



Law on Value Added Tax

Bulgaria Economic Forum*

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PART 1 – COMMON PROVISIONS

Chapter One SCOPE OF THE LAW

Scope of Application

Art. 1.

The Value Added Tax, hereinafter referred to as "tax", shall be levied on each supply of goods or services, where the place of supply is within the territory of this country and the supply has been performed by a taxable person under this Law; on exports by a taxable person, as well as on the importation of goods, unless this Law provides otherwise.

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Territorial Scope

Art. 2.

The provisions of this Law shall apply within the territory of the country which, for the purposes of this Law, shall include the geographical area of the Republic of Bulgaria, the continental shelf and the exclusive economic area, free warehouses and businesses licensed for foreign exchange trade.

Taxable Persons

Art. 3.

- (1) A taxable person, within the meaning of this Law, is any person who independently carries out any economic activity, whatever the purpose or results of that activity.
- (2) The following persons shall not be considered taxable persons within the meaning of this Law:
 1. The state, central and local government authorities in respect of the activities or transactions in which they engage as public authorities, even when they collect state or local taxes or fees in connection with these activities or transactions;
 2. Natural persons in respect to their activities on the basis of employment contracts;
 3. Natural persons who are not sole proprietors in respect to their activities regulated by law in connection with the management and supervision of legal entities.
- (3) Without prejudice to the provisions of par. 2, the state or the central and local government authorities shall be considered taxable persons under this Law where:
 1. the supplies they engage in will lead to significant distortions of competition in respect to the independent economic activity performed by taxable persons under this Law;
 2. they engage in any of the activities listed in the Regulations on the enforcement of this Law.

Chapter Two DEFINITIONS

Independent Economic Activity

Art. 4.

- (1) Independent economic activity is any activity performed regularly or by occupation, including any intellectual activity performed as a liberal profession.
- (2) Furthermore, independent economic activity is also any activity related to production, trade, agriculture, the provision of services, the mining of raw materials, and the performance of preparatory or ancillary operations for the purpose of the use or consumption by consumers.
- (3) The exploitation of tangible or intangible property for the purpose of obtaining income therefrom shall also be considered to be independent economic activity, provided it is carried out on a continuing basis.

Registered Persons

Art. 5.

A registered person, within the meaning of this Law, is any taxable person who has performed the obligation or exercised the right to register under this Law or has been registered at the initiative of the tax authorities.

Supply

Art. 6.

Supply, within the meaning of this Law, is the transfer of ownership of goods or other rights in rem over the goods and the provision of services effected for consideration on the basis of a concluded transaction or for the purposes of concluding such a transaction.

Goods

Art. 7.

- (1) Goods, within the meaning of this Law, shall be considered to be any movable or immovable property, except for money as legal tender.
- (2) Electric current, gas, water and heat shall also be considered to be goods within the meaning of this Law.

Equivalent to the Supply of Goods

Art. 8.

The supply of goods, for the purposes of this Law, shall include also:

1. The transfer of the right to dispose of the goods pursuant to a contract under which commission is payable on purchase or sale;

2. Where a taxable person acts in his own name and at another person's expense for the supply of goods, the taxable person shall be considered to have received and supplied the goods;
3. ¹ The transfer of ownership of goods or other rights in rem over goods carried out free of charge. Any free-of-charge services of negligible value for promotional purposes with a view to the independent economic activity of the person shall not be considered to be supply of goods;
4. The transfer, by order or regulation of a central or local government authority or in pursuance of the law, of the ownership of goods or other rights in rem over such goods;
5. The supply of goods for the own private use of the owner or that of his staff.

Services

Art. 9.

Services, within the meaning of this Law, shall be considered to be anything that has value other than goods and money (in circulation as legal tender).

Equivalent to the Supply of Services

Art. 10.

The supply of services, for the purposes of this Law, shall include also:

1. The sale of intangible assets or the transfer of rights thereof;
2. The undertaking of an obligation to refrain from activities or to waiver rights;
3. The provision of services pursuant to a contract under which commission is payable on provision or receipt of the service;
4. Where a taxable person acts in his own name and at another person's expense for the supply of services, the taxable person shall be considered to have received and supplied the services;
5. The supply of services, by order or regulation of a central or local government authority or in pursuance of the law;
6. ² The supply of services provided free of charge. Any free-of-charge services of negligible value for promotional purposes with a view to the independent economic activity of the person shall not be considered to be supply of goods;

¹(Amended, SG No. 111/1999)

²(Amended, SG No. 111/1999)

7. Any physical or intellectual work (including processing in the sense of production, construction or assembly of tangible assets with raw materials given at the disposal of the contractor by the principal);
8. The services of intermediary agencies for dismissal and recruitment of staff;
9. The supply of services for the own private use of the owner or that of his staff.

Importation of Goods

Art. 11.

- (1) Importation of goods, within the meaning of this Law, shall be considered to be the entry of goods into the customs territory of the country.
- (2) ³ The importation of goods shall include, for the purposes of this Law, also the entry of goods into the territory of a free area, or a free warehouse, or a business licensed for foreign exchange trade within the territory of the country.
- (3) The general rules on the documentation of imports in pursuance of the provisions of the Customs Law and the Regulations on its enforcement, as well as the rules provided in this Law in respect to the importation of goods shall apply to the cases under par. 2.

General Presumption of Imported Goods

Art. 12.

- (1) Any person who has acquired goods outside the territory of the country or has had in possession goods which are processed at his own expense at a place outside the territory of the country, shall be considered to have imported these goods into the territory of the country and to be liable to pay the tax, unless evidence exists to prove otherwise.
- (2) Any person who has cleared or deviated goods from customs control (customs regime or arrangements) shall be considered to have imported these goods into the territory of the country and to be liable to pay the tax, unless evidence exists to prove otherwise.

Supplier and Customer

Art. 13.

³(Amended, SG No. 111/1999)

- (1) A supplier, within the meaning of this Law, shall be considered to be the person who transfers the ownership or institutes or transfers other rights in rem over goods or provides services.
- (2) A customer, within the meaning of this Law, shall be considered to be the person who actually receives or acquires the ownership or the other rights in rem over goods or receives services.

Export

Art. 14.

- (1) Export, within the meaning and under the terms and conditions laid down in this Law, shall be considered to be any of the following:
 1. The export of goods within the meaning of Art. 15;
 2. International goods traffic within the meaning of Art. 16;
 3. The supply of goods and services directly linked to international goods traffic within the meaning of Art. 17;
 4. The processing or work on or mending of goods placed under the active improvement or customs-controlled processing customs regimes by a person in the name of whom the customs economic regime has been instituted, where the goods are exported or re-exported by the same person;
 5. The provision of public telecommunications services by a licensed operator within the meaning of the Telecommunications Law to the benefit of foreign operators who have no place of establishment or another business within the territory of the country and are not registered under this Law;
 6. The sale of a tourist package abroad by a licensed tour operator or tourist agent within the meaning of the Law on Tourism, which will be used in the country by a foreign person who has no place of establishment or business within the territory of the country and for which payment has been received within the territory of the country.⁴
 7. ⁵ the sale of game, hunting trophies, game products and related services to foreigners within the framework of the hunting tourism under the Law on Hunting and Game Protection.
- (2) The documents to prove export within the meaning of this Art. shall be regulated in the Regulations on the enforcement of this Law.

⁴ (Repealed, SG No. 111/1999, 102/2000*)

⁵ (New SG No. 78/2000)

- (3) ⁶ Where the supplier fails to obtain the documents under par. 2 to prove export before the expiration of the calendar month following the calendar month of the transfer of title or the export of the goods or the provision of the service, the provisions on the export of the supply shall not apply. Where the supplier obtains the documents to prove export subsequently, the supplier shall adjust the result of the application of this paragraph.

Export of Goods

Art. 15.

- (1) Export of goods, within the meaning of this Law, shall be considered to take place where all of the following conditions have been met:
1. The goods are supplied from a place within the territory of the country to a place outside the territory of the country;
 2. ⁷ The transportation of goods from the country to the place of supply is carried out:
 - (a) by the supplier or in his name; or
 - (b) by the customer or in his name, where the customer is a foreign person without any business within the territory of the country; these provisions shall not apply to the cases of goods supplied to entertainment sea-going vessels or private aircraft or other transportation vehicles for private use.
 3. The supplier transfers the ownership or the other rights in rem over the exported goods to the customer.
- (2) Export of goods, for the purposes of this Law, shall be considered to take place also where goods are supplied under the terms and conditions laid down in par. 1 from a place within the territory of the country to a place in a free area, free warehouse or a business licensed for foreign exchange trade.
- (3) The general rules on the documentation of exports in pursuance of the provisions of the Customs Law and the Regulations on its enforcement, as well as the rules provided in this Law in respect to the export of goods shall apply to the cases under par. 2.

International Goods Traffic

Art. 16.

International goods traffic, within the meaning of this Law, shall be considered to be the transportation of goods or passengers:

⁶(New, SG No. 111/1999)

⁷(Amended, SG No. 111/1999)

1. From a place within the country to a place outside it;
2. From a place outside the country to a place within the territory of the country;
3. Between two places outside the country;
4. Between two places within the country, where it is part of international goods traffic.

Supply of Goods and Services Directly Linked to International Goods Traffic

Art. 17.

Supply of goods and services directly linked to international goods traffic, within the meaning of this Law, shall be considered to be:

1. The chartering of sea-going vessels, aircraft and railway rolling stock for carrying out international goods traffic;
2. The processing of sea-going vessels, including the services under Chapter Nine of the Commercial Maritime Code, aircraft and railway rolling stock on international routes, as well as services for rescue operations or help at sea;
3. The transport handling of passengers and goods transported with a sea-going vessel, aircraft or railway rolling stock on international routes;
4. The construction, repair, maintenance, modification, transformation, assembly, equipment, provisioning, transport and destruction of sea-going vessels and aircraft; this shall not refer to yachts, sailing boats and the like, as well as aircraft for sports purposes, and other means of transportation for private use;
5. The supply of sea-going vessels, aircraft and railway rolling stock on international routes with spare parts, fuels and lubricants, food, beverages, water and other goods for consumption on board;
6. The provision of forwarding, agency, brokerage, courier or postal services and in connection with the international goods traffic;
7. ⁸ The sale of international aircraft traffic tickets, including the provision of the sale-related service.

Public Telecommunications Services

Art. 18.

Public telecommunications services shall be considered to be telecommunications services designated to be generally accessible within the meaning of the Law on Telecommunications.

⁸(New SG, No. 102/2000)

Forwarding and Agency Services

Art. 19.

Forwarding, agency and brokerage services, within the meaning of this Law and Chapter Nine of the Commercial Maritime Code, shall be considered to be the organisation of international goods traffic for consideration.

Other Definitions

Art. 20.

For the purposes of this Law:

1. "Consideration" shall be considered to be the price or remuneration paid or payable to the supplier being expressed in money, goods or services;
2. "Substitute means of payment" shall be considered to be the following:
 - (a) receipts on purchase;
 - (b) slips or coupons on purchase;
 - (c) tokens;
3. "Related persons" shall be considered to be:
 - (a) spouses, relatives of direct lineage without any limitations, relatives of lateral lineage up to the fourth degree removed, and in-laws up to the third degree removed;
 - (b) employer and employees;
 - (c) persons one of whom takes part in the management of the other;
 - (d) partners;
 - (e) a company or a person holding more than 5 per cent of the voting shares or stock of the company;
 - (f) persons one of whom is a trade representative of the other;
 - (g) persons one of whom has donated a gift to the other;
 - (h) persons involved directly or indirectly in the management, supervision or capital of another person or persons who can therefore agree upon terms and conditions other than the common ones;
4. "Business" shall be considered to be any of the following: registered trade representation, branch, office, studio, plant, workshop (factory), store, commercial warehouse, service shop, assembly site, construction site, mine, quarry, bore, oil or gas well, source or the like, aimed at extracting mineral resources, designated premises (own, leased or given for use) or another place through which a person engages fully or partially in independent economic activity within the territory of a country;

5. "Market price" of a good or service shall be considered to be the amount, net of the value added tax, which would be paid for an identical good or service in a supply under the same terms and conditions between persons who are unrelated. The market price shall be determined by means of:
 - (a) the method of comparable uncontrolled prices between independent traders as of the time of the supply;
 - (b) the method of market prices, where the market price is the price used in the process of selling goods and services in an unchanged form to an independent partner, reduced by the sales costs and the usual profit margin;
 - (c) the method of the increased prime costs, whereby the market price is determined through increasing the prime cost by the usual profit margin;
 - (d) any other reasonable method;
6. ⁹ "Financing (subsidies) directly linked to the supply/ies" shall be considered to be grants from the budget or other persons, constituting an additional payment for the good or service supplied to third parties to the beneficiary of the financing (subsidy);
7. "Repeated" shall be considered to be a violation committed within a year after the entry into force of the penalty ruling, whereby the person has been punished for a violation of the same type;
8. "Free area", "free warehouse", "customs territory of the country", "customs economic regime", "customs regime", "customs arrangement", "deferred payment regime", within the meaning of this Law, shall be considered to be equivalent to the same notions in the Law on Customs and the Regulations on its enforcement;
9. "Entrepot warehouses" shall be considered to be customs warehouses which are opened and managed in pursuance of the provisions of Arts. 104 to 117 of the Law on Customs;
10. ¹⁰ "Deduction of a result over a period - refund tax" within the meaning of Art. 77 shall be considered to be the right of the registered person to deduct a result over a period - refund tax, as indicated in the return, together with the refundable tax in another refund claim form within the framework of four successive one-month periods after the occurrence of the right to deduct;
11. ¹¹ "Goods of negligible value" and "services of negligible value" shall be considered to be the goods and services of market price below BGN 10 and the supply of which is not part of a series of supplies to the same customer.

