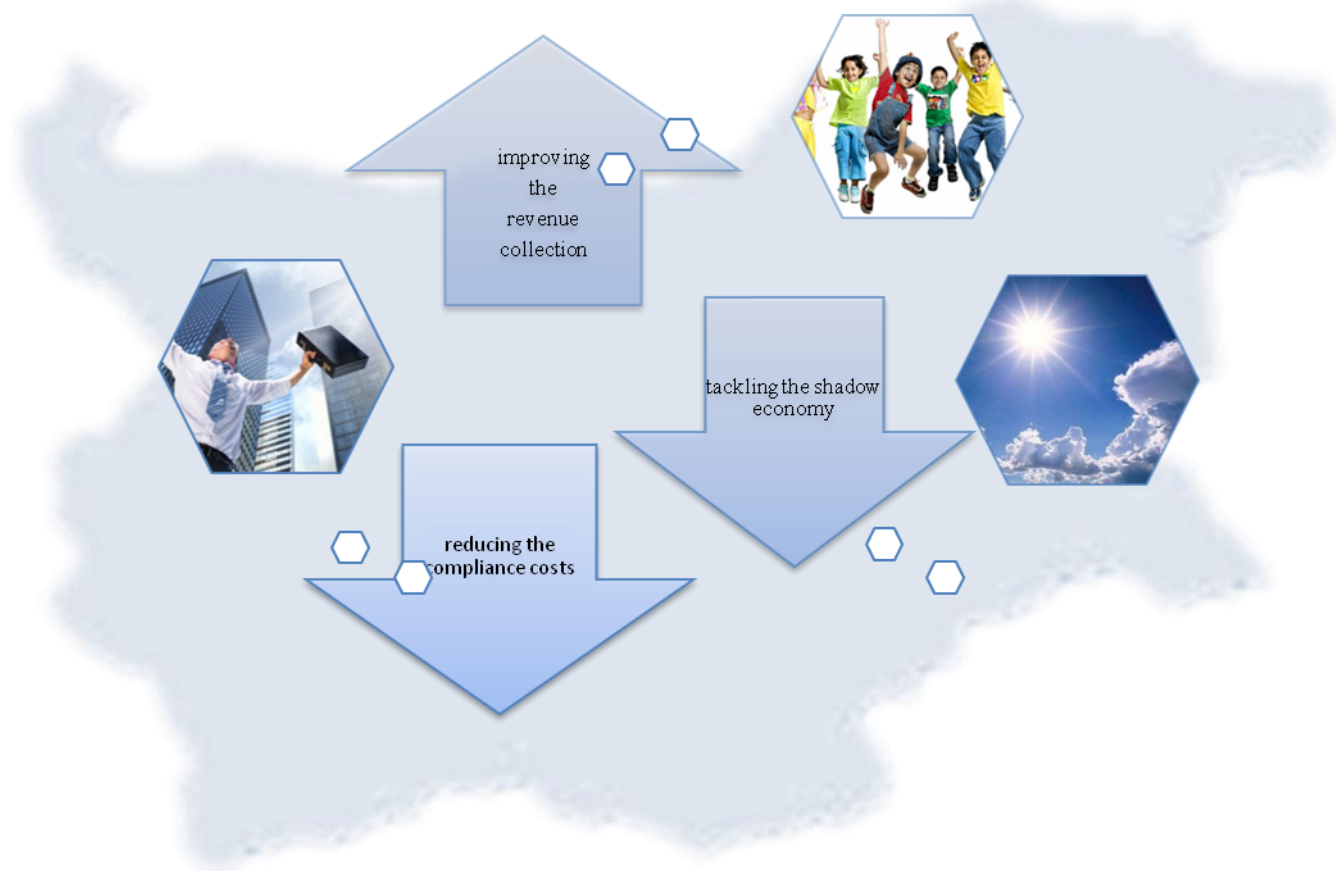




## Evaluation Report

on the implementation of the Single National Strategy for improving the tax collection, tackling the shadow economy and reducing the compliance costs 2015 - 2017

2015



<b>Contents</b>	<b>Page</b>
Abbreviations used	3
Introduction	4
2015 Tax Revenue Performance Report	6
1. Progress made with implementing the measures designed to attain Strategic Objective 1 “Tackling the Shadow Economy”	9
1.1. Information on the implementation of the SO 1 measures on the Action Plan and of additional measures	9
1.2. Performance assessment	27
2. Progress made with implementing the measures designed to attain Strategic Objective 2 “Improving the tax collection”	29
2.1. Information on the implementation of the SO 2 measures on the Action Plan and of additional measures	29
2.2. Performance assessment	41
3. Progress made with implementing the measures designed to attain Strategic Objective 3 “Reducing the Compliance Costs”	45
3.1. Information on the implementation of the SO 3 measures on the Action Plan and of additional measures	45
3.2. Performance assessment	54
4. Recommendations and proposals	55
5. Annex	55

## Abbreviations used

AA – Amending Act	NA – National Assembly
ATR – Annual Tax Return	NRA – National Revenue Agency
BCCP – Border Crossing Checkpoint	NSSI – National Social Security Institute
BNB – Bulgarian National Bank	ORCMA – Organic Rules of the Council of Ministers and its Administration
CA – Customs Agency	PIC – Personal Identification Code
CDCOC, CDNP and CDBP – Chief Directorates “Combating Organised Crime”, “National Police” and “Border Police” in MoI	PITA – Personal Income Tax Act
CFP – Consolidated Fiscal Programme	PO – Penalty Order
CITA – Corporate Income Tax Act	PPA – Public Procurement Act
CM – Council of Ministers	PPC – Penal Procedure Code
CO – Central Office	PRB – Prosecutor’s Office of the Republic of Bulgaria
CRAS – Civil Registration and Administrative Services	PSI – Public Social Insurance
EA – Employment Agency	QES – Qualified Electronic Signature
EAAA – Executive Agency “Automobile Administration”	RA – Registry Agency
EC – European Commission	AR of RAEDTWA – Amending Rules of the Rules for the Application of EDTWA
EDTWA – Excise Duties and Tax Warehouses Act	SAMTS – State Agency for Metrological and Technical Surveillance
EEEEU – excise-exempt end user	SANS – State Agency for National Security
EP – European Parliament	SAO – Statement of Administrative Offence
EPA – Employment Promotion Act	SBRBA – State Budget of the Republic of Bulgaria Act
EU – European Union	SG – State Gazette of the Republic of Bulgaria
FCFI – Facts and Circumstances Finding Inspection	SIC – Social Insurance Code
GLI and GLI EA – General Labour Inspectorate Executive Agency	SME – Small and Medium-sized Enterprises
ICA – Intra-Community Acquisition	SNS – Single National Strategy for improving the tax collection, tackling the shadow economy and reducing the compliance costs
ICS – Intra-Community Supply	SO – Strategic Objective under SNS 2015-2017
IS – Information System	TSIPC – Tax and Social Insurance Procedure Code
LC – Labour Code	VAT – Value Added Tax
LCPA – Limitation of Cash Payments Act	VATA – Value Added Tax Act
LTF – Local Taxes and Fees	
LTFA – Local Taxes and Fees Act	
MD – Ministerial Decision (decision of the Council of Ministers)	
MF – Ministry of Finance	
MLSP – Ministry of Labour and Social Policy	
MO – Ministerial Order (order of the Council of Ministers)	
MoI – Ministry of Interior	
MOSS – specialized information system	
MOSS (“mini-One-Stop-Shop” or one-stop shop)	
MTITC – Ministry of Labour, Information Technologies and Communications	

