

REPUBLIC OF BULGARIA  
MINISTRY OF FINANCE

REGULATIONS  
for the Application of the Value Added Tax Act

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*Amended SG No. 64/1994 &101/1995*

Chapter One

GENERAL PROVISIONS

Article 1

These Regulations settle the application of the Value Added Tax Act.

Article 2

- (1) Subject to taxation shall be transactions with goods and services.
- (2) "Transaction" shall be the transfer of rights over goods or the provision of a service between two persons regardless of the type of contract. The transfer of goods or the provision of services between branches or other structural units of one person shall be deemed internal turnover but not a transaction.
- (3) In the case of transactions for periodical performance, payment for each separate period shall be deemed as payment for a separate transaction.

Article 3

- (1) Taxable transactions shall be such, as to serve for the performance of an economic activity. Economic shall be the activity of traders, as well as the activity of other persons, inherent to a trader for the purposes of Art. 1 of the Trade Act;
- (2) Shall not be deemed economic activity:
  1. the organisation by an employer of feeding and recreation activities for the employees (workers and officials) at prices lower or equal to the actual costs;
  2. The performing of activities by a governmental or municipal body within the framework of its defined functions, that are not performed by a Trader;
  3. The free of charge transfer of movable and immovable property among organisations paid by the State Budget under the provisions of the Regulation on the State Property (promulgated SG No. 79/1975);

amended SG No. 24/1978; 52/1979; 7 and 78/1980; 70 and 77/1983; 36/1984; 37/1985; 19/1988; 71/1989; 34 and 72/1990; 75/1991; 26/1992; 23/1993 and 1/1994)

#### Article 4

Repealed (SG No. 101/1995).

#### Article 5

- (1) In the cases under Art. 4 para 2 item 5 of the Act, where the recipient has a subsidiary, representation office or other site in the country, the place of performance of transaction with service shall be the territory of the country, unless the service is consumed out of the country.
- (2) The place of performance of a tourist service shall be the place where the seat of the registrant, providing such services, is located;
- (3) The place of performance of a transaction the subject of which is service of leasing vehicle shall be the place where the seat of the registrant, providing such services, is located.

#### Article 6

The date of performance of a transaction, including transactions for periodical performance, shall be the date of issue of a tax invoice or a simplified invoice, or the date on which such should have been issued.

#### Article 7

- (1) The value of a transaction shall equal to the amount of consideration agreed on by the parties in the transaction, and shall not incorporate the VAT.
- (2) The value of a transaction shall be determined in BG Leva even where it has been agreed on in foreign currency or in kind.
- (3) When by agreement consideration is to be made in foreign currency, the value of the transaction shall be determined on the basis of the exchange rate quoted by the Bulgarian National Bank (BNB) on the date of performance. Where BNB has not quoted an exchange rate for that currency for the date of performance, the basis for determining the value of the transaction shall be the last BNB exchange rate quoted before that date.
- (4) When by agreement consideration is made in goods or services, the value of the transaction shall be their open market price at the date of performance.
- (5) When there is a transaction with goods or services for no consideration, the value of the transaction shall be their open market price at the date of performance of the transaction.

(6) The value of the transaction under Art. 33, para 1 of the Law shall equal the amount of remuneration for the service received from the local person.

#### Article 8

(1) The value of a transaction shall not include the amount of rebate or discount, in case such are used at the date of performance of the transaction.

(2) A rebate or discount that is to be used after the effective date of the transaction, and is based on a preliminary agreement in writing, shall be incorporated in the value of the transaction. When the rebate or discount is made, a tax credit note shall be issued against its value.

#### Article 9

(1) Where a transaction with goods is coupled with the performance of a transaction with services and the amount of consideration covers both, it shall be deemed that a transaction with goods has been performed only, and that its value equals the total amount of consideration.

(2) Where a transaction with a service is coupled with the performance of a transaction with goods and the amount of consideration covers both, it shall be deemed that a transaction with a service has been performed only, and that its value equals the total amount of consideration.

#### Article 10

(1) The open market price of the goods or service shall be the sum excluding the VAT, which would have been paid for these goods or service under a transaction between non-related persons, performed under the same conditions.

(2) Where a transaction with the same goods or service is unprecedented for the country, the basis for determining the open market price shall be the value of a transaction with similar goods or service.

(3) Where a transaction with such goods or service, or similar goods or service is unprecedented for the country, the open market price shall be the sum total of:

1. the acquisition price or the cost of the goods or service;
2. the surplus charge or profit to a size that is typical for such transactions;
3. insurances, transportation, commissions, brokerage remuneration and other expenses relating to the transaction, when they have not been incorporated in the amount under item 1.

#### Article 11

(1) The cost of a goods or service under a transaction whose place of performance is outside the territory of the Republic of Bulgaria, cannot serve as the basis for determining the open market price.

(2) The open market price of exchange goods shall be the cost of these goods at the last commodity exchange session.

(3) The open market price of a transport vehicle shall not be lower than the full insurance value of that vehicle.

#### Article 12

In the cases where a registered person has not charged the tax on the open market value but on a lower value, the tax authorities shall determine the tax on the basis of the open market price by means of a tax assessment.

### Chapter Two

#### NON-TAXABLE TRANSACTIONS

#### Article 13

Non-taxable shall be the export transactions and the exempt transactions, referred to in Chapter Two of these Regulations, in Chapter Two and in Clause 14 of the Transitional and Concluding Provisions of the Act, as well as the transactions with precious metals, where the recipient is the BNB.

#### Article 14

(1) A transaction with goods is an export transaction where the performer or commercial agent, working on his behalf:

1. exports the goods, object of the transaction, outside the country or to a duty-free zone, entrepot or duty-free shop.
2. supplies foreign sea vessels or aircraft with fuel;
3. supplies foreign sea vessels or aircraft with food and beverages used by or sold to the crew and passengers on board;

(2) A transaction with a service is an export transaction where:

1. the place of performance of the transaction is outside the country's territory and the performer is a registrant for the purposes of the VAT or;
2. the recipient of the transaction is a foreign legal person without a subsidiary, representation office or other site in the country, or is a foreign legal person without permanent residence in the country, and is not in the country at the time of provision of the service or

3. the object of the transaction is the repair, maintenance and alteration of foreign sea vessels and aircraft, as well as the provision of a service related to the maintenance of their cargo;

(3) Export transaction shall also be the transportation between two places in the country when it is part of an international transportation, in case the cost of the transportation performed within the country is included in the cost of the international transportation.

(4) Transactions with tourist services shall be export transactions where a performer whose seat is in the country, sells abroad tourist services which shall be used in the country.

#### Article 15

(1) The granting of credit shall be an exempt transaction when the crediting is not commercial, but pecuniary.

(2) (New, SG No. 101/1995) Transactions under Art. 1 para 2, items 1, 3, 4, 5, 6, 7 and 8 of the Banks and Credit Activity Act (Annex No. 8) shall be exempt transactions with financial services.

(3) (New, SG No. 101/1995) Transactions under Art. 1 para 2, items 9, 10 and 11 of the Banks and Credit Activity Act (Annex No. 9) shall be non-exempt transactions with financial services.