⁹(Amended, SG No. 111/1999)

¹⁰(Amended, SG No. 102/2000)

¹¹(Amended, SG No. 111/1999)

12. ¹² "Investment gold" shall be considered to be:
- (a) gold in the form of bullion or plates of weights recognised at gold markets and purity equal to or greater than 995 thousandth parts;
 - (b) gold coins, as specified in an order issued by the Governor of the Bulgarian National Bank and the Minister of Finance, complying with all of the following conditions:
 - purity equal to or greater than 900 thousandth parts;
 - minted after 1800;
 - being or having been a legal tender in their country of origin;
 - sold normally at a price up to the market price of the gold contained in the coins in a quantity of over 80 per cent.
13. ¹³ "Tour operator", "tourist agent" and "tourist" shall be considered to have the same meaning as in the Law on Tourism;
14. ¹⁴ "Supply of goods and services used directly by the tourist" shall be considered to be the supply of goods and services to the tour operator or the tourist agent by other taxable persons, which are offered to the tourist without any changes thereof.
15. ¹⁵ "General tourist service" shall be considered to be the service that is the sum total of all goods and services provided in connection with a trip of a tourist by a tour operator or a tourist agent acting in his own name and for the provision of which there have been supplied goods and services used directly by the tourist.

Chapter Three PLACE OF SUPPLY

Place of Supply in the Case of Supply of Goods

Art. 21.

The place of supply in the case of supply of goods for taxation purposes within the meaning of this Law shall be considered to be any of the following:

1. The place where the goods are assembled or installed, whereby the ownership or other rights in rem over the goods assembled or installed by or at the expense of the supplier are transferred;
2. The place where the goods are located prior to their transportation in the case when the goods are not transported and assembled or installed by or at the expense of the supplier;

¹² (New, SG No. 111/1999)

¹³ (New, SG No. 111/1999)

¹⁴ (New, SG No. 111/1999)

¹⁵ (New, SG No. 111/1999)

3. The place where the goods are located as of the date of the transfer of ownership or other rights in rem or its actual delivery in the case when the goods are not transported.

Place of Supply in the Case of Supply of Services

Art. 22.

(1) The place of supply in the case of supply of services for taxation purposes within the meaning of this Law shall be considered to be any of the following:

1. The place where the immovable property is situated, where the service is connected with immovable property, including:
 - (a) services provided by experts or agents in connection with immovable property;
 - (b) services for preparation and coordination of construction works in connection with immovable property, such as: architectural, engineering, supervisory, etc.;
2. The place where a transport service is provided having regard to the distance covered for the supply of transport services;
3. The place where the service is physically carried out where:
 - (a) the service is connected with cultural, artistic, sporting, scientific, educational, hotel, restaurant and other tourist or similar activities, including the activities for their organisation;
 - (b) the service is connected with the transport handling of goods;
 - (c) the service constitutes an evaluation, appraisal or work on movable property;
4. The place of use of the goods where goods are leased or hired, except for transport vehicles exported by the lessee to another country;
5. The place of supply is the place of establishment or the business of the customer where the customer engages in independent economic activity for the following services:
 - (a) transfers of ownership or assignments of licences, patents, copyright, trademark, know-how or other similar industrial or intellectual property rights;
 - (b) provision of advertising services;
 - (c) provision of consultancy services by consultants, engineers, accountants, lawyers, legal counsels and others, as well as by consultancy offices or businesses;
 - (d) telecommunications services, data processing, and the supply of information;
 - (e) refraining from activities or waiver of activities or rights;

- (f) provision of financial services;
 - (g) provision of insurance and re-insurance and security services;
 - (h) supply of staff;
 - (i) intermediary services provided by a commissioner acting on behalf of and at the expense of another person in connection with the services listed in this subparagraph.
- (2) Further to the cases under par. 1, the place of supply of services, including the chartering of transportation means, shall be considered to be the place where the supplier regularly engages in his independent economic activity or has a business from where the services are provided.

General Presumption for the Place of Supply

Art. 23.

Except for the cases where evidence is available to prove the contrary, the supply of services shall be considered effected within the territory of the country, where the place of establishment or business or, in their absence, the permanent address or the usual stay of one of the parties to the supply is within the territory of the country.

Chapter Four TAXABLE EVENT

Definition

Art. 24.

Taxable event, within the meaning of this Law, is the supply of goods or services under Arts. 7 - 10, by taxable persons under this Law where the place of supply is within the territory of this country; exports under Art. 14 by a taxable person under this Law, as well as the importation of goods under Art. 11.

Chapter Five CHARGEABLE EVENT AND CHARGEABILITY OF TAX

Chargeable Event and Chargeability of Tax in the Case of Supply of Goods or Services

Art. 25.

- (1) The chargeable event, within the meaning of this Law, shall occur at the earlier date of either:
1. The date of the transfer of ownership or another right in rem over the goods or the date of completion of the service; or

2. The payment date (full or partial downpayment).
- (2) Where it is impossible to identify the date of the chargeable event, it shall be presumed to have occurred on the date of the physical delivery of the goods or the date of the actual completion of the service.
- (3) On the date of the chargeable event:
1. The tax under this Law shall become chargeable for the taxable supplies and the obligation of the registered person to accrue it shall occur; or
 2. There occur grounds for exemption from accruing the tax on the exempted supplies.

Specific Cases of Chargeable Events

Art. 26.

The date of the chargeable event shall be considered to be the following date in the following cases:

1. In the case of physical delivery of goods pursuant to a contract on ownership transfer under deferred terms and conditions without (full or partial) downpayment - the date of fulfilment of the conditions or the date of expiry of the term under which the ownership right will be transferred under normal circumstances;
2. In the case of physical delivery of assets under the Law on Accountancy pursuant to a financial leasing contract - the date of each payment or the date on which the payment becomes due;
3. In the case of periodic or continuing supplies - the date of each payment or the date on which the payment becomes due;
4. ¹⁶
5. In the case of sale of goods through mail orders - the date on which the seller receives the payment;
6. In the case of supplies through vending machines or other similar devices which become operational with coins, tokens and the like - the date on which the taxable person under this Law takes the coins or tokens from the aforesaid machines or devices;
7. In the case of a person who is not registered under this Law receiving a downpayment in connection with a supply and physically effecting the supply after the date of his registration under this Law - the date of the physical transfer of ownership or other rights in rem over the goods or the actual completion of services.

¹⁶(Repealed, SG No. 111/1999)

Chargeable Event in the Case of Importation of Goods

Art. 27.

In the case of importation of goods under Art. 11 the date on which the chargeable event occurs and the obligation occurs to accrue and pay or accrue and secure or exempt the imported goods is the date on which the obligation of customs authorities occurs:

1. To accrue customs duties, including the cases of zero-rating, or to exempt from customs duties; or
2. To accrue and secure customs duties or to exempt from securing customs duties.

Chapter Six TAX BASE

Definition

Art. 28.

The tax base, within the meaning of this Law, shall be considered to be the value on the basis of which the tax is accrued or not accrued, depending on whether the supply is taxable or exempted.

Tax Base in the Case of Supply of Goods and Services

Art. 29.

- (1) ¹⁷ The tax base of the supply of goods or services shall be determined on the grounds of the amount payable to the supplier by the customer or by a third party for the supply denominated in BGN and Stotinki net the tax under this Law and increased by:
1. All other taxes and fees, including excise taxes, where such taxes and fees are chargeable for a supply/ies; and
 2. All financing (subsidies) received and appropriated by the supplier, which are directly linked to the supply/ies; and
 3. Any penalty interest received by the supplier, which is directly linked to the supply/ies;
 4. Incidental costs, such as commission fees, packaging costs, transport and insurance costs, which are accrued on the customer by the supplier.

¹⁷(Amended, SG No. 103/1999)

- (2) Par. 1, item 4 shall not apply to costs for ordinary or customary packaging materials or containers, where under the terms and conditions of the supply the supplier has undertaken to refund such costs upon the return of these packaging materials or containers by the customer.
- (3) The amount, as defined in par. 1 and 2 shall be reduced by the amount of the commercial discount or rebate, where the latter are given to the customer on the date of the chargeable event.
- (4) Where goods or services are supplied for consideration in foreign currency, the tax base shall be determined on the grounds of the BGN equivalent of this foreign currency at the exchange rate announced by the Bulgarian National Bank as of the date of the chargeable event, subject to the increase or reduction in pursuance of the provisions of par. 1, 2 and 3.
- (5) ¹⁸ The tax base for taxable supplies of goods, for the purposes of this Law, shall not be lower than the historic or prime cost of the goods within the meaning of the Law on Accountancy, or in the case of imported goods - lower than the import tax base.
- (6) Par. 5 shall not apply in any of the following cases:
 1. Existence of objective market preconditions which the registered person is to prove beyond any doubt;
 2. Sale of goods whose price is fixed by a statutory instrument;
 3. Sale of goods financed (subsidised) by the central or local government budget;
 4. Sale of rejects to which the provisions of Art. 82 apply;
 5. Sale of newspapers;
 6. Exports within the meaning of Art. 14.

Specific Cases of Determining the Tax Rate for the Supply of Goods or Services

Art. 30.

- (1) Where the title to a building or part thereof (actual or common) is transferred, the tax base shall be the one agreed by the parties or the tax rate determined in pursuance of Art. 46 of the Law on Local Taxes and Fees, whichever is the higher.
- (2) Where the ownership of a motor vehicle is transferred, the tax base shall be the one agreed by the parties or the full insurance value of the transport vehicle, whichever is the higher, unless this Law provides otherwise.

¹⁸ (Amended, SG No. 102/2000)

- (3) The tax base shall be equal to the market price of the goods or services in any of the following cases:
1. Where the payment is effected in goods or services;
 2. Where the supply is carried out between related persons;
 3. Where the payment is effected in land fully or in part;
 4. Where goods and services are supplied free of charge.
- (4) The tax base for the available assets at the termination of the registration under this Law shall be equal to their market price as of the deregistration date.

Tax Base in the Importation of Goods

Art. 31.

- (1) ¹⁹ The tax base in the importation of goods shall be equal to the customs value within the meaning of the Law on Customs, as calculated in BGN and increased by all customs duties and excise taxes and fees payable upon importation.
- (2) Where goods are re-imported for the purposes of being processed, re-worked or handled under the customs economic regime of passive improvement, the tax base shall be equal to the sum total of the value of the work and the expenditures of the importer in connection with these goods outside the country, after it is increased by the customs duties and excise taxes due.

Chapter Seven TAXABLE SUPPLIES

Definition

Art. 32.²⁰

Except for the cases where this Law provides otherwise, taxable supplies shall be considered to be all supplies of goods or services within the meaning of Arts. 7 - 10, where the supplies have been performed by a taxable person under this Law and the place of supply is within the territory of the country; exports carried out by a taxable person within the meaning of Art. 14.

¹⁹ (Amended, SG No. 111/1999)

²⁰ (Amended, SG No. 111/1999)

Chapter Eight EXEMPTED SUPPLIES

Types

Art. 33.

- (1) Under the terms and conditions laid down in this Law, exempted supplies shall cover the supplies with the objects listed in Arts. 34 to 52.
- (2) Under the terms and conditions laid down in this Law, the following supplies shall also be exempted:
 1. ²¹ Supplies with place of supply outside the territory of the country, except for export;
 2. Supplies and activities performed beyond the framework of the independent economic activity;
 3. ²² The export of the goods or services listed in Arts. 36 - 52, except for the export of the locally manufactured goods under Art. 41;
 4. Supplies of goods located at an entrepot warehouse under customs control, within the framework of the customs regime, provided that they do not leave the entrepot warehouse.

Land Transactions

Art. 34.

- (1) Land transactions, within the meaning of this Law, shall be considered to be the following transactions: the transfer of title to land, the institution or transfer of rights in rem to land and the leasing of land.
- (2) For the purpose of this Law, land shall be the farmland, the forest land, and the land within the building boundaries of settlements.
- (3) Land transactions shall exclude:
 1. The transfer of ownership or other rights in rem, as well as the leasing or letting of permanently installed equipment, machines and buildings;
 2. The transfer of ownership of other rights in rem, as well as the leasing or letting of camping sites, caravan parks, holiday facilities, sites for parking vehicles and the like.

²¹ (Amended, SG No. 111/1999)

²² (Amended, SG No. 102/2000)

Letting Residential Buildings

Art. 35.

- (1) Letting residential buildings, within the meaning of this Law, shall be the letting of a building or a part thereof to a natural person who is not a trader.
- (2) ²³ The accommodation at hotels, motels, lodges, tourist inns, boarding houses, caravan parks, holiday facilities and the like, sanatoria and healthcare establishments shall not be considered to be letting of residential buildings.

Financial Services

Art. 36.

Financial services, within the meaning of this Law, shall comprise:

1. The granting of credit for consideration (interest) and the management of credit by the person granting it, including the granting of credit for supply of goods pursuant to a financial leasing contract where the leasing is up to the amount of the legitimate interest;
2. Supplies in connection with credit guarantees or any other security and the management of credit guarantees by the person who is granting the credit;
3. The management of deposits, current accounts, transfers, payments, debt, accounts receivable, cheques and other similar negotiable instruments, but excluding factoring and forfeiture;
4. Transactions concerning clearing and settlement of cheque accounts of other persons;
5. Transactions concerning currency, bank notes and coins used as legal tender;
6. ²⁴ Transactions concerning shares or securities and the derivatives thereof, excluding management and safekeeping. This shall not refer to securities, establishing rights over goods or services;
7. Management of investment funds under the terms and conditions laid down in the Securities, Law on Stock Exchanges and Investment Companies;
8. Transactions concerning fiscal and postage stamps at their face value or signs equivalent to postage stamps;
9. Financial futures and options.

²³ (Amended, SG No. 102/2000)

²⁴ (Amended, SG No. 111/1999)

Insurance and Reinsurance Services

Art. 37.

Insurance and reinsurance services, within the meaning of this Law, shall comprise the services provided by insurers under the terms and conditions laid down in the Law on Insurance, including related services provided by insurance brokers and insurance agents.

Social Security and Health Insurance Services

Art. 38.

- (1) Social security and health insurance services, within the meaning of this Law, shall comprise the services provided by persons governed by a special law to provide mandatory or voluntary social security or health insurance as defined in a special law.
- (2) Social security and health insurance services shall include also the intermediary services directly linked to the voluntary health insurance, social security or pension schemes as defined by a special law.

