

REPUBLIC OF BULGARIA
NATIONAL ASSEMBLY

VALUE ADDED TAX ACT

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Amended SG No. 57/1995; 16 & 56/1996*

Part I

GENERAL PROVISIONS

Article 1

This Act shall regulate the taxation of transactions with goods and services.

Article 2

For the purposes of this Act "transaction" shall mean the transfer of rights on goods or the performance of services, excluding liens on goods, except in the cases where the object of the lien has passed into ownership of the creditor.

Article 3

Subject to taxation under this Act shall be transactions with which economic activity whose place of performance is in the territory of the country, including the continental shelf and the exclusive economic zone, except duty free zones, bonded warehouses and duty-free shops, is carried out.

Article 4

(1) The place of performance of a transaction with goods for taxation purposes shall be deemed to be as follows:

1. the place of performance shall be the place where the goods are mounted, installed or assembled, in the case of a transfer of ownership on goods, which are mounted, installed or assembled by or on behalf of the performer.
2. when the goods are not mounted, installed or assembled by or on behalf of the performer, and they are transported, the place of performance shall be the place where the goods are located before their transportation;
3. when the goods are not transported, the place of performance shall be the place where the goods are located on the date when the transfer of ownership occurs;

(2) The place of performance of a transaction with services shall be deemed to be as follows:

1. when a service connected with immovable property is performed, the place of performance shall be the place where the immovable property is located;
2. when there is performance of transport services, the place of performance shall be the destination to which transport is conducted;
3. the place of performance shall be the place where the service is physically carried out in the following cases:
 - a) when the service is related to cultural, sporting, scientific, educational and entertainment activities;
 - b) related to ancillary transport activities concerning goods;
 - c) a valuation of movable property;
4. when there is hiring of goods other than any form of transport, which are exported by the lessee to another country, the place of performance shall be the place of utilization of the goods;
5. the place of performance shall be the place where the establishment, to which the service is provided, is located, in case of:
 - a) transfer of ownership or assignment of a license, patent, copyright, trademark, know-how or other intellectual property;
 - b) carrying out of advertising activities;
 - c) provision of professional services by a consultant: engineer, accountant, lawyer or other specialist, as well as by a consulting bureau;
 - d) data processing or data supply;
 - e) concluding an agreement for refraining from particular actions;
 - f) provision of a financial service;
 - g) provision of an insurance service;
 - h) staff supply.

(3) Apart from the cases under para 2, the place of performance of a transaction with a service shall be the place where the performer is permanently performing his economic activity or has a fixed establishment from which the service is provided.

(1) The date of performance of the transaction shall be deemed to be the date when the tax invoice or the simplified invoice is issued or the latest date for issuing it.

(2) When the transaction includes periodical performance, each payment due for the relative period shall be deemed to be a separate performance.

(3) In cases when no tax invoice or simplified invoice is issued, the date of performance of the service shall be the earlier of either the date of transfer of ownership of the goods or provision of services or the date of payment, including partial payment.

Article 6

(1) The value of the transaction shall be the amount of money agreed on by the parties involved, excluding the tax under this Act.

(2) The value shall be determined as follows:

1. when payment is made in the form of goods or services, the value shall be determined on the basis of their open market price; the same applies to transactions for no consideration;

2. when payment is made in foreign currency, the value shall be determined in BG Leva on the basis of the exchange rate quoted by the Bulgarian National Bank for that currency on the date of performance;

(3) When there is a transfer of ownership of goods or provision of services subject to other taxes or duties, including excises, the value of the transaction shall include those taxes or duties. This does not apply when there is transfer of ownership on buildings and parts of them.

(4) The amount of any discount or rebate shall not be included in the value of the transaction.

(5) When the transaction is taking place between affiliated persons and the value agreed on is less than the open market price of the respective goods or service, the value of the transaction shall be the open market price of the goods or service.

(6) When payment for transfer of ownership of goods or provision of services is made wholly or partially in land, the value of the transaction shall be determined on the basis of the open market price of the goods or service.

(7) When there is transfer of ownership of a building or part of a building and the agreed value of the transaction is less than the basic price of the building or the part, the value of the transaction shall be deemed to be the basic price.

Part II

TAXABLE AND NON-TAXABLE TRANSACTIONS

Article 7

All transactions shall be taxable, with the exception of export transactions and exempt transactions.