#### Article 15a

The provision of insurance services shall be an exempt transaction when it is executed under the provisions of Art. 325 of the Act on the Liabilities and the Agreements.

#### Article 16

(1) Leasing of land and buildings or parts thereof shall be an exempt transaction except where the person who is performing it declares that he wishes such transactions on his part to be treated as taxable.

(2) Such person shall be entitled to make this choice under the preceding paragraph (1) when he has leased land or buildings or part thereof to at least one registrant who would use them as premises for the performance of economic activity.

(3) The declaration shall be made upon the person's registering for the Value Added Tax Act or when he files a form for adjustment of data.

(4) Leasing of parking lots, underground, ground level or open and covered places which serve for parking, storage or residence of transport vehicles and trailers, shall not be exempt transactions.

(5) Accommodation performed by hotels, motels, tourist hostels, inns, roadhouses, boarding houses, camping sites or caravan parks, holiday camps, rest homes and the like shall not be exempt transactions.

(6) Where on the land or in the buildings that are leased have been built installations or affixed permanently machines or equipment, the utilisation of such installations, machines and equipment shall be treated as separate, taxable transaction.

#### Article 17

An exempt transaction shall be:

1. the education and upbringing provided by the preparatory and educational- upbringing institutions which have obtained permission from the Ministry of Education and Science under the National Education Act and the Regulations for its implementation, to perform such activity;
2. education provided by higher schools and colleges, established pursuant to a special procedure, within the approved curriculum;
3. post-graduate studies, re-training and improving qualification, where they are provided by any of the institutions under items 1 and 2.

#### Article 18

An exempt transaction shall be the transfer of title of ownership over an enterprise as an on-going concern under the Trade Act, as well as the transfer of the title ownership over an enterprise or a part of an enterprise under the Transformation and Privatization of State-Owned and Municipal Enterprises Act.

#### Article 19

Exempt transactions shall be the sales of tickets for theater (dramatic, satirical, puppet, musical and ballet) performances.

#### Article 20

Exempt shall be transactions with humanitarian and veterinary medicines listed in Annex 7 hereof.

#### Article 21

- (1) Non-taxable shall also be transactions which do not serve for the performance of economic activity.
- (2) Transactions under the preceding para (1) shall be subject to the provisions for exempt transactions.

## Article 22

Transactions apart from Articles 13 through 21 shall be taxable transactions.

### Chapter Three

## REGISTRATION

### Part I

## General Provisions

## Article 23

Registration for the VAT does not require the issue of a new tax number.

## Article 24

- (1) All natural and legal persons whose taxable turnover for 12 months preceding the current month exceeds 1.5 mm BG Leva, shall register for the purposes of the VAT Act.
- (2) Taxable turnover shall be the sum total of the value of all transactions performed by the person, reduced by the value of the non-taxable transactions.
- (3) After the end of each calendar month, each natural or legal person shall determine his taxable turnover for the preceding 12 months. In case his turnover has exceeded 1.5 mill. BG Leva, he shall be obliged to register at the VAT Tax Office within 14 days.
- (4) Where 12 calendar months have not ensued from the court registration date of the person, he shall be obliged to calculate his taxable turnover starting with the date of registration. Where his turnover exceeds 1.5 mill. BG Leva, the person shall be obliged to register, regardless of whether 12 calendar months have ensued from his court registration date or not.

## Article 25

- (1) A person with a taxable turnover under 1.5 mill. BG Leva shall not be obliged to, but shall be free to register, if he wishes to do so.
- (2) Under the procedure of the preceding para (1) can also register any person, who leases land or a building or parts thereof to another registrant as premises for the performance of economic activity, and wishes to have these transactions treated as taxable.

## Article 26

(1) Registration is performed by filing of a registration form to the VAT Tax Office at the respective Regional Tax Office, according to a sample (Annex No. 1 to these Regulations).

(2) Upon registering for the purposes of the VAT, persons shall present their tax registration certificate under the Tax Procedures Act.

(3) Persons wishing to register pursuant to Art. 14 item 2 of the Act shall present a copy of the contract for the lease of land or building or parts thereof, certified by a Notary Public, to a registered person as premises for performing economic activity.

#### Article 27

Amended (SG No. 101/1995)

(1) The VAT Tax Office shall enter in the register under Art. 33 the person, having applied for registration and conforming to the requirements of the Law.

(2) Upon entry there shall be issued a separate registration certificate protected by a plastic cover, according to a specimen (Annex No. 2), which shall be handed over to the registrant against his signature.

(3) Registration shall be deemed to have been effected as from the day of entering the person in the register under para 1.

#### Article 28

(1) In case adjustments are made to the data indicated in the registration form, the registrant shall be obliged to report them to the VAT Tax Office within 14 days after their occurrence, thereby filing a new registration form with the adjusted data.

(2) Where the adjustment to the data applies to the amount of taxable turnover only, a new registration form shall be filed in case this also entails an adjustment of the tax period.

(3) (New, SG No. 101/1995) A registrant for whom a liquidation procedure has been opened under the procedure of Part Two, Section Three, Chapter Seventeen of the Commercial Act, or an insolvency procedure under the procedure of Part Four, Chapter Thirty-Five of the Commercial Act, shall notify the Tax Office under the procedure of para 1.

#### Article 29

Where a tax certificate is lost, damaged or destroyed, the registrant shall notify the VAT Tax Office about this in writing not later than three days after its occurrence, so that he could be issued a duplicate.

#### Article 30



Upon request by the recipient of the transaction the registrant shall be obliged to prove his status by producing his tax certificate.

## Part II

### Termination of Registration

#### Article 31

(1) Persons who are entitled to and wish to terminate their registration shall submit with the VAT Tax Office an application form pursuant to the sample enclosed herewith as Annex No. 3 to these Regulations.

(2) Repealed (SG No. 101/1995).

(3) When a factual error has been committed at the time of registration, the registration shall have an ex-officio termination by initiative of the Tax Office, preceded by a tax check or audit. A registration shall also have an ex-officio termination upon deletion of the person from the court register, in case the person fails to notify the Tax Office of the event within the term prescribed by the Law.

#### Article 32

(1) A tax check or audit shall be performed at the termination of registration.

(2) During the tax check or audit a statement of findings shall be drawn up, including a stocktaking list with an assessment of the goods in stock at their open market price.

(3) (Repealed, SG No. 64/1994).

(4) On the grounds of the statement of findings, the VAT Tax Office Head shall determine the amount of tax payable to the Budget by means of a tax assessment.

(5) (Amended, SG No. 101/1995) Registration shall be terminated from the date of handing of the tax ordinance.

(6) Upon receipt of the tax assessment the person shall be obliged to return his tax certificate.

## Part III

### Entry

#### Article 33

(1) Registration under the VAT Act shall be performed by entry in a special register according to a sample enclosed as Annex No. 4 to these Regulations.

- (2) The VAT Tax Office shall also have to reflect in the register all adjustments made to the registration data.
- (3) The Regional registers shall be kept by the VAT Tax Offices for their respective territories.
- (4) The General Tax Administration Directorate shall keep a National VAT Register based on the Regional Registers.
- (5) Data contained in the National Register shall be updated monthly.