## Introduction

This report has been prepared pursuant to MD No. 806 / 15.10.2015 setting the annual reporting on the implementation of the Single National Strategy for improving the tax collection, tackling the shadow economy and reducing the compliance costs (SNS) 2015 - 2017.

The report contains information about the progress made with the implementation of the measures included in the Action Plan annexed to SNS 2015 - 2017 in the period 1 January – 31 December 2015. It has been prepared pursuant to Part 4 “Coordination, Monitoring and Evaluation. A System of Monitoring and Evaluation Indicators” of the Strategy. General monitoring is carried out for the implementation of the Strategy. It is aimed at ensuring synchronisation, coordination and mutual support in implementing the measures and activities planned.

The monitoring of SNS 2015 - 2017 is a process of systematic and continuous collection and analysis of information about the implementation of the measures planned and about the attainment of the objectives and targets set. The monitoring provides information which serves as a basis for the annual implementation reports on the strategy.

The monitoring permits making timely adjustments to the measures and to how they are implemented. For longer-term measures which are implemented in several phases, the implementation of each phase could be preceded by monitoring and evaluation of the activities and results carried out and achieved in the previous phase.

The reporting information covers measures addressing the EU Council Recommendations of 14 July 2015 and 8 July 2014. According to Country Specific Recommendation 1 of 2015, in the field of tax policy Bulgaria should take decisive measures to improve tax collection and address the shadow economy, based on a comprehensive risk analysis and evaluation of past measures. In that light, the Action Plan annexed to SNS 2015 - 2017 contains measures and actions which are based on the revenue agencies' ongoing analyses of the effect of the anti-tax fraud measures, integrate all aspects and constitute a single measure aimed at creating a common interinstitutional approach for improving the tax collection, decreasing the share of the informal economy and reducing the compliance costs.

In the light of the interinstitutional approach for coordination and close operational cooperation of the competent national institutions towards attainment of the objectives pursued, which is laid down in SNS 2015 – 2017, and as a consequence of the need to cover the work of all institutions engaged, this report has been prepared on the basis of the information provided to the Ministry of Finance regarding the measures and activities implemented by the organisations with specific obligations as institutions responsible for the implementation of the Action Plan annexed to the SNS.

The Ministry of Finance is the institution responsible for the direct control and implementation of SNS 2015 - 2017 and the Action Plan. Within that responsibility, a Strategy Implementation Monitoring Group was set up with Order No. 3MΦ-260/04.04.2016 of the Minister of Finance. It includes representatives of the Ministry of Finance, the National Revenue Agency, the Customs Agency, State Agency for National Security, the Supreme Prosecutor's Office of Cassation and Executive Agency “General Labour Inspectorate”.

The report is structured into 4 main parts. The measures to increase budget revenues support the strategy for consistent fiscal consolidation and reduction of the budget deficit in the medium term which is set as an objective in the 2016-2019 Medium-term Budgetary

Framework, the Convergence Programme of the Republic of Bulgaria and other strategic documents of the Government. Tax revenues account for the highest relative share in budget revenues. In that light, the first part of the report contains an outline of the 2015 execution of tax revenues.

The reporting information provided by the competent ministries and institutions has been analysed and summarised by the Strategy Implementation Monitoring Group. The measures designed to attain the objectives laid down in SNS 2015 – 2017 and to fulfil the 2015 and 2014 EU Council Recommendations are discussed in three separate parts of the report. The progress made with the implementation has been reported for each separate area, discussing the volume, implementation phase and nature of the measures under the strategic objectives formulated in the SNS 2015 - 2017:

- Strategic Objective 1. Tackling the shadow economy;
- Strategic Objective 2. Improving the tax collection;
- Strategic Objective 3. Reducing the compliance costs.

Completed measures are presented in an annex to the Report.

A single classification with the following categories has been used to evaluate the progress made with the implementation of the measures in the table: “The measure is in progress / The measure is permanent and is in progress”, “The measure is completed” and “The measure is to be implemented”. The last category is for measures whose implementation has not commenced yet or only preparatory activities have been carried out.

## Report on the 2015 execution of tax revenues

### Tax policy

The tax policy pursued by the Ministry of Finance in 2015 was focused on improving the tax system efficiency and the business environment in order to promote economic growth and employment. It also secured the necessary financial resource for implementation of the priority spending policies laid down in the annual programme, which were linked to the approved budgetary framework with the 2015 SBRBA.

The main objectives included pursuing a policy for improving budget revenues and decreasing the shadow economy share. Other strategic objectives were formulated in the field of fighting tax fraud and tax evasion, as well as for reducing the administrative burden and costs for the business and the citizens.

With a view to attaining the objectives mentioned, in 2015 legislative amendments were adopted and the revenue administrations undertook actions in the field of collection and control. The objectives mentioned correspond with those set in SNS 2015 - 2017.

One priority is to reach the minimum excise duty levels in the EU in accordance with the agreed transitional period. In that light, gradual increase of the excise duty rates for cigarettes has been planned for the 2015 - 2017 period.

Tax policy developments over the period are in line with the EU law and the international treaties to which the Republic of Bulgaria is a party.

### Tax revenues

Total 2015 tax revenues to the Central Budget amount to BGN 17 150,5 million or 99,0 % execution of the updated estimates<sup>1</sup> in the 2015 SBRBA. Tax receipts increased by BGN 1 291,2 million (8,1 %) compared to the previous year.

Excise duty receipts register the highest increase against 2014 (12,0 %), followed by revenues from corporate taxes (10,8 %), insurance premium tax (8,2 %) and VAT (6,5 %). Receipts from corporate taxes are performing best against the annual plan (107,7 %), followed by revenues from custom duties and taxes (106,0 %) and excise duties (100,8 %).

#### *Corporate taxes*

As of 31.12.2015, corporate tax revenues (including taxes on dividends, shares in a liquidation surplus and income of local and foreign legal persons) amount to BGN 1 860,4 million, accounting for execution at 107,7 % against the updated 2015 annual plan. They increased by BGN 181,0 million (10,8 %) against 2014.