Article 8

An export transaction shall mean:

1. transfer of ownership of goods, which are transported by the performer or on his behalf to the duty free zones, bonded warehouses, duty-free shops or out of the territory of the country, the continental shelf and the exclusive economic zone;
2. provision of a service entirely in connection with the activities carried out by the recipient in the duty-free zones, bonded warehouses, duty-free shops or outside the country;
3. repair, maintenance, assembly, processing or other changes in the goods which have been imported with that purpose and which are to be exported afterwards;
4. transportation between two places outside the country;
5. transportation from a place in the country to a place outside the country;
6. transportation between two places in the country, when it is part of an international transportation, or between two duty free zones.

Article 9

(1) Exempt transactions shall be:

1. transfer of ownership over land and establishment of restricted corporeal rights over land, except for the right of construction;
2. provision of financial services;
3. provision of insurance services in the form of compulsory or voluntary individual insuring or property insuring and reinsuring;
4. leasing of land and buildings or parts of them, except for the cases where the person explicitly states that the transaction shall be treated as a taxable one;
5. provision of educational services;

6. provision of health services;
7. transactions, performed by non-profit organizations, when the object of the transactions has been received by the organization as a donation;
8. participation in gaming activities - totalizers, betting, lotteries, etc.
9. transfer of ownership over an enterprise as a whole or in parts under the Transformation and Privatisation of State and Municipal Enterprises Act;
10. transactions for the performance of legal activities under the Bar Act;
11. sale of circus, museum, library, zoo, botanical garden, art gallery and theatre admission tickets.
12. rendering services by co-operatives using own machinery for cultivating own land of the co-operative members, growing up and gathering the production;
13. transfer of ownership over bread and forage grain, provided as payment in real of the rent or a part of it.

(2) Accommodation in hotels, motels, chalets, tourist sleeping rooms, inns, road-houses, boarding houses, camping sites or caravan parks, vacation camps, rest homes, sanatoria and others of the kind, as well as the leasing of parking lots shall not be treated as leasing of land or buildings pursuant to point 4 para 1.

Article 10

(1) Financial services shall mean:

1. granting of credit, as well as managing the credit by the person who has granted it;
2. other transactions connected with credit and other guarantees for money, as well as management of the credit guarantees by the person having granted the credit;
3. management of deposits, current accounts and payment accounts, transfers, payments, debts, cheques and other similar instruments, excluding factoring and forfeiting;
4. transactions with currency valuables, bank notes and coins, used as legal tender;

5. transactions, including negotiation, but excluding management and safekeeping, with shares, interests in companies and associations, bonds and other securities;
6. transactions with post stamps used in postal services, and with fiscal stamps;
7. management of special investment funds.

(2) The following shall not be considered to be financial services:

1. the leasing of capital assets by financial institutions, except in the cases under Article 9, para 1 item 4;
2. transactions with coins made of gold, silver or other metals, or with bank notes which are not habitually used as legal tender, as well as transactions with numismatic items;
3. the rendering of consultations and advice for investments and management, bank marketing and research;
4. legal consultations and services connected with financial services, such as drawing up of contracts, mortgages and others;
5. keeping the accounts of customers of the financial institution;
6. information services on agreements;
7. sale of goods, received under a pledge or a mortgage;
8. sale of printed editions, as well as printing of announcements by the financial institutions in their own printed editions;
9. granting of the right to the use of patents, licenses and company trademarks by the financial institutions;
10. brokerage in connection with loans and shares or transfers.

Article 11

(1) Educational services shall include:

1. services connected with the education and upbringing, provided by the preparatory and the educational institutions under the National Education Act;
2. education provided by higher schools within the approved curriculum;

3. services provided in connection with post-graduate studies, re-training and raising of the level of qualification;

(2) Educational services shall not include:

1. the carrying out of conferences and seminars, organized by educational institutions or in collaboration with them;
2. services provided by holiday schools and other schools of the kind, providing the opportunity for recreation and education apart from the compulsory curriculum.

Article 12

(1) Health services shall mean the services provided in hospitals, polyclinics, health centres, as well as in rest homes, rehabilitation centres and other establishments, by medical practitioners, dentists, male and female nurses, medical and dental technicians.

(2) Health services shall not include:

1. services provided by cosmetic establishments for which there are no medical indications;
2. services provided by extra-sense specialists and other persons applying non-traditional methods of treatment, except when such persons possess licences issued by the Ministry of Health, stating that their services provided shall be regarded as health services.

Part III

REGISTRATION

Article 13

(1) Registration under this Act is an inseparable part of the general tax registration.

