

REPUBLIC OF BULGARIA  
NATIONAL ASSEMBLY

PERSONAL INCOME TAX ACT

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*Amended Izv. Nos. 104/1952; 60/1953; 15/1954; 64/1955; 91/1957; 90/1958;  
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30/1990;  
27, 30 & 82/1991, 19 & 62/1992; 23/1993; 38 & 83/1994; 53 & 59/1995; 28, 33, 58  
& 59/1996*

Article 1

(Amended: SG No. 38/1994; 59/1995) Under this Act taxes shall be levied on incomes of Bulgarian citizens, regardless of their domicile and residence, acquired in this country or brought in from abroad, and of foreign citizens - on incomes from sources in this country:

- (a) (Repealed: SG No. 59/1995);
- (b) (Repealed: SG No. 59/1995).

Article 2

(1) Non-taxable shall be:

- (a) (Repealed: SG No. 27/1991);
- (b) (Repealed: SG No. 27/1991);
- (c) pensions, student grants and family allowances;
- (d) the salaries and other remuneration, paid by the appointing state, of foreign diplomatic agents, permanent trade representatives, and of persons granted ex territoriality under international law, subject to reciprocity;
- (e) one-time welfare payments;
- (f) interest on deposits with banks, co-operative societies and the Postal Savings Bank, and interest on government and government-guaranteed loans, and the premiums thereon;
- (g) profits from government-authorized lotteries;

(h) (Amended: SG No. 38/1994) insurance proceeds from property insurance of sole proprietorships, and from personal insurance;

(i) (Inserted: SG No. 38/1994) the clothing and food allowances of Bulgarian military personnel or other persons granted the same status;

(j) (Inserted: SG No. 38/1994; Amended: SG Nos. 83/1994, 59/1995) compensations pursuant to relationships of employment under of Article 217 and 222 of the Labour Code, pursuant to pursuant to Article 87 of the General National Service Act and Article 68, paragraph 1, of the Ministry of Home Affairs Act, up to such amounts as determined by acts of the Council of Ministers;

(k) (Inserted: SG No. 38/1994; Amended: SG No. 59/1995) landowners' rent from leased farm land.

(l) (Inserted: SG No. 59/1995) Amounts received from sale of biological products of the human organism.

(2) (Inserted: SG No. 52/1965) Non-taxable shall also be payments in foreign exchange made to Bulgarian authors through the Copyright Directorate, where tax on such payments has been paid abroad.

(3) (Inserted: SG No. 52/1965) Non-taxable shall also be any other kind of remuneration in foreign exchange paid to persons employed in science and art, where tax on such income has been paid abroad.

(4) (Inserted: SG No. 62/1992) Not included in taxable income shall be any prize objects, except prize money received by sports competitors through sports organisations.

### Article 3

(Amended: SG Nos. 10/1990, 19/1992) The tax shall be payable by the persons who have generated income subject to taxation under this Act.

### Title One

### INDIVIDUALS

### Chapter One

### Salaries, Wages and Other Employment Remuneration Taxed

### Article 4

(1) (Amended: *Izv.* No. 15/1954; SG Nos. 101/1972, 44/1984, 27/1991, 19/1992, 23/1993, 38/1994) Any person earning income pursuant to a relationship of employment, including salaries, wages, or other kinds of remuneration or benefits treated as such, except those under Article 2 (1.j),

excluding any refunds under Article 50 (1) of the Pensions Act, shall be liable to taxation as shown in the following table (as amended, SG Nos. 38/1994, 59/1995, 33/1996 - For income received after 1 April 1996):

Monthly Income					TAX	
from	3,500.01	to	3,500		exempt	3,500
from	4,000.01	to	4,000	BGL	18% on	4,000
				90	increment above	
from	50,000.01	to	5,000			5,000
				290	+20% on	
from	10,000.01	to	10,000		increment above	10,000
				1,490		
from	20,000.01	to	20,000		+24% on	20,000
				4,290	increment above	
from	40,000.01	to	40,000			40,000
				10,690	+28% on	
from	80,000.01	to	80,000		increment above	80,000
				25,890		
		to	240,000		+32% on	240,000
				96,290	increment above	
		>	240,000.01		+38% on	
					increment above	
					+44% on	
					increment above	
					+50% on	
					increment above	

(2) Taxable income shall be rounded to the nearest 0.10.