Cash receipts from corporate tax on *non-financial enterprises (including not-for-profit organisations) and financial institutions* amount to BGN 1 803,7 million, accounting for execution at 111,1 % against the updated estimates in the 2015 SBRBA. They are BGN 190,9 million (11,8 %) up on the previous year.

Receipts from *tax on dividends, shares in a liquidation surplus and income of local and foreign legal persons* for 2015 are BGN 56,7 million, accounting for execution at 54,9 % of the updated annual plan. They are by BGN 9,8 million (14,8 %) lower compared to the previous year.

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<sup>1</sup> Given the emerging over-performance of the initial estimates of tax revenues to the state budget according to §10 of the Transitional and Final Provisions of the 2016 SBRBA, amendments to the estimates under Article 1(1) of the 2015 SBRBA have been adopted. The updated estimates after the approval of the amendments have been used in the comparison against the annual plan.

### ***Income taxes on natural persons***

Receipts from income taxes on natural persons (ITNP) to the Central Budget as of 31.12.2015 amount to BGN 2 719,1 million or 100,2 % execution of the updated annual plan. Those revenues are by BGN 135,7 higher compared to the previous year when they were BGN 2 583,4 million (96,7 % of the 2014 annual estimates). Receipts from taxes on employment, service and equivalent relationships account for the highest share of 81,7 %, followed by receipts from taxes on non-employment relationships with 10,3 %, the final tax on local and foreign natural persons and the tax on dividends and liquidation quotas of local and foreign natural persons with 6,1 %, whereas revenues from final tax on income from interest on deposits of natural persons account for the lowest share of 1,9 %.

### ***Value Added Tax***

VAT receipts as of 31.12.2015 amount to BGN 7 740,0 million or 95,7 % execution of the updated annual plan. They are by BGN 475,6 (6,5 %) higher compared to 2014. The high performance of VAT revenues is accounted for by receipts from domestic transactions and intra-Community acquisitions (ICA), which report growth at BGN 721,1 million, whereas lower receipts from imports are due to the dramatic decline in crude oil prices.

#### ***Receipts from domestic transactions and intra-Community acquisitions (ICA)***

As of 31.12.2015, the net tax receipts to the budget amount to BGN 4 364,1 million (94,1% of the updated annual plan) against BGN 3 643,0 million at 31.12.2014 (90,9 % of the 2014 SBRBA estimates). Net revenues are the difference between the amounts effectively paid and the input tax refunded. Amounts effectively paid are BGN 10 370,6 million, 7,8 % up on 2014. Receipts from amended assessments alone are by 37,7 % higher compared to the previous year (an increase of BGN 103,6 million). Input tax refunded by tax authorities amounts to BGN 6 006,5 million or BGN 34,6 million (0,6 %) up on the previous year. There was no delay of input tax refund at the end of 2015 and thus the refundable amounts reached BGN 128,5 million against BGN 103,4 million as of end of December 2014 – the bottom value in the past years. This is due to the measures taken to speed up the VAT refund to companies and the efforts for proper relationships with the business.

#### ***Revenues from non-EU imports***

At the end of 2015, receipts from VAT due on imports amount to BGN 3 375,9 million or 97,8 % execution of the annual plan. Compared to 2014, revenues are by BGN 245,5 million (6,8 %) lower. The main reason for the lower revenues from this tax is the dramatic decrease in crude oil prices (down from USD 95,9 / barrel in 2014 to USD 51,2 / barrel in 2015).

### ***Excise duties***

Revenues from excise duties on imports, domestic production and excisable goods brought from another EU Member State into the country as of 31.12.2015 amount to BGN 4 525,0 million, or 100,8 % execution of the updated programme. Revenues from excise duties are BGN 486,3 million (12,0 %) up on 2014.

*Fuels* account for the highest share of revenues from excise duties, with 46,8 %. In 2015, revenues from fuels are 8,7 % or BGN 168,8 million up on 2014. Receipts from *tobacco products* amount to BGN 2 082,0 million, making up 46,0 % of total excise duty revenues. The quantities of cigarettes subject to excise duty register increase at 16,5 %, accounting for BGN 294,8 million increase in revenues due to the fall in smuggling. Net revenues from ex-

cise duty on *alcoholic beverages and beer* amount to BGN 278,5 million, reporting an increase of 6,4 % compared to 2014. Those receipts make up 6,2 % of total excise duty revenues.

#### ***Tax on insurance premiums***

As of 31.12.2015, revenues from tax on insurance premiums under taxable insurance contracts amount to BGN 26,5 million (97,5 % of the updated annual estimate). Receipts are BGN 2,0 million (8,2 %) up on 2014.

#### ***Custom duties and taxes***

It should be taken into account that custom duties revenues are traditional EU own resource and the legislation applicable to them is entirely at the EU level. It should be noted also that EU's trade policy becomes increasingly liberal, resulting in a multitude of concluded agreements or preferential custom duties granted on an autonomous basis.

Custom duties collected in 2015 amount to BGN 159,0 million, accounting for execution of the updated annual plan at 106,0 %. They are BGN 5,8 million or 3,8 % up on 2014.

#### ***Other taxes under CITA***

As of 31.12.2015 revenues from this group of taxes amount to BGN 119,1 million or 96,2 % of the updated annual plan. Receipts from final taxes on gambling and gambling facilities account for the highest share (47,5 %) in total revenues from other taxes under CITA, amounting to BGN 56,5 million in 2015 (102,4 % against the updated annual plan).



## **1. Progress made with implementing the measures designed to attain Strategic Objective 1 “Tackling the Shadow Economy”**

### **1.1 Information on the implementation of the SO 1 measures on the Action Plan and of additional measures**

The measures designed to tackle the shadow economy and laid down in SNS 2015-2017 include activities to increase the share of electronic services, reduce licencing and registration regimes, cut down corrupt practices, organise media campaigns aimed at enhancing the civic orientation of people, preventing avoidance and evasion of tax, social security and health insurance payments and fees by exercising more effective control, providing incentives and imposing penalties to ensure compliance in several major areas:

- Creating conditions for facilitated and more efficient compliance by simplifying the administrative procedures;
- Using the electronic and card payment systems to enhance the transparency of transactions;
- Increasing the detection of violations and offenses by more effective control and enhanced effectiveness of existing sanctioning regimes;
- Reducing public tolerance for the shadow economy, promoting the rights and obligations of citizens and of the business and increasing the confidence in the public administration and in the policies;
- Introducing regular monitoring reports to evaluate the evolution dynamics and the effectiveness of implemented measures;
- Strengthening interinstitutional cooperation and coordination and the effective information exchange at the national level as well as with the EU Member States and with non-EU countries.