(2) Any person whose taxable turnover for 12 months exceeds 7,5 mln BG Leva must register for the purposes of this Act within 14 days.

(3) The taxable turnover shall be determined on the basis of the aggregate value of all taxable transactions performed by that person during the last 12 months, preceding the current month.

Article 14

The following may also register:

1. a person whose taxable turnover is below 7,5 mln BG leva;

2. a person leasing land or buildings to other registered persons, as a place for carrying out their economic activity.

Article 15

- (1) Registration shall be performed by the Tax Office where the seat or the residence of the person is on the basis of an application in writing.
- (2) The registered person shall notify the Tax Office of any change in the data indicated in the application form within 14 days after the change occurs.
- (3) The Tax Office shall issue a tax certificate to the registered person.

Article 16

- (1) A registered person who ceases to carry out economic activities shall notify the respective Tax Office within 14 days after the cessation.
- (2) A person registered under Article 13 para 2 may request termination of registration when its taxable turnover for 12 months has dropped below 7,5 mln BG leva.
- (3) A person registered under Article 14, item 1 may demand termination of its registration if its taxable turnover is below 7,5 mln BG Leva and at least two years have passed from the date of registration.
- (4) A person registered under Article 14, item 2 may terminate its registration when at least two years have passed from the date of registration.

Article 17

- (1) Registration is terminated after the carrying out of a tax check or audit and the issuing of a tax assessment.
- (2) In determining the amount of tax, it is assumed that on the date the registration terminates the person is also realizing a taxable turnover from the sale of goods it has in stock at their open market prices.
- (3) Registration shall be deemed terminated as of the date the tax assessment is submitted. On that date, the person must hand back its tax certificate under Article 15, para 3.

Article 17a

The provision under Article 17, para 2 does not apply in the following cases:

1. in an acquisition of one commercial company by another, where the successor is a person registered under this Act;

2. in a merger or division of commercial companies, where the newly established company, or companies, respectively, register under this Act within 14 days of receiving the court decision for the said transformation;

Part IV

TAXATION

Article 18

The tax under this Act shall be 22 percent.

Article 19

- (1) The amount of tax shall be determined by charging the tax rate on the value of the transaction.
- (2) At importation the tax shall be charged on the sum of the value of the goods for Customs purposes, the Customs and excise duties and the import fees.
- (3) When goods have been exported for the purpose of repair, processing or other alteration, and are afterwards imported in the country, the tax shall be charged on the aggregate cost of the undertaken work and the expenses outside the country of the importer, increased by the duties and the fees due in relation to those goods for their import.

Article 20

- (1) Each registered person shall charge the respective amount of tax for each taxable transaction it performs on the date it is performed. The amount of the tax shall be received together with the payment for the transaction. In a transaction for no consideration, the amount of the tax shall be charged on the performer.
- (2) No tax shall be charged for exempt transactions, export transactions and transactions with precious metals, where the recipient is the Bulgarian National Bank.
- (3) When VAT is charged for a transfer of ownership of a building or part of a building, the other state and local taxes and fees due for that transfer shall be deducted and the remaining sum shall be deemed as the amount of tax payable. When the aggregate sum of the other state and local taxes and fees due exceeds the amount of the VAT, the latter shall not be due.
- (4) When the contract for a taxable transaction does not explicitly specify the VAT, it shall be assumed that the tax has been included in the contracted price.

(5) When goods are offered at retail, it shall be assumed that the announced price includes the tax.

(6) No tax invoice shall be issued for a transaction for no consideration.

(7) The tax charged becomes payable by the registered person to the state budget after the expiry of the tax period, which includes the date of performance of the taxable transaction.

Article 21

(1) Tax shall be levied also on the importation of goods.

(2) Importation of goods shall be the transition of the goods across the Customs border, upon their entry from free-trade zones or bonded warehouses into the rest of the country's territory.

(3) Importation of goods shall also be the transition across the Customs border of mended, repaired or otherwise altered goods which have been exported from the country for that very reason.

Article 22

(1) The tax for the imported goods shall be charged and collected by the Customs authorities under the same procedure that is applicable for the collection of the Customs duties. The goods shall be released from Customs control after payment of the tax charged by the Customs authorities is effected.

(2) The Customs authorities shall submit the collected amount of tax to the state budget within 3 days after its collection.