Article 34

The VAT Tax Office shall keep a personal tax dossier for each registrant, containing all documents that have been received or issued in connection with the taxation of such a person.

Chapter Five

TAXATION

Part I

Assessment and Charging

Article 35

- (1) Each registrant shall be obliged to charge the tax on the value of each taxable transaction he performs.
- (2) The tax shall be charged on the date of performance of the transaction.
- (3) The tax shall be charged by reflecting its amount in the accounting documents of the registrant as a liability to the Budget.
- (4) The tax amount shall be determined by the following equation:

C x 18

$$A = \frac{C \times 18}{100}$$

100

where:

A is the amount of tax chargeable under the transaction.

C is the value of the taxable transaction;

Example: During the sale of a computer worth 50 000 BG Leva, the amount of tax chargeable shall be 9 000 BG Leva ( $50\,000 \times 18/100 = 9\,000$ ). To obtain the sum total of the customer's liability under the transaction, this tax amount shall be added to the value of the goods, i.e. 59 000 BG Leva. The 9 000 BG Leva shall be reflected in the basic document, in the Sales Ledger and in the registrant's payment account for the VAT.

(5) The registrant shall also be obliged to charge the tax on the value of each service that he receives pursuant to Art. 33 of the Act, where he is not entitled to deduct the amount of tax charged as a tax credit.

(6) A person who is not a registrant for the purposes of the VAT Act shall not be entitled to charge the tax and to issue tax invoices.

(7) The internal turnover shall not be taxed with VAT with the exception of the case under Art. 32 and 34 of the Act.

#### Article 36

The tax shall be deemed included in the contracted price even where the registrant has not explicitly stated the amount of tax in the transaction documents.

In this case the registrant shall be obliged to reflect the tax for the transaction in the Sales Ledger by determining the tax amount along the following equation:

$P \times 18$

$$T = \text{-----}$$

$(100 + 18)$

where:

T is the amount of tax for the transaction;

P is the contracted price.

Example: During the sale of a computer worth of 50 000 BG Leva, where the tax has not been explicitly stated. the amount of tax shall be 7 627 BG Leva ( $50\,000 \times 18/118 = 7\,627$  BG Leva). The tax amount shall be reflected in the Sales Ledger and in the VAT payment account of the registrant.

#### Article 37

No tax shall be charged for export transactions. For such transactions the registrant should hold a Customs declaration where he figures as an exporter, as well as all other documents, issued in connection with the export: a foreign trade contract, an export

invoice, transport documents, bank documents certifying the payment for the transaction, insurances or other correspondence.

#### Article 38

The amount of tax charged by the registrant for the respective tax period shall be indicated in the inquiry form, no matter whether payment for the transaction has been made or not.

#### Article 39

- (1) Customs authorities shall charge a tax on goods imported in the country regardless whether the importer is a registrant for the VAT or not.
- (2) Tax shall also be charged on the value of goods for personal use imported by natural persons, where this value exceeds the duty-free import limit.
- (3) The tax shall be determined on the basis of the Customs taxable value, increased by the Customs duties, fees and excise duties.
- (4) Customs authorities shall also charge the tax at the import of goods under Clause 14 of the Transitional and Concluding Provisions.
- (5) The amount of tax for imported goods shall be entered in the Customs declaration even where no Customs duties and fees have been levied on the import.

#### Article 39a

Where in an international agreement of which the Republic of Bulgaria forms part, ratified and promulgated in due course, is provided for the exemption of the VAT of imports or of transactions on the territory of the country, the exemption shall be executed by the Customs or the Tax Officials only on the base of a confirmation in writing issued by the State Body coordinating the execution of the corresponding agreement.

#### Article 40

- (1) The Customs authorities shall release the imported goods from Customs control upon payment of the tax by the importer.
- (2) The amounts of tax for goods under a temporary import regime shall be secured by placing a money deposit or a bank guarantee.
- (3) (Amended, SG No. 101/1995) The importer of goods shall submit the tax charged by the Customs authorities as follows:
  1. to an account of the Republican Budget, paragraph 06 of the VAT Tax Office where the registration has been made, whenever the person is a registrant under the Law;

2. to an account of the Republican Budget, paragraph 06 of the VAT Tax Office of the respective Regional Tax Office, on whose territory is located his seat, when he is a legal person or a sole trader not registered under the Law;

3. to an account of the Republican Budget, paragraph 06 of the respective VAT Tax Office on whose territory his permanent residence is, or to the cash desk of the Customs department, whenever he is a physical person not registered under the Law.

(4) The Customs department shall deposit the collected amounts to the account of the VAT Tax Office on whose territory it is found within 3 days after their collection.

(5) The Customs department shall send a copy of the Customs declaration to the VAT Tax Office on whose territory the importer has registered, within 14 days.

## Part II

### Tax Credit

#### Article 41

(1) Tax credit shall be the tax charged on the registrant by other registrants or by the Customs authorities for goods and services he has received or for import that he has effected, which he is entitled to deduct for the respective tax period.

(2) The registrant shall be entitled to deduct as tax credit the tax charged on him for particular goods or service, in case it is used in his economic activity for the performance of:

1. a taxable transaction, or
2. an export transaction which is not an exempt transaction for the purposes of Art. 9 para 1 and Clause 14 of the Transitional and Concluding Provisions of the VAT Act, or
3. a transaction with precious metals where the recipient is the BNB.

(3) (Amended, SG No. 101/1995) The registrant shall only be entitled to a tax credit where he holds a tax invoice, a tax debit note and a Customs declaration and where these documents are in conformance with the requirements of the Accountancy Act, the Customs Act, the VAT Act and the bylaws for the enforcement thereof.

(4) For imported goods, the registrant shall be entitled to deduct the tax charged on him by the Customs authorities as tax credit, only if he has submitted it to the Budget.

(5) No deduction shall as tax credit be allowed for the tax charged on the registrant for goods and services used to perform exempt transactions.

#### Article 42

Not deductible as tax credit shall be the amount of tax charged on the registrant for goods and services used for promotional events, such as the welcoming, stay and seeing off of guests and delegations, the accommodation, consumption of food and beverages, the arranging of business meetings, celebrations, entertainment programmes and trips.

#### Article 43

(1) Not deductible as tax credit shall be the amount of tax charged on the registrant for the following items, acquired by him:

1. (Amended, SG No. 101/1995) passenger motor cars, trailers and caravans for passenger motor cars, jeeps, vans with a loading capacity up to 1.5 tons and other motor vehicles (minibuses) with a capacity for not more than 9 seats, including the driver seat.
2. motorcycles and mopeds;
3. spare parts and completion kits for the transport vehicles under items 1 and 2;
4. repair and maintenance of the transport vehicles under items 1 and 2;
5. Fuels and lubricants for the vehicles under 1 and 2 above.

(2) For motor vehicles not listed under para 1 the tax charged shall be deductible as tax credit.

#### Article 44

(1) (Amended, SG No. 101/1995) The tax charged for the goods and services under para 1 of the preceding Article shall be deductible as tax credit only for the cases where the registrant is performing with them permanently as his basic sphere of activity the following transactions:

1. transfer of ownership over these transport vehicles and goods;
2. transport services with these transport vehicles;
3. repair of such transport vehicles;
4. renting of these transport vehicles;
5. driver training with these transport vehicles.