The results of the activities implemented in 2015 within the measures designed to achieve progress on the objectives for tackling the shadow economy laid down in SNS 2015-2017 are presented in the Table for reporting the activities carried out and progress made with the implementation of the measures designed for attainment of Strategic Objective 1 of SNS 2015-2017 hereunder.



1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
	Excise duty and VAT	<p>were specified. NRA and CA carried out joint inspections at petrol stations and of agricultural producers.</p> <p>Inspections of declared tanks and facilities for storage and/or supply of liquid fuels for own needs carried out.</p> <p>With a view to exchanging information within the administrative cooperation, CA carried out of case-by-case checks of risky individuals introducing lubricants and base oils into the territory of the country. Depending on the results, the findings of these checks were made available to NRA, SANS and MoI for taking action within their competence.</p>					Number of a posteriori checks carried out	<p>The Ex-Post Control Units of the CA made total 2 055 checks, including FCFI, counter checks and checks by delegation, checks for reimbursement of excise duties, etc.</p> <p>Inspections of declared tanks and facilities for storage and / or supply of liquid fuels were carried out at 1 277 taxable persons. Declared tanks were 1 959 while the actually detected tanks were 2 236. Difference between the reported quantities of fuels and the consumption rates at total 70 860 litres was detected.</p> <p>Joint inspections by NRA and CA at petrol stations are 75 in 2015.</p> <p>The inspections of 250 agricultural producers resulted in 19 SAO issued.</p> <p>NRA and CA carried out 30 joint actions. Seven audits were carried out and liabilities at BGN 3 530 380 were</p>

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		Given the national priorities for mass control of persons trading in motor fuels, NRA, CA, SAMTS, MoI, SANS carry out regular inspections in such fuels sale and/or storage points.					<p>Number of audit proceedings initiated against persons engaged in tax frauds involving excise duty and VAT.</p> <p>Number of pre-trial proceedings initiated by investigating customs inspector against offenses involving excisable goods.</p>	<p>established. 18 persons were deregistered.</p> <p>The inspections of 1 311 “institutional petrol stations” resulted in drawing up 88 SAO.</p> <p>The customs authorities carried out total 54 audits of taxable persons (TP) under EDTWA. Audits assigned in 2015 are currently in progress.</p> <p>Investigating customs inspectors initiated total 383 pre-trial proceedings involving excisable goods.</p>
1.3	Expanding the scope and improving the mechanism of fiscal control on the movement of high fiscal risk goods	Fiscal control is provided primarily at the so-called fiscal control points (20 operational) organised in the territory of the Republic of Bulgaria in close proximity of border crossing checkpoints and inland, on the territory of	2015	<i>The measure is in progress</i>	Conducting inspections of transport vehicles carrying high fiscal risk goods. Using technical control means. Imposing protective measures. Opening new fiscal control	2015 - 2016	<p>Prepared draft AA of TSIPC</p> <p>Amending and supplementing Ordinance No. H - 2 / 30.01.2014 of MF.</p>	The tax base declared for ICA in 2015 is by BGN 605 508 658 or 16,5% up on

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		the big exchanges and markets. 1. 41 new inland fiscal control points were opened with Order No. 311Y-1449/27.11.2015 of the Executive Director of NRA whereby all points totalled 138 in number.			points at BCCP. Opening new inland fiscal control points. Supplementing the list of high fiscal risk goods. Improved organisation of work in carrying out fiscal control. Introducing an identification code to monitor the movement of high fiscal risk goods.		Number of detected abuses in the trade in high fiscal risk goods; Number of inspections of ICA, ICS transport vehicles leaving the country without cargo and of transport vehicles passing through the territory of the Republic of Bulgaria; Number of technical control means installed; Protective measures imposed on taxable persons.	2014 The tax base declared for ICA in 2014 is BGN 3 664 594 824 and for 2015 it is BGN 4 270 103 482.  Total 280 040 checks were carried out at the fiscal control points of BCCP;  Technical control means installed on 73 314 transport vehicles.  1 367 protective measures worth a total of BGN 12 080 525 imposed on 755 taxable persons (TP). In the case of 12 TP goods were confiscated in favour of the state, with goods confiscated in favour of the state totalling 185 615,78 kg.
		2. Assistance by MoI officers in the control on the movement of high fiscal risk	2015			2015 - 2017	Issued Order of the Chief Secretary of MoI; Decreasing the	Set up interinstitutional centre for counteracting smuggling and controlling the movement of risky goods

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		goods secured by setting up a 24/7 interinstitutional coordination centre for counteracting smuggling and controlling the movement of risk goods and cargo, ensuring the interaction and coordination between CDCOC, CDNP and CDBP of MoI, SANS, CA, NRA and EAAA.					damage caused by fraud involving high fiscal risk goods; Number of checks carried out by the Fiscal Control Directorate of NRA	and cargo (MO No. 89/16.04.2015) Mobile NRA teams carried out 2 485 checks of high fiscal risk goods; Protective actions undertaken in 840 cases, worth approximately BGN 6,5 million.
1.4	Improving the regulatory framework and enhancing the efficiency of control on failure to report sales, including by making control purchases	<p>An analysis of the existing acts regulating the reporting of sales was carried out;</p> <p>Draft Law on the registration and reporting of sales in business premises, to replace Ordinance No. H-18 / 13.12.2006 on registration and reporting of sales in business premises with the means of fiscal devices is under preparation.</p>	2015	<i>The measure is in progress</i>	<p>Preparation of draft law is going on. Provisions making reference to an ordinance of MF regulating the specific requirements to IS managing sales in business premises are envisaged. A meeting with the biggest developers of such IS is to be organised to discuss specific requirements and their development.</p> <p>Regulating requirements to the information systems for management of sales in business premises used by taxable persons.</p> <p>Approving internal rules of NRA on implementing</p>	2016  2017	<p>Analysis prepared</p> <p>Draft law prepared</p> <p>Draft ordinance with technical requirements prepared</p>	<p>1 analysis</p> <p>Initial draft law</p>

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
					individual means of control on the failure to register turnovers – using the data from the system for remote connection of fiscal devices to NRA, control purchases, acting on citizen alerts, rapid response teams, etc.			
1.5	Reducing public tolerance for the shadow economy, promoting the rights and obligations of citizens and of the business and increasing the confidence in the public administration and in the policies	NRA initiated and held meetings with GLI, BICA (Bulgarian Industrial Capital Association), BCCI (Bulgarian Chamber of Commerce and Industry) for joint “Money in Envelope” campaign designed to combat the informal economy and the payments “under the table”. NRA conducted information campaigns for the collection of overdue liabilities, including of public servants, letters of reminder for compliance with the social security and health insurance legislation	2015	<i>The measure is permanent and is in progress</i>		2015 - 2017	Conducted joint information campaign  Letters of reminder for compliance with the social security and health insurance legislation sent, etc.	“Money in Envelope” campaign  Up to 14 thousand risky employers