Article 23

In importing goods, no tax shall be charged when:

1. goods enter the duty free zones, bonded warehouses and duty free shops;
2. the import has been exempted from payment of any taxes, duties or fees;
3. the goods are imported under a procedure for temporary import, are passing transit and are subject to re-export;
4. there is import of precious metals for the Bulgarian National Bank.

Article 24

(1) Tax credit shall mean the amount of VAT charged which is deductible or refundable from the state budget to the registered person to whom goods have been transferred, services provided, or who has performed the importation.

(2) There is a tax credit when:

1. the service or goods received by the registered person under a taxable transaction or import are used for the performance of taxable transactions, transactions where the place of performance is outside the territory of the country or for export transactions that are not exempt transactions related to its economic activity, as well as for transactions with precious metals, where the recipient is the Bulgarian National Bank;
2. the registered person possesses a tax invoice, a tax debit note or a bill of entry for the goods or service;

(3) There is not a tax credit when:

1. the goods or service is for promotion;
2. the goods or service is related to the acquisition, maintenance and operation of motor-cars and small lorries, vans and motorcycles, except when transactions with such form the registered person's basic activity.

Article 25

(1) The right to deduct or claim refund of a tax credit arises after the expiry of the tax period within which the tax invoice, debit note or bill of entry was received.

(2) The right to deduct or claim refund shall not arise if the tax invoice, debit note or bill of entry have been issued prior to the date of registration under this Act.

Article 26

The tax payable by the registered person shall be determined for each separate tax period as the tax charged by this person less the amount of the tax credit.

Article 27

A tax period shall be the length of time after expiry of which the registered person shall submit an inquiry form.

Article 28

(1) The tax period shall be of one-month and three-month duration.

(2) Registered persons whose taxable turnover for 12 months exceeds 20 million BG Leva shall have a one-month tax period, and all other persons shall be free to choose the duration of their tax period.

(3) The choice is indicated in the registration form and a second choice cannot be made before 24 months have passed.

(4) A registered person with a 3-month tax period, whose taxable turnover exceeds 20 mln BG Leva, shall within 14 days of the expiry of 12 months notify the Tax Office in writing. The same shall apply for any registered person, with a one-month tax period, whose taxable turnover for a period of 12 months exceeds 50 mln BG Leva.

Article 29

(1) The registered person shall pay the tax determined pursuant to Article 26 within 14 days after the expiry of the tax period to which the tax relates.

(2) Registered persons with a one-month tax period, whose taxable turnover for 12 months exceeds 50 million BG Leva, shall pay the tax in two instalments:

1. the first instalment shall be paid in advance, after half of the tax period has expired, by the 28th day of each month, and its amount shall equal half the sum of the tax due for the preceding tax period;
2. the second instalment shall be paid within 14 days after expiry of the tax period, calculated as the amount of the tax payable for the tax period less the advance amount already paid.

(3) Registered persons under para 2, engaged in economic activity of a seasonal character, shall not be obliged to pay the tax in advance.

(4) Repealed, SG No. 56/1996.

Article 30

(1) When for a particular tax period the amount of the tax credit exceeds the aggregate amount of the tax charged by the registered person, the difference shall be refunded to it as follows:

1. where dues outstanding to the state have been established, after setoffs, with the remaining balance, if any, refunded within 3 months after the inquiry form has been submitted;
2. where no dues outstanding to the state have been established, the remaining balance is refunded after a tax audit or inspection, but no later than 3 months after the inquiry form has been submitted.

(2) A registered person which, over the last 12 months preceding the current month, has performed export transactions totaling over 50 percent of the overall value of all transactions performed by it in that same period, and has no dues outstanding to the state, is entitled to a refund of the balance under para 1 within 15 days after the inquiry form has been submitted. In case of dues outstanding to the state, a setoff and refund of the remaining balance, if any, is made within the same term.

(3) The circumstances under para 2 are certified in writing before the tax authority where the person is registered, with the submission of the inquiry form. Unless this is done, para 2 does not apply.

Article 31

(1) When there is an alteration in the value of a taxable transaction for which VAT has been charged, this shall result in the alteration of the tax charged. If a tax invoice has been issued prior to the alteration of the VAT, the alteration shall be documented with a tax debit note in the case of an increase, and with a tax credit note in the case of a decrease.

(2) When the registered person increases its tax credit on the basis of a tax debit note, the change shall be indicated in the inquiry form for the period during which the debit note has been received.

(3) For cases not covered by para 2, the change shall be indicated in the inquiry form for the period during which the tax debit or credit note has been issued.

