6/2010, Nos. 10 and 84/2011, No. 15/2012, corrected, SG No. 16/2012, amended SG Nos. 20 and 110 /2013, No. 1/2015, Nos. 8 and 70/2016, No. 24/2017, No 58/2018, No. 3/2019, corrected, SG No. 5/2019, amended, SG No. 25/2020; Decision of the Supreme Administrative Court – SG No. 57/2020).

(3) Goods dispatched or transported from the territory of the United Kingdom of Great Britain to the territory of the country or to the territory of another Member State until 31 December 2020 inclusive, which arrive or where their transport ends on the relevant territory on or after 1 January 2021, shall be considered goods dispatched or transported from the territory of a Member State. To certify the presence of the circumstances under the first sentence, the person shall have a document of the supply and documents proving the dispatch or transport of the goods.

(4) Corrections of submitted VAT returns under Article 159b for persons registered for application of the non-Union scheme and the Union scheme, or submitted in the United Kingdom of Great Britain and Northern Ireland applying the non-Union scheme and the Union scheme in respect of services provided in the Republic of Bulgaria as a Member State of consumption until 31 December 2020 inclusive shall be made by 31 December 2021 inclusive at the latest in accordance with the procedure set out in Article 159e.

(5) Goods dispatched or transported until 31 December 2020 inclusive to the territory of the United Kingdom of Great Britain, which will be returned to the territory of the country after 1 January 2021 by the person who had dispatched or transported them, shall be exempt from tax upon their importation into the country in accordance with the terms and procedure set out in Item 17 of Article 58 (1).

.....  
§ 11. Paragraphs 1 and 2 shall apply until 31 December 2022 inclusive.

§ 12. This Act shall enter into force as from the 1 January 2021 with the exception of:  
1. § 7 herein, which shall enter into force as from the day of promulgation of the Act in the State Gazette;  
2. § 8 herein, which shall enter into force as from the 10th day of December 2020.

#### TRANSITIONAL AND CONCLUDING PROVISIONS

to the Act to Amend and Supplement the Value Added Tax Act  
(SG No. 14/2022, effective 18.02.2022)

§ 49. In the cases referred to in § 10 in relation to Item 2, littera "d" of Article 58 (1)

and § 43 in relation to Article 173 (8) of this Act, any tax charged for tax periods from 1 January 2021 to the date of entry into force of this Act, at a non-zero tax rate, shall be reimbursed to the European Commission or an agency or body established under the European Union law by the authorities of the National Revenue Agency pursuant to Article 128 of the Tax Insurance Procedure Code. The applications for reimbursement shall be submitted by 31 March 2022 inclusive.

§ 50. Paragraph 25 shall apply to vouchers issued in a tax period following the tax period in which this Act enters into force.

§ 51. This Act shall enter into force as of the date of its publication in State Gazette with the exception of:

1. paragraph 10 and item 3 of § 43 with regard to Article 173 (8), (9) and (10), which shall become effective on 1 January 2021;

2. Item 2 of § 42 and Item 2 (c) and Item 3 of § 43 with regard to Article 173 (12), (13) and (15) Item 2, which shall enter into force on 1 July 2022.

## Annex

### Statement-inventory of supplies of goods and services, received by a municipality in the course of implementation of water projects, including under Priority Axis 1 of the Operational Programme "Environment 2007–2013"

Name .....				NRA TD/office		
Registered person's address for correspondence .....				Incoming № ...../.....		
VAT IN: .....				To be filled in by the revenue administration		
BG .....				Period from ..... to .....		
				dd/mm/yyyy		
No	Supplier's name	Identification number of the supplier under Article 94(2) of the VAT Act	Invoice/debit note/credit note number	Invoice/debit note/credit note date	Taxable amount of the received supply of goods or services	Value added tax charged
1	2	3	4	5	6	7
<b>Total</b>						

On the grounds of § 15d of the Transitional and Final Provisions of the VAT Act, I request a refund of value added tax charged on received supplies of goods and services in the amount of BGN .....

Date of completion: .....

Signature of the person representing the taxable person: .....

Stamp of the taxable person: .....

*Note.* This form must be completed by typewriter. The values shall be stated in Bulgarian leva and stotinki.

**Annex**



Goods	CN Code
Tin	8001
Copper	7402
	7403
	7405
	7408
Zinc	7901
Nickel	7502
Aluminium	7601
Lead	7801
Indium	ex 811291 ex 811299
Cereals	1001 to 1005 1006: unprocessed rice only 1007 to 1008
Oil seeds and oleaginous fruit	1201 to 1207
Coconuts, Brazil nuts and cashew nuts	0801
Other nuts	0802
Olives	0711 20
Grains and seeds (including soya beans)	1201 to 1207
Coffee, not roasted	0901 11 00 0901 12 00
Tea	0902
Cocoa beans, whole or broken, raw or roasted	1801
Raw sugar	1701 11 1701 12
Rubber, in primary forms or in plates, sheets or strip	4001 4002
Wool	5101
Chemicals in bulk	Chapters 28 and 29
Mineral oils (including propane and butane, also including crude petroleum oils)	2709 2710 2711 12 2711 13
Silver	7106
Platinum (palladium, rhodium)	7110 11 00 7110 21 00 7110 31 00
Potatoes	0701
Vegetable oils and fats and their fractions, whether or not refined, but not chemically modified	1507 to 1515

## Annex I

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 30.06.2022 – amended, SG No. 104/2013, effective 1.12.2013, SG No. 109/2013, effective

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

III. (New, SG No. 18/2020, effective 28.02.2020 until 30.06.2022) Part Three: Supplies on transfer of greenhouse gas emission allowances as defined in Article 3 of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC, which can be transferred in accordance with Article 12 of the Directive.

## Annex No

Chapters from EU CN Code	Description of the goods
Chapter 25	Salt; sulphur; earths and stone; plastering materials, lime and cement
Chapter 26	Ores, slag and ashes
Chapter 28	Inorganic chemicals; organic or inorganic compounds of precious metals, of rare-earth metals, of radioactive elements or of isotopes
Chapter 29	Organic chemicals
Chapter 72	Iron and steel
Chapter 73	Articles of iron and steel
Chapter 74	Copper and articles thereof
Chapter 75	Nickel and articles thereof
Chapter 76	Aluminium and articles thereof
Chapter 78	Lead and articles thereof
Chapter 79	Zinc and articles thereof
Chapter 80	Tin and articles thereof

## Annex No

1. Adapted infant formulas and powders for infants or young children falling within EU code 1901 10 00.
2. Homogenised vegetable purees for babies or young children in containers of a net content not exceeding 250 g, falling within EU code 2005 10 00.
3. Homogenised fruit purees for babies or young children in containers of a net content not exceeding 250 g, falling within subheading 2007 10 of the EU CN.
4. Mixed homogenised purees of meat, fish, vegetables, fruit or nuts for babies or young children in containers of a net content not exceeding 250 g, falling within EU code 2104 20 00.
5. Baby nappies falling within EU code 9619 00 81.
6. (New, SG No. 14/2022, effective 18.02.2022) Specialised milk formulas (with partially hydrolysed protein and those for children with allergies) and dietetic foods for special medical purposes intended for infants falling within EU CN code 2106 90 92 and code 2106 90 98.