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		<p>sent to 14 thousand risky employers, etc. Conducted information campaign on treating the risk of failure to file declaration form 6 and to make the mandatory social security and health insurance payments by self-insured persons as well as in respect of risky persons in the sector of hairdressing and beauty care and other beauty and health activities.</p> <p>SANS, jointly with CDCOC-MoI and in enhanced coordination with EUROPOL, designs a campaign for raising the awareness of the competent state and private institutions about the negative effects of tax frauds. Indicative models for leaflets were designed in the initial phase.</p>					Conducted information campaign	In the hairdressing and beauty care branch
1.6	Organising a lottery game with non-monetary prizes	A concept was designed in 2015 and a lottery game was organised with fiscal purchase receipts. The lottery was launched in November.	2015	<i>The measure is in progress</i>	Continuing the lottery game till the end of 2016  Analysis of the results of the lottery game.	2016	Start of the lottery game	November 2015
1.7	Using the electronic and card payment systems to enhance	1. Adopted legislative amendments lowering the cash payment threshold from	2015	<i>The measure is in progress</i>		2016	Adopted amendments to LCPA;	SG, No. 95 / 2015, effective 1.01.2016



1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
	the transparency of transactions	BGN 15 000 to BGN 10 000						
		2. Draft AA of the Law on Payment Services and Payment Systems, transposing Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features has been prepared.	2015		Approval of WG-26, inter-institutional approval, public discussion, submission to CM, submission to NA.	18.09 2016 <sup>3</sup> .	Passing of the draft law by NA	The draft law is in the final state of approval and reflecting notes. Submission to CM is pending.
		3. Regulation (EU) 2015/751 of the European Parliament and of the Council of 29 April 2015 on interchange fees for card-based payment transactions, which is directly applicable in Bulgaria, entered into force on 8 June 2015.	2015		Monitoring by BNB to ensure compliance with the Regulation in the capacity of a monitoring authority competent to apply it.	Effective 8 June 2015, with the exception of some provisions applied at a	Coming into force of the Regulation. Compliance by the persons subject to monitoring and provision of ongoing monitoring.	The representatives of the payment card schemes operating in the territory of Bulgaria were requested to provide information about the steps taken to ensure compliance with the Regulation.

<sup>3</sup> The last date for transposition of the directive by the Member States is 18 September 2016. The entry into force of certain provisions is conditional upon the adoption by EU of delegated acts for their implementation which is scheduled for 2017.

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
						later stage.		
		4. Work on creating a Register of bank accounts and safe deposit boxes pursuant to Article 56a of the Law on Credit Institutions started at the end of 2015. The information system aims to centralise the information about bank account numbers, the names of the account holders, the names of the persons authorised to manage these accounts and the names of persons with rental contracts for bank safe deposit boxes. The bodies of the judiciary, CDNP and CDCOC of MoI, SANS, NRA, CFIAA (Commission on Forfeiture of Illegally Acquired Assets) will be granted access to the information in the system of the register. The deadline for commissioning of the register is 1 January 2017.	End of 2015		Procedure under PPA, designing, testing and commissioning of the register	1 January 2017	Operational register of bank accounts and safe deposit boxes	A procedure under PPA is in progress

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
1.8	Electronic registers of issued acts	Implementation of electronic registers and a system for control of conducted checks, issued protocols, statements of administrative offences and penalty orders, amount of imposed and paid fines and financial penalties.		<i>The measure is completed</i>		2016	Existing electronic registers	CA and NRA have electronic registers: of conducted checks, of amended assessments issued, of issued SAO and PO, of outstanding liabilities.
1.9	Improving the effectiveness of administrative penalties			<i>The measure is to be implemented</i>	Preparing an analysis of the administrative penal provisions in the tax laws as regards the correspondence with the gravity of the offence.	2016		
1.10	Strengthening the control functions, enhancing the detection of violations and offences	<p>§ 2 of the Amending Act of the Labour Code (AA of LC) has created a new Article 114a which regulates employment contracts for short-term seasonal agricultural work. These contracts are expected to bring to light a portion of the employers and employees in agriculture, in particular assignment and performance of unskilled manual labour.</p> <p>Strengthening and expanding the control functions of GLI, EA, NSSI, elaborating their activity and improving their organisational structures in</p>		<i>The measure is in progress</i>		2015 – 2017	Adopted amendments to pieces of legislation	<p>SG, No. 54 / 2015, effective 17 July 2015</p> <p>AA of EPA, promulgated, SG, No. 101 / 2015 and No. 102 / 2015</p>
					Signing of cooperation agreement between GLI	2017	Adopted amendments to SIC	

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		order to cover all forms of employment.			and NSSI.			
1.11	Improving the control provided by GLI EA with regard to recruitment, working hours, holidays, pay, performance and reporting of extra work.	1. Inspections by GLI EA throughout the year were focused on the economic sectors with the highest risk of unregulated practices, as well as on the small and medium-sized enterprises. The control for undeclared employment is an element of every inspection. Control is also laid down in the Agency's annual work plan.	2015	<i>The measure is permanent and is in progress</i>	This activity is laid down in GLI EA's 2016 plan: Measure 5 of GLI EA's annual plan "Carrying out inspections in small and medium-sized enterprises with a view to counteracting and preventing the shadow economy in all its forms".	2017	1. Number of employment contracts registered after GLI EA's inspection; 2. Delayed labour remunerations and other payments made after intervention by GLI EA; 3. Number of detected cases of performing work in excess of the working hours agreed in the employment contract without registering it as overtime work ("false" employment contracts); 4. Number of detected cases of illegal performance of overtime work without payment;	Detected 2 412 violations concerning persons working without written employment contracts; Delayed labour remunerations and other payments at a total amount of BGN 24 million made to workers after the intervention by the labour inspectors. Identified 26 cases of workers migrating from part-time to full-time employment after the intervention by the authorities of GLI EA. Identified 900 violations consisting in performing work in excess of the working hours agreed in the employment contract