Article 32

In cases when the registered person manufactures goods which are the subject of a taxable transaction, and uses the goods for discharge of obligations under an exempt transaction, tax shall be charged and payable on the open market price of the goods.

Article 33

(1) When a local registered person receives a service within the country provided to him by a person whose seat is outside the country, the recipient shall charge tax on the value of the transaction, provided all of the following conditions are met at the same time:

1. the transaction has as its place of performance the territory of the country, inclusive of the continental shelf and the exclusive economic zone, with the exception of duty free zones, bonded warehouses and duty free commercial outlets;
2. the transaction is taxable in the meaning of Article 7;
3. the service received is used also to perform transactions which are tax exempt, or which do not constitute an economic activity.

(2) The tax under para 1 shall be indicated in the inquiry form for the tax period including the date on which the transaction was performed.

Article 34

When the goods manufactured by the registered person are used for personal consumption, VAT shall be charged and payable on the open market price of the goods, except for the cases under Article 35.

Article 35

Tax shall not be charged when the registered person disposes of goods for which the tax paid by him does not qualify for tax credit.

Article 36

A registered person who leases land or buildings to other registered persons may choose that this transaction be treated as taxable. That choice shall remain in force for at least 24 calendar months and shall apply to all transactions of this person connected with leasing of land or buildings.

Part V

DOCUMENTATION AND ACCOUNTING

Article 37

- (1) At the request of the recipient in a taxable transaction with goods or service the registered person shall be obliged to issue a tax invoice.
- (2) Each tax invoice shall be issued in two copies at least, one for each party.
- (3) The tax invoice shall be issued within three days after the effective date of the transfer of ownership of goods or the provision of service. If the payment or partial payment precedes the transfer of ownership or the provision of service, the 3-days period commences on the date the payment or partial payment is made, or on the date when the payment has become due.
- (4) Besides the requisites specified in Article 8, para 1 of the Accountancy Act, the tax invoice shall contain:
 1. the tax number of the registered person who is the performer in the transaction;
 2. the name, tax number and address of the recipient;
 3. the value of the transaction, including the excise charged, entered on a separate line;
 4. the tax charged.

Article 38

(1) When no tax invoice has been requested for the transaction, the registered person shall issue a simplified invoice, indicating the value of the transaction, including the tax charged.

(2) The invoice under para 1 shall be issued under the procedure specified in Article 37, para 3 in two copies at least, one for each party.

Article 39

A tax credit or debit note shall be issued within 3 days after an alteration in the value of the transaction has been made. They shall be issued in two copies at least and apart from the requisites under Article 8, para 1 of the Accountancy Act, shall contain:

1. the tax number of the registered person who is a performer in the transaction;
2. the name, tax number and address of the recipient;
3. the number and date of issue of the tax invoice to which the tax debit or credit note relates;
4. the number and date of issue of the note;
5. the sum by which the value of the goods or service has been altered;
6. the sum by which the tax charged has been altered.
7. the grounds for altering the value.

Article 39a

(1) The Minister of Finance establishes, through a Regulation, the order for issuance of a document (a cash register receipt) by registered persons for each transaction performed by them in commercial outlets using fiscal memory electronic cash registers or fiscal memory electronic systems which are registered, approved and commissioned.

(2) The exceptions from this procedure for certain specific forms of trade are established by the Regulation under para 1.

Article 40

(1) The registered person shall submit an inquiry form to the Tax Office for each separate tax period. An inquiry form shall be submitted also when no tax is due.

(2) The inquiry form shall be submitted in accordance with the place of registration, within 14 days after expiry of the tax period.

(3) In the event of extraordinary circumstances and upon a request by the registered person, the tax authority can extend the term for submitting the inquiry form or any other document under this Act, to the expiry of the next tax period.

(4) Any registered person performing taxable and exempt transactions under this Act over the calendar year, shall also submit an inquiry form for the entire calendar year by 15 April of the following calendar year.

Article 41

(1) The tax authority can summon any person to submit before it an inquiry form for his activity over a particular tax period.

(2) The inquiry form referred to in para 1 shall be submitted within 14 days after the date of request.

Article 42

The Minister of Finance may determine a specific procedure for documenting and accounting for certain types of transactions where the application of the general procedure creates practical obstructions. He shall also determine the procedure for documenting and accounting transactions for no consideration.

Article 43

The Minister of Finance shall determine the sample, form and requisites of the documents under this Act.