Welfare Services

Art. 39.

Welfare services, within the meaning of this Law, shall comprise the supply of goods or services directly linked to welfare provided by specialised municipal bodies or licensed legal entities under the terms and conditions laid down in the Law on Welfare.

Medical Services

Art. 40.

- (1) ²⁵ Medical services shall be services provided by the health care establishments under the Law on Public Health and by the health treatment establishments under the Law on Health Treatment Establishments, at homes for the elderly and other establishments, by medical doctors, dentists and medical specialists under the Law on Public Health and the Law on Health Treatment Establishments.
- (2) Medical services shall include also all services provided at old people's homes or homes for persons with physical or mental handicaps, which are financed through the central or local government budgets or another specialised national or regional fund.

²⁵(Amended, SG No. 62/1999)

Pharmaceutical Products

Art. 41.

Pharmaceutical products, within the meaning of this Law, shall comprise:

1. ²⁶ Pharmaceutical products registered/licensed for use in the country, except for medical products;
2. Veterinary pharmaceutical products registered by the National Veterinary Service at the Ministry of Agriculture, Forests and Agrarian Reform;
3. The consumables for human and veterinary medicine listed in an annex to the Regulations on the enforcement of this Law;
4. The prostheses and technical aids for disabled persons listed in an annex to the Regulations on the enforcement of this Law.

Education and Cultural Services

Art. 42.

Education and cultural services, within the meaning of this Law, shall comprise:

1. ²⁷ Services linked to the education and training provided by pre-school establishments, schools or auxiliary services thereto, or cultural or research institutions under educational, cultural and research programmes approved by the Ministry of Education and Science or the Ministry of Culture;
2. ²⁸ Services which are provided within the framework of the approved curriculum by higher schools and colleges recognised under the terms and conditions laid down in the Law on Higher Education;
3. ²⁹ Services provided in connection with postgraduate training and retraining, where such services are provided by the institutions under items 1 and 2;
4. Textbooks and teaching aids in the primary and secondary education system, approved as such by the Minister of Education and Science or the Minister of Culture within the framework of the approved compulsory curricula;
5. Textbooks in the higher education system, approved as such by the Minister of Education and Science or the Minister of Culture within the framework of the approved curricula.

²⁶ (Amended, SG No. 102/2000)

²⁷ (Amended, SG No. 102/2000)

²⁸ (Amended, SG No. 111/1999)

²⁹ (Amended, SG No. 111/1999)

Legal Services

Art. 43.

Legal services, within the meaning of this Law, shall comprise the services provided by lawyers or notaries under the terms and conditions laid down in the Bar Law or the Notary Law.

Transfer of Undertakings

Art. 44.

The transfer of undertakings, within the meaning of this Law, shall comprise the transfer of enterprises under Art. 15 of the Commerce Law, and the transactions in enterprises or parts thereof under the Transformation and Privatisation of State-Owned and Municipal Enterprises Act, excluding those under § 10 of the said Act.

Disposal with Goods Seized or Abandoned in Favour of the State

Art. 45.

The disposal with goods in favour of the state shall comprise the disposal by a central or local government authority of goods seized by such authority in favour of the state or goods abandoned in favour of the state.

Free-of-Charge Disposal with Assets by Central and Local Government Authorities

Art. 46.

The free-of-charge disposal with assets by central and local government authorities shall comprise the free-of-charge disposal, under the established terms and conditions, of fixed assets from the capital of taxable persons under this Law, where the sole owner of such assets is the state or a municipality.

Legal Action to Secure Accounts Receivable

Art. 47.

The legal action to secure accounts receivable shall comprise pledging or mortgaging.

Supplies under the Labour Code

Art. 48.

Supplies under the Labour Code shall comprise the provision of goods or services by the employer to employees under Chapter Fourteen of the Labour Code at prices which are lower than or equal to actual costs.

Gifts

Art. 49.

- (1) Gifts of goods or services, within the meaning of this Law, shall comprise gifts donated or granted to:
1. ³⁰ Education and health care establishments, research, cultural, educational, social and other organisations which are supported through the budget;
 2. ³¹ Nationally representative organisations of and for disabled persons;
 - 2a. ³² Specialised enterprises and cooperatives for disabled persons;
 3. Assist victims of natural calamities or severe industrial accidents;
 4. The Bulgarian Red Cross;
 5. National security and defence;
 6. Central and local governments, ministries, institutions, central and local bodies;
 7. Socially disadvantaged people, disabled persons, handicapped or parentless children, as well as homes for them, old people's homes or homes for persons with physical or mental handicaps.
- (2) (Amended, SG No. 111/1999) Gifts shall also include the free-of-charge disposal with the donated goods or services by the persons or organisations listed in par. 1.

Betting and Gambling

Art. 50.

Gambling, within the meaning of this Law, shall comprise any betting in which the bet may be won or lost, the organisation and conduct of which shall be subject to taxation under the Excise Taxes Law and/or the Law on Corporate Income Tax.

Supply of Agricultural Goods or Services

Art. 51.

The supply of agricultural goods or services, within the meaning of this Law, shall comprise:

1. The transfer of ownership of bread or fodder grain offered as payment in kind for a rent or a part thereof;

³⁰ (Amended, SG No. 102/2000)

³¹ (Amended, SG No. 102/2000)

³² (New, SG No. 102/2000)

2. Provision of land cultivation services with own machinery by cooperative farms, where the land is owned by the members of the same cooperative farm, as well as the raising and harvesting of crops on the same land of the cooperative farm.

Supply of Cultural Values and Sale of Tickets

Art. 52.

- (1) The supply of cultural values, within the meaning of this Law, shall comprise supplies, where the customer or supplier is: a museum, an art gallery or a library financed through the central or local government budget.
- (2) The sale of tickets, within the meaning of this Law, shall comprise the sale of entrance tickets for:
 1. Circus performances, and musical performances and concerts, excluding the tickets for night clubs, variety shows and erotic shows;
 2. Sports events;
 3. Museums, art galleries, libraries and theatres;
 4. Zoos and botanical gardens;
 5. Architectural, historical, archaeological, ethnographic and museum reserves and sites.

Procurement of machinery and equipment for renewable energy sources

Art. 52a. (New, SG No.64/1999, Repealed, SG No. 111/1999)

PART TWO PAYMENT OF TAX

Chapter Nine TAX RATE

Basic Rate

Art. 53.

The tax rate shall be equal to 20 per cent for each taxable supply of goods or services, including the importation of goods, unless provided otherwise in this Law.

Specific Rate

Art. 54.

³³ The tax rate shall be zero in the event of export within the meaning of Art. 14.

³³(Amended, SG No. 111/1999)

Chapter Ten CHARGING AND CALCULATION OF TAX

Charging of Tax for Taxable Supplies of Goods or Services

Art. 55.

- (1) ³⁴ The tax under this Law shall be charged by the supplier, who is a registered person, for each taxable supply of goods or services within five days after the date of the chargeable event.
- (2) The amount of the tax under this Law shall be calculated by multiplying the tax base by the tax rate.
- (3) The amount of the charged tax shall be received by the supplier, together with the payment of the supply.
- (4) Where taxable supplies of goods or services are effected free of charge, the charged tax shall be at the sole expense of the supplier.
- (5) ³⁵ The tax shall be payable by the registered person for the tax period, including the date of the issuance of the document on the chargeability of the tax, or, where no document is issued or the document is not issued within the time limits prescribed by this Law, for the tax period, including the date of the chargeable event, for which the tax is due.
- (6) ³⁶ The tax shall be considered charged, where the supplier issues a document to specify the tax, reflects such document in the accounting registers under Art. 104, and posts the tax in his accounts as a liability to the budget also in the tax return.

Specific Cases of Calculating the Tax

Art. 56.

- (1) Where the tax is charged on the transfer of title to a building or part thereof, the state and local taxes and fees, chargeable for the transfer, shall be deducted from the amount of the charged tax and the difference shall be considered to be the amount of the payable tax.
- (2) Where the tax has not been explicitly mentioned to be payable separately, while negotiating the taxable supply, the tax shall be considered to be imputed in the agreed price.
- (3) The tax shall be considered to be imputed in the announced price also in the cases of taxable supplies of goods offered for retail sale.

³⁴ (Amended, SG No. 111/1999)

³⁵ (Amended, SG No. 111/1999)

³⁶ (New, SG No. 111/1999)

Exemption from Charging the Tax

Art. 57.

No tax shall be charged in the case of effecting an exempted supplies of goods or services under Art. 33.

Charging the Tax on the Importation of Goods

Art. 58.

- (1) The amount of the tax on the importation of goods shall be calculated by multiplying the tax base as defined for importation in Art. 31 by the tax rate.
- (2) The tax shall be charged by customs authorities in the case of importation of goods.
- (3) The charging of the tax and the control of its payment for the importation of goods shall be considered equivalent to the term "collection" for the purpose of enforcing the Customs Law.

Import Exemptions

Art. 59.

No tax shall be payable in any of the following cases:

1. A law or an international agreement, duly ratified and promulgated, envisages import exemptions from taxes, charges or other collections (payments, taxation) with an effect equivalent to the effect of indirect taxes;
2. Goods come from a place outside the territory of the country to free areas, free warehouses or businesses licensed for foreign exchange trade;
3. Importation of aircraft, sea-going vessels and spare parts thereof, excluding those for sports or entertainment purposes;
4. ³⁷ Investment gold is imported;
5. Importation of aids granted to the central or local governments by foreign countries, municipalities, legal entities or natural persons or organisations;
6. ³⁸ Importation of aids granted to educational or health establishments, research, cultural, educational and welfare organisations; ministries, institutions and other government authorities; the Bulgarian Red Cross; the Foreign Aid Agency;

³⁷ (Amended, SG No. 111/1999)

³⁸ (Amended, SG No. 102/2000)

7. Information carriers are imported within the framework of Bulgaria's participation in the international exchange of publications exempted from customs duties;
8. Armaments, equipment and machinery are imported for the needs of the Ministry of Defence, the Ministry of the Interior and the other national security authorities;
9. Within the framework of the allowed duty-free importation:
 - (a) ³⁹ international postage and other parcels are imported or the imported items are of negligible value within the meaning of the Customs Law and the Regulations on its enforcement;
 - (b) passengers' personal luggage is imported;
 - (c) goods acquired by passengers abroad are imported to the country;
 - (d) second-hand personal property acquired as inheritance is imported;
 - (e) personal property is imported by individuals moving as permanent residents to the Republic of Bulgaria;
 - (f) property is imported in connection with marriage;
 - (g) second-hand household items are imported after the end of temporary residence outside the Republic of Bulgaria;
 - (h) orders, medals or other distinctions are imported;
 - (i) permanent residents within the territory of the country import their own pieces of art or research works, regardless of the type of information carrier;
 - (j) gifts received within the framework of international relations are imported;
 - (k) goods are imported for private use by foreign heads of state;
 - (l) goods are imported for helping victims of natural calamities;
 - (m) funerary items are imported;
 - (n) goods are imported for the purposes of haulage operations;
 - (o) elements of documentation are imported;
10. Importation of nuclear fuel;
11. Importation of technical aids and equipment of disabled persons, as well as parts thereof, including motor vehicles imported by disabled persons belonging to the first disability category or persons above the age of six who suffer from a disease or handicap mentioned in a list, as approved by the Minister of Health, the Minister of Labour and Social Policy and the Minister of Finance; the motor vehicles import exemption shall follow the procedure for customs exemption up to the amount of the BGN equivalent of USD 900,

³⁹(Amended, SG No. 111/1999)

including the amount for the tax; these provisions shall apply to the importation of a second-hand motor vehicle for a three-year period or a new motor vehicle for a five-year period;

12. ⁴⁰ Importation of life-saving and life-supporting pharmaceutical products, consumables and medical equipment in the framework of centralised supplies to the Ministry of Health and the National Health Insurance Fund or supplies to state-owned or municipal health establishments mentioned in a list, as approved by the Minister of Finance and the Minister of Health;
13. Products of sea fishing and other products acquired outside the territorial waters of the Republic of Bulgaria are imported with sea-going vessels registered in the Republic of Bulgaria and sailing under its flag;
14. Goods obtained from the products listed in item 13 are imported to ports on board of sea-going factories registered in the Republic of Bulgaria and sailing under its flag;
15. Importation of goods which are destroyed or abandoned in favour of the state pursuant to the provisions of Art. 180 of the Customs Law;
16. Goods under customs control are destroyed or irreparably lost due to reasons related to the nature of these goods or due to force majeure;
17. Temporarily exported goods are imported in an unchanged condition;
18. Goods are imported after their export and return because of customer claims within a year.
19. ⁴¹ the Bulgarian Red Cross imports the following goods purchased by it:
 - (a) goods especially designed for life-guard and life-rescue operations and for civil defense.
 - (b) motor vehicles and any necessary equipment if they are obtained with financial funds gratuitously provided for this particular purpose.
20. ⁴² Goods under the Customs Law, excluding motor vehicles, abandoned or confiscated in favor of the State are gratuitously provided.

Specific Cases of Goods under Customs Control

Art. 60.

⁴⁰ (Amended, SG No. 102/2000)

⁴¹ (New SG No. 44/2000)

⁴² (New SG No. 63/2000)

- (1) Where goods are placed under deferred payment regime or in other cases, in which security for customs import duties is required or not under the Customs Law, the tax shall be secured or not for the purpose of securing customs duty collection in the amount and way specified in the Customs Law and the Regulations on its enforcement.
- (2) Any person authorised to open and manage a warehouse under customs control (warehouse holder) under the Customs Law and the Regulations on its enforcement shall assume joint liability for the tax due, together with the depositor of the goods in the warehouse, where these goods deviate from the customs regime during storage in the warehouse.
- (3) ⁴³ Where the provisions of the Customs Law and the Regulations of its enforcement envision a liability to pay interest on customs duty in connection with a customs liability, there shall occur also a liability to pay interest also on the uncollected tax.

Specific Case of Charging the Tax

Art. 61.