#### Article 5

(Amended: SG No. 38/1994) Taxable income shall include all amounts received by the tax-payer in any month from the same employer, with the exception of:

- (a) (Deleted: SG No. 27/1991);
- (b) compensation for author's certificate, technological improvement and innovation;
- (c) (Amended: SG No. 59/1995) allowances for marriage, child birth, sickness, accident, bereavement, and family allowances;
- (d) travel, per diem, accommodation, animal feed, canteen, entertainment and unaccountable allowances, up to the respective amounts allowable to civil servants;

(e) 40 per cent of income earned by use of personal vehicles and cattle;

(f) One-time damages pursuant to statutes, in the cases of medium or severe injury or death upon or in connection with discharging one's official duties, except such cases under Article 217 of the Labour Code;

(g) (Inserted: SG No. 59/1995) Amounts for transport, where employees use public transport within the settlement in the course of implementing their duties;

(h) (Inserted: SG No. 59/1995) Amounts provided to employees for food, vacation vouchers, presents in kind and prizes, to the amount of 15 percent of the monthly minimum wages for this country.

(I) Travel allowance in the amounts and under the procedures prescribed by an act of the Council of Ministers in such cases where employees commute from their place of residence to their place of work outside their place of residence.

#### Article 6

(1) (Amended: SG Nos. 52/1966, 53/1973) Employees and others subject to taxation under Article 4 who earn salaries, wages or other kinds of remuneration from positions or permanent work at several companies or organisations shall pay tax under the same Article on the total amount earned from all such places of employment.

(2) (Inserted SG No. 28/1996 - in force as from 01.03.1996) Deductible from monthly income shall be the social security payments for the State social security paid on the expense of the secured persons.

(3) (Inserted: SG No. 38/1994) Deductible from monthly income shall be any voluntary social security payments of up to 20 per cent of the national minimum salary.

#### Article 7

(Amended: SG No. 38/1994) The tax under Articles 4 and 6 shall be assessed by the employer and withheld on a monthly basis upon payment of the salaries, wages, etc.

### Chapter Two

#### Income Taxed of Writers and Others Employed in Science and Art

#### Articles 8 & 9

(Repealed: SG No. 27/1991)

### Chapter Three

## Income Taxed of Professional Engineers

### Articles 10-12

(Repealed: SG No. 33/1988)

### Chapter Four

#### Income Taxed from Liberal Professions, Trades, Commerce, Leases, Etc.

### Article 13

(1) (Amended: SG Nos. 27/1991, 19/1992, 23/1993, 38/1994) Persons not liable to taxation pursuant to Title One, Chapter One, shall be liable to taxation as shown in the following table (as amended, SG Nos. 38/1994, 59/1995, 33/1996 - Applicable to all income received after 1 January 1996.)

Annual Income						TAX
from	42,000.01	to	42,000		exempt	42,000
from	48,000.01	to	48,000	BGL	18% on	48,000
				1,080	increment	
from	60,000.01	to	60,000		above	60,000
				3,480		
from	120,000.01	to	120,000		+20% on	120,000
				17,880	increment	
from	240,000.01	to	240,000		above	240,000
				51,480		
from	480,000.01	to	480,000		+24% on	480,000
				128,280	increment	
from	960,000.01	to	1,920,000		above	960,000
				310,680		
		to	3,840,000		+28% on	2,880,000
				1,155,480	increment	
		>	3,840,000		above	
					+33% on	
					increment	
					above	
					+38% on	
					increment	
					above	
					+44% on	
					increment	
					above	

				+50% on increment above		
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(2) The tax amount shall be assessed on the total of all income, less income taxable pursuant to Title One, Chapter One hereunder.

(3) Earnings from leases of community property shall be divided in half between the spouses, except as otherwise may be provided by a court instrument.

(4) Income in foreign exchange, subject to taxation under paragraph 1 of this Article, shall be recalculated in Bulgarian levs at the base rate of exchange fixed by the National Bank of Bulgaria as at the date of earning, where such income is on a bank deposit, and where sold for levs, at the transaction rate.