(2) (Amended, SG No. 101/1995) The performance of transactions with motor cars, light trucks, minibuses and motorcycles constitutes the basic activity of a registrant, where the total value of the transactions performed by such person in connection with the said motor vehicles is more than 50 % of the total value of the transactions performed by the person over the past 12 months excluding the current one.

(3) Registrants, meeting the conditions under paras (1) and (2) shall declare this in their registration form or in the form for adjustment of data to the VAT Tax Office where their registration has been made.

#### Article 45

(1) Where over a tax period a registrant has carried on both taxable and exempt transactions, the tax credit shall be the sum of  $(TC = TC1 + TC2)$ , where:

1. the amount of tax charged on the registrant for goods and services which he uses only for taxable transactions, not exempt export transactions and transactions with precious metals and stones on which the recipient is the BNB (TC1). The tax credit for such goods and services is equal to the tax charged on them  $(TC1 = Tch1)$ ; and

2. (Amended SG No. 101/1995) the part of the charged tax (TC2) for the goods and services used for execution of transactions on which he is entitled to deduct tax credit, as well as on transactions for which no title exists, calculated by the formula:

$$TC2 = Tch2 \times K$$

where:

TCh2 is the amount of tax charged on the registrant at the goods and the services used for transactions on which he is entitled to deduct tax credit and transactions on which he is not so entitled;

K is a coefficient, calculated by the following equation:

$$(TVTT + ET + TV)$$

$$K = \frac{\text{---}}{\text{---}}$$

TAT

where:

TVTT is the total value of the taxable transactions performed by the registrant for the tax period, VAT excluded;

ET is the total value of the export transactions performed by the registrant, which are not exempt transactions or transactions with precious metals and stones on which the recipient is the BNB;

TV is the total value used as the basis for charging tax for the cases under Articles 32 and 34 of the Act, when assets are scrapped and shortages encountered;

TAT is the total value of all taxable and non-taxable transactions performed by the registrant for the tax period without the VAT, including the total value on which a tax has been charged for the cases under Articles 32 and 34 of the Act, when assets are scrapped and shortages encountered.

(2) The Budgetary institutions, for the economic activity performed by them, shall keep a separate accounting and shall include the subsidy from the Budget above the line of the formula for determining the coefficient under paragraph (1).

(3) The registrant who determines the tax credit amount pursuant to this Article, for any of the tax periods, shall file an annual inquiry form (sample form enclosed as Annex No. 6 to these Regulations) apart from the regular inquiry forms for each tax period.

(4) (Amended, SG No. 101/1995) The coefficient under para (1) in the annual inquiry form (Annex 6) shall be determined on the basis of the performed transactions for the calendar year.

#### Article 45a

(New, SG No. 101/1995)

(1) A registrant, who for a preceding tax period or periods has fully deducted as a tax credit the amount of tax charged on him for a long-term asset that he has acquired or manufactured, but has over the last tax period made use of the asset solely for the performance of transactions, not entitled to a tax credit, shall make an adjustment whereby he shall charge the tax to the balance-sheet value of the asset at the closing date of the first tax period, during which the person had been making use of the asset for the performance of transactions, not entitled to a tax credit.

(2) The adjustment under para 1 shall be made and the tax charged shall be due after the close of the first tax period, during which the person had been making use of the asset solely for the performance of transactions, not entitled to a tax credit. The amount of the adjustment shall be indicated in cell 30 "Total Amount of VAT Charged" of the inquiry-form for the given period (Annex No. 5). Enclosed to the inquiry-form shall be a specification of the adjustments made by types of assets.

(3) A registrant, who for a preceding tax period or periods has fully deducted as a tax credit the amount of tax charged on him for a long-term asset that he



has acquired or manufactured, but has over the last tax period made additional use of the asset for the performance of transactions, not entitled to a tax credit, shall make an adjustment whereby he shall charge the tax amount, determined under the following formula:

BV x 18

$$TC = \frac{\text{BV} \times 18}{100} \times (1-K)$$

100

where:

TC is the amount of tax charged;

BV is the balance-sheet value of the asset at the closing date of the first tax period, during which the person had made additional use of the asset for performing transactions, not entitled to a tax credit;

K is the coefficient under Art. 45, para 1, it. 2, based on the transactions performed over the year, including the tax period, during which the person had been making additional use of the asset for the performance of transactions, not entitled to a tax credit.

(4) The adjustment under para 3 shall be made and the tax charged shall be due after the close of the year, incorporating the first tax period, during which the person had been making additional use of the long-term asset for the performance of transactions, not entitled to a tax credit. The amount of the adjustment shall be indicated in cell 30 "Total Amount of VAT Charged" of the annual inquiry-form (Annex No. 6). Enclosed to the inquiry-form shall be a specification of the adjustments made by types of assets.

#### Article 46

(1) The tax credit shall be indicated in the inquiry form (Annex 5) for the period.

(2) The registrant shall be entitled to deduct the tax charged on him as tax credit, regardless of whether he has effected a payment for the transaction or not.

#### Part III

#### Tax Periods

#### Article 47

(1) The first tax period following registration shall cover:

1. the time period from the date of registration to the last day of the next calendar month - for registrants with a one-month tax period;

2. the time period from the date of registration to the last day of the respective quarter, during which registration was effected, but if this period is shorter than a month - to the last day of the next calendar quarter.

(2) The last tax period shall cover the time from the beginning of the tax period, during which the person has claimed termination of his registration, to the day on which registration has been terminated.

(3) The remaining tax periods shall coincide with the calendar month or the respective calendar quarter.

#### Article 48

(1) Where a registrant is entitled to and wishes to change his tax period, he shall file a form for adjustment of his registration data with the VAT Tax Office where he has been registered.

(2) The Tax Office shall assign a new tax period, if the provisions of Art. 28 of the Act are met.

(3) The VAT Tax Office shall notify the registrant within 14 days in writing of the commencement of his new tax period or of its refusal to assign him one.

(4) An official adjustment of the tax period shall also be performed in cases, where such is necessary for the observance of the provisions of Art. 28 of the Act. The VAT Tax Office shall notify the registrant of the adjustment and of the commencement of his new tax period in writing.

(5) Adjustment of the tax period shall be made no more than once a year, except where necessary for conformance with the provisions of Art. 28 of the Act.

#### Article 49

(1) The registrant shall file an inquiry form for each tax period thereby stating the amount of tax charged by him, as well as the amount of tax credit, according to the specimen enclosed as Annex No. 5 to these Regulations.

(2) An inquiry form shall also be filed in the cases where no tax is due.

#### Part IV

#### Paying the Tax

#### Article 50

(1) The registrant shall be obliged to submit to the Republican Budget within 14 days after expiry of the tax period the difference between the tax charged by him and the tax credit for that period.

(2) Repealed (SG No. 101/1995).

(3) Where the registrant has stipulated in the inquiry form tax to be refunded and following a tax inspection the Tax Office finds out that the person has tax liability, on the basis of the Foundation Act the head of the Tax Office shall issue a Tax Levy Act.