Where a registered person obtains a service within the country by a person with registered office outside the country without any business under Art. 20 within the territory of the country, the customer shall charge a tax for the tax base of the supply if all of the following conditions are met:

1. The place of supply is within the territory of the country;
2. The service obtained is the object of taxable supply;
3. The service obtained is used also for exempted supplies;
4. The foreign person is not registered under this Law.

Specific Case of Exemption from Charging the Tax of a Registered Person for Taxable Supply

Art. 62.

- (1) No tax shall be charged, where a person registered under this Law disposes with goods or the results of services, for which the tax paid does not entail the right to tax credit.
- (2) The provisions of par. 1 shall not apply in cases where the right to tax credit would occur if the requirements of this Law were met but they have not been met for the specific registered person.

⁴³(New, SG No. 111/1999)

Chapter Eleven TAX CREDIT

Definition

Art. 63.

Tax credit shall be considered to be the amount of the tax charged under this Law on goods or services obtained by a registered person under taxable supplies or importation of goods during the tax period, which the person has the right to deduct, unless this Law provides otherwise.

Right of Deduction of Tax Credit during a Tax Period

Art. 64.

Customers or importers shall have the right to deduct the tax credit, where the following conditions have been met:

1. The customer of the taxable supply or the importer of the goods is a registered person under this Law as of the date of the chargeable event and as of the date of issuance of the tax invoice or as of the date of issuance of the customs declaration in the case of importation;
2. The tax under the taxable supply has been charged by a registered person under this Law (supplier) before the date of issuance of the tax invoice or the tax debit notice;
3. The supply, on which the tax is charged, is taxable as of the date of the chargeable event;
4. The tax, in the case of importation, is charged by the customs authorities and paid to the respective account in the central government budget specified in Art. 75;
5. The imported goods or the goods or services obtained under taxable supply has been used, is being used or will be used for effecting taxable supplies;
6. The customer has a tax invoice or a tax debit notice, which complies with the requirements of the Accountancy Law and this Law, or a customs declaration;
7. ⁴⁴

⁴⁴(Repealed, SG No. 111/1999)

Right to Deduct Tax Credit

Art. 65.

- (1) The right to deduct the tax credit shall not occur, notwithstanding the compliance with the requirements listed in Art. 64 or Art. 68, where:
 1. The goods or services are designated for representation events;
 2. A motor cycle or a motor vehicle with up to five seats, excluding the driver's seat, has been acquired, except for the cases where the person uses it for his main objects;
 3. The goods or services are designated for the maintenance, repair and operation of the motor cycles and motor vehicles specified in item 2;
 4. The goods or services are used for effecting exempted supplies within the meaning of Art. 33;
 5. The goods are seized in favour of the state or the building has been demolished as illegal.
- (2) The provisions of par. 1, item 2 shall not apply to light-weight vans which, within the meaning this Law, comprise motor vehicles designated for transportation of freight or motor vehicles with installed additional equipment for the purposes of the activities carried out by the registered person.
- (3) ⁴⁵ The provisions of par. 1 shall not apply to the cases, where the goods or services are used only for supplies under Art. 92.

Right of Deduction of Partial Tax Credit

Art. 66.

- (1) Registered persons shall be entitled to deduct partial tax credit for taxable supplies of goods or services or importation, where the goods or services are to be used for effecting both taxable and exempted supplies, and it is not possible to identify what portion of the goods or services will be used for taxable and exempted supplies respectively.
- (2) The right to partial tax credit shall occur for the tax period, during which the person acquires the goods or services or effects the importation. The amount shall be determined pursuant to the provisions of the Regulations on the enforcement of this Law.
- (3) The amount of the partial tax credit used under par. 2 shall be subject to adjustment through the annual return, pursuant to the provisions of the Regulations on the enforcement of this Law, on the basis of the actual ratio between the exempted and taxable turnover throughout the year.

⁴⁵(New, SG No. 102/2000)

Occurrence and Exercising of the Right to Deduct Tax Credit for a Tax Period within the Meaning of Arts. 64 and 66

Art. 67.

- (1) The right to deduct the tax credit shall occur for the tax period during which the person received the tax invoice, the tax debit notice or the customs declaration, being exercised through its accounting and reporting in the purchase log and the return for the same tax period.
- (2) The right of deduction shall not occur, where the tax invoice or the tax debit notice was issued prior to the date of registration of the customer or importer under this Law, unless this Law provides otherwise.

Chapter Twelve SPECIAL REGIMES OF USING TAX CREDIT

Right of Tax Credit for Tax Charged Prior to the Date of Registration of the Persons under this Law and Conditions for Its Occurrence

Art. 68.

- (1) Any registered person shall be entitled to deduct the tax charged prior to the date of his registration under this Law for the assets purchased or acquired in any other way or imported within the meaning of the Accountancy Law, which are available as of the registration date.
- (2) The right under par. 1 shall occur only in respect to assets available as of the registration date, for which the following conditions have been met:
 1. The person has a tax invoice of tax debit notice or customs declaration in compliance with the relevant legal requirements;
 2. ⁴⁶ The issuer of the tax document under item 1 was registered under this Law as of the date of the chargeable event and the date of issuance of the tax document and the supply was taxable as of that date and the condition under Art. 64, item 2 was met;
 3. The person has effectively paid the importation tax due, where a customs declaration has been issued;
 4. ⁴⁷ The registration list of the available assets, given in a special format, was compiled as of the registration date under this Law and served within three days after that date inclusive;
 5. The available assets were, are or will be used to carry out taxable supplies.

⁴⁶ (Amended, SG No. 111/1999)

⁴⁷ (Amended, SG No. 102/2000)

Occurrence and Exercising of the Right of Deduction Prior to the Registration under this Law Art. 69.

- (1) ⁴⁸ The right under Art. 68 shall occur on the registration date and it shall be exercised during the tax period after the registration date, the available assets and the tax charged at their acquisition, as specified in the registration list under Art. 68, being entered into the purchase log.
- (2) ⁴⁹
- (3) ⁵⁰ The right of deduction of tax credit under Art. 68 shall not occur and it shall not be exercised by the registered person, where the registration list was submitted after the third day as from the registration date under this Law.

Right of Tax Credit in Connection with Termination of Registration for the Assets Taxed on These Grounds and Available at the Time of Subsequent Registration

Art. 70.

- (1) Registered persons shall be entitled to deduct the tax charged in connection with the termination of their registration under this Law for the assets taxed within the meaning of the Accountancy Law, which are available as the time of subsequent registration.
- (2) The right under par. 1 shall occur only for the assets available as of the date of the subsequent registration, for which the following conditions have been met:
 1. The assets available as of the date of subsequent registration under this Law were taxed upon termination;
 2. The tax charged in connection with the termination has been effectively paid or netted by the tax authorities;
 3. The person has performed, is performing or will perform taxable supplies with the assets under item 1;
 4. ⁵¹ The registration list, given in a special format, for the assets available as of the date of subsequent registration, which have been taxed in connection with the termination of registration, has been compiled as of the date of subsequent registration and served within three days after that date inclusive.

- (3) ⁵²

⁴⁸ (Amended, SG No. 102/2000)

⁴⁹ (Repealed, SG No. 102/2000)

⁵⁰ (Amended, SG No. 102/2000)

⁵¹ (Amended, SG No. 102/2000)

⁵² (Repealed, SG No. 102/2000)

Occurrence and Exercising of the Right of Deduction of Tax Charged in Connection with Termination of Registration under This Law and Subsequent Registration of the Person

Art. 71.

- (1) ⁵³ The right under Art. 70 shall occur on the date of subsequent registration and it shall be exercised during the tax period after the registration date, whereby the available assets and the tax charged thereof at the time of deregistration, as included in the registration list under Art. 70, shall be reported in the purchase log.
- (2) ⁵⁴
- (3) ⁵⁵ The right of deduction of tax credit under Art. 70 shall not occur and it shall not be exercised by the registered person, where the registration list was submitted after the third day as from the registration date under this Law.

Chapter Thirteen TAX PERIOD

Definition

Art. 72.

- (1) Tax period, within the meaning of this Law, shall mean the span of time, after the expiration of which the registered person is obligated to submit the return with the results of the same tax period.
- (2) The tax period shall be equal to one month for all registered persons and it shall coincide with the calendar month.
- (3) ⁵⁶ The first tax period after the registration date shall cover the time from the registration date to the last day, inclusive of the calendar month of the registration under this Law.
- (4) The last tax period shall cover the time from the beginning of the tax period to the date of termination of registration inclusive.
- (5) The registered person shall determine on his own the results of each tax period - tax due to be paid to the central government budget or refund tax to be received from the central government budget - on the basis of the supplies and importation effected for each tax period.

⁵³ (Amended, SG No. 102/2000)

⁵⁴ (Repealed, SG No. 102/2000)

⁵⁵ (Amended, SG No. 102/2000)

⁵⁶ (Amended, SG No. 103/1999)

Chapter Fourteen PAYMENT OF TAX

Establishment of the Tax Payable Art. 73. Where the total amount of the tax charged by the registered person exceeds the total amount of the tax credit for a specific tax period, the balance shall constitute the result for the period - tax payable.

Payment of Tax

Art. 74.

- (1) ⁵⁷ Registered persons shall pay the tax as laid down in Art. 73 to the account of the respective territorial tax directorate in the central government budget within 14 days after the expiration of the tax period, which the tax refers to, or where the tax refers to the last tax period - within 30 days after the deregistration date.
- (2) ⁵⁸ The tax shall be considered paid on the date on which the amount is remitted to the account of the respective territorial tax directorate in the central government budget.

Payment of Tax in the Case of Importation of Goods

Art. 75.

- (1) Any importer of goods shall effectively pay the tax charged by the customs authorities as follows:
 1. ⁵⁹ To the account of the respective territorial tax directorate in the central government budget, where the importer is a registered person under this Law;
 2. ⁶⁰ To the account of the respective territorial tax directorate which would register the importer under this Law, where the importer is not a registered person, in the central government budget;
 3. ⁶¹ To the account of the respective territorial tax directorate at the place of permanent residence in the central government budget or at the cash desk of the customs institution, where the importer is a natural person who is not registered under this Law and who is not a sole proprietor.

⁵⁷ (Amended, SG No. 102/2000)

⁵⁸ (Amended, SG No. 103/1999)

⁵⁹ (Amended, SG No. 103/1999)

⁶⁰ (Amended, SG No. 103/1999)

⁶¹ (Amended, SG No. 103/1999)

- (2) Tax or customs authorities may not net the tax under par. 1 against other obligations.
- (3) ⁶² Customs authorities shall remit the tax paid at the cash desk of the customs institution to the account of the respective tax authorities at the place of the customs institution at the cash desk of the central government budget within three days after payment of the amounts.
- (4) ⁶³ The goods imported shall be exempted from customs control after payment of the tax due, as charged by the customs authorities. The payment under par. 1 shall be certified before the customs authorities by the paying bank through a telex message or a certificate, reproducing the contents of the payment document.

Chapter Fifteen NETTING, DEDUCTION AND REFUND OF RESULTS FOR A PERIOD - TAX REFUNDABLE

Establishment of the Tax Refundable

Art. 76.

Where the total amount of the tax credit exceeds the tax charged by the registered person for a specific tax period, the balance shall constitute the result for the period - tax refundable.

Netting, Deduction and Refund of the Tax Refundable

Art. 77.

- (1) The tax refundable under Art. 76 shall be netted, deducted or refunded as follows:
 1. In the case of other ascertained outstanding tax liabilities as of the date of submission of the return, the tax authority shall net such debts against the tax refundable, as stated in the return; the procedure under item 2 shall apply to the balance, if any;
 2. ⁶⁴ Where no other ascertained outstanding tax liabilities exist or where their amount is less than the tax refundable under the return, the registered person shall deduct the tax refundable or the balance of the tax refundable under item 1, as stated in the returns submitted over the next four successive one-month tax periods;
 3. Where tax payable remains after the deduction under item 2, it shall be paid within the time limits under Art. 74, par. 1;

⁶² (Amended, SG No. 103/1999)

⁶³ (Amended, SG No. 102/2000)

⁶⁴ (Amended, SG No. 102/2000)

4. If after the expiration of the term under item 2 there is a balance of the tax refundable, tax authorities shall net this balance to refund against other ascertained outstanding tax liabilities or refund it within 45 days after the submission of the latest return;
 5. ⁶⁵ If the tax refundable, in respect to which a deduction procedure has started, is not fully deducted as of the date of the last return over the four one-month periods, any other tax refundable under a return for any of these one-month periods shall be added thereto and it shall be subject to refunding or netting, together with the balance and within the time limits under item 4;
 6. ⁶⁶ If the conditions under item 5 are not available, a new four-month period shall begin for the deduction of the next tax refundable, as stated in the return.
- (2) ⁶⁷ Any registered person who, for the least 12 months prior to the current month, has effected importation within the meaning of Art. 14 and supplies under Art. 92 at a total value of over 30 per cent of the total value of all supplies effected by this person over the same period and has no ascertained outstanding tax liabilities, shall be entitled to have the balance under par. 1 refunded within 45 days after submission of the return. If there are any ascertained outstanding debts to the state, the netting and refunding of the balance, if any, shall be effected within the same time limits.
- (3) ⁶⁸ The circumstances under par. 2 shall be certified in writing before the respective tax directorate in the return submitted. Otherwise the provisions of par. 2 shall not apply.
- (4) In the course of the deduction procedure performed under this Art. by the registered person, tax authorities shall not be entitled to net the tax refundable against other debts to the state.
- (5) The tax refundable, which has not been refunded without valid reasons within the time limits specified in this Law, shall be refunded together with the legitimate penalty interest.

