

REPUBLIC OF BULGARIA
NATIONAL ASSEMBLY

EXCISE TAX ACT

Promulgated State Gazette No. 19/02.03.1994

Amended SG No. 58 & 70/1995; 21 & 56/1996

Article 1

(1) The locally produced and imported goods and services that are subject to transactions in the territory of the country, including the continental shelf and the exclusive economic zone, as listed in the Excise Tariff to this Act, shall be subject to excise taxation.

(2) The goods and services mentioned in paragraph (1) shall also be subject to Value Added Tax, with the exception of lottery, raffle, betting and other gaming.

(3) (Amended, SG No. 21/1996) Excise tax shall be levied on gambling and other gaming included in the Excise Tariff.

Article 2

(1) No excise shall be assessed in case of:

1. goods which are subject to export transactions;
2. transactions with goods and services where excise tax was already assessed;
3. the production of wine and rakiya by natural persons from their own raw materials for personal consumption, in amounts up to 400 liters of wine and 2,000 alcohol degrees of rakiya annually per family and the same amounts shall be also exempted from excise in the event that natural persons provide own raw materials for the production of wine and rakiya by licensed producers;
4. transactions with goods in duty free zones and bonded warehouses, as well as in duty free trade establishments;
5. articles of silver of masters of folk arts and crafts, hand made through traditional methods;
6. (New, SG No. 21/1996) transactions between licensed wine manufacturers involving non-stabilized wine materials, including those for the production of vinegar.

(2) (Amended, SG No. 21/1996) Excise tax shall be assessed and paid in for transactions involving alcohol beverages and tobacco products in duty free zones.

Article 3

(1) A person that effects transactions with goods, renders services or carries out import pursuant to Article 1, paragraph (1), must, within 14 days of the commencement of the respective activities, register for the purposes of this Act. This does not apply to natural persons that produce wine or rakiya pursuant to section III of the Tariff.

(2) The registration shall be performed by the tax office of the seat or residence of the person, following an application in writing, and shall represent an integral part of the general tax registration.

(3) The registered person must inform in writing the tax office of every change in the data on the application within 14 days of their occurrence.

(4) The tax office shall issue to the registered person a tax certificate.

Article 4

The due excise tax shall be assessed as follows:

1. (Amended, SG No. 56/1996) for wines and spirits, as a percentage on the sale price of the producer not including excise, and in the case of import, as a percentage on the value on which the duty is to be charged, increased with the customs duties and fees, respectively, yet the excise amount may not be less than 1 BG Leva per degree of alcohol for wines, and 2.50 BG Leva per degree of alcohol for spirits;

2. (New, SG No. 21/1996) wine and alcohol beverages shall be input into production by licensed manufacturers at a price with the excise charged; the amount of the excise due for the production thus generated shall be assessed according to the Excise Tariff, and the excise already paid in shall not be deducted;

3. (New, SG No. 21/1996) for alcohol-containing raw materials, as an absolute leva amount per degree of alcohol content, and where spirits are produced from these raw materials, the excise shall be assessed in accordance with subparagraph (1), with the excise paid in on the materials input to be deducted from the excise due on spirits manufactured, in a manner established by the Minister of Finance;

4. (the former (4) repealed, SG No. 56/1996)

4. for gaming:

a) for organizing gaming, with the exception of lotteries, raffles and betting, as an absolute sum in levs per quarter for the use of each slot machine, gambling table, other gaming equipment, bingo;

b) for organizing betting on results of sports events or other chance events, as an absolute sum in levs equal to the quintuple amount of the maximum winning provided in the terms for organizing the betting;

c) (Amended, SG No. 21/1996) where gaming is done by means of the mass media, or the former is thus broadcast, the excise tax due for all types of gambling under the Excise Tariff shall be doubled, and, for lotteries and raffles, it shall be increased by 50%;

5. for the sale of admission tickets for night clubs, varieties, erotic and other similar shows, as a percentage of the nominal value of the ticket;