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
								Inspections were made in 18 960 enterprises in 2015. Total identified violations are 102 207 and violations concerning employment relations are 53 859 in number.
		<p>2. Conducting joint inspections and exchanging information on the basis of Instruction for interaction of NRA and GLI EA with a view to stepping up the fight against undeclared work and reducing the activity in the informal economy in general;</p> <p>3. Activity originating as a result of amendments to the labour legislations, which is not included in the annual plan of GLI EA: Starting from 21.07.2015, a measure to counteract cases of work without employment con-</p>	<p>2015</p> <p>2015</p>		<p>Inspections at the request of NRA and/or NSSI are conducted on a year-round basis.</p> <p>Agreement No. 85 / 29.09.2010 between GLI and NRA and NSSI.</p> <p>Instruction on the interaction between NRA and GLI of 12.08.2013 under the records of NRA/No. Д-0389 / 09.08.2013.</p> <p>This activity is laid down in the 2016 plan of GLI EA, within Measure 4 "Carrying out inspections to ensure minimum health and safety at work and compliance upon origination of employment rela-</p>	<p>Annually</p> <p>2015 and annually</p>	<p>5. Number of joint inspections or inspections carried out by GLI EA at the request of NSSI or NRA.</p> <p>6. Number of employment contract forms under Article 114a of LC registered in GLI EA;</p>	<p>Joint inspections by GLI and NSSI – 378; Joint inspections by GLI and NRA – 434;</p> <p>81 000 one-day employment contract forms made available to 1 004 farmers. 8 876 returned by employers as not used.</p>

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		tracts in the economic activity, in the Plant Growing Sector, for the harvesting by hand of fruits, vegetables, rose petals, lavender, was initiated by inserting Article 114a in the LC. Obtaining one-day employment contract forms is conditional upon advance payment of amounts under SIC and HIA for one or more forms and evidencing it with the relevant receipts / payment documents; The provisions of Article 114a of LC entered into force on 20.07.2015. Data refer to the last 5 months of 2015.			tionships under Article 114a of the Labour Code in the Plant Production Sector”			
1.12	Enhancing control on the recruitment of foreign citizens, including illegally staying foreigners, and on the placement of seconded workers and employees from EU Member States and non-EU countries	Year-round inspections by GLI EA are focused on preventing and stopping cases of illegal recruitment of foreign citizens, including of illegally staying foreigners, and on the placement of seconded workers and employees from EU Member States and non-EU countries in the territory of the Republic of Bulgaria.	2015	<i>The measure is permanent and is in progress</i>	The activity is included in the 2016 plan of GLI EA – Measure 7: “Conducting inspections for the legal recruitment of foreign citizens, including illegally staying foreigners, and for the placement of seconded workers and employees from EU Member States and third countries in undertakings in the territory of the Republic of Bulgaria”	2015 – 2017	Number of detected cases of illegally employed foreigners; Number of detected cases of breached procedure for placement of seconded workers and employees from EU Member	Number of detected cases of illegally employed foreigners – 27;  Number of detected cases of breached procedure for placement of seconded workers and employees from EU Member States and non-EU countries in undertakings in the territory of the Republic of Bulgaria – 22;

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
					Measure 9: “Control on the activity of undertakings seconding hired workers and employees within the provision of services in EU Member States”		States and non-EU countries in undertakings in the territory of the Republic of Bulgaria	
1.13	Enhancing the control for carrying out lawful employment mediation and the control on the undertakings providing temporary employment	Inspections for carrying out lawful employment mediation and of undertakings providing temporary employment.	2015	<i>The measure is permanent and is in progress</i>	The activity is under Measure 9 in the 2016 plan of GLI EA: “Control on the activity of undertakings seconding hired workers and employees within the provision of services in EU Member States”	2015 – 2017	Number of detected cases of carrying out mediation without a registration in the EA; Number of detected cases of operation as an undertaking providing temporary employment without a registration in the EA	Number of detected cases of carrying out mediation without a registration in the EA – 8; Number of detected cases of operating as an undertaking providing temporary employment without a registration in the EA – 28
1.14	Analyses and regular assessments of the shadow economy	Subject of treatment by NRA in 2015 were total 19 specific risks pursuant to NRA’s 2015 Compliance and Risk Reduction Programme. Fourteen risks were treated with control actions (audits, inspections, monitoring), legislative changes were initiated to minimise the negative effect of 4 specific risks, educational and media campaigns were carried out, meetings with	2015	<i>The measure is permanent and is in progress</i>	The activity is permanent	2017	Analysed risks and measured damages to the budget  Positive change achieved	<b>Tactical risks:</b> 8 risks at the tactical level were analysed. The damages for the budget as a result of the existence of these risks are measured at BGN 1 billion and are caused by the unsound behaviour of about 750 thousand persons. The effect achieved as a result of the treatment of part of the tactical risks consists in decreasing damages by 26%, which

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		<p>branch organisations were organised.</p> <p>In terms of the category to which each one of the assessed risks belongs, the achieved changes in the behaviour of the persons in each group are given in column 9.</p>						<p>as an absolute value represent eliminated damages in an amount of BGN 173 million. Positive change was achieved in the behaviour of 125 thousand persons.</p> <p><b>Operational risks:</b> Total 21 operational risks were analysed and monitored. The losses to the budget as a result of their existence amount to BGN 779 million and are caused by the unsound behaviour of 115 thousand risky persons. The effect achieved as a result of the treatment consists in reducing damages by 31%, which, as an absolute value, represents eliminated damages in an amount of BGN 352 million. Positive change was achieved in the behaviour of 17 thousand persons.</p> <p><b>Eliminated risks</b> – As regards the risks eliminated from the management processes as insignificant, the measures implemented to date for their treatment have produced a disciplinary effect which consists in changed behaviour of about</p>



1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
								2 thousand people and eliminated damages in an amount of BGN 22 million
					Analysing the indicators of existence of shadow economy by economic sectors and identifying specific measures;	2016		
					Interim assessment of the measures and policies undertaken to reduce the activity of the shadow economy.	2016		
<b>1.15 (additional)</b>	Criminalising the avoidance of social and health insurance payments.	Article 255b of the Penal Code came into force on 01.01.2015. It penalises the avoidance of large amounts of social and health insurance payments (from BGN 3 000 to BGN 12 000) with imprisonment up to 5 years and fines up to BGN 2 thousand. For very large amounts (more than BGN 12 000) the penalty is imprisonment from 2 to 8 years and confiscation of part or all assets of the guilty persons.  During the inspections the revenue authorities identified information about 7 cases of committed crimes under the	2015	<i>The measure is permanent and is in progress</i>		2015 and annually	Number of detected cases of avoiding payment of social and health insurance contributions; Number of cases referred to the prosecutor's office; Number of persons found guilty and convicted	Number of detected cases of avoiding payment of social and health insurance contributions – 7;  Number of cases referred to the prosecutor's office – 7;

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>2</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		new Article 255b of the Penal Code and referred all cases to the competent prosecutor's office.						

## 1.2 Performance assessment

Pursuant to SNS 2015 – 2017, the measures to reduce the activity in the shadow economy are limited to those actions and measures of the state administration which can have effect on the prerequisites and the indicators of existence of shadow economy and on its impact on the amount of the tax revenues to the state budget. Such prerequisites and indicators include: cash payments, carrying out unregulated activities or undeclared work for consideration, failing to report or reporting sales at lower prices (for example, real estates at their value assessed for taxation purposes), dual accounting.