(4) Where the registrant has stipulated in the inquiry form tax to be refunded and following a tax inspection the Tax Office finds out that the person has calculated incorrectly the amount to be refunded, on the basis of the Foundation Act the head of the Tax Office shall issue an order to amend the refund amount.

(5) In the where the registrant has unpaid liabilities to the Budget, such liabilities shall be deducted from the amount for refund pursuing an order of the head of the Tax Office, which is submitted to the person. The Deduction order shall be send within 7 days of the issue by the Tax Office where the person is registered under the Act on Tax Proceedings. The residual amount shall be transferred to the person's account.

(6) The provisions under Items 4 and 5 can be appealed by the order of the Administrative Procedures Act.

#### Article 50a

(1) For certain export transaction with goods of persons included in a List, drawn by the minister of finance after a proposal of the minister of trade, which in the inquiry form have asked for refund of Tax, the same shall be refunded within 15 days of the submission of the Tax Return.

(2) Where as a result of inspection is found that the persons under paragraph (1) have executed infringements under Art. 6 of the Act, the persons are deprived of the entitlement to be refunded in shorter term. A copy of the enactment shall be sent to the Ministry of Trade.

#### Article 51

(1) Persons with a taxable turnover exceeding 50 mill. BG Leva, making advance payments under the procedure of Art. 29 para (2) of the Act shall not make such payments:

1. (Amended, SG No. 101/1995) during the first tax period following the date of their registration;

2. in case during the previous tax period the tax credit has exceeded, or is equal to the amount of tax charged by the registrant.

(2) Persons whose economic activity has a seasonal character (when the realized taxable turnover for a particular calendar quarter constitutes less than 10 % of the taxable turnover for 12 months) shall not make advance payments.

#### Article 52

(1) The tax shall be submitted to account No. 080 "Republican Budget", paragraph 06 "Value Added Tax" of the VAT Tax Office in the respective correspondent bank responsible for the cash performance of the State Budget.

(2) Where the tax is submitted via a payment order, the tax number of the registrant shall be entered in the "type of payment " cell, and the first two spaces shall be left empty. The "grounds for payment" field shall indicate the tax period to which the payment applies and the document on the basis of which payment is performed.

(3) Where the tax is submitted by a deposit slip, the tax number shall be entered in the "grounds for the deposit" field.

(4) Refund of amounts of tax shall be made following an order by the Head of the VAT Tax Office.

#### Part V

#### Specific Cases

#### Article 53

(1) Where a commercial agent is performing transactions on behalf of and at the account of a client, the following transaction shall be performed:

1. a transaction between the client and a third person. The value of the transaction shall be deemed the agreed remuneration between the client and the third person;

2. a transaction between the trustee and the commercial agent. The value of the transaction shall be deemed the remuneration of the agent, as well as the compensation for the expenses incurred by him for the transaction, if so agreed. Performer on the transaction shall be the commercial agent.

(2) Where a commercial agent is performing a transaction on his behalf, but at the account of the client, the following transactions have been performed:

1. a transaction between the commercial agent and the third person. The value of the transaction is the agreed remuneration between the commercial agent and the third person;

2. a transaction between the commercial agent and the client as regards the transfer of the rights on the commodity or the performance of the

service subject to the transaction performed by the agent with the third person. The value of this transaction shall be equal to the value of the transaction under 1.;

3. a transaction between the commercial agent and the client for the remuneration due for the expenses incurred for the performance of the activity. Performer on this transaction shall be deemed the commercial agent.

#### Article 54

During the sale of goods on deferred payment where there is no clause for postponed transfer of ownership, a single invoice shall be issued for the transaction, and tax shall be charged for the overall value of the contracted remuneration when the first payment is made.

#### Article 55

(1) During the sale of a goods on deferred payment where there is a clause for postponed transfer of ownership, each separate payment shall be considered as a separate transaction, and shall be invoiced separately.

(2) The value of each transaction shall be the amount due.

#### Article 56

(1) If in a transaction with goods or a service the remuneration or part of it is effected in goods or service, it shall be deemed that two transactions are performed, where the performer under the first one is the recipient under the second.

(2) Each of the parties shall issue an invoice thereby charging a tax on the open market price of the goods transferred or service provided.

#### Article 57

Where advance payments for transactions are made, an invoice shall be issued within three days of receipt of the advance payment. After the goods are transferred or services provided, resulting differences in the value shall be corrected by a debit or credit note.

#### Article 58

(1) Where a registrant is making use of goods for personal purposes, for which he has deducted the tax charged on him as tax credit, he shall be obliged to charge a tax on the open market value of these goods.

(2) Personal use shall be the use of goods for purposes other than the performance of economic activity.

## Article 59

(1) (Amended, SG No. 101/1995) Upon payment of remuneration for labour or part thereof, as well as payment of a dividend, deduction, or part thereof, in goods or services, the registrant shall charge a tax on the open market price of these goods or services. Tax shall also be levied on the payment of rent or a portion thereof in goods or services except for the cases under Art. 9, para 1, it. 13 of the Act.

(2) The registrant shall not be entitled to deduct as tax credit the tax charged on him for goods and services, used by his workers and employees, unless not obliged to provide these following a normative act.

## Article 60

Where coin- or token-operated machines are used for the sale of goods or services, the effective date of the transaction shall be the date on which the coins or tokens removed from the machine.

## Article 61

Amended (SG No. 101/1995)

(1) The pledging of goods, including the mortgaging of real estate, shall not be a transaction in the sense of Art. 2 of the Act.

(2) When the pledged goods or mortgaged real estate of a debtor are sold for redeeming the lender's receivable or are assigned to the lender, the tax shall be charged on the debtor, in case he is a registrant and in case the goods are the subject of a taxable transaction. Where the pledge or mortgage is used as security for the payables of another person, the tax shall be charged on the owner, in case he is a registrant.

(3) In case there is no explicit reference to the tax in the terms of the tender, it shall be deemed to be included in the tender price and its amount shall be worked out under the formula in Art. 36. The person, authorized to accomplish the sale, shall notify in writing the tax office of the debtor, respectively of the owner, of the accomplished sale.

(4) The tax amount shall be transferred to the bank account of the debtor, respectively of the owner, by the person authorized to accomplish the sale or by the lender, when the goods or property have been assigned to him.

## Article 62

Amended (SG No. 101/1995)

(1) A registrant, having deducted as a tax credit the amount of tax charged on him for assets that he has acquired or manufactured, shall, upon the

establishing of shortages or scrapping of such assets, charge a tax on their balance-sheet value.

(2) The tax under para 1 shall not be charged in the event of shortages and scrapping inflicted by a natural calamity, or resulting from an alteration of the physical and chemical properties and a technological scrap within the normal proportions for the given type of activity.

#### Article 63

(Repealed, SG No. 64/1994)

#### Article 64

Where there is transfer of ownership over a building or part of it, the registrant shall be obliged to charge a tax for the transaction, applying the following equation:

$$T = V \times 18/100 - SF$$

where:

T is the amount of tax to be charged for the transaction;

V is the value of the transaction which does not incorporate the state fees and local taxes and fees due for the transfer;

SF is the amount of state fees and local taxes and fees for the transaction.