6. (Amended, SG No. 21/1996) for lotteries and raffles, on the revenue generated, and, for instant lotteries, on the value of the tickets issued;

7. for the wine and rakiya produced by natural persons in excess of the amounts provided in Article 2, item 3, as an absolute sum in levs per each liter of wine or each alcohol degree produced;

8. in the remaining cases the due excise tax shall be determined:

a) for goods and services produced locally, as a percentage of the producer's sale price;

b) for import of goods, as a percentage of the customs dutiable value, the due duties and fees added;

c) for goods or services produced locally which are the subject of a transaction between affiliated persons, as a percentage of the market value of the goods or services.

Article 4a (New, SG No. 58/1995)

(1) For production of goods using client's materials the excise tax shall be assessed, collected and paid in by the person producing the respective goods.

(2) In case the excise due is not determined as an absolute sum in leva, it shall be assessed as a percentage of the market value of the respective goods.

(3) (New, SG No. 21/1996) Natural persons producing fruit and grapes may offer their produce for barter, in exchange for manufactured wine or rakiya, or for processing services, to licensed wine and spirits manufacturers, and the amounts of wine and rakiya thus received which exceed the amounts

established under Article 2, subparagraph (3) shall be subject to excise taxation under Section I of the Excise Tariff.

(4) (New, SG No. 21/1996) Taxation benefits under Article 2, subparagraph (3), and Section III of the Excise Tariff shall not be applicable to natural persons selling their fruit and grapes to licensed wine and spirits manufacturers.

Article 5

(1) The persons that produce goods or perform services listed in the Tariff shall add the excise tax on the date of issuing the invoice or on the latest date it should have been issued. The invoice shall be issued either within three days of the date of transfer of the title on the goods, or of the performance of the service, or of the date of payment, whichever is earlier.

(2) In case of an import transaction the customs authorities shall assess and collect the excise tax on the date on which the goods pass the border.

(3) (Amended, SG No. 21 & 56/1996) In case of import of goods under a temporary import regime, the assessed excise tax shall be secured as follows:

1. for alcohol beverages, tobacco products and fuel oils, with a deposit in cash;
2. for all other cases, with a deposit in cash or a bank guarantee.

(4) (New, SG No. 58/1995) The Minister of Finance shall determine the type of the bank guarantee and the banks that can issue it.

(5) (New, SG No. 56/1996) In case of transit of goods, the excise charged is secured by a deposit in cash or by a bank guarantee.

(6) (New, SG No. 58/1995, former (5), SG No. 56/1996) In case of transit of goods from one duty-free zone into another, the assessed excise tax shall be secured with cash deposit.

Article 6

(1) The collection of the excise tax from producers who are registered persons shall be performed simultaneously with receipt of the payment on the transaction or by the customs authorities under the procedure for collecting duties.

(2) The goods shall be cleared from customs control after payment of the assessed excise tax in two installments, as follows:

Article 7

(1) The persons that produce goods or perform services listed in the Tariff shall pay the excise in two installments to the state budget as follows:

1. not later than the 28th day of each month, the total excise which should have been assessed during the first 15 days of the month;
2. not later than the 14th day of each month, the total excise which should have been assessed during the remaining days of the previous month.

(2) The persons that organize gaming shall pay the excise tax as follows:

1. (Amended, SG No. 21/1996) in advance, for each draw or each bet, when organizing lotteries, raffles; and for betting on the results of sports events, and in other gaming on numbers involving bets, the excise shall be paid in advance for each draw, and upon the termination of betting on the respective draw, the excise due shall be recalculated on the basis of the turnover (bets) actually generated from that draw. The maximum prize shall be determined on the basis of fiches, tickets, etc. circulated, and the recalculation shall be done for the following draw;
2. in advance, in quarterly installments, through the purchase of an excise band (sticker), respectively on 1 January, 1 April, 1 July and 1 October, for organizing other gaming.