The progress made with the treatment of the above prerequisites and indicators in 2015 should be noted in this regard. In order to decrease the number of cash payments, the threshold up to which such payments are allowed (BGN 15 000 in 2015) was changed in 2015 by means of legislative amendments. From 01.01.2016, cash payments are allowed for transactions up to BGN 10 000.

Notable achievements are registered in the control of high fiscal risk goods. Forty-one new fiscal control points were opened inland in 2015 to control the movement of high fiscal risk goods. The actions taken include a multitude of inspections, control actions, imposed protection measures, forfeited goods in favour of the state. An interinstitutional coordination centre for counteracting smuggling and for control was set up with a view to ensuring the interaction and coordination between CDCOC, CDNP and CDBP of MoI, SANS, CA, NRA and EAAA. The increase in the declared tax base for ICA in 2015 compared to 2014 is BGN 605 508 658 or 16,5%.

There is also enhanced effective control on the supplies and movement of excisable goods. The legislative amendments in the field of this control which took effect in 2015 include:

- ✓ Introducing additional mandatory requisites in the excise tax documents to improve reporting and to track excisable goods in the supply chain to the end users;
- ✓ Introducing requirements to use measuring and control devices at the points of introduction or taking out of energy products from and to the oil pipeline or oil product pipeline, part of the tax warehouse, to and from the points of production and/or warehousing;
- ✓ Introducing bans on:
  - the use of marked fuels by automotive machines;
  - use of marked fuels for heating by persons who do not have storage tanks or heating installations.

The results achieved were also influenced by the regular analyses of the development in excise revenues, for specific groups of excisable goods and specific purposes, namely:

1. Analysis of marked energy products released for consumption in the period January – June 2015 and taxed at reduced or zero excise duty rate, which provided information about the development in the consumption of marked energy products intended for heating, for filling ships and for excise-exempt end users (EEEU), by custom office and by economic operator.

The analysis resulted in proposing and implementing the following measures:

- regular inspections of marked gas oil consumers to establish the intended purpose;
- intensive information exchange with the customs services at location of the exact addresses of the points of unloading;

- regular monitoring of tax warehouses;
- counter checks of EEEU.

2. Analyses of the quantities of energy products brought out of tax warehouses and intended for export;

3. Functionality analysis of the Declaration module and the Ex-Post Control module of the Bulgarian Excise Centralised Information System (BECIS) with a view to provide adequate control of the movement of excisable goods and report properly excise revenues.

The targeted actions undertaken jointly with different institutions within the risk analysis and in relation to the inspections and control of risk sites, as well as the follow-up actions, played an important role in enhancing the effectiveness of control.

There were also notable achievements in the implementation of measures for control of employment, working hours, holidays, labour pay, performing and reporting overtime work. With a view to making the fight against undeclared employment more effective and reducing the activity in the informal economy, in 2015 GLI EA carried out 378 joint inspections with NSSI and 434 joint inspections with NRA.

Activities within almost all measures set for attainment of the strategic objective were carried out over the reporting year. For some of the measures efforts need to be stepped up. There is room for further action in the implementation of the measures for:

- improving the regulatory framework and enhancing the effectiveness of control on failure to register sales, including by making control purchases (1.4);
- reducing public tolerance for the shadow economy, promoting the rights and obligations of citizens and of the business and increasing the confidence in the public administration and in the policies (1.5);
- using the electronic and card payment systems to enhance the transparency of transactions (1.7).

The activities within some of the above measures are to be implemented in the current and in the next year, whereas for others the effect of the actions implemented in 2015 will be felt at a later stage. For example, after the changes in the prepared draft AA of the Law on payment services and payment systems, which transpose in the national legislation Directive 2014/92/EU of the EP and of the Council of 23 July 2014 on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features, enter into force.

The results of the ongoing analyses and regular assessments of the shadow economy by sector show a positive change. Efforts to fight against the shadow economy need to continue at the pace set out in SNS 2015 – 2017, so that the achievements at the national level are reflected in improved conditions for doing business in Bulgaria, in the first place, but also in the next international study measuring the shadow economy.

## **2. Progress made with implementing the measures designed to attain Strategic Objective 2 “Improving the tax collection”**

### **2.1 Information on the implementation of the SO 2 measures on the Action Plan and of additional measures**

The measures in SNS aimed at improving the tax collection include activities to enhance compliance and to prevent and counteract tax fraud and tax evasion. They comprise legislative and administrative measures as well as measures for interinstitutional cooperation and coordination and effective information exchange, relating mainly to:

- Providing clear and accurate regulatory framework and optimising the administrative sanctioning regimes;
- Improving the quality of administrative services;
- Effective use of resources relative to risk levels, enhancing the quality of the control activity, improving the collection rate of overdue public claims;
- Improving the processes of extinguishment of public liabilities;
- Coordinated interinstitutional actions for effective prevention and counteraction of tax frauds and tax evasion;
- Improving the effectiveness of detection and stopping of tax frauds and of tax evasion schemes;
- Enhancing the effectiveness of administrative and criminal procedures;
- Establishing a common approach for preventing and combating tax frauds and tax evasion;
- Improving the capacity for control actions which are based on risk assessment and are supported by effective and efficient information systems.

The results of the activities implemented in 2015 within the measures designed to achieve progress on the objectives for improving the tax collection laid down in SNS 2015-2017 are presented in the Table for reporting the activities carried out and progress made with the implementation of the measures designed for attainment of Strategic Objective 2 of SNS 2015-2017 hereunder.

Table for reporting the activities carried out and the progress made with the implementation of the measures designed for attainment of Strategic Objective 2 of SNS 2015-2017.

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
2.1	Precluding possibility of excise duty abuse and evasion (increasing the excise duty rates for heavy and marked fuels, bans related to shareholders, owners and managers of persons with outstanding budgetary payments)	<p>1. Preparing draft AA of EDTWA;</p> <p>2. Preparing draft AR of RAEDTWA</p> <p>With a view to preventing the unlawful use of heavy and marked fuels not for their intended purpose as heating fuel but as motor fuel, increasing the excise duty rates for energy products used as heating fuel, as has been the case in many EU Member States.</p> <p>To preclude the possibility for persons with unsettled public liabilities to avoid payment of their liabilities by transferring the liable company to poor individuals and by creating new companies, a prohibition is introduced for issuing certificates and licenses to entities whose owners, managers, procurators, majority partners or shareholders are or have</p>	2015	<i>The measure is completed</i>		31.12.2015	<p>Prepared and approved AA of EDTWA</p> <p>Prepared and issued AR of RAEDTWA</p> <p>Positive effect for the budget from the increased excise duty rate for 2016</p>	<p>promulgated, SG, No. 92 / 2015, effective 01.01.2016</p> <p>promulgated, SG, No. 2 / 2016, effective 8.01.2016</p> <p>BGN 85,3 million</p>