(5) (Amended: SG Nos. 59/1995, 33/1996) Deducted from a sole proprietor's total annual income and from that of persons working under order determined by the Ministry of Health shall be such necessary expenses incurred in his business as follows:

1. (Amended SG 33/1996 - Applicable to all income received after 1 January 1996.) converted raw and primary materials, current maintenance, energy and transportation costs, rent, telephone, fax, telex and other communication costs, advertising and subscription;
2. fixed assets depreciation. Added back to taxable income shall be such depreciation charges on fixed tangible assets as have qualified for allowances under paragraph 6.2 of this Article up to the amount so allowed;
3. staff wages disbursed, remuneration to outside help, social security and other compulsory contributions relating to staff;
4. education, training and retraining costs, including such as incurred for employees, in this country or abroad, subject to production of completion certificates;
5. (Amended SG 33/1996 - Applicable to all income received after 1 January 1996.) travel expenses, including meals and accommodation, incurred in this country or abroad, but up to the amounts prescribe in relevant normative acts for civil servants;
6. (Amended SG 33/1996 - Applicable to all income received after 1 January 1996.) entertainment expenses, not to exceed 1 per cent of net income;
7. transfers to the Budget on fiscal claims, including sales and property taxes, personal income tax on the wage bill, pursuant to Article 4, and refunds pursuant to Article 50 (1) of the Pensions Act;

8. interest paid on bank loans, including any late charges;
9. property insurance premiums;
10. (Amended: SG No. 59/1995) compulsory social security contributions made for the sole proprietor and for persons working under order determined by the Ministry of Health, and such additional voluntary contributions of up to 20 per cent of 12 national minimum monthly salaries.

(6) The following shall be deducted from the taxable income of persons under the foregoing paragraph:

1. (Amended: SG No. 59/1995) donations to the State and municipalities, to training, scientific, cultural, educational, health, social, sports and tourist organisations of non-profit type or budgetary organisations; to Churches of communities in this country; to foundations established for charitable, environmental, health, research, educational and cultural objects; to funds for support of disabled persons or disaster relief funds, for national security and defense, for potable water, to the "Social Assistance" fund, to the to the "Social Assistance to the Military" Fund and to the Bulgarian Red Cross, as well as donations for restoration and conservation of natural, historical and cultural heritage sites; for support of socially disadvantaged and disabled persons; for research; for scholarships and grants to students, children of impaired health and orphans; but not more than 20 per cent;
2. (Repealed SG No. 33/1996)
3. (Repealed SG No. 33/1996)
4. the minimum monthly wages for each new job created, for each month from the creation of the job until the year end. The new employee must have been registered with the labour office. The relevant procedure and terms shall be set out in the Rules Governing the Application of this Act.

(7) The total amount of the allowances under the foregoing paragraph may not exceed taxable income.

(8) Added to the taxable income of persons under paragraph 5 of this Article shall be:

1. any preference under paragraph 6.2, where ownership of the fixed tangible asset passes within two tax years following the year of acquisition;
2. any payments received in respect of the fixed tangible asset, allowed for under paragraph 6.2, under a lease-purchase agreement;

3. any allowances under paragraph 6.2, in the case of transactions between related parties, and any costs resulting from transfer pricing between related parties;
4. the value of bonds or shares, allowed for under paragraph 6.3, where sold in the year following the allowance;
5. (Repealed SG No. 33/1996)
6. any allowance under paragraph 6.4, where the new job is closed in the following tax year.

(9) Also taxable pursuant to this Article shall be the income of partners in companies and co-operative societies. Deductible shall only be the social security contributions of partners.

(9a) (Inserted: SG No. 95/1995) Income of partners shall also be considered the amounts spent by companies, but not related to the business pursued, for acquisition, use and maintenance of transport vehicles, buildings and other real and movable properties, inclusive of such under lease, used entirely or partially for the personal needs of partners, acquisitions to cover their personal expenses, distribution of products in kind and provision of services.

(9b) (Inserted: SG No. 33/1996 - Applicable to all income received after 1 January 1996.) Incomes, obtained by partners in civil partnerships under Article 357 of the Obligations and Contracts Act in accordance with their shareholder participation at the expiry of the tax year and upon termination/dissolution, shall be taxable.

(10) In the case of termination of the activities of a merchant, taxable income shall be assessed as at the date of the resolution to terminate, and the tax so assessed shall be payable within the period under Article 56 hereunder.

(11) The tax due pursuant to the foregoing paragraph shall be based on taxable income which shall include also:

1. the amount of equity allowed for to the sole proprietor in the preceding year;
2. any allowances in the preceding year pursuant to paragraph 6.2-4.