Suspension and Renewal of Terms under Art. 77

Art. 78. The time limits for refunding under Art. 77, par. 1, item 4 and par. 2 shall be suspended:

1. In the case of absence of accounting kept in compliance with the requirements of the Accountancy Law and they shall be renewed when such accounting starts;

⁶⁵ (Amended, SG No. 102/2000)

⁶⁶ (Amended, SG No. 102/2000)

⁶⁷ (Amended, SG No. 102/2000)

⁶⁸ (Amended, SG No. 103/1999)

2. In the case of absence of failure to produce the mandatory documents under this Law or any other documents requested by tax authorities, if they are mandatory under a statutory instrument and they shall be renewed when such documents are presented to the tax authority;
3. In the case of preventing an authorised tax body from access to administrative, industrial or other premises linked with the activities of the registered person and they shall be renewed when access is ensured;
4. ⁶⁹ In the case of impossibility for the registered person - supplier or customer - to be found at the address stated in the application for registration under this Law and they shall be renewed upon the notification of the tax authorities in writing about the change of address in the country and the finding of such person at this address by tax authorities;
5. In the case when tax authorities find out circumstances which may be considered sufficient for the perpetration of a tax offence or violation of this Law and report these circumstances to the bodies of the Ministry of the Interior or the prosecution office within one month after their finding out, and they shall be renewed upon the receipt of an official refusal in writing to open proceedings or close existing proceedings by the relevant authorities.
6. ⁷⁰ In the case of a written request by the authorities of the Ministry of the Interior or the judiciary and they shall be renewed upon notification of the reason for the request becoming irrelevant.
7. ⁷¹ In the case of a tax audit of the person pending its completion but not for more than six months as from the date of notification of the tax audit.

Chapter Sixteen SPECIAL PROCEDURES FOR REFUNDING PAID TAX

Refunding of Tax Paid by Diplomatic Representations, Consular Offices, Representations of Intergovernmental Organisations and the Members of Their Staff

Art. 79.

(1) Refundable on a reciprocal basis shall be the tax paid by:

1. Diplomatic representations;
2. Consular offices;
3. Representations of intergovernmental organisations;

⁶⁹ (Amended, SG No. 111/1999)

⁷⁰ (New, SG No. 111/1999)

⁷¹ (Amended, SG No. 102/2000)

4. Members of the staff of the offices and representations under items 1, 2 and 3.
- (2) The terms and conditions for the refunding under par. 1 shall be defined in special Rules.

Refunding of Tax Paid by a Foreign Person

Art. 80.

- (1) The value added tax shall be refunded on the basis of documents of foreign natural persons who have purchased goods for private use with tax charged thereon, after they leave the territory of the country and provided that the goods are taken out of the country in an unchanged condition.
- (2) The value added tax shall be refunded to foreign legal entities registered for VAT purposes in countries which refund the value added tax to Bulgarian legal entities for the services they use on the territory of the country.
- (3) The conditions, documents and procedures for refunding under par. 1 and 2, as well as the types of services under par. 2 shall be specified in special Rules.
- (4) Customs authorities shall ascertain the export of goods under par. 1 through verification of a special form.

Chapter Seventeen ADJUSTMENTS

Adjustment of Tax Credit Used

Art. 81.

- (1) Any registered person who has fully or partially deducted as tax credit the tax charged on him for goods manufactured, purchased or acquired in another way by him to be subsequently used for the purpose of exempted supplies shall charge and pay a tax equal to the deducted tax credit.
- (2) Where a registered person who has fully or partially deducted as tax credit the tax charged on him for service obtained by him under a taxable supply subsequently uses the result of this service for effecting exempted supplies, the tax charged and paid shall be equal to the tax credit deducted for the service obtained by the registered person.
- (3) The tax under par. 1 and 2 shall be charged on the date of the exempted supply.

- (4) Any registered person who has fully deducted as tax credit the tax charged on him for goods manufactured, purchased or acquired in another way by him to be subsequently used for both taxable and exempted supplies shall charge and pay tax under terms and conditions laid down in the Regulations on the enforcement of this Law.
- (5) The provisions of par. 1 and 2 shall not apply in any of the following cases:
1. ⁷² Transfer of a whole enterprise under Art. 15 of the Commerce Law, where the customer is a person registered under this Law or a person registered within the time limits specified in Art. 125 for the assets available as of the registration date;
 2. Privatisation deals under the Law on Transformation and Privatisation of State-Owned and Municipal Enterprises, excluding those under § 10 of the Transitional and Concluding Provisions of the aforementioned Law;
 3. Disposal with fixed assets by the state or municipalities within the meaning of Art. 46;
 4. Gifts under Art. 49.
 5. ⁷³ Goods and services purchased, manufactured or acquired in any other way, where the tax regime of the supplies of such goods and services by the registered person is changed by force of this Law.

Adjustments for Refuse and Missing Quantities

Art. 82.

- (1) Any registered person who has deducted as tax credit the tax charged on him for goods manufactured, purchased or acquired in any other way by him shall charge and pay tax equal to the deducted tax credit in the event of establishing missing quantities or refuse.
- (2) The tax under par. 1 shall be charged on the date on which the missing quantities are established or the refuse is reported.
- (3) The tax under par. 1 shall not be charged in any of the following events:
1. Missing quantities and refuse due to force majeure;
 2. Missing quantities due to changed physical and chemical properties and normal size in conformity with the established standards for the allowable natural scrap, and missing inventory in the course of storage and transportation in conformity with the established standards, norms and other statutory instruments;

⁷² (Amended, SG No. 111/1999)

⁷³ (New, SG No. 111/1999)

3. Technological scrap within the allowable limits, as specified in the existing national standards, sectoral or industrial norms, and technological documentation for the respective industry or activity;
4. ⁷⁴ Refuse of fixed assets within the meaning of the Accountancy Law, where their book value is lower than 10 per cent of their reported value.

PART THREE SPECIAL SCHEMES

Chapter Eighteen SUPPLIES PURSUANT TO COMMISSION AGREEMENTS

Special Provisions

Art. 83.

(1) Where a commissioner acts on another person's behalf and for another person's account, two supplies are considered to exist:

1. Supply between the principal and the third party; the date of the chargeable event and the tax base for this supply shall be determined under the general terms and conditions laid down in this Law;
2. Supply of service between the commissioner and the principal; the tax base for this supply shall be the consideration for the commissioner, including the compensation for the costs incurred by him in connection with the supply, if agreed; the commissioner shall be deemed supplier in this case; the date of the chargeable event shall be determined under the general terms and conditions laid down in this Law.

(2) Where the commissioner acts on his own behalf and for the principal's account, three supplies are considered to exist:

1. Supply between the commissioner and the third party; the date of the chargeable event and the tax base for this supply shall be determined under the general terms and conditions laid down in this Law;
2. Supply between the principal and the commissioner in connection with the transfer of the property rights to the good or the provision of the service which is the object of the supply to the third party by the commissioner; the tax base for this supply shall be equal to the tax base for the supply under item 1; the date of the chargeable event for this supply shall not be later than the date of the chargeable event under item 1;

⁷⁴ (Amended, SG No. 102/2000)

3. Supply of service between the commissioner and the principal; the tax base for this supply is the consideration for the commissioner, including the compensation for the costs incurred by him in connection with the supply, if agreed; the commissioner shall be deemed supplier in this case; the date of the chargeable event shall be determined under the general terms and conditions laid down in this Law.

Chapter Nineteen Supply of Second-hand Goods, Works of Art, Collectors' Items, and Antiques

Definitions

Art. 84.

Within the meaning of this Law:

1. "Second-hand goods" are used and individualised movable items fit for further use in the same condition or after repair, which may be used for their original purpose. The following items shall not be deemed second-hand goods:
 - (a) works of art;
 - (b) collectors' items;
 - (c) antiques;
 - (d) precious metals and gems in whatever form;
 - (e) goods reported as fixed assets within the meaning of the Accountancy Law.
2. "Works of art" are the items listed in an Annex to the Regulations on the enforcement of this Law;
3. "Collectors' items" are postage or fiscal stamps with or without postage mark, provided they are not in circulation, as well as collections and collectors' items of interest from the perspective of zoology, mineralogy, anatomy, history, archaeology, palaeontology, ethnography or numismatics;
4. "Antiques" are items other than works of art and collectors' items above the age of 100 years.

Dealer

Art. 85.

- (1) "Dealer", within the meaning of this Chapter, is a registered person who acquires or imports second-hand goods, works of art, collectors' items and antiques and sells them only or offers them for sale at a public auction, regardless of whether he act on his own behalf or on behalf an in the account of another person pursuant to a contract under which a commission is payable for the sale.
- (2) The registered person engaging in the activities under par. 1 shall be free to choose the taxation scheme under this Chapter.
- (3) The right of choice shall be exercised through submitting an application for change of data and it shall not be subject to modification before the last day of the calendar year, following the year in which the right of choice under par. 2 was exercised.
- (4) A registered person engaging in the activities under par. 1 and failing to exercise the right of choice shall apply the general terms and conditions laid down in this Law.

Place of Supply under This Chapter

Art. 86.

"Place of supply", within the meaning of this Law, is the place of establishment of the dealer or the business from where he effects the supply.

Tax Base under This Chapter

Art. 87.

- (1) The tax base for charging the tax for supply from a dealer under this Chapter shall be equal to the price margin.
- (2) The price margin shall be equal to the balance between the selling price and the purchase price for the registered person, which for the purpose of this Law may not be a negative quantity and it shall be determined for the tax period as a whole in respect to the goods listed in Art. 84.
- (3) The selling price, for the purpose of this scheme, shall include everything which the dealer has received or will receive from the buyer, including the transfers directly linked to the supply, taxes, customs duties, fees and charges, as well as the single-time costs, such as commission, package costs, transportation and insurance costs which the dealer has included, net the tax under this Law.
- (4) The selling price in the case of sale through public auction shall be equal to the highest price offered at the auction, by force of which the person has become the owner. In this case, the tax shall be deemed included therein.

Dealers' Right of Tax Credit

Art. 88.

- (1) Dealers shall not be entitled to deduction of the tax charged in connection with the acquisition or importation of second-hand goods, works of art, collectors' items, and antiques.
- (2) Dealers shall be entitled to tax credit for the other goods and services acquired or imported to be used only for effecting supplies under this Chapter.
- (3) The tax credit used under par. 2 for the year as a whole shall not exceed the total amount of the tax charged by the dealer for supplies under this Chapter.

Documentation and Reporting of Supplies by the Dealer

Art. 89.

- (1) Registered persons who are dealers shall document and report their supplies under this Chapter, as well as the tax payable for each tax period, as determined in the Regulations on the enforcement of this Law.
- (2) Dealers shall submit annual returns to determine and adjust the amount of the tax credit used in the course of the year in pursuance of the provisions of Art. 88, par. 3 under terms and conditions laid down in the Regulations on the enforcement of this Law.

Taxable Turnover of the Dealer

Art. 90.

The taxable turnover of dealers from supplies under this Chapter shall be equal to the sum total of the declared and taxed margins.

Charging Tax for the Available Goods upon Termination of the Dealer's Registration

Art. 91.

- (1) The termination of the dealer's registration shall be effected under the general deregistration terms and conditions laid down in this Law, unless another instrument provides otherwise.
- (2) Upon termination of his registration, the dealer shall pay tax for the available goods under this Chapter. The amount of the tax shall be determined on the basis of the average margin of the dealer for not more than the last 12 months prior to the deregistration date.

- (3) The terms and conditions for determining the average margin and the tax due under par. 2 shall be established with the Regulations on the enforcement of this Law.
- (4) Upon termination of his registration, the dealer shall pay tax for the available assets. For which he has used tax credit, under the general terms and conditions laid down in this Law.

Chapter Twenty⁷⁵ SUPPLIES RELATED TO INVESTMENT GOLD

Exemption of Supplies Related to Investment Gold

Art. 91a.

- (1) Supplies related to investment gold shall be exempted, except for the cases under par. 2.
- (2) Taxable persons, producing investment gold or transforming gold into investment gold, as well as taxable persons, normally supplying gold for industrial purposes, may opt for making the supplies under par. 1 taxable. Taxable persons, serving as intermediaries in supplies of investment gold, may opt for making the supplies under par. 1 taxable, where the supply of investment gold, to which the service of intermediation is provided, is taxable.
- (3) The right under par. 2 may be exercised only for the supplies, for which the customer is a person registered under this Law.
- (4) The right under par. 2 shall be exercised by having this fact specified by the supplier in the tax document on the supply.
- (5) In deviation from the provisions of Art. 55, the customer shall charge the tax under this Law, where the customer is registered under this Law and in the following cases:
 1. supply of gold materials or semi-finished products with a purity of at least 325 thousandth parts;
 2. supply related to investment gold, for which the right under par. 2 has been exercised.

Right to Tax Credit in Supplies Related to Investment Gold

Art. 91b.

- (1) Without prejudice to the fact that the subsequent supply related to investment gold is exempted, registered persons shall be entitled to deduct a tax credit for the tax charged on:

⁷⁵(New, SG No. 111/1999)

1. supplies of investment gold by a person, who has exercised the right to opt under Art. 91a, item 2;
 2. supply or importation of gold other than investment gold, which has been turned into investment gold subsequently by such person or in his name;
 3. provision of service, leading to change of the shape, weight or purity of the gold, including investment gold, where the subsequent supply of such gold is exempted.
- (2) Without prejudice to the fact that the subsequent supply related to investment gold is exempted, registered persons who produce investment gold or transform gold into investment gold shall be entitled to deduct the tax credit with respect to the supplies or upon the importation of goods and services related to the production or transformation of such gold.

Documenting Supplies Related to Investment Gold

Art. 91c.

Taxable persons shall document and report supplies related to investment gold under terms and conditions laid down in the Regulations on the enforcement of this Law.

Chapter Twenty-one SUPPLY OF TOURIST SERVICES

Place of Supply

Art. 91 d.

*⁷⁶ In the case of supply of a general tourist service, the place of supply shall be considered to be the place, where the supplier permanently engages in his independent economic activity, or has a business, from which the service is provided.

Tax Base

Art. 91 e.*⁷⁷

- (1) The tax base of the supply of a general tourist service shall be considered to be the difference between:
1. the total amount paid or due to be paid by the tourist, net the tax due for the supply; and

⁷⁶ (Shall be applied as of 1 January 2002, SG No.102/2000)

⁷⁷ (Shall be applied as of 1 January 2002, SG No.102/2000)

2. the tax base and the tax for the supplies of goods and services supplied to the tour operator or the tourist agent by other taxable persons and used directly by the tourist.