(3) For the services listed in section II of the Tariff, the excise shall be paid when receiving the tickets.

(4) For goods for which the use of an excise band is provided, the producers and importers shall secure the total excise tax with a bank guarantee equal to the due excise tax for 60 days.

(5) The customs authorities shall pay the collected excise tax within three days after collection.

Article 8 (Amended, SG No. 58/1995)

(1) Natural persons that produce wine in excess of the amounts provided in Article 2, item 3, shall pay the excise to the budget of the respective municipality within seven days of the filing of the statement on the produced quantities of wine.

(2) The head of the point for distilling rakiya shall draw up a production sheet and within seven days after its issue shall collect and pay the excise for the rakiya in excess of the amounts provided in Article, item 3 to the budget of the respective municipality.

Article 9 (Amended, SG No. 21/1996)

(1) Where a person exports, including to a duty-free zone, goods for which excise has been paid to the state budget, such excise shall be refunded under a procedure to be determined with the Rules to implement this Act not later than 30 days. The interest determined by operation of law shall be due for any delay.

(2) (New, SG No. 21/1996) In refueling aircraft and sea craft performing international travel with aircraft gasoline, kerosene and diesel fuel for sea craft motors, the excise paid, or the cash deposit shall be refunded in a manner established by the Minister of Finance.

(3) (New, SG No. 21/1996) No refunds shall be made for excise paid into the Republic Budget on alcohol beverages and tobacco products imported in duty-free zones.

Article 10

(1) The persons under Article 3, paragraph (1) shall keep accounts in accordance with the Accountancy Act and shall draw up a reference statement. The reference statement shall be filed with the tax office of registration within 14 days of the expiration of the month.

(2) In case of a transaction with goods subject to excise tax an invoice shall be issued in which the sale price and the assessed excise tax shall be shown.

(3) For imported goods subject to excise tax the amount of the assessed excise tax shall be shown on the customs declaration.

(4) The statement for produced quantities of wine and the production sheet for rakiya of natural persons shall be filed with the respective tax office within seven days of the date of production.

Article 11 (Amended, SG No. 58/1995, No. 56/1996)

(1) The Minister of Finance shall determine with the rules to implement this Act, including in case of the use of an excise band or label, the procedure for documenting and accounting the transactions with goods and services under Article 1, paragraph (1), and shall approve the model, form and data to be included in the documents provided for by this Act.

(2) (Amended, SG No. 21/1996) Bottled wine and spirits destined for the local market shall only be sold with an excise band. The terms and procedure for introducing the excise bands for the wine and the spirits shall be determined by the Council of Ministers.

(3) (New, SG No. 56/1996) For goods for which the use of duty stamp is required and the size of the excise tax is determined as a percentage, producers and importers the quantity of duty stamps and the sale price of the respective goods declare before the tax authority within the jurisdiction of which they are

registered. Tax authorities provide the duty stamps to the applicants within 60 days of their application.

(4) (New, SG No. 56/1996) In the case of selling the goods under para 3 at sale prices exceeding the ones at which the excise tax has been assessed and paid in, producers, or importers, respectively, declare the said prices before the tax authorities under a procedure established in the Rules for Implementing this Act, and an additional tax is charged. The additional excise tax charged in paid in within the terms established under Article 7 of this Act.

Article 11 a (New, SG No. 21/1996)

Excise paid on alcohol-containing raw materials input into the production of medicines for which the manufacturers have obtained proper permits shall be refunded under the terms and procedures established by the Minister of Finance.

Article 12

(1) A person that is registered under Article 3, paragraph (1), who ceases the production or import of excise goods or the performance of excise services, must within 14 days of the cessation inform of this the tax office in which it is registered.

(2) The registered persons shall file an application with the tax office, which shall perform a tax inspection or audit and shall issue a tax assessment act.

(3) In determining the due excise tax it shall be deemed that, as of the date of commencement of the tax inspection or audit, the registered person shall sell the existing inventory at market prices.