(12) The following allowances shall be made from total annual income earned outside any relationship of employment, or from any liberal profession, or from any lease of movables and/or immovables:

1. 70 per cent, for income from cattle or poultry breeding and from such animal produce, and from mushrooms production;
2. 50 per cent, for income from freight services with tow cattle, and from plant production;



3. 40 per cent, for income from decorative plants and flowers production;
4. 40 per cent, for income from the creation of works of sculpture, applied art, art, science and culture, and from handmade works of traditional art;
5. 30 per cent, for income for any other independently provided work or liberal profession;
6. 20 per cent, for income from leases and rentals;
7. 10 per cent, for compensations to executive officers and members of corporate boards serving under an independent contract.

12(a) (Inserted: SG No. 59/1995) The total annual income of persons under paragraph 12, items 4 and 5, shall be reduced by amounts refunded under Article 50, paragraph 1 of the Pensions Act, prior to its reduction by expenses determined by regulations.

(13) Persons who have generated income under the foregoing paragraph may claim allowances under paragraph 6.1 of this Article of up to 20 per cent of annual taxable income. Any one claiming allowances under this paragraph may not claim the same as a sole proprietor.

(13a) (Inserted SG No. 33/1996 - Applicable to all income received after 1 January 1996.) Municipal councils shall levy a tax in the following amounts on persons conducted the following activities, irrespective of the grounds for their registration:

1. For operating as a taxi for each motor vehicle - automobile, light-cargo vehicle, or truck - from BGL 10,000 to BGL 50,000.
2. For crafts services by groups, as follows:
  - a) carpenter's services - from BGL 5,000 to BGL 20,000;
  - b) tailor's and cobbler's services - from BGL 8,000 to BGL 24,000;
  - c) metal-worker's services - from BGL 10,000 to BGL 30,000
  - d) barber's and hair-dresser's services - from BGL 6,000 to BGL 15,000
  - e) watch-maker's services - from BGL 5,000 to BGL 15,000
  - f) hatter's services - from BGL 3,000 to BGL 10,000;

g) car-body and automotive repair services - from BGL 20,000 to BGL 80,000;

h) cosmetic services - from BGL 10,000 to BGL 40,000

i) simple jewelry - from BGL 15,000 to BGL 45,000;

k) machine knitting - from BGL 10,000 to BGL 25,000;

l) repairs of musical instruments - from BGL 3,000 to BGL 10,000;

m) manufacture of frames for pictures, portraits and tapestries - from BGL 14,000 to BGL 30,000;

n) plumbing and sewage - from BGL 5,000 to BGL 20,000;

o) repairs of household appliances and electronic devices - from BGL 5,000 to BGL 20,000.

(13b) (Inserted SG No. 33/1996 - Applicable to all income received after 1 January 1996.) Incomes of persons, incorporated as sole proprietors, from activities, not listed in paragraph 13a, shall be taxed under the procedures of paragraph 5.

(14) Any business losses of persons under paragraph 5 of this Article in any tax year shall be carried forward and allowed for in the following five consecutive tax years.

(15) Income and expenditure shall be accounted for pursuant to the relevant statutes. Payments shall be made pursuant to the relevant statutory procedure.

(16) Where taxable income has been earned from work expanding over several years, e.g. scientific research, works of art and such others, the tax shall be assessed on the basis of the income divided by the number of years.

## Article 14

(Repealed: SG No. 33/1988)

## Title Two

### RURAL POPULATION

#### Chapter Five

#### Income from Farming Taxed

#### Articles 15-18

(Repealed: SG No. 33/1988)

### Title Three

#### BULGARIAN JOINT-STOCK COMPANIES, PUBLIC ORGANISATIONS AND FOREIGN LEGAL AND NATURAL PERSONS

(Amended: SG No. 79/1985)

#### Article 19

(Repealed, SG No. 53/1995)

#### Article 20

(Repealed: SG No. 38/1994)

### Title Four

#### PRODUCTION CO-OPERATIVE SOCIETIES

#### Articles 21 - 26

(Repealed: SG No. 101/1972)

### Title Five

#### GENERAL PROVISIONS

#### Chapter Six

#### Assessment of Taxable Income and Calculation of Tax

#### Articles 27 - 31

(Repealed: SG No. 33/1988)

#### Article 32

(Repealed: SG No. 38/1994)

#### Article 33

(1) (Amended: SG Nos. 19/1992, 38/1994) Tax-payers under Title One, Chapter Four shall file annual tax returns by 15 February each year stating their sources of income and the income acquired during the preceding calendar year. Tax returns shall be filed regardless of the amount of income, if any.