(2) The tax base of the supply of a general tourist service shall not be negative.

Right to Tax Credit

Art. 91 f.*⁷⁸ The tour operator or the tourist agent shall not be entitled to tax credit for the supply of goods and services used directly by the tourist.

Chargeable Event

Art. 91 g.*⁷⁹

In the case of the supply of a general tourist service, the chargeable event shall occur on the date, on which the tourist uses the supply for the first time.

Exemption of Supplies

Art. 91 h. *⁸⁰

- (1) The supply of a general tourist service shall be exempted, where the supplies of goods and services used directly by the tourist and included in such supply, have their place of supply outside the territory of the country.
- (2) Where the supplies under item 1 are only partially with a place of supply outside the territory of the country, the supply of the general tourist service shall be exempted only for the relevant portion.
- (3) In the cases under item 2, the exempted portion shall be determined under terms and conditions laid down in the Regulations on the enforcement of this Law.

Documenting and Reporting Supplies

Art. 91i.* (SG No.102/2000) Tour operators or tourist agents shall document and report supplies of general tourist services under terms and conditions laid down in the Regulations on the enforcement of this Law.

⁷⁸ (Shall be applied as of 1 January 2002, SG No.102/2000)

⁷⁹ (Shall be applied as of 1 January 2002, SG No.102/2000)

⁸⁰ (Shall be applied as of 1 January 2002, SG No.102/2000)

Chapter Twenty-two EXEMPTIONS PURSUANT TO INTERNATIONAL TREATIES, AGREEMENTS, CONVENTIONS AND THE LIKE

Exemption of Taxable Supplies

Art. 92.

Where duly ratified and promulgated international treaties, agreements, covenants, conventions and the like, to which the Republic of Bulgaria is a party, envisage exemptions of taxable supplies from value added tax or from a tax, charge or levy with effect equivalent to an indirect tax, the exemptions or refunding of tax paid on the occasion of the acquisition of goods or services in connection with such supply shall be effected under the terms and conditions laid down in this Law.

PART 4 DOCUMENTATION AND REPORTING

Chapter Twenty-three TAX DOCUMENTS

Definition

Art. 93.

(1) Tax documents, within the meaning of this Law, shall include:

1. Tax invoices;
2. Tax notices to tax invoices;
3. Simplified invoices;
4. Notices to tax invoices.

(2) ⁸¹ Tax documents shall be issued by the registered person who is a supplier within five days after the date of the chargeable event and notices shall be issued within five days after the change of the tax base and reported in the accounting documentation and the sales log for the tax period to which they refer.

(3) Tax documents shall be issued at least in duplicate.

(4) Tax documents shall be issued in all cases upon request by the customer of the supply.

(5) The tax documents received by the customer of the supply shall be reported in his accounting documentation for the tax period in which they are received.

(6) No modifications or additions shall be allowed to tax documents. Wrong or forged documents shall become null and void. The latter shall not be destroyed but they shall be kept with the issuer of these documents.

⁸¹ (Amended, SG No. 102/2000)

- (7) New tax documents shall be issued in the cases under par. 6.
- (8) Tax documents issued under this Law shall be kept over a five-year period after the expiration of the tax period to which they refer.
- (9) ⁸² In the event of theft, loss, damage or destruction of tax documents, the registered person shall immediately advise the respective territorial tax directorate thereof in writing.
- (10) Tax documents may be issued either manually or automatically.

Tax Invoice

Art. 94.

- (1) The tax invoice is a private document in writing, which is issued by a person registered under this Law, to certify the occurrence of a chargeable event and charged tax.
- (2) The tax invoice shall be issued, regardless of whether the customer is a registered person under this Law or not.
- (3) As well as the features under Art. 8, item 1 of the Accountancy Law, the tax invoice shall contain:
 1. A ten-digit number of the document with Arabic numerals only;
 2. A sign "Original" on the first counterpart;
 3. The tax base of the supply on a separate row;
 4. Where the amount due to the supplier by the customer is different from the tax base, this amount shall be reported on a separate row for information purposes;
 5. The amount of the tax charged for the supply on a separate row.

Tax Notices to Tax Invoices

Art. 95.

- (1) The change of the tax base of a taxable supply for which a tax invoice has been issued, and the change of the amount of the charged tax shall be documented through a tax debit notice or a tax credit notice, indicating also the grounds for the change. Tax notices shall be issued only to an issued tax invoice.
- (2) Tax notices shall be either of the following:

⁸²(Amended, SG No. 103/1999)

1. Tax debit notices - tax documents reflecting the increase of the tax base and the tax charged on a taxable supply, as documented with a tax invoice;
 2. Tax credit notices - tax documents reflecting the decrease of the tax base and the tax charged on a taxable supply, as documented with a tax invoice.
- (3) Where a tax invoice has been issued for a chargeable event and subsequently a circumstance occurs to invalidate the chargeable event ex post facto, a tax credit notice shall be issued as of the date of this circumstance.

Features of Tax Notices

Art. 96.

Tax notices shall contain the following features:

1. All mandatory features of tax invoices;
2. Additional indication "Tax Debit Notice" or "Tax Credit Notice";
3. Grounds for the change, as well as the number and date of the tax invoice, which the tax notice refers to.

Simplified Invoice

Art. 97.

- (1) The simplified tax invoice is a private document in writing, which is issued by a registered person, supplier of goods and services, for the occurrence of a tax event for which no tax is charged.
- (2) The simplified tax invoice shall be issued by a person registered under this Law, where the supply is exempted, regardless of whether the customer is a registered person under this Law or not.
- (3) As well as the features under Art. 8, par. 1 of the Accountancy Law, simplified invoices shall contain:
 1. A ten-digit number of the document with Arabic numerals only;
 2. The grounds for non-chargeability of tax.
- (4) Where a simplified invoice is issued for a supply on which the tax has been charged, the amount in the document shall be deemed to include the tax charged.

- (5) Simplified invoices shall be issued also in the following cases of taxable supplies:
1. Export within the meaning of Art. 14;
 2. Supplies free of charge;
 3. Taxable supplies for which no tax invoice has been requested;
 4. Supplies within the meaning of Art. 62;
 5. Supplies under Part Three, Chapter Nineteen.

Notices to Simplified Invoices

Art. 98.

- (1) Where the tax base of an exempted supply is changed or in the cases under Art. 97, item 4, where a simplified invoice has been issued, the change of the tax base shall be documented with a debit or credit notice, indicating also the grounds for the change. The notice shall be issued only to an issued simplified invoice.
- (2) Debit notices are documents, reflecting the increase of the tax base of an exempted supply documented with a simplified invoice or in the cases under Art. 97, item 4.
- (3) Credit notices are documents, reflecting the decrease of the tax base of an exempted supply documented with a simplified notice or in the cases under Art. 97, item 4.
- (4) Where a simplified invoice has been issued for a chargeable event and subsequently a circumstance occurs to invalidate the chargeable event ex post facto, a credit notice shall be issued as of the date of this circumstance.

Features of Tax Notices to Simplified Invoices

Art. 99.

Notices shall contain the following features:

1. All mandatory features of simplified invoices;
2. Additional indication "Debit Notice" or "Credit Notice";
3. Grounds for the change, as well as the number and date of the simplified invoice, which the tax notice refers to.

Chapter Twenty-four OTHER DOCUMENTS

Return

Art. 100.

- (1) The return is a document, whereby the registered person is obligated to declare certain information in connection with his activities for each tax period, giving grounds for the occurrence of rights and obligations.
- (2) Returns shall be drawn up in duplicate in a format, as approved with the Regulations on the enforcement of this Law.
- (3) ⁸³ A registered person shall submit the return to the respective territorial tax directorate for each tax period before the 14th day inclusive of the month following the tax period, which it refers to.
- (4) Returns shall be served also in the cases where the tax is not payable or refundable, as well as in the cases where the registered person has not provided and obtained supplies or goods and services or importation over the same tax period.
- (5) In the event of force majeure and at the request of the registered person, tax authorities may extend the time limits for submitting returns up to the time of expiration of the next tax period.

Annual Return

Art. 101.

- (1) ⁸⁴ Registered persons who have effected both taxable and exempted supplies over the year, shall submit also annual returns in the approved format to the respective territorial tax directorate before the 15th day of April inclusive of the following year.
- (2) The tax payable or refundable, specified in the annual return, shall be paid or refunded within three months after the date of the annual return, in which it is referred to.
- (3) Upon termination of registration under this Law, registered persons shall not serve annual returns for the year, in which the registration was terminated.

⁸³ (Amended, SG No. 103/1999)

⁸⁴ (Amended, SG No. 103/1999)

Cash Receipt from a Fiscal Device

Art. 102.

- (1) ⁸⁵ Each registered and non-registered person under this Law shall register and report the supplies effected in a business through the issuance of cash receipts from a fiscal device, regardless of whether another tax document has been requested, and customers shall keep them until leaving the business.
- (2) Cash receipts are documents, registering supply of goods and services in a business, paid in cash, by cheque, voucher, bank debit or credit card or other substitute means of payment.
- (3) The application of this Art., as well as the terms and conditions for issuance of cash receipts, the technical and functional requirements, the approval, operation, reading, servicing and control of fiscal devices (electronic cash machines with fiscal memory and electronic systems with fiscal memory for sale of liquid fuels) and the term "business" shall be defined in special Rules.

Customs Declaration

Art. 103.

- (1) The customs declaration is a customs document in writing, certifying customs clearance.
- (2) The mandatory features of the document under item 1 shall be defined in the Customs Law and the statutory instruments on its enforcement.

Reporting Registers

Art. 104.

- (1) Persons registered under this Law shall keep the following registers: Purchase Log, and Sales Log.
- (2) The tax documents received for supplies, in which the registered person is a customer, shall be reported in the purchase log.
- (3) The tax documents issued for supplies, as well as the tax charged without the issuance of a tax document, where the registered person is a supplier, shall be reported in the sales log.
- (4) The registers under this Art. shall contain mandatory features, as defined in the Regulations on the enforcement of this Law.

⁸⁵ (Amended, SG No. 111/1999)

- (5) ⁸⁶ Registered persons shall submit information from the registers under this Art. on a magnetic carrier according to parameters, as defined in the Regulations on the enforcement of this Law, on a monthly basis, together with the return for the tax period, as well as a copy from the registers under par. 1, unless provided otherwise in the Regulations.

Chapter Twenty-five ACCOUNTING AND REPORTING OF TAX

Accounting

Art. 105.

- (1) The analytical reporting of the tax may be arranged in accordance with the needs for filling in the tax return and the various schemes for charging and refunding of the tax.
- (2) The documents under this Law shall be drawn up and reported within the prescribed time limits.

Accounting Entries

Art. 106.

Registered persons under this Law shall apply the double-entry accounting system, excluding natural persons who are not traders.

PART 5 RULES OF PROCEDURE

Chapter Twenty-six REGISTRATION UNDER THIS LAW

Definition of Registration under this Law

Art. 107.

- (1) The registration under this Law is a specific procedure, which is an integral part of the general tax registration under the Tax Procedures Code.
- (2) The registration under this Law shall be either mandatory or optional.

⁸⁶(Amended, SG No. 111/1999)

Mandatory Registration

Art. 108.

- (1) Each person with taxable turnover of BGN 75 000 or more for a period of not more than the last 12 successive months prior to the current month shall apply for registration under this Law within 14 days after the expiration of the tax period, in the course of which this turnover was achieved.
- (2) Taxable turnover, within the meaning of this Law, shall comprise the sum total of the tax bases of the taxable supplies effected by the person, excluding zero-rated supplies. Each person shall calculate his taxable turnover after the end of each calendar month.
- (3) The obligation to register shall occur, regardless of the length of the period over which the taxable turnover is achieved, but not longer than the period under par. 1.
- (4) The calculation of the taxable turnover shall be based on the tax scheme of the supplies as of the date of the chargeable event.
- (5) The down-payments for taxable supplies, excluding zero-rated supplies, shall be included in the calculation of the taxable turnover.

Registration at the Initiative of Tax Authorities

Art. 109.⁸⁷

Where tax authorities establish that a taxable person under this Law complies with the requirements for mandatory registration but has not registered, tax authorities shall register this person at their own initiative with a tax statement. In this case, the date of registration shall be deemed to be the date of delivery of the tax statement.

Optional Registration

Art. 110.

- (1) ⁸⁸ Each person who does not comply with the conditions for mandatory registration under the foregoing Art. and has a total taxable turnover exceeding BGN 50 000 over a period of not more than the last 12 successive months prior to the current month, shall be entitled to registration under this Law.

⁸⁷ (Amended, SG No. 102/2000)

⁸⁸ (Amended, SG No. 111/1999)

- (2) ⁸⁹ The total taxable turnover, within the meaning of this Law, shall comprise the sum total of the tax bases of all taxable supplies, including the zero-rate taxable supplies. Each person shall calculate the total taxable turnover after the end of each calendar month.
- (3) ⁹⁰ The right to register shall occur, regardless of the length of the period over which the total taxable turnover is achieved, but not longer than the period under par. 1.
- (4) ⁹¹ The calculation of the total taxable turnover shall be based on the tax treatment of the supplies as of the date of the chargeable event.
- (5) ⁹² The down-payments received under taxable supplies, except for those with zero-rate, shall be included in the calculation of the total taxable turnover. The down-payments received for future export shall not be included for the purposes of calculating the total taxable turnover, pending its actual performance and the receipt of the documents certifying it.
- (6) ⁹³

Registration Procedure

Art. 111.

- (1) ⁹⁴ The registration shall be effected by means of an application in a specific format, which is served by the person obligated or entitled to register to the respective territorial tax directorate.
- (2) ⁹⁵ The application shall be served by the natural person or the representative of the legal entity, specified in the court registration decision or another document on the basis of which the legal entity has been established or a person authorised by them with a power of attorney attested by the Notary Public.
- (3) ⁹⁶ The documents specified in the Regulation shall be attached to the application.
- (4) ⁹⁷ The registration shall be effected by means of delivering a registration certificate under this Law before the 14th day after the submission of the application. As of that date, the person shall prepare a registration list of the

⁸⁹ (Amended, SG No. 111/1999)

⁹⁰ (Amended, SG No. 111/1999)

⁹¹ (Amended, SG No. 111/1999)

⁹² (Amended, SG No. 111/1999)

⁹³ (Repealed, SG No. 111/1999)

⁹⁴ (Amended, SG No. 103/1999)

⁹⁵ (Amended, SG No. 102/2000)

⁹⁶ (Amended, SG No. 103/1999)

⁹⁷ (Amended, SG No. 102/2000)

available assets, given in a specific format, in order to exercise the right to tax credit within the meaning of Arts. 68 and 70 and serve it within three days after that date inclusive.