#### Article 64a

(New, SG No. 101/1995)

(1) Non-personified companies shall not be subject to registration under Articles 13 and 14 of the Act.

(2) The executor, respectively the recipient under transactions of the non-personified company with third parties shall be the person, performing the actual or legal actions, relating to the corresponding transaction of the company.

(3) Under each of the transactions referred to in para 2 of the non-personified company, the rights and obligations arise for each one of the partners.

(4) When a registrant under the Act, instituted as a partner, acts as a executor under a taxable transaction, the same shall charge, collect and submit a tax on the value of the transaction, calculated under the prescription of Art. 6 of the Act.

(5) When a partner, instituted as such, regardless of whether he is a registrant or not, acts as an executor under a transaction whose subject are goods that are

common property of the partners, each of the latter shall invoice the above partner for his acquired rights to his share in the common property. When the issuer of the invoice is a registrant and the goods are the subject of a taxable transaction, he shall charge a tax.

(6) When a registrant under the Act, instituted as a partner, acts as a recipient under a transaction, the same shall be entitled to deduct as a tax credit the tax charged under the conditions of Art. 24 of the Act, Section Two of Chapter Four and Chapter Five of these Regulations.

(7) When a partner, instituted as such, regardless of whether he is a registrant or not, acts as a recipient under a transaction with goods, he shall invoice the remaining partners for their due share in the acquired common property under Art. 359. para 1 of the Obligations and Contracts Act, and shall charge a tax provided he is a registrant and the goods are the subject of a taxable transaction.

(8) The provisions of paras 5 and 7 shall apply respectively to the transactions with services of the company, too.

(9) The invoices under paras 5 and 7 shall be issued within three days after the date of performance of the transaction with the third party.

(10) Apart from the partner's data, the documents under the preceding para shall include the following text: "a non-personified company" and an indication of its tax code under the Tax Procedures Act.

## Chapter Five

### RECORDS AND BOOK KEEPING

#### Article 65

(1) Registrants shall keep records and books pursuant to the requirements of the Accountancy Act, the VAT Act and these Regulations.

(2) Records and books shall be kept for taxable and non-taxable transactions with goods and services, as well as for the import of goods.

#### Article 66

(1) Registrants who perform sales in retail outlets or provide services shall be obliged to use electronic cash registers with fiscal memory.

(2) The requirements towards the primary accounting of the VAT in shops and service workshops equipped with electronic cash registers shall be stipulated by the Ministry of Finance by separate Regulations.

#### Article 67



(1) Payment of the VAT to the Budget shall be performed by the registrant.

(2) The branches of the registrant shall keep books and records as an independent registrant, without effecting payments to the Budget. The branches shall submit to the registrant the essential information needed for completing the inquiry form.

(3) Branches of foreign persons shall effect payment to the Budget independently.

(4) (New, SG No. 101/1995) The branch of the registered person shall declare the blanks (forms) and/or the documents it issues, at the VAT Tax Office where the seat of the branch is, as prescribed in Art. 67a, para 4.

#### Article 67a

(New, SG No. 101/1995)

(1) The tax invoices, the simplified invoices and the accompanying assessments issued by the registrants, applying either manual or automated accounting techniques, shall contain the following requisites:

1. a serial number (10 digits, consisting of Arabic numerals only);
2. the requisites under Art. 8, para 1 of the Accountancy Act;
3. the requisites under Articles 37, 38 and 39 of the VAT Act;
4. the requisites under Section I, letter "A" of National Accounting Standard No. 25 "Bookkeeping for VAT";
5. the issuer's seal.

(2) Beside the compulsory requisites referred to in para 1, registrants can enter any other information relevant to the transaction in the accounting documents they issue.

(3) The blanks (forms) of invoices and accompanying assessments shall contain a durably printed indication of:

1. a serial number;
2. a label for "original copy" placed on the first copy;
3. name and tax code of the person, who is going to issue them;
4. name and address of the person, having printed the blanks.

(4) Regardless of the manner of issuing of the documents (manual or automated), the registrant shall be obliged to declare in writing before the

VAT Tax Office, either in person or through proxy, the numbers of the invoices and accompanying assessments he has issued by the 3rd day of the month, following the month of issue. The declaration shall be issued in two copies.

(5) The declaration under para 4 shall not include the numbers of the invoices and the accompanying assessments, issued by the branches of the registered person.

(6) The numbering of the blanks and documents under the preceding para shall be in ascending order, without duplication and omissions, and shall not depend on the type of blank or document used. All copies of one and the same blank or document shall carry an identical number.

(7) The numbering of the blanks (forms) and documents shall not depend on and shall not be interrupted by the expire of the calendar year. In case the possible numbers run out, the person/branch shall restart the numbering from "0000000001", after notifying the Tax Office in writing.

(8) Should theft, loss, damage or destruction of blanks (forms) occur, or should documents be nullified, the registrant shall give the Tax Office written notification of their numbers with a reference to the circumstances, conducive to the theft, loss, damage or destruction thereof.

(9) Defective or damaged blanks (forms) and nullified documents shall not be destroyed; instead, all copies thereof shall be stored with the person.

(10) Registrants shall store, use and keep books for the blanks (forms) under the prescriptions for storing and bookkeeping of documents of the Accountancy Act, the National Chart of Accounts, National Accounting Standard No. 2 "Accounting Documents and Documenting of Economic Operations". the VAT Act and the other legal acts.

#### Article 67b

(New, SG No. 101/1995)

(1) The VAT Tax Office shall maintain a register of the numbers of blanks and documents (invoices and accompanying assessments), declared by the registrants and the branches of registrants, whose seats are in its territory.

(2) The tax dossier of the registrant shall also include the relevant information for the purposes of the register under para 1. The information from the Tax Offices shall be submitted by the 10th day of the month for consolidation in the information center of the General Tax Administration Directorate.

(3) The information from the Tax Offices shall be submitted by the 10th day of the month for consolidation in the information center of the General Tax Administration Directorate."

## Article 68

- (1) Only the performer under a transaction who is a registrant can issue a tax invoice. The issuance of an invoice shall be mandatory when requested by the recipient of the transaction.
- (2) The original copy of the tax invoice shall be submitted to the recipient of the transaction. The registrant shall be entitled to deduct tax credit for transactions for which he holds the original of a tax invoice.
- (3) For services under Art. 33 of the Act the tax invoice shall be issued by the recipient of the transaction. The registrant shall not be entitled to deduct the tax charged by force of this invoice as tax credit.

## Article 69

- (1) Where the recipient of the transaction has not requested a tax invoice for the transaction, the registrant shall be obliged to issue a simplified invoice.
- (2) The simplified invoice shall indicate the value of the transaction, including the amount of tax charged.
- (3) The recipient of the transaction cannot deduct tax credit on the grounds of a simplified invoice.

## Article 70

- (1) Where the registrant performs sales against payment in cash, the simplified invoice can be replaced by a cash receipt which indicates the registrant's tax number and the value, including the tax.
- (2) (Amended, SG No. 101/1995) The sales of goods and services documented with cash receipts shall be consolidated daily in the shape of a daily sales report. The sales ledger shall contain entries of the invoices and the accompanying assessments, as well as that portion of the volume of sales in the daily report, which have only been documented by cash receipts.