(2) (Amended: SG No. 59/1995) Any person whose income is from that person's occupation and taxable pursuant to Article 13 hereunder, shall notify

the tax authority for his place of occupation within 15 days from the commencement of such occupation. Such notification shall be done in form and content approved by the Minister of Finance. The relevant data shall be recorded in a special register following a procedure established by the Minister of Finance.

(3) (Amended: SG No. 59/1995) Any such person who terminates his occupation at any time in the course of the year, shall file a declaration within 30 days stating the income earned from that occupation as from the beginning of the year to the date of termination.

(4) The Minister of Finance may, in exceptional cases, establish other periods for the above purposes.

#### Article 34

(Amended: *Izv.* No. 105/1962; SG No. 36/1979; Repealed: SG No. 33/1988)

#### Article 35

The tax liability shall be assessed by a tax authority and notified to the payer:

(a) (Amended: *Izv.* No. 105/1962) by a general notice, where tax-rolls are used;

(b) by an individual notice, where tax returns are used;

(c) (Repealed: SG No. 59/1995).

#### Article 36

(Repealed: SG No. 10/1990)

#### Chapter Seven

##### Appeal and Audits

##### Articles 37 - 40

(Repealed: SG No. 82/1991)

#### Chapter Eight

##### Tax Withheld from Providers of a One-Time Service and from Persons Residing Abroad

#### Article 41

(Repealed: SG No. 62/1992)

## Article 41a

- (1) (Inserted: SG No. 38/1994) From executive officers and members of corporate boards serving under independent contracts there shall be withheld, in advance, 20 per cent of earnings in respect of such positions at payment.
- (2) (Inserted: SG No. 33/1996) 20 percent of the income tax, levied on the compensation received for such activities by the persons under paragraph 1 who are employed under individual contracts in companies with state or municipal participation, shall be withheld in advance at the time of payment, inclusive of the additional after-profit-tax remuneration.
- (3) 32 percent tax shall be levied on remuneration, received by foreign natural persons in their capacity as lecturers and consultants, as well as for copyright, licensing royalties and payments for technical services, at the time of payment.
- (4) The tax under the foregoing two paragraphs shall be withheld and remitted by the organisation concerned. The tax under paragraph 3 shall be final.
- (5) 10 percent income tax shall be levied on any compensation received by persons, performing activities under Article 13, paragraph 12, items 4 and 5, at the time of payment and after deduction of such expenditures as are prescribed by the relevant subordinate legislation.
- (6) Where the payer of compensation under the preceding paragraph is not an enterprise, agency or organization, the tax payable shall be encashed by the persons compensated by the 10th day of next month.
- (7) The tax under paragraph 5 shall be levied after the income of the persons exceeds BGL 60,000 in the course of the current year.

## Article 42

(Repealed: SG No. 4/1989)

## Article 43

(Amended: SG Nos. 10/1990, 38/1994) Any tax withheld pursuant to Article 41a (1) shall be deductible from the total annual tax liability. Where the latter is a smaller amount than the amount withheld, the difference shall be attached in respect of other fiscal claims, if any, or refunded.

## Chapter Nine

### Special Duties of Tax-payers and Organisations

## Article 44

(1) Providers of a one-time service to organisations, save cart-drivers and unskilled labourers, shall issue acknowledgments of receipt of payment from a special book.

(2) Such acknowledgments shall be issued also by lessors to lessees.

#### Article 45

(1) (Amended: SG No. 19/1992) Central and local government authorities, legal and natural persons shall co-operate with the tax authorities in the performance of their duties.

(2) The tax authorities and the other persons concerned shall observe the confidentiality of any information relating to their duties.

(3) The disclosure of any such information to judicial authorities or other government departments in cases expressly provided by law shall not be deemed to contravene the foregoing provision.

(4) (Amended: SG No. 59/1995) Offenders shall be liable to a fine from BGL 20,000 to 300,000.

### Chapter Ten

#### Allowances

#### Article 46

(Amended: *Izv.* No. 15/1954; Repealed: SG No. 10/1990)

#### Article 47

Households keeping beehives shall be eligible for the following allowances:

(a) where the number of beehives is smaller than, or equal to, the number of members of the households, the related income shall be exempt;

(b) where the number of beehives is greater than the number of members of the household and smaller than, or equal to, twice their number, half of the related income shall be payable as tax.