- (5) Where tax authorities establish that there exist no grounds for registration of the applicant, they shall serve their refusal in writing with the reasons attached within 14 days after the date of the application under par. 1.

Date of Registration under This Law

Art. 112.⁹⁸

The date of registration under this Law shall be deemed to be the date of delivery of the registration certificate.

Documents Certifying the Registration under This Law

Art. 113.

- (1) ⁹⁹ Registered persons shall be issued additionally registration certificates protected with plastic film layer, given in a specific format, the latter being delivered against signature on the date under Art. 112.
- (2) At the request of a customer of a supply, the registered person shall certify his registration by means of the tax certificate under this Law.
- (3) Tax authorities shall issue more than one certificate at the request of the registered person, given in writing.
- (4) ¹⁰⁰ At the request in writing by the registered person, the director of the respective territorial tax directorate shall issue a separate certificate, given in a specific format, to prove the registration abroad, within seven days.

Change of the Details of the Registered Person

Art. 114.

- (1) Where any of the details indicated in the application for registration change, the registered person shall advise the tax authorities by means of serving another application with the changed details within 14 days after the occurrence of the change.

⁹⁸ (Amended, SG No. 103/1999)

⁹⁹ (Amended, SG No. 103/1999)

¹⁰⁰ (Amended, SG No. 103/1999)

- (2) ¹⁰¹ The change of the value of the taxable turnover or the total taxable turnover shall constitute no grounds for serving an application for change of details, excluding the cases where the change entails new rights or new obligations under this Law.
- (3) In the cases under par. 1, the person shall attach the documents certifying the change to the application.

Loss, Damage or Destruction of Tax Certificates

Art. 115.

- (1) Where a tax certificate under this Law is lost, damaged or destroyed, the registered person shall advise the issuing tax authorities in writing within three days.
- (2) The person may request the tax authorities to issue a copy.

Chapter Twenty-seven TERMINATION OF REGISTRATION (DEREGISTRATION)

Definition of the Termination of Registration (Deregistration)

Art. 116.

- (1) The termination of registration under this Law is the procedure, whereby after the date of deregistration the person shall not be entitled to charge the tax or deduct tax credit, unless this Law provides otherwise.
- (2) The registration shall be terminated:
 1. At the initiative of the registered person, where:
 - (a) conditions exist for mandatory deregistration;
 - (b) conditions exist for optional deregistration;
 2. At the initiative of tax authorities, where:
 - (a) the latter observe the existence of grounds for mandatory deregistration;
 - (b) ¹⁰² the registered person fails to fulfil his obligations under this Law or regularly commits errors, or submits wrong tax returns, or uses wrong or untrue invoices, or fails to pay the tax due, or cannot be found out by the tax authorities at the tax address specified by the person;
 - (c) the accredited representative fails to fulfil the obligations of the foreign person under this Law.

¹⁰¹ (Amended, SG No. 111/1999)

¹⁰² (Amended, SG No. 102/2000)

Grounds and Time Limits for Mandatory Deregistration

Art. 117.

- (1) The grounds and time limits for mandatory deregistration shall be as follows:
- 1.¹⁰³ Where the total taxable turnover of the registered person over the last 18 months prior to the current month falls below BGN 50,000 - within 14 days after the occurrence of these circumstances;
 - 2.¹⁰⁴
 - 3.¹⁰⁵
- (2) Without prejudice to the provisions of par. 1 on the mandatory deregistration, the obligation to terminate the registration shall occur in any of the following circumstances:
1. Where court proceedings have started for deleting the registered natural person as a sole proprietor - within 14 days after the date of enforceability of the court decision, excluding the cases under par. 3;
 2. ¹⁰⁶ Where a court decision has been issued to terminate the registered legal entity - within 14 days after the date of enforceability of the court decision, excluding the cases under par. 3;
 3. Where bankruptcy proceedings have started for the registered person in pursuance of the provisions of Part Four of the Commerce Law with termination of activities - within 14 days after the entry into force of the court decision on the opening of the bankruptcy proceedings, or where a court decision has been issued with continuation of activities - within 14 days after the entry into force of the court decision on non-acceptance of the rehabilitation programme;
 4. Where the foreign person registered through an accredited representative terminates his independent economic activity through a business within the territory of the country or without such business - within 14 days after the termination of the activity;
 5. ¹⁰⁷
 6. Where the natural person or the legal entity which is not a trader, or where associations equivalent to legal entities terminate their activities - within 14 days after the termination of the activity.
- (3) In the cases under par. 2, item 2, the liquidator(s) appointed by the court of law shall have the right to choose whether the legal entity will remain

¹⁰³ (Amended, SG No. 111/1999)

¹⁰⁴ (Repealed, SG No. 111/1999)

¹⁰⁵ (Repealed, SG No. 111/1999)

¹⁰⁶ (Amended, SG No. 111/1999)

¹⁰⁷ (Repealed, SG No. 102/2000);

registered pending the date of its deletion in the commercial register. The right of choice shall be exercised through an application for change of details. In this case, the liquidator(s) shall be jointly liable for the tax due for the liquidation period within five years after the deletion of the legal entity in the commercial register.

Grounds for Optional Deregistration

Art. 118.

- (1) ¹⁰⁸ Any registered person under this Law shall be entitled to optional deregistration, where the taxable turnover for the last 18 months falls below BGN 75 000.
- (2) ¹⁰⁹ In the cases under par. 1, the registered person shall decide for himself when to serve the application for termination before the respective territorial tax directorate.

Deregistration Procedure

Art. 119.

- (1) ¹¹⁰ Where the grounds for mandatory deregistration under Art. 117, par. 1 or the obligation to terminate the registration under Art. 117, par. 2 occur, the registered person shall serve an application for deregistration to the respective territorial tax directorate.
- (2) ¹¹¹ The documents specified in the Regulation shall be attached to the application for deregistration.
- (3) Unless this Law provides otherwise, as of the date of deregistration, the person shall be assumed to be engaging in supply of the available assets within the meaning of the Accountancy Law, because of which a tax should be charged on their market price, as if they were the object of taxable supply.
- (4) ¹¹² The tax under par. 3 shall be included in the calculation of the result for the last tax period.
- (5) ¹¹³ Where as of the date of the application for deregistration the person is in a procedure of deduction under Art. 77, it shall be assumed as of that date that the four one-month periods have expired.

¹⁰⁸ (Amended, SG No. 102/2000)

¹⁰⁹ (Amended, SG No. 103/1999)

¹¹⁰ (Amended, SG No. 103/1999)

¹¹¹ (Amended, SG No. 103/1999)

¹¹² (Amended, SG No. 111/1999)

¹¹³ (Amended, SG No. 102/2000)

(6) The provisions of par. 3 shall not apply in any of the following cases:

1. Termination of the registration of an individual who is not a trader but has leased immovable property;
2. Termination of the registration of a person for the available assets which are public state property or public municipal property;
3. ¹¹⁴ Transformation or restructuring of a registered legal entity if the new or successor person is registered under this Law or registers under the terms and conditions laid down in Art. 125 only for the assets available as of the registration date.

Date of Deregistration and Obligations of the Tax Authorities

Art. 120.

- (1)¹¹⁵ The date on which the registered person serves the application for deregistration, shall be deemed to be the date of termination of registration.
- (2) ¹¹⁶ The date of delivery of the tax statement on the termination of the registration at the initiative of the tax authority shall be deemed to be the date of termination of registration.
- (3) ¹¹⁷ Persons whose registration has been terminated under par. 2 shall have the obligations under Art. 199, par. 3 through 6.

Chapter Twenty-eight SPECIFIC PROVISIONS FOR REGISTRATION AND DEREGISTRATION

Registration of a Foreign Person Who Has No Place of Establishment in the Country and Termination of the Registration Thereof

Art. 121.

- (1) A foreign person without place of establishment in the country, who has a business within the territory of the country from where his independent economic activity is performed, and complies with the requirements under this Law for mandatory or optional registration, shall be registered through an accredited representative, excluding the branches of foreign persons, which are subject to registration under the general terms and conditions.

¹¹⁴ (Amended, SG No. 111/1999)

¹¹⁵ (Amended, SG No. 103/1999)

¹¹⁶ (Amended, SG No. 102/2000)

¹¹⁷ (Amended, SG No. 102/2000)

- (2) A foreign person without place of establishment in the country and a business within the territory of the country, who carries out taxable supplies of goods or services with place of supply within the territory of the country, and complies with the requirements under this Law for mandatory or optional registration, shall be registered through an accredited representative.
- (3) For the registration under this Law, foreign persons under par. 1 and 2 shall serve the documents specified in the Regulations on the enforcement of this Law, through their accredited representative.
- (4) Where the accredited representative is terminated or where other circumstances occur, leading to inability of such person to fulfil his obligations under this Law, the foreign person shall appoint a new accredited representative within 14 days after the occurrence of the new circumstances. Failing that, the registration shall be terminated at the initiative of tax authorities.

Termination of the Registration of Foreign Persons Registered under This Law

Art. 122.

- (1) The registration of a foreign person registered in pursuance of the provisions of Art. 121 shall be terminated if the general deregistration terms and conditions laid down in this Law are met.
- (2) Where the registration is terminated under par. 1, the foreign persons shall be assumed to be engaging in supply of their available assets, which are within the territory of the country and would be taxable if they were object of supply.

Accredited Representative

Art. 123.

- (1) An accredited representative of a foreign person may be only a capable Bulgarian natural person with permanent residence in this country or a local legal entity, which is not in liquidation or bankruptcy proceedings and has no ascertained outstanding debts to the state.
- (2) The accredited representative shall represent the foreign person under Art. 121 in all its legal tax relations, which occur in pursuance of the provisions of this Law.
- (3) The accredited representative shall assume joint and unlimited liability for the foreign person's debts under this Law.

Optional Registration on the Grounds of the Capital

Art. 124.

- (1) A local legal entity may register under this Law, where the effectively paid-in capital is equal to at least the BGN equivalent of USD 1 mln, regardless of the taxable turnover or the total value of exports.
- (2) The person registered under par. 1 shall be entitled to stay registered within three years after the date of registration on these grounds.
- (3) The registration under this Article shall be allowed as a single act for the same taxable person.

Optional Registration on the Grounds of Supplies Delivered under Art. 92

Art. 124a.¹¹⁸

Any person who is the main contractor under a supplies contract as per Art. 92 may be registered under this Law.

Registration in the Case of Transformations and Transactions in Enterprises

Art. 125.

- (1)¹¹⁹ The following persons shall also register under this Law:
 1. An unregistered person under this Law who acquires the whole enterprise of a registered person under this Law, in pursuance of the provisions of Art. 15 of the Commerce Law;
 2. An unregistered person under this Law, merging with a registered person under this Law;
 3. A newly established unregistered person under this Law, resulting from the merger of taxable persons, at least one of whom is registered under this Law;
- 4.¹²⁰ An unregistered person under this Law who is newly established on the grounds of spinning off from a person registered under this Law;
- 5.¹²¹ An unregistered person under this Law who is newly established company on the grounds of breaking-off of a registered person.

¹¹⁸ (New, SG No. 102/2000)

¹¹⁹ (Amended, SG No. 102/2000)

¹²⁰ (Amended, SG No. 111/1999)

¹²¹ (Amended, SG No. 111/1999)

- (2) ¹²² In the cases under par. 1, the unregistered person shall serve an application for registration within 14 days after the recordation of the transfer or the reorganisation in the commercial register.
- (3) ¹²³ The date of the recordation of the transfer or the reorganisation in the commercial register shall be deemed to be the registration date under par. 1.
- (4) Where a person is registered on the grounds listed in par. 1, the person shall be deemed to be the legal successor to all rights and obligations under this Law in respect to the acquired assets.
- (5) Where a registered person under this Law is transformed from one type into another, the registration under this Law shall be deemed to be the registration of the transformed person.
- (6) ¹²⁴ Persons registered under this Law on grounds listed in the Art. may not terminate their registration in pursuance of Art. 117, par. 1.

Chapter Twenty-nine Recordation

Obligation of Tax Authorities in respect to recordation

Art. 126.

- (1) On the date of registration under this Law, the tax authorities shall record the person as registered into the territorial registered in accordance with a specific format.
- (2) Tax authorities shall record also all subsequent changes of the details of the registered person in the register under par. 1.
- (3) On the date of deregistration, the tax authorities shall record the date of deregistration of the person in the territorial register.

Tax Registers

Art. 127.

- (1) Tax authorities shall draw up and keep the following tax registers:
 1. Territorial tax registers - for the persons registered under this Law within the specific territory;
 2. National tax register - for the persons registered under this Law within the territory of the country.
- (2) Tax registers shall be updated on a monthly basis.

¹²² (New, SG No. 102/2000)

¹²³ (New, SG No. 102/2000)

¹²⁴ (Amended, SG No. 102/2000)

Tax Files

Art. 128.

- (1) Tax authorities shall draw up and fill in the tax file of each person registered under this Law.
- (2) Tax files shall contain all documents, which are received or issued in connection with the registered person and the taxation thereof.
- (3) The tax files of persons, whose registration under this Law has been terminated, shall be stored for five years after the date of deregistration.

PART 6 INTERACTION BETWEEN THE TAX ADMINISTRATION, CUSTOMS OFFICES, THE MINISTRY OF THE INTERIOR, THE PROSECUTION OFFICES AND OTHER GOVERNMENT BODIES AND USE OF INFORMATION

Interaction

Art. 129.