Article 44

(1) The documents issued under this Act shall be retained for 5 years after the expiry of the tax period to which they relate.

(2) When there is an appeal in relation to that tax period, which has not been settled before the expiry of the 5-year period, the documents shall be retained till the end of the procedure.

Part VI

PROVISIONS FOR ADMINISTRATIVE PENALTIES AND FINANCIAL SANCTIONS

Article 45

Any person who fails to register when obliged, within the terms appointed by this Act, or fails to inform the tax authorities of changes in its registration, shall be charged with a fine not less than 25,000 and not more than 250,000 BG Leva.

Article 46

(1) Any person who fails to submit an inquiry form within the time periods appointed by this Act, shall be charged with a fine not less than 50,000 and not more than 250,000 BG Leva.

(2) For a repeated infringement under the preceding paragraph the fine envisaged shall amount to not less than 100,000 and not more than 500,000 BG Leva.

Article 47

(1) Any person who fails to charge the tax under Article 20, 32, 33 and 34 shall be charged with a fine of double the amount of the uncharged tax, but not less than 50,000 BG Leva.

(2) For a repeated violation under para 1, the fine shall be double the amount of the uncharged tax, but not less than 100,000 BG Leva.

Article 47a

(1) Any person who fails to issue a document under Article 37, 38, 39 and 39a shall be charged with a fine from t 50,000 to 250,000 BG Leva.

(2) For a repeated violation under para 1, the fine shall be from 100,000 to 500,000 BG Leva.

Article 48

Any person not registered for the purposes of this Act, who issues a tax invoice under Article 37, or a tax debit or credit note under Article 39, shall be charged with a fine double the amount of the unlawfully charged tax.

Article 49

Any person who withholds or destroys documents before expiry of the term under Article 44, and thereby thwarts or obstructs a tax check or audit, shall be charged with a fine not exceeding 100,000 BG Leva but not more than 500,000 BG Leva.

Article 50

Any person who violates the requirements under Article 15, para 2, Article 16, para 1 and Article 28, para 4, shall be charged with a fine not less than 10,000 BG Leva and not exceeding 50,000 BG Leva.

Article 51

Legal persons and sole traders who have profited from violations under the preceding provisions shall be charged with a financial sanction in the amount of 10,000 to 500,000 BG Leva.

Article 52

(1) The finding of violations, the issuing of penalty orders and their appeal shall be made under the procedure of the Administrative Violations and Penalties Act.

(2) The penalty orders shall be issued by the head of the Tax Administration Head Office or by a person duly empowered by him.

ADDITIONAL PROVISIONS

§ 1 "Goods" for the purposes of this Act shall mean any movable or immovable property, except money used as legal tender.

§ 2 "Service" for the purposes of this Act shall mean any activity which a person owes another person pursuant to a contract.

§ 2a "Performer" for the purposes of this Act shall mean any person who transfers his rights over the goods, or performs the service.

§ 2b "Recipient" for the purposes of this Act shall mean any person who receives rights over the goods, or receives the service.

§ 3 (1) "Economic Activity" for the purposes of this Act shall mean:

1. the activities of traders, of natural persons engaged in agriculture or any free profession, of artisans and persons performing services by means of their personal labour, provided for the purposes of raising an income;

2. the providing of tangible and intangible property for the raising of an income;

(2) The following shall not be deemed as economic activity:

1. activities performed by state and municipal bodies for which there are fees established under the State Fees Act and the Local Taxes and Fees Act;

2. the provision of services by a state body or a non-profit organization against payment of a sum, equal to or less than the sum of the actual costs for performing that service;

§ 4 (1) "Affiliated Persons" for the purposes of this Act shall be:

1. spouses, relatives by direct descent - without a limit; by collateral descent - to the fourth line inclusive; by line of marriage - to the third line inclusive;

2. employer and employee;

3. persons, one of whom is taking part in the management of the other's company;
4. partners;
5. a company and a person holding more than 5 per cent of the interests and shares, issued against voting right in the company;
6. persons whose activity is directly or indirectly controlled by a third person;
7. persons who are jointly in control over a third person in a direct or an indirect way;
8. persons, one of whom is a sales representative of the other;
9. persons, one of whom has made a donation to the benefit of the other.

(2) "Affiliated" shall also be those persons who are directly or indirectly involved in the management, control or capital of another person or persons, as a result of which they could settle mutual terms, different from the customary.