#### Article 48

(Repealed: SG No. 33/1988)

#### Article 49

(Repealed: SG No. 10/1990)

#### Article 50

(1) Fishermen shall be liable to taxation on the related income at 50 per cent of the full tax amount.

(2) (Amended: *Izv.* No. 15/1954; SG Nos. 10/1990, 27/1991, 19/1992, 38/1994) Blind persons, deaf persons and persons of other categorised disability shall be exempt from taxation on income up to double the exempt minimums under Articles 4 and 13 (1). Any increment above this shall be taxable under the general procedure.

#### Article 51

(Repealed: SG No. 33/1988)

#### Article 52

(Repealed: SG No. 10/1990)

#### Article 53

(Repealed: SG No. 19/1992)

### Chapter Eleven

#### Payment of Tax

#### Article 54

(Amended: SG Nos. 36/1979, 59/1995) Tax amounts withheld pursuant to Title One, Chapter One, and Title Five, Chapter Eight shall be remitted to the account of the tax authority of office by the 10th of the following month.

#### Article 55

(Amended: SG No. 36/1979) Organisations which draw pay amounts from a bank account for payment of salaries shall simultaneously transfer the tax owed on those to the account of the local tax authority.

#### Article 56

(Amended: *Izv.* No. 15/1954; SG Nos. 52/1965, 19/1992) Tax owed under Title One, Chapter Four shall be paid with 30 days from notice pursuant to Article 35.

#### Article 57

(Repealed: SG No. 33/1988)

#### Article 57a

(Repealed: SG No. 19/1992)

#### Article 57b

(Inserted SG No. 33/1996)

- (1) Persons under Article 13, paragraph 5 shall make advance payments.
- (2) Persons under paragraph 1 shall make quarterly advance payments in the amount of 20 percent of their taxable income in the respective period of the current tax year on a cumulative basis.
- (3) Advance payments made for previous periods of the current year shall be deducted from the current period payment.
- (4) In cases of losses incurred in previous years, advance payments shall be made after the loss is deducted from the taxable income.
- (5) Advance payments shall be made by the 15th day of the month following the end of the respective quarter. The fourth quarter installment shall be in the amount of 1/3 of the payments due for the previous nine months and shall be made by the 25th day of December.
- (6) In case of failure to comply with the terms prescribed in paragraph 5, and in case of differences in advance payments, taxable persons shall pay interest for the period during which payments or balances were due until encashment of tax. Interest shall be determined pursuant to the Law on Interest on Taxes, Charges and other State Takings.
- (7) Where advance payments exceed the annual tax due, the balance shall be deducted or reimbursed under the procedures prescribed by the Law on the Collection of State Takings.

#### Article 57c

(Inserted SG No. 33/1996)

- (1) The tax for the current year under Article 13, para 13a shall be final and shall be encashed in four equal portions in the beginning of each quarter.
- (2) Where business activities start later in the year, tax shall be determined proportionally to the remaining number of months till the year end.
- (3) The tax under paragraph 2 shall be encashed within 30 days after commencement of activities.

### Chapter Twelve

#### Penalties



## Article 58

The tax amount shall be increased by:

- (a) 10 per cent, where the tax return has been filed within 30 days after the statutory period;
- (b) 50 per cent, where the tax return has been filed later than 30 days after the statutory period;
- (c) 100 per cent on undisclosed income.

## Article 59

(Para 1 repealed: *Izv.* No. 91/1957)

The tax increments of 10, 50 or 100 per cent shall be collected without any additional late charge.

## Article 60

(1) (Amended: SG Nos. 19/1992, 38/1994, 59/1995) Chief executive officers and accountants of organisations shall be personally liable to a fine from BGL 50,000 to 200,000 for inaccurate calculation of tax and late payment thereof.

(2) The establishment of offenses and the issuance, appeal and enforcement of penal orders shall follow the relevant procedure under the Administrative Offenses and Penalties Act.

## Article 60a

(Inserted: SG No. 19/1992) The penal orders pursuant to this Act shall be issued by the Heads of Tax Offices at Local Tax Departments.

## Title Six

### TRANSITIONAL PROVISIONS

## Article 61

(Repealed: SG No. 33/1988)

## Article 62

(Repealed SG No. 33/1996)

## Article 63

To govern the application of this Act, the Ministry of Finance shall issue regulations.