- (1) Central and local government authorities shall provide timely assistance, at the request of tax authorities, in checking and tracing out circumstances or ascertaining facts directly linked to the rights or obligations of the taxable persons under this Law.
- (2) Prosecution offices and bodies of the Ministry of the Interior, seized by tax authorities in the event of existence of evidence of violation of this Law or perpetration of indictable offence related to this Law, shall advise the relevant tax authorities in writing within one month after the receipt of the file about the action undertaken within the framework of their powers, or the refusal to undertake such action.

Use of Information Obtained from Tax Administrations of Other Countries

Art. 130.¹²⁵

The Bulgarian tax administration shall be entitled to use information obtained from the tax or customs administration of another country as a result of an official inquiry, in the course of determining the obligations of taxable persons under this Law, as well as to use this information as evidence in administrative or judicial proceedings.

¹²⁵(Amended, SG No. 103/1999)

PART 7 ADMINISTRATIVE PENALTY PROVISIONS AND PECUNIARY PENALTIES

Art. 131.

- (1) ¹²⁶ Violations of this Law and the statutory instruments on its enforcement shall be established, and penalty statements shall be issued and appealed under the terms and conditions laid down in the Code of Tax Procedure.
- (2) ¹²⁷ The Chief Tax Director or an official designated by him shall issue penalty statements.

Art. 132.¹²⁸

A taxable person under this Law, who fails to register or de-register within the time limits laid down in this Law shall be punished as follows:

1. A fine equal to the double amount of the uncharged tax on the taxable supplies over the period from the occurrence of the obligation to register to the date of registration under this Law but not less than BGN 500 and not more than BGN 2,500 - for natural persons who are not traders;
2. A pecuniary penalty in the amount under item 1 - for legal entities and sole proprietors.

Art. 133.

- (1) ¹²⁹ A registered person under this Law, who fails to serve a tax return or serves the tax return beyond the prescribed time limits or states in the tax return untrue data and circumstances leading to increase of the amount of the tax credit, shall be punished as follows:
 1. A fine of BGN 250 to 2,500 - for natural persons who are not traders;
 2. A pecuniary penalty in the amount under item 1 - for legal entities and sole proprietors.
- (2) ¹³⁰ A repeated violation under par. 1 shall be punished with a fine or pecuniary penalty of BGN 500 to 5,000.

¹²⁶ (Amended, SG No. 103/1999)

¹²⁷ (Amended, SG No. 103/1999)

¹²⁸ (Amended, SG No. 102/2000)

¹²⁹ (Amended, SG No. 102/2000)

¹³⁰ (Amended, SG No. 102/2000)

Art. 134.

- (1) A registered person, failing to provide information from the accounting and reporting registers on a magnetic carrier or provides information other than the one specified in the accounting and reporting registers, shall be punished as follows:
1. A fine of BGN 250 to 2,500 - for natural persons who are not traders;
 2. A pecuniary penalty in the amount under item 1 - for legal entities and sole proprietors.
- (2) A repeated violation under par. 1 shall be punished with a fine or pecuniary penalty of BGN 400 to 5,000.

Art. 135.

- (1) A registered person, failing to charge the tax, shall be punished with a fine for natural persons who are not traders or pecuniary penalty for legal entities and sole proprietors, equal to the double amount of the uncharged tax but not less than BGN 200.
- (2) A repeated violation under par. 1 shall be punished with a fine or pecuniary penalty of at least BGN 1,000.

Art. 136.

- (1) ¹³¹ A registered person, failing to issue a tax document required under this Law or failing to post the tax document issued or received in the accounting books and in the sales log or the purchases log for the respective tax period, shall be punished with a fine for natural persons who are not traders or pecuniary penalty for legal entities and sole proprietors, ranging from BGN 200 to BGN 1,000.
- (2) A repeated violation under par. 1 shall be punished with a fine or pecuniary penalty ranging from BGN 500 to BGN 2,000.

Art. 137.

- (1) A person, failing to issue a cash receipt, shall be punished with a fine for natural persons who are not traders, or pecuniary penalty for legal entities and sole proprietors, ranging from BGN 200 to BGN 1,000.

¹³¹ (Amended, SG No. 102/2000)

- (2) ¹³² A repeated violation under par. 1 shall be punished by a fine or pecuniary penalty ranging from BGN 500 to BGN 2,500.
- (3) ¹³³ A person failing to keep the cash receipt until leaving the business shall be punished with a fine of BGN 5, which shall be collected on the spot with a receipt.

Art. 138.¹³⁴

A person who is not registered under this Law, issuing a tax invoice, a tax debit notice or a tax credit notice, shall be punished with a fine for natural persons who are not traders, or pecuniary penalty for legal entities and sole proprietors, equal to the double amount of the tax specified in the document but not less than BGN 200.

Art. 139.

A person, failing to produce an existing document at the request of the tax authorities, shall be punished with a fine for natural persons who are not traders, or pecuniary penalty for legal entities and sole proprietors, ranging from BGN 500 to BGN 2,000.

Art. 140.

Persons, benefiting from the violations under the foregoing administrative penalty provisions, shall be punished with a fine for natural persons who are not traders, or pecuniary penalty for legal entities and sole proprietors, ranging from BGN 1,000 to BGN 5,000.

Art. 141.

Where a statement of tax authorities observes that the circumstances specified by a registered person under Art. 77, par. 3 do not comply with the actual state of affairs and this has led to the application of the refund scheme under Art. 77, par. 2, the registered person shall be punished with a fine for natural persons who are not traders, or pecuniary penalty for legal entities and sole proprietors, ranging from BGN 1,000 to BGN 5,000.

¹³² (Amended, SG No. 102/2000)

¹³³ (Amended, SG No. 102/2000)

¹³⁴ (Amended, SG No. 111/1999)

Art. 142.¹³⁵

A taxable person who indicates assets as available in a registration list under this Law and deducts or refunds the tax due under Arts. 68 and 69 and these assets prove to be missing in a subsequent period and the taxable person cannot prove the way of having disposed with them, shall be punished as follows:

1. A fine equal to the double amount of the tax deducted or refunded under Arts. 68 or 70 but not less than BGN 500 and not more than BGN 2 500 - for natural persons who are not traders;
2. A pecuniary penalty in the amount under item 1 – for legal entities and sole proprietors.

Art. 143.

- (1) A tax authority failing to refund a tax within the prescribed time limits where the conditions for refunding under this Law are available, shall be punished with a fine, ranging from BGN 250 to BGN 1,000.
- (2) The penalty for repeated violation under par. 1 shall range from BGN 500 to BGN 2,000.

Art. 144.

- (1) Customs authorities failing to charge a tax under this Law or undercharging the tax or exempting goods from customs supervision without payment of the tax due where it is required to do so, shall be punished with a fine, ranging from BGN 250 to BGN 1,000.
- (2) The penalty for repeated violation under par. 1 shall range from BGN 500 to BGN 2,000.

Art. 145.¹³⁶

- (1) Persons, failing to pay the full amount of the tax due under this Law, shall be punished with:
 1. a fine of 2 per cent of the amount of the unpaid tax due but not less than BGN 50 - for natural persons who are not traders;
 2. a pecuniary penalty in the amount under item 1 - for legal entities and sole traders.

¹³⁵ (Amended, SG No. 102/2000)

¹³⁶ (New, SG No. 111/1999)

- (2) The fine or pecuniary penalty for repeated violation under par. 1 shall be equal to 5 per cent of the amount of the unpaid tax due but not less than BGN 400.
- (3) The amount of the fine or pecuniary penalty for each violation under par. 1, committed within two years after the enforcement of a penalty ruling on a repeated violation of the same type, shall be equal to 10 per cent of the amount of the unpaid tax due but not less than BGN 1,000.

Part 8 TRANSITIONAL AND CONCLUDING PROVISIONS

- § 1. This Law shall repeal the Law on Value Added Tax (Promulgated, SG, No. 90 of 1993; Amended, No. 57 of 1995, Nos. 16, 56 and 104 of 1996, Nos. 51, 86 and 111 of 1997, Nos. 15, 71, 89 and 93 of 1998).
- § 2. The persons registered as of 31 December 1998, which had available assets within the meaning of the Accountancy Law and charged the tax at the time of the acquisition but had no right to use tax credit because of lack of registration under this Law, shall not charge the tax upon the sale of these assets. This paragraph shall apply to persons who can prove at the time of the sale that the tax was charged at the time of the acquisition and they were not registered.
- § 3. Persons registered as of 31 December 1998, which had available assets within the meaning of the Accountancy Law as of that date and upon their deregistration under this Law the tax was charged on these grounds, shall not charge the tax upon the sale of these assets. This paragraph shall apply to persons who can prove at the time of the sale that they are selling assets, which were taxed on the grounds of deregistration.
- § 4. The documents, for which this Law envisages a specific format, shall be defined in Annexes to the Regulations on the enforcement of this Law.
- § 5. Registered persons, which are obligated to terminate their registration under this Law as of 1 January 1999 and have not applied for termination, shall be entitled to apply the more favourable provisions.
- § 6. ¹³⁷ Free areas, free warehouses and businesses licensed to engage in foreign exchange trade shall be considered to be within the territory of the country within the meaning of this Law for supplies of alcoholic drinks, tobacco products and liquid fuels, except for the cases under the Excise Tax Law and the Regulation on its application.
- § 7. The following amendments shall be introduced to the Customs Law (Promulgated, SG, No. 15 of 1998; Amended, No. 89 of 1998):

¹³⁷(Amended, SG No. 103/1999)

1. In Art. 58, par. 2, after the number "7" a comma is placed and the words "as well as taxes and excise taxes" are inserted;
2. In Art. 81, par. 2, the words "in this Law" are deleted;
3. In Art. 131, par. 5, the word "or" is inserted after the words "customs regime";
4. In Art. 138, par. 1, the word "processed" is replaced by the words "worked on";
5. In Art. 145, par. 1, the number "5" is replaced by the number "3";
6. In Art. 212, par. 1, item 3, the number "190" is replaced by the number "180";
7. The following amendments shall be introduced to the Additional Provision:
 - (a) In item 5, the words "is a citizen of the Republic of Bulgaria" are replaced by the words "has permanent residence in the Republic of Bulgaria";
 - (b) Item 22 is inserted with the following wording:
"Presenter" is the person, preparing the customs declaration on his own behalf or the person on behalf of whom the customs declaration is prepared."

§ 8. The following amendments shall be introduced to Decree No. 2242 on Free Areas (Promulgated, SG, No. 55 of 1987; Amended, No. 4 of 1989, No. 84 of 1993, No. 26 of 1996, Nos. 15 and 89 of 1998):

1. A new § 3 is inserted in the Additional Provisions:
"§ 3. The provisions of the Customs Law (Promulgated, SG, No. 15 of 1998; Amended, No. 89 of 1998) shall apply to cases of discrepancy between the provisions of this Decree and the Customs Law."
2. The current §§ 3, 4 and 5 of the Concluding Provisions shall become §§ 4, 5 and 6 respectively.

§ 9. The implementation of this Law shall be assigned to the Minister of Finance.

§ 10. The Minister of Finance shall issue Regulations on the enforcement of this Law within a month after its entry into force.

§11.

- (1) Within a month after the entry into force of this Law, the Minister of Finance shall issue:
 1. Regulations on the terms and conditions for refunding the value added tax to diplomatic representations, consular offices, representations of intergovernmental organisations and members of their staff within the meaning of Art. 79, together with the Minister of Foreign Affairs;

2. (Amended, SG No. 102/2000) Rules on the application of Art. 89, except for the regulations under the provisions of Art. 80, par. 2, which shall be issued within three months after the effective date of the amendment to the Law adopted on 30 November 2000;
3. Rules on the application of Art. 102.

(2) The Minister of Finance may:

1. Establish special terms and conditions for documenting and reporting some types of supplies, where the application of the general terms and conditions creates practical difficulties;
2. Issue rules to establish the terms and conditions for supervising the printing, dissemination and reporting of the tax invoice forms and the notices thereto, as well as the special requirements to these forms;
3. Issue rules to establish the terms and conditions for the disposal with goods seized in favour of the state.
4. (New, SG No. 103/1999) Issue an order to specify the information from the tax registers under Art. 127 or the tax file under Art. 128, which is of public nature;
5. (New, SG No. 102/2000) Establish a special procedure for the payment of the tax jointly with the BNB Governor.

§ 12. The Minister of Finance shall issue an order to approve the format, lay-out and features of the documents under this Law.

§ 13. This Law shall enter into force on 1 January 1999, excluding the provisions of Art. 80, par. 2, Art. 110, par. 6 and Art. 117, par. 1, item 3, which shall enter into force on 1 January 2000, and Art. 117, par. 2, item 3, which shall enter into force on the date of the promulgation of this Law in The State Gazette.

§ 13a. (New, SG No. 64/1999) The provision of Art. 52a will be applied as of 1 January 2000."

This Law was passed by the 38th National Assembly on 8 December 1998 and the official stamp of the National Assembly was affixed hereto.

President of the National Assembly: Yordan Sokolov

LAW ON THE AMENDMENT AND SUPPLEMENT TO THE LAW ON VALUE ADDED TAX

Promulgated State Gazette No. 102/15.12.2000

Transitional and concluding Provisions

§ 36. The four-month period under Art. 77 shall apply to the refundable tax relevant to the tax periods after 1 January 2001.

§ 37.

- (1) The repeal of Art. 14, par. 1, item 6 shall become effective as from 1 January 2002. The provisions of Arts. 91d, 91e, 91f, 91g, 91h and 91I shall become effective as from 1 January 2002.
- (2) In § 19 of the Transitional and Concluding Provisions of the Amending Law to the Personal Income Tax Law (Promulgated, SG No. 111/1999) the words "except for § 16, item 4, letter (a) and item 25 relevant to the provisions of Arts. 91d, 91e, 91f, 91g, 91h and 91I becoming effective as from 1 January 2001" shall be deleted.

§ 38. The Law shall become effective as from 1 January 2001.

This Law was passed by the 38th National Assembly on 30 November 2000 and the official stamp of the National Assembly was affixed hereto.

President of the National Assembly: Yordan Sokolov