§ 5 (1) "Open Market Price" of the goods or services for the purposes of this Act shall be the amount, without the VAT due, which would be paid for identical goods or services under a transaction between unaffiliated persons, at the same terms and conditions.

(2) The value of the transaction shall not include the rebate or discount made.

§ 5a The provision of Article 39a applies also to persons not registered under this Act. Sanctions provided under Article 47a shall be applied to them also.

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 6 This Act repeals:

1. Article 15 of the Academic Autonomy of Higher Institutes Act (published in the State Gazette, issue 10 of 1990, rectification, issue 12 of 1990);
2. Clause 6 of the Additional Provisions of the Settlement of Housing Issues of Citizens with Long Term Housing Deposits (published in the State Gazette, issue 82 of 1991, amended, issue 62 and 94 of 1992, amended, issue 9 of 1993);

3. Article 12 of the Bulgarian Academy of Sciences Act
(published in the State Gazette, issue 85 of 1991);

§ 7 A person who is carrying on economic activity at the date when this Act enters into force and has raised revenues from it for the preceding 12 months exceeding 1,5 mln. BG Leva, shall register not later than one month before the effective date for charging and collecting the tax. The revenues shall not include the amounts raised from export, from transactions that are exempt under this Act and from the turnover tax and excise duties.

§ 8 For the persons who have registered under the procedure of Clause 7, the initial tax period shall commence as from the implementation date of this Act.

§ 9 The duration of the first tax period of a person, registered under Clause 7 with a three-month tax period, shall be determined officially by the tax administration.

§ 10 The procedure and the terms for refunding of the turnover tax for goods purchased by persons who have registered under Clause 7 which are held in stock at the implementation date of the Act, shall be determined by the Minister of Finance.

§ 11 For periodic payments under a transaction which has been contracted before the effective date of charging and collecting of the tax, the VAT shall be charged as from the first separate transaction under Article 5, para 2, performed after the given date.

§ 12 This Act shall also apply to transactions concluded prior to 1 April 1994 and subject to performance after that date.

§ 13 This Act shall also apply to transactions concluded prior to 1 April 1994 for which payment has been made but no counter performance has been made, and for which no turnover tax is due. In this case the date of performance of the transaction shall be the date of transfer of the goods or the performance of the service.

§ 14 Apart from the transactions listed in Article 9, transactions with the following goods and services shall be also exempted from VAT for a period of five years after the date this Act enters into force.

1. wheat and rye bread;
2. fresh cow's milk for consumption, Bulgarian State Standard 11-87;
3. Bulgarian yoghurt, Bulgarian State Standard 12-82;
4. white feta cheese in brine, Bulgarian State Standard 2651-88;

5. electricity for use by the population (Repealed as of 1 April 1996; SG No. 16/1996);
6. heating energy for use by the population (Repealed as of 1 April 1996; SG No. 16/1996);
7. water for use by the population;
8. heating wood for use by the population;
9. coal for use by the population - brown, black, briquettes (Repealed as of 1 April 1996; SG No. 16/1996);
10. textbooks approved by the Ministry of Education and the Ministry of Culture;
11. medicines.

§ 15 The implementation of this Act is assigned to the Minister of Finance.

§ 16 The Minister of Finance shall issue Regulations to implement this Act.

§ 17 This Act shall enter into force as of 1 April 1994, except for Clauses 7, 8 and 9.

This Act was adopted by the 36th National Assembly on 7 October 1993, and the State Seal was duly affixed thereto.

Chairman of the National Assembly: Alexander Yordanov

REPUBLIC OF BULGARIA
NATIONAL ASSEMBLY

ACT ON THE AMENDMENT AND SUPPLEMENTATION
OF THE VALUE ADDED TAX ACT

Promulgated State Gazette No. 56/02.07.1996

...

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 22 Persons registered under Article 13 of the Value Added Tax Act with a taxable turnover of up to 7.5 mln BG Leva are entitled to declare in writing, within 14 days of the enforcement date of this Act, before the tax authority their wish to terminate registration.

§ 23 Persons registered under Article 13 of the Value Added Tax Act with a taxable turnover of up to 7.5 mln BG Leva who do not terminate their registration in accordance with § 22 shall be considered registered in the procedure of Article 14, para 1 of the VAT Act as of the enforcement date of this Act.

§ 24 Registered persons with a taxable turnover from 10 mln to 20 mln BG Leva are entitled to declare in writing, within 14 days of the enforcement date of this Act, before the tax authority their wish to change the tax period.