## Article 64

(1) Deducted from the amount of tax assessed on farmers for 1950 pursuant to Title Two, Chapter Five hereunder, shall be the amount of tax assessed for 1949. If the latter is higher, the difference shall not be refunded.

(2) No surcharges shall be imposed on tax under this Act.

## Article 65

Hereby repealed is:

1. The Personal Income Tax Act published in SG No. 234/1946 and amended as in Nos. 146/1947, 184/1948, 90/1949, 226/1949 and 46/1950.

The 6 per cent tax under Article 35 of the Act so repealed shall be payable by organisations on salaries, wages and other remuneration for 1950, even though the employees themselves are also liable to taxation pursuant to Article 4 hereunder.

Any cases pending before district courts under the Act so repealed shall be proceeded with by the same without production of any further evidence.

2. Under the Revenue and Expenditure Act of People's Councils of SG No. 271/1948:

- (a) the extraordinary poll-tax under Article 2;
- (b) the annual tax on flour mills, oil mills, fulling-mills, carding machines, etc. (Article 5.4), from the beginning of 1951. The tax shall continue in force for private persons;
- (c) the registered firm fee of 10 per cent of the income tax (Article 5.6). The same shall not apply to private persons;
- (d) the tax of BGL 4 per kilogram of tobacco sold where produced in the Council's territory (Article 5.7), from the beginning of 1951;
- (e) the tax of BGL 1 per kilogram of tobacco leaves by the Tobacco Monopoly (Article 5.8);
- (f) the tax of BGL 2 per kilogram of tobacco leaves for processing (Article 5.9);
- (g) the tax of BGL 1 per kilogram of unshelled rice produced in the Council's territory (Article 5.10);

(h) the tax of BGL 5 per ton of coal produced in the Council's territory (Article 5.11);

(i) the tax of BGL 1 per kilogram of salt produced and sold in the Council's territory (Article 5.12);

(j) the tax of 4 per cent of fish sales on a fish market (Article 5.13);

(k) the fee per head of large and small cattle;

(l) the fee on dogs under the Rabies Decree (Article 8.5);

(m) the fee on non-motor vehicles (Article 8.6).

3. The Note to Article 4.11 of the Turnover Tax Act.

4. Article 227 (b) of the Social Security Act.

#### Article 66

The Stamp Fee Decree is hereby amended as follows:

1. Article 30 (6.2):

*The contracts drawn by organisations relating to their economic activities in this country under the National Economic Plan shall be exempt from the fee.*

2. Title VIII (B.7) 'Special Provisions Relating to Article 32 (2.d)':

*Relating to earners' work, labour legislation and employment contracts, whether individual or collective.*

#### Title Seven

#### ADDITIONAL PROVISIONS

*Promulgated State Gazette No. 38/1994*

§ 1. Any amounts under Articles 6 (2) and 1 (5.10) shall be treated as non-taxable where the employee or sole proprietor concerned is covered by compulsory social insurance and the insurer has created a fund for the purchase of government securities.

§ 2. For the purposes of this Act, *tax year* is the calendar year.

§ 3. As used in this Act, *necessary expenses* means actual payments in respect of expenses incurred for economic factors, financing costs and contingencies.

§ 4. As used in this Act, *net income* is total annual income less turnover tax (VAT) and excise duties.

§ 5. As used in this Act, *related parties* are:

1. spouses, any direct relatives, collateral relatives, once to thrice removed, and in-laws, once to twice removed;
2. any employer and employee;
3. any parties, where one participates in the management of the other's company;
4. partners;
5. any company and any person holding more than 5 per cent of equity or voting shares in the company;
6. any parties whose activities are under the direct or indirect control of a third party;
7. any parties who jointly have direct or indirect control over a third party;
8. any parties, where one is trade agent of the other;
9. any parties, where one has made a donation to the other;
10. any parties participating, in any direct or indirect manner, in the management, control or capital of a third party or parties, wherefore such parties could agree on other than customary terms and conditions.

§ 6. For the purposes of this Act, *young married couple* is that in which, at the time of that couple being put into possession of the land, or at the time of that couple leasing such land, the husband is of age below 35 and the wife, below 30.

#### TRANSITIONAL AND CONCLUDING PROVISIONS

*Promulgated State Gazette No. 27/1991*

§ 8. (Amended: SG No. 38/1994) Individual farmers shall be exempt from personal income tax on income from plant and animal production, apiculture and sericulture for a period of five years from such farmers being put into possession of land or leasing such, and young married couples, for a period of eight years from the coming into force of the Act of Amendment and Addendum to the Ownership and Use Act of Agricultural Land (SG No. 28/1992).