## Article 71

- (1) Where a tax invoice has been issued for the transaction and the tax charged in it is less than the tax payable, the performer shall issue a tax debit note, and where the tax charged is more than the tax payable, he shall issue a tax credit note.
- (2) Where a simplified invoice has been issued for the transaction and the tax charged in it is less than the tax payable, the performer shall issue a debit note, and where the tax charged for the transaction is less than the tax payable, he shall issue a credit note.

(3) No credit or tax credit notes shall be issued against uncollected payments for transactions.

#### Article 72

A registrant shall qualify for tax credit for imported goods when he holds a customs declaration, an import invoice and documents for paid in tax.

#### Article 73

(1) For a transaction for no consideration the registrant shall be obliged to draw up a protocol and to issue a simplified invoice or cash receipt, thereby documenting the transaction.

(2) The registrant shall also be obliged to issue a simplified invoice or cash receipt for goods and services for personal use.

(3) In the cases under Art. 32 of the Act, on the day of transfer of the goods which are used for the performance of exempt transactions, a simplified invoice shall be issued within the enterprise.

(4) Where assets are written off, a protocol shall be drawn up by a Committee, appointed by the registrant.

#### Article 74

(1) Registrants shall keep compulsory ledgers - a Purchases Ledger and a Sales Ledger. These ledgers shall be kept regardless of the type and form of accounting the registrant has.

(2) Transactions for which the person is a recipient shall be reflected in the Purchases Ledger, which provides:

1. general information

- a) the type and number of the document issued for the transaction;
- b) the name and tax number of the performer of the transaction;
- c) subject to the transaction;
- d) the total value of the transaction, including the tax;

2. analytical information:

- a) the value of the transactions with non-registrants and the value of exempt transactions;
- b) the value of the transactions without the right to tax credit;

c) the value of the transactions as well as the import, for which the tax charged may be fully deducted as tax credit, and the amount of the tax:

d) the value of the transactions as well as the import, for which the tax credit is determined following the provisions of Art. 45, paragraph (1), item 2, and the amount of tax charged for these transactions;

e) the value of the internal turnover.

(3) Transactions for which the person is a performer shall be reflected in the Sales Ledger. Also reflected in it shall be all cases which are not transactions, but an obligation for charging the tax exists, except for services received under Art. 33 of the Act.

(4) The ledger shall provide:

1. general information

a) the type and number of the document;

b) the name and tax number of the recipient;

c) subject of the transaction;

d) the total value of the transaction, including the tax;

2. analytical information:

a) the value of the taxable transactions as well as the other cases, where there is an obligation for charging the tax, and the amount of tax, charged for them;

b) the value of the export transactions which are not tax exempt;

c) (amended, SG No. 101/1995) the value of all transactions which are not listed under paragraph (4), items 1 and 2;

e) the value of the internal turnover.

(5) (Amended, SG No. 101/1995) The amounts reflected in the ledgers shall be summarized each month. The information contained in them shall be used for completing the inquiry form (Annexes 5 and 6). The value of the internal turnover shall not be included in the inquiry forms, except for the cases under Articles 32 or 35 of the Act.

(6) In case of registered persons who keep accounting in correspondence with the requirements of Art. 2, paragraph 2 of the Accounting Act, the Sales

Ledger and the Purchase Ledger shall be part of the compulsory books under Art. 12, paragraph 2, of the same Act..

#### Article 75

(1) (Amended, SG No. 101/1995) The inquiry form for each tax period shall be prepared in two copies. The first copy shall be submitted to the Tax Office, and the other shall be kept in the registrant's books. Along with the inquiry-form for the relevant period the registrant shall submit to the Tax Office a copy of his sales ledger, and where the inquiry-form contains a deductible amount, he shall also submit a copy of his purchases ledger in its part relating to the particular period.

(2) (Amended, SG No. 101/1995) The annual inquiry form shall be submitted and the amount of tax for submitting indicated in it, shall be submitted by the 15th of April of the following calendar year.

(3) On the basis of the annual inquiry form, the Head of the VAT Tax Office shall determine the tax due by means of a tax assessment.

(4) (New, SG No. 101/1995) When the annual inquiry-form (Annex No. 6) contains an indication of a refundable amount, the latter shall be refunded to the person after the performance of a tax audit.

### ADMINISTRATIVE AND PENAL PROVISIONS

#### Article 76

(1) Anyone violating the provisions of Art. 74 of these Regulations, shall be fined under Art. 31 of the Administrative Violations and Penalties Act if not liable to a graver penalty.

(2) The findings of violations under the preceding para shall be drawn up by the tax authorities, and the penal ordinances shall be issued by the heads of the respective VAT Tax Offices.

#### Article 77

(1) A Customs officer, who releases goods prior to payment of the tax due, or permits temporary import without ensuring payment of the customs duties and fees, shall be penalized under Art. 31 of the Administrative Violations and Penalties Act, if he is not liable to a graver penalty.

(2) The findings of violations under the preceding para shall be drawn up by the Customs authorities, and the penal ordinances shall be issued by the Head of the General Customs Directorate, or by a person authorized by him.

#### Article 78

(1) A tax official who finds out that the registrant has not observed the provisions of the VAT Act and these Regulations and fails to draw up an assessment of infringements, shall be penalized under Art. 31 of the Administrative Violations and Penalties Act, if he is not liable to a graver penalty.

(2) The assessment of infringements under the preceding para shall be drawn up by the tax authorities, and the penal ordinances shall be issued by the Head of the General Tax Administration Directorate or by a person authorised by him.

#### Article 79

The assessment of infringements and the penal ordinances shall be drawn up, issued and appealed under the procedure established by the Administrative Violations and Penalties Act.

#### TRANSITIONAL AND CONCLUDING PROVISIONS

§ 1 (1) All natural and legal persons performing economic activity and having realized in 1993 revenues from it, exceeding 1.5 mill. BG Leva, shall be obliged to file an application for registration according to a specimen (Annex No. 1 to these Regulations). The application shall be filed with the VAT Tax Office at the RTO on whose territory the seat or residence of the person is located.

(2) Revenues resulting from economic activity under the preceding para shall be determined on the basis of the net amount of revenues, obtained from sales during 1993, reduced by the amount of revenues raised from export and the revenues from exempt transactions under the VAT Act, if the latter have been included in the net amount of revenues. Thus determined, the revenues amount shall be entered as "taxable turnover for 12 months" in the application for registration.

(3) Repealed (SG No. 101/1995).

§ 2 Repealed (SG No. 101/1995).

§ 2a (1) (New, SG No. 101/1995) The blanks certified under the provision of § 2, not used by the person or branch prior to December 31st and inclusive, shall be handed over to the VAT Tax Office responsible for making the certification, by the end of the working hours of the first working day in 1996.

(2) (New, SG No. 101/1995) The first document issued by the registrant or branch for 1996 should bear the number "0000000001", and should meet the requirements of Art. 67a.