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		<p>been, as at the moment of occurrence of the liabilities, owners, procurators, majority partners or shareholders, members of the management or control bodies of entities with unsettled public liabilities collected by the customs authorities, except where a security is provided for the liabilities.</p> <p>In order to avoid difference of interpretation and to facilitate the practical application by the customs authorities and the economic operators, a requirement is introduced for issuing by the Director of the Customs Agency, following an opinion from the Minister of Finance, of mandatory instructions for the officials in the Agency's structures on the uniform application of the excise legislation. It is further envisaged that the mandatory instructions may also be issued by the Minister of Finance.</p>						
2.2	Improving the excise legislation and including provisions for effective prevention and fight against excise avoidance and evasion			<i>The measure is to be implemented</i>	<p>1. Drafting a new excise duty act</p> <p>2. Preparing rules for application of the new excise duty act</p>	<p>2016</p> <p>2017</p>		

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
2.3	Management of the compliance risk	1. Prepared draft strategy of NRA for managing the compliance risk;	2015	<i>The measure is in progress</i>		31.12.2015	Approved strategy for managing the compliance risk	
			2015		Setting up a Risk Management Council.	2016	A Risk Management Council set up to design and approve a strategy for managing the compliance risk	
		2. Designing a compliance and risk reduction programme for the period 2016 – 2017	2015		Approval and implementation of the programme.	2016-2017	Programme designed; Decreased unsound behaviour of persons in respect of the risks covered by the programme	1 programme covering 26 risks
2.4	Improving the conditions for voluntary compliance by clients who, as a result of an analysis of declared data, including within control actions and proceedings, are found to have made a compliance error	1. Amending the sanctioning regime regulated in Article 180 of VATA with regard to the repairing of committed errors;	2015	<i>The measure is permanent and is in progress</i>		2016	Adopted amendments to VATA	AA of CITA, promulgated, SG, No. 95 / 2015
		2. The regular monitoring of and communication with the taxable persons making up a significant share of the national economy in 2015 included:	2015		Monitoring on a monthly basis of at least 10 % of all companies registered in TD Large Taxpayers and Contributors (LTPC) and Medium	2015 – 2017	Share of persons who stopped to deduct tax credit on supplies from risky counterparties	Monitoring of 3 580 persons with large-scale economic activity, including 11 chain stores, was carried out in 2015.



1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		<ul style="list-style-type: none"> <li>- Monitoring of persons with large-scale economic activity;</li> <li>- Sending letters of notice;</li> <li>- Organising meetings with business representatives in relation to detected deviations from the ordinary course of trade and giving instructions and explanations for avoiding involvement in tax fraud schemes;</li> <li>- Monitoring of large chain stores.</li> </ul>			Taxpayers and Contributors (MTPC) Directorate. Taking steps to send letters of notice and organise meetings with business representatives in cases of detected deviations from the ordinary course of trade. Monitoring on a monthly basis the behaviour of and the data declared by large chain stores.			70 letters of notice sent, 36 meetings with business representatives held in relation to detected deviations from the ordinary course of trade and giving instructions and explanations for avoiding involvement in tax fraud schemes. 68 % of the persons stopped deducting tax credit on supplies from risky counterparties, in an amount of BGN 7 691 516
		3. Steps taken to send letters and organised meetings in relation to detected irregularities in submitted declarations and/or correction of errors in submitted declarations.	2015		Implementing and developing an approach promoting voluntary compliance by bona fide persons that have made errors and taking enforcement or penalty actions against those who intentionally do not comply with the law – the task is connected with proposals for legislative changes in this field (2016).	2015 – 2017	Number of adjustment declarations issued as a result of control activities and proceedings, letters sent and meetings organised; Relative share of amended assessments appealed	The letters of notice and the meetings are indicated in the previous item 2.4.2. In addition, on the grounds of Article 103 of TSIPC, notices for removal of irregularities in submitted annual tax returns under Article 92 of CITA were sent to 3 191, and for tax returns submitted under Article 50 of

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
								PITA – to 17 856 taxable persons.
2.5	Improving the collection of public receivables	1. A Concept for developing the processes and activities for collection of public receivables in line with NRA's vision for the period 2016 – 2020 was developed in 2015. It presents a principled approach for changing the processes to make them more effective and economical. A new functionality of NRA's Management Information System was implemented. It shows in a single window the basic information about a debtor – liabilities, property status / assets and behaviour, related persons, etc.	2015	<i>The measure is permanent and is in progress</i>	The functionality developed will make it possible to segment taxable persons into groups depending on their willingness and ability to pay the debt, and to apply the most appropriate, effective and adequate methods and procedures for collection of public receivables. Preparation of a road map for implementation of the concept is pending. Prepared analysis and evaluation of the development dynamics and the effectiveness of the measures undertaken	2016	Concept for developing the processes and activities for collection of public receivables in line with NRA's vision for the period 2016 – 2020.  Implemented new functionality in NRA's Management Information System	Order of the Executive Director of NRA of November 2015
		2. Applied early implementation of methods encouraging voluntary payment of overdue liabilities, such as: electronic notices; telephone notices; notification of debtors with property for public sale; collection of public receivables from civil servants.	2015		Sending electronic notices to taxable persons; Notifying debtors by phone; Notifying debtors with property secured by NRA about forthcoming public sale; Campaigns to collect	2015 – 2017	Increase in total declared amounts; Decrease in the amount of overdue liabilities.	Increase by 6 % or BGN 1 298 million in 2015;  Overdue liabilities decreased by 5% or BGN 260,5 million in 2015 compared to

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
					public receivables from civil servants			2014;  Electronic notices sent to 38 thousand taxable persons; Notification by phone of more than 89 thousand persons; Notification of debtors with property secured by NRA about forthcoming public sale – 1 028;  1 campaign for collection of public receivables from almost 1 250 state servants.
		3. Continuous monitoring of debtors with overdue liabilities, which included in 2015 persons with the highest amount of overdue liabilities for taxes and mandatory social and health insurance payments; personal meetings with the persons to ensure their personal commitment to provide security and/or make full or partial payment of the overdue debts; effective monitoring of the	2015		The activity is permanent	2015 – 2017	Decreased number of unsound debtors	614 of monitored persons paid fully or partially their overdue public liabilities, in an amount of more than BGN 230 million.

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		commitments undertaken by the debtors and timely control; up-to-date assessment of the economic status of the taxable person, timely imposing of protective measures; issuing authorisations for urgent payments; rescheduling and deferral; sale of confiscated property; making audits and inspections as necessary, etc..						
		4. In order to increase the electronic exchange of documents and data with public creditors and with institutions maintaining information about property / assets of taxable persons, new instructions for cooperation were signed or existing ones were updated with the Agency for People with Disabilities, the State Agency for Metrological and Technical Surveillance, the