§ 9. Any tax-payers under Article 13 (1) earning income from production of consumer goods shall be liable for 75 per cent of such income in the first three calendar years from this Act's coming into force.

§ 10. Where production is terminated within the period under the foregoing section, the full tax liability shall apply.

§ 11. Tax on incomes earned in 1990 shall be assessed under the applicable procedure prior to this Act.

§ 12. This Act shall come into force on 1st April 1991, and Article 13 hereof shall apply to incomes earned from 1st January 1991.

§ 13. The implementation of this Act is assigned to the Council of Ministers, and the Council shall issue Rules Governing the Application thereof.

ACT ON AMENDMENT AND SUPPLEMENT  
OF THE PERSONAL INCOME TAX ACT

*Promulgated State Gazette No. 19/1992*

TRANSITIONAL AND CONCLUDING PROVISIONS

§ 16. The Act, save § 2, shall be applicable to incomes earned from 1st January 1992.

§ 17. Section 2 shall apply to incomes earned from 1st March 1992.

§ 18. The provisions of §§ 1, 3.2 and 3.3 shall apply, also, to incomes earned in 1991.

§ 19. The implementation of this Act is assigned to the Council of Ministers.

ACT ON AMENDMENT AND SUPPLEMENT  
OF THE PERSONAL INCOME TAX ACT

*Promulgated State Gazette No. 23/1993*

CONCLUDING PROVISIONS

§ 3. Section 1 shall apply to incomes earned from 1st March 1993.

§ 4. Section 2.1 shall apply to incomes earned from 1st January 1993.

§ 5. Section 2.2 shall apply to incomes earned from 1st January 1992.

ACT ON AMENDMENT AND SUPPLEMENT  
OF THE PERSONAL INCOME TAX ACT

*Promulgated State Gazette No. 38/1994  
Amended SG No. 83/1994; 58 & 59/1996*

#### TRANSITIONAL AND CONCLUDING PROVISIONS

§ 17. Any compensation received by unjustly persecuted persons, pursuant to Acts of the National Assembly or the Council of Ministers, shall be exempt.

§ 18. (Amended SG No. 59/1996) For the purposes of annual taxable income assessment, depreciation charges are determined according to Article 15 of the Tax on Profits Act.

§ 20. Section 19 shall apply to income from apiculture and sericulture for a period of five years from the coming into force of the Act of Amendment and Addendum to the Ownership and Use Act of Agricultural Land (SG No. 28/1992).

§ 21. Section 3 shall apply to incomes earned from 1st April 1994.

§ 22. (Amended SG No. 83/1994) Sections 7, except item 2, "f" and 8 shall apply to incomes earned from 1st January 1994.

§ 23. Section 17 shall apply to compensations received from 1st January 1993.

§ 24. (Amended SG No. 58/1996) The income tax owed on bonuses and cash prizes from Olympic, world and European sport championships, from Universiades and other sports championships shall be remitted for the Committee for Physical Training and Sports to the State Fund for Support of the Physical Training and Sports.

§ 25. This Act shall be brought into line with the requirements under Article 9 (2) of the Statutes Act and Article 27 of Decree 883 on the Application of the Statutes Act.

§ 26. The implementation of this Act is assigned to the Council of Ministers, and the Council shall issue Rules Governing the Application thereof.

#### ACT ON AMENDMENT AND SUPPLEMENT OF THE PERSONAL INCOME TAX ACT

*Promulgated State Gazette No. 59/1995*

#### TRANSITIONAL AND CONCLUDING PROVISIONS

§ 11. Section 2, item 1 shall be applicable as from 11th October 1994.

§ 12. Section 3 shall apply to incomes earned after 1st June 1995.

§ 13. Section 5 shall apply to incomes earned after 1st January 1995.

§ 14. Incomes of foreign natural persons taxed pursuant to Article 109, paragraph 1 of Decree No. 56 on the Economic Activity, shall be declared and taxed pursuant to Article 13 of the Personal Income Tax Act.

§ 15. Implementation of this Act shall be assigned to the Council of Ministers.

This Act has been adopted by the 37-th National Assembly on 21st June 1995 and the State Seal was affixed to it.

Chairman of the National Assembly: Blagovest Sendov