(4) The registered persons shall pay the excise tax determined with the tax assessment act within 14 days of the serving of the act, upon which the registration shall be deemed terminated.

Article 12 a (New, SG No. 21/1996)

The Minister of Finance issues a regulation establishing the terms and procedures for disposal of excise goods and gambling equipment expropriated in favor of the state.

Article 12 b (New, SG No. 21/1996)

The production, storage and transportation of wine and rakiya obtained by natural persons from fruit and grapes of their own production shall be done under procedures established by the Council of Ministers.

Article 12 c (New, SG No. 21/1996)

The procedures for and manner of controlling the sale of alcohol beverages, tobacco products and fuel oils at commercial outlets for duty-free trade and at specialized

foreign exchange shops shall be established by the Minister of Finance and the Minister of Internal Affairs.

Article 12 d (New, SG No. 56/1996)

- (1) Person engaged in the sale of wine and spirits on the draft who have been duly licensed, declare every month the quantities supplied and sold for the month before the tax authority within the jurisdiction of which they are registered.
- (2) Sales volumes in retail outlets for persons under para 1 are reported in the procedure established in Article 39a of the Value Added Tax Act.
- (3) The procedure and manner of supervision under para 1 is established by the Minister of Finance.

ADMINISTRATIVE PENAL PROVISIONS

Article 13

A person that is obliged and does not register within the deadline provided in Article 3, paragraph (1), shall be fined not less than 50,000 levs and not more than 250,000 levs.

Article 14

- (1) A person that does not file a reference statement within the deadline provided in Article 10, paragraph (1), shall be fined not less than 50,000 levs and not more than 250,000 levs.
- (2) For a repeated offense under paragraph (1) the fine shall be not less than 100,000 levs and not more than 500,000 levs.

Article 15

- (1) A person who does not assess excise tax pursuant to Article 5 and does not issue an invoice pursuant to Article 10, paragraph (2), shall be fined in the amount of the unpaid excise tax, but not less than 50,000 levs.
- (2) For a repeated offense under paragraph (1) the fine shall be the double amount of the excise not assessed, but not less than 100,000 levs.

Article 16

A financial sanction of not less than 10,000 levs and not more than 500,000 levs shall be imposed upon the legal persons and sole proprietors who have benefited from a violation of the preceding provisions.

Article 17 (Amended, SG No. 58/1995)

(1) A person who organizes the holding of gaming without paying the due excise tax, shall pay the due excise tax and shall be fined in the double amount of the due excise tax, and the object of the violation shall be forfeited to the state.

(2) (New, SG No. 58/1995) A natural person organizing gaming without having a license shall be punished pursuant to Article 327 of the Penalty Code. In such a case the tax administration bodies shall seal the premises and the gaming utilities. The one who conscientiously remove or damage the seal shall be punished pursuant to the Article 277 of the Penalty Code.

(3) (New, SG No. 58/1995) A property sanction in the amount of 1,000,000 to 2,000,000 leva shall be imposed under the administrative order on legal person organizing gaming without having a license, and the profits acquired, the gaming utilities and the profits paid shall be confiscated in favor of the State.

(4) (New, SG No. 58/1995) A person operating an A class gaming machine prior to paying the excise tax due shall pay the excise tax and shall be punished with a fine in the amount of the double excise tax.

Article 17 a (New, SG No. 58/1995)

(1) A sole proprietor or a natural person holding in stock or selling excise goods without excise bands if such are stipulated or having not got a license for carrying out the respective activity shall be punished with a fine in the amount of 50,000 leva for the first violence and up to 500,000 for a second one.

(2) A property sanction in the amount of the doubled excise tax shall be imposed on a legal person holding in stock or selling excise goods without excise bands if such are stipulated or having not got a license for carrying out the respective activity.

(3) The goods under paragraphs (1) and (2) shall be confiscated in favor of the State.

Article 17 b (New, SG No. 56/1996)

In the sale of goods for which the use of duty stamps is required at sale prices exceeding the ones at which the excise tax has been assessed and paid in, including cases under Article 11, para 4, producers and importers (the legal bodies or the sole proprietor) lose their production or sales license and the goods are confiscated for the benefit of the state.

Article 17 c (New, SG No. 56/1996)

In the case of failure to comply with the provisions of Article 12 d, the persons selling wine or spirits on the draft lose their licenses and the goods are confiscated for the benefit of the state.

Article 18

(1) The establishment of violations, the issuing of penal orders and their appeal shall be done pursuant to the Administrative Violations and Sanctions Act.

(2) The penal orders shall be issued by the head of the chief management of the tax administration or by a person authorized by him.

Article 19

The sums from imposed fines shall be collected pursuant to the Collection of State Claims Act.

ADDITIONAL PROVISIONS

§ 1. (1) For the purposes of this Act "affiliated persons" are:

1. spouses, ascendants or descendants without limitation, and collateral relatives to the fourth degree inclusive;
2. employer and employee;
3. persons, one of whom takes part in the management of the other's company;
4. partners;
5. a company or person which owns more than 5 per cent of the voting shares or stock of a company;
6. persons whose activities are controlled, directly or indirectly, by a third party;
7. persons who jointly control, directly or indirectly, a third party;
8. persons, one of whom is a trade representative of the other;
9. persons, one of whom has made a gift to the other.

(2) Affiliated persons are also persons who participate directly or indirectly in the management, control or capital of another person or persons, as a result of which they may arrange among themselves terms differing from the customary.

§ 2. For the purposes of this Act:

1. "Export transaction" means:

a) the transfer of ownership of goods which are transported by the person performing the transaction or on its behalf to duty-free zones, bonded warehouses or duty-free trade facilities, or outside the territory of the country, the continental shelf or the exclusive economic zone;

b) making a repair, processing or other changes in the goods which are imported for such a purpose and afterwards are subject to export.

2. "Import of goods" is the passing of the goods through the customs border in their entry in the territory of the country, and also their passing from a duty-free zone or bonded warehouse in the remaining territory of the country.

3. "Market value" of goods or services is the sum, minus the paid excise tax, which would be paid for identical goods or services under a transaction between unaffiliated persons under the same terms.

4. "Excise band" or "excise label (sticker)" is a state security which is purchased from the Ministry of Finance and may not be the subject of a further transaction.

5. (New, SG No. 21/1996) "Non-stabilized wine materials" are wines which have not undergone the stabilization cycle.

6. (New, SG No. 21/1996) "Alcohol-containing raw materials" are: ethyl alcohol; grape and fruit concentrates having an alcoholic content above 1 percent by volume; grape and fruit juices having an alcoholic content above 1 percent by volume; grape must having an alcoholic content above 1 percent by volume; mistelle; wine, fruit, rum and whisky distillate; wine and fruit sediments; fortified vinasse; fortified molasses; unrectified (wash) distillate; water alcohol mixtures and extracts.

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 3. This Act shall repeal:

1. The Turnover and Excise Tax Act (published Izvestiya No. 91 of 1951, amended Nos. 62 of 1956, 76 and 91 of 1957, 12 of 1958, 11 of 1960, State Gazette No. 99 of 1963, 38 of 1989, 19 and 82 of 1991, 66 and 105 of 1992, 69 and 90 of 1993).

2. Paragraph (2) of Article 25 of the Tobacco and Tobacco Products Act (published State Gazette No. 101 of 1993).

§ 4. A person that produces excise goods or performs an excise service must register for the purposes of this Act prior to the entry into force of this Act.

§ 5. (New, SG, No. 56/1996)

(1) Duty stamps currently valid may be used by licensed producers and importers until 30 September 1996. For the balance between the excise tax paid in for with these duty stamps, and the excise tax due under the Tariff under this Act, an additional excise tax is assessed and paid in within the terms established in Article 7 of this Act.

(2) Upon expiry of the term under para 1, for goods held in stock to which the old duty stamps have been affixed, inventory is taken and the available quantities are declared before the respective tax authority. For those quantities, excise tax is assessed under the procedure established in Article 11, para 3 and 4, where excise is payable only on the difference between the amount paid and the amount due.

§ 6. (New, SG, No. 56/1996)

(1) Persons engaged in the sale of goods for which the use of duty stamps is required may sell goods to which the currently valid duty stamps are affixed until the quantities are used up, but no later than 31 December 1996. For the quantities in stock, the persons submit a list of inventory stock held by type and by quantity, and in the case of inspections, present documents proving the quantities supplied and sold for the respective time period.

(2) In the case of violations of the provisions under para 1, the legal bodies or sole proprietors lose their license and the goods are confiscated for the benefit of the state.

§ 7. (New, SG, No. 56/1996) "Currently valid duty stamps" are duty stamps printed prior to 1 July 1996.

§ 8. The Minister of Finance shall issue rules to implement this Act within one month of its adoption.

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

§ 10. This act shall enter into force on April 1, 1994 with the exception of §4.

The amendments (SG No. 56/1996) to this Act come into force as of 1 July 1996.

Excise Tariff (Amended, SG 56/1996)

I. Goods Excise Tax

1. Beer - all types 15 %

2. Wine - all types, including
Pelin (herb-flavored) wine, and vermouths 22 %
 3. Spirits, including rakiya, brandy, liqueur
vodka, gin, whisky, cognac, etc. 50 %
 4. Tobacco Products 60 %
 5. Raw materials containing alcohol 1 Lev per 1 degree of alcohol
 6. Coffee - all types, and tea (excluding herbal and fruit) 30 %
 7. Leather, and leather and furriery clothing from game 50 %
 8. Leather and furriery clothing from cattle, sheep and goats 10 %
10. Passenger cars from 1,800 cc to 2,500 cc 10 %
11. Passenger cars exceeding 2,500 cc 40 %
12. Articles of precious metals, including jewelry 20 %
13. Perfumery and cosmetics in aerosol packaging 40 %
 14. Gasoline -all types up to 93 octane, including automobile gasoline,
low octane gasoline, aircraft gasoline, kerosene, toluene 70 %
 - 14.1. Automobile petrol, unleaded, up to 93 octane, inclusive
60 %
 15. Automobile petrol - all types exceeding 93 octane 110 %
 - 15.1. Automobile petrol -unleaded, exceeding 93 octane 100 %
16. Fuel for Diesel engines - motor fuel and light sea craft fuel 30 %
17. Erotic and pornographic works 70 %
18. Color TV sets, with screen diagonal exceeding 52 cm,
video cassette players and recorders, video cameras,
compact disk players, record players - deck, stereo tape players,
stereo cassette players sized over 170 x 100 x 45 mm,
stereo amplifiers and loudspeakers of over 50 W,
or any combination of the devices listed,
satellite TV systems and components thereof 10 %

II. Services

19. Admission tickets for night clubs,
varieties, erotic and other similar shows 50 %

*III. Wine and rakiya produced by natural persons
from their own raw materials*

20. Wine 2.00 levs per 1 liter

21. Rakiya 0.30 levs per 1 degree of alcohol

IV. Gaming

22. Lottery and raffle 25 %

23. Betting on sports events
and other chance events five times the maximum prize

23.1. Class A slot machine 3,000 levs (per quarter)

24. Class B slot machine 45,000 levs (per quarter)

25. Class C slot machine in a casino 90,000 levs (per quarter)

26. Roulette in a casino, per gambling table 9,000,000 levs (per quarter)

27. Other gambling equipment 1,500,000 (per quarter)

28. Bingo 9,000,000 (per quarter)

§ 8. The new excise for gambling shall enter into force on April 1, 1996.

This Act has been passed by the 36th National Assembly on 15 February 1994 and the State Seal has been affixed to it.

Chairman of the National Assembly: Alexander Yordanov