§ 25 Registered persons with a taxable turnover from 10 mln to 20 mln BG Leva who do not declare in writing, within 14 days of the enforcement date of this Act, before the tax authority their wish to change the tax period shall continue with the tax period already established for them. The period may not be changed over the next 24 months.

This Act was adopted by the 37th National Assembly on 1 July 1996, and the State Seal was duly affixed thereto.

For the Chairman of the National Assembly: Nora Ananieva

REPUBLIC OF BULGARIA
MINISTRY OF FINANCE

ORDER No. 303
of 7 December 1994

Promulgated State Gazette No. 102/13.12.1994

Sole Article

Pursuant to Article 19 of the Taxation Procedure Act and in relation to Article 43 of the Value Added Tax Act, I hereby approve a sample form for value added tax to be in force as from January 1, 1995.

Minister: H. Vutcheva

MINISTRY OF FINANCE

Chief Tax Administration

Territorial Tax Administration

City

Tax office			Tax Number	
City			Inspected tax period	

Value Added Tax (VAT) Tax Form

No. Dated 199...

This day of		199 ...			
<i>(name, surname, family name)</i>					
I, Head of the Value Added Tax Office					
in pursuance of Articles 15 and 16 of the Taxation Procedure Act (SG 61/1993) and the Value Added Tax (SG 90/1993) and in consideration of the declarations submitted with Ref. Number					
dated		199...	and statement No.		
dated		199...	drawn up by		
				<i>(name, surname, family name)</i>	
appointed as		in the tax office of the city of			
having inspected all data relating to the VAT taxation of					
<i>(taxpayer's full personal details, name, exact address)</i>					
<i>office and registered address, bank accounts)</i>					
for the period from		to			
DETERMINE					
the amount of the VAT tax obligations to the state and the amount of interest for payment in arrears as follows:					
			VAT due	lev	
			interest	lev	
			VAT to refund	lev	
to					
<i>(taxpayer)</i>					
The foregoing amounts shall be deposited in the following VAT accounts of the Tax Office					
for the state budget. The servicing bank is					
The VAT obligations to the state as determined in this tax form, as well as the penalty interest for					

payment in arrears, are subject to voluntary depositing within 14 days as of the delivery of this form, except for amounts under Article 21 of the Taxation Procedure Act which are deposited within 15 days, and for cases when the registered taxpayer has been granted a permission under Article 29, para 4 of the Value Added Tax Act.

After the expiration of the above periods, payments on this form shall become enforceable in pursuance of Article 29, para 2 of the Tax Procedure Act.

VAT obligations to the state and the penalty interest for payments in arrears as determined under this Tax form may be appealed before the Head of the Territorial Tax Administration within 14 days as of delivery of this

form, in the city of					through the Head of the Tax Office in the city of
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This Tax form was made in three counterparts, two of which are for the tax office and one is for the tax payer, and it contains Appendix No. 1 attached hereto.

		Head of the VAT Tax Office	
			<i>(seal and signature)</i>

STATEMENT OF RECEIPT

This day of		199...	1.		Civil Registration Code No.	
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			<i>(Name, surname, family name)</i>		
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in the capacity of			, and 2.	
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				<i>(Name, surname, family name)</i>
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Civil Registration Code No.		in the capacity of	
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received the Tax Form drawn up by the Head of the Tax Office in the city of:

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Delivered by:			Received by: 1.	
---------------	--	--	-----------------	--

	()			<i>(signed)</i>
--	-----	--	--	-----------------

			2.	
--	--	--	----	--

				<i>(signed)</i>
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WITNESSES

(in case of a refusal to receive the Tax Form)

1.	
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(Name, surname, family name, address, Civil Registration Code No. and signature)

2.	
<i>(Name, surname, family name, address, Civil Registration Code No. and signature)</i>	
Provided it is impossible to personally deliver the Tax Form, the Tax Form shall be sent by registered mail and shall be regarded as delivered.	

Appendix 1 to the VAT Tax Form No. Date

Name of taxpayer

Tax Number

Tax period	According to declaration		Found during the inspection		Paid by the	Refunded to the	VAT to	Interest to	VAT to be	VAT	Additional	
	from...to...	VAT to deposit	VAT to refund	VAT to deposit	VAT to refund	taxpayer	taxpayer	deposit	deposit	refunded	overpaid	income found
1	2	3	4	5	6	7	8	9	10	11	12	
TOTAL												

Head of Tax Office

Inspected tax period