§ 2b (New, SG No. 101/1995) In connection to assets, acquired over the period from April 1st 1994 up to December 31st 1995, the adjustments under Art. 45a shall be made as follows:

1 (New, SG No. 101/1995) for cases under Art. 45a, para 1 - with the first inquiry-form (Annex No. 5) after the enforcement of these Regulations;

2 (New, SG No. 101/1995) for cases under Art. 45a, para 3 - with the inquiry-form (Annex No. 6) for 1995, by applying the coefficient K for the year, which shall include the period when the asset started being additionally employed for transactions, for which the person was not entitled to a tax credit.

§ 2c (New, SG No. 101/1995) Non-personified companies in the sense of these Regulations shall be companies under Chapter XV of the Obligations and Contracts Act.

§ 3 Tax paid by diplomatic and consulate offices in the country, as well as by members of the staff of such offices, shall be refunded under the conditions of reciprocity and according to a procedure, specified by the Minister of Finance and the Minister of Foreign Affairs.

§ 4 These Regulations are issued in compliance with Clause 16 of the Transitional and Concluding Provisions of the VAT Act.

§ 5 The Regulations shall enter into force simultaneously with the enactment of the Act.

§ 29 These Regulations shall enter into force as of January 1st, 1996.

Minister: St. Alexandrov

Annex No. 7  
to Article 20

#### List of Human and Veterinary Medicine Drugs

1. Heparin and its salts.
2. Sera
3. Blood globulin, serum globulin, and hemoglobin.
4. Human medicine vaccines.
5. Medicinal forms with registration in the country.
6. Sterile catguts and similar threads for surgical sutures, sterile glues for surgical tissues, resorption hemostatic means.



7. Blood group and factor determination reagents.
8. Diagnostic reagents and culture media for microorganisms.
9. X-ray examination contrast media.
10. Dental cements from precious and base metals for tooth fillings.
11. Bone-repairing cements.
12. Pharmaceutical bags equipped with drugs, and first aid kits.
13. Contraceptives based on hormones and spermicides.
14. Condoms.
15. Surgical gloves.
16. Syringes with or without needles.
17. Needles.
18. Catheters.
19. Home blood sugar measuring devices, and urine sugar and ketone test consumables.
20. Blood transfusion sets and blood lines.
21. Hemodialyzers, hemofilters, and hemoperfusors.
22. Disposable dental instruments.
23. Disposable ophthalmologic instruments.
24. Bone, thoracic and vascular prostheses.
25. Cardiac pacemakers and valves.
26. Artificial teeth and prostheses.
27. Dental waxes.
28. Gypsum-based ingredients used in dentistry.
29. X-ray, photographic and and flat-format films for medical purposes.
30. Developers for medical purposes.

31. Radioactive chemical elements and radioactive isotopes for medical purposes.

32. Adapted infant milks.

33. Medicinal herbs and their extracts.

Annex No. 8  
to Art. 15, para 2

Transactions with Services which are Exempted  
in the Sense of Art. 10, para 1 of the Act

1. Payment of interest in national and foreign currency for current, deposit, correspondent (Nostro and Lloro) and credit accounts.

2. Opening, maintenance, management and closing of client accounts in national and foreign currency.

3. Direct transfers and collections on demand via non-cash automated payment (interbank transfers) in the territory of the country in national or foreign currency, regardless of whether the client holds an account with the bank or not.

4. Acceptance and withdrawal of cash resources in national and foreign currency, including arbitration (exchange of one type of currency with another) and buying-off.

5. Issue, cashing, handling and nullifying of cheques, L/Cs and other similar payment instruments.

6. Management and handling of loans granted in national or foreign currency.

7. Assuming of commitments for the unutilized contractual part of a loan.

8. Issue of guarantees, including a change or cancellation of the guarantee terms:

a) notification through foreign banks;

b) without notification through foreign banks;

c) providing guarantees for corporate loan redemption;

d) acceptance and availing of bills of exchange and other credit documents;

e) issue of counter-guarantees.

9. Notification, repeated notification, confirmation, alterations and other similar guarantees, issued by other banks.
10. Opening, handling, revolving, modification of terms, utilization and nullification of L/Cs in national and foreign currency.
11. Notification, confirmation, handling, transfer, modification of terms, payment and nullification of L/Cs, opened by other banks in national and foreign currency.
12. Collection of payment documents and securities, delivered or received in the country or abroad in national or foreign currency.
13. Issue, re-issue, cashing and nullifying of cheques.
14. Transactions with currency valuables.
15. Replacement of bank notes unfit for use.
16. Issue, re-issue and invalidation of savings- and cheque-books.
17. Coding, decoding and identifying of signatures, directly related to bank transfers.
18. Transfers from and to abroad.

Annex No. 9  
to Art. 15, para 3

Transactions with Services which are not Exempt  
in the Sense of Art. 10. para 2 of the Act

1. Issuing of certificates and information for paid-in capital, participation in auctions, references and such like.
2. Issuing of written information regarding bank operations upon request of the payer.
3. Collection of cash receipts of companies and provision of armed protection and transportation of the cash.
4. Safekeeping of valuables in caskets in a public vault.
5. Rendering of consultations and devising of texts.
6. Drawing up of the text of a document in a foreign language.
7. Preliminary notice on an issued guarantee.
8. Preliminary notice on the opening of an L/C.

9. Rendering of consultations regarding the drawing-up of the terms of an L/C.
10. Drawing-up of an L/C in a foreign language.
11. Brokerage services regarding:
  - a) operations with currency valuables;
  - b) operations with securities;
12. Rendering consultations to clients on their involvement in transactions in securities and currency valuables.
13. Purchase of bank forms, savings- and cheque-books.
14. Rendering of consultations on technical matters, investment control and examination of construction activities.
15. Preparation of tender documents.
16. Transactions related to government and corporate securities, not owned by the bank.
17. Rendering of consultations on currency, financial, market and other types of research.
18. Issue of transcripts and photocopies.
19. Performing of a corrective operation upon request of the payer in connection to an accounting entry, which does not conduct to a bank transaction.
20. Preparation of accompanying correspondence in relation to improperly laid-out or incorrectly given instructions on clients' payment documents.
21. Gathering of information on the creditworthiness of individuals and companies within the country and abroad.
22. Preparation of bank references for the country and abroad.
23. Processing of bank notes, not bound in a batch, as well as bank note counting.
24. Safekeeping and handling in a night vault.
25. Preparation of documents for setting up of a mortgage contract.
26. Issue of statements and certificates to clients, including for the purposes of court proceedings.

27. Safekeeping of valuables, accepted as collateral for a debt.
28. Trusteeship management of funds.
29. Rendering of other types of consultation services.
30. Coding, decoding and identification of signatures.
31. Factoring, such as when specialized companies, commonly banks, take over the responsibility for collecting short-term receivables and eventually for assuming credit risks; the bank pays the client his receivable immediately, against a fee and/or some interest, whenever his receivable is a credit one.
32. Administrative factoring, such as a one-time or subscription fee for consultation, service and management of the factoring, and financial management.
33. Forfeiting, such as buying-off of availed medium-term bills of exchange, i.e. as a way of financing of medium-term company and bank loans alongside with the exposure to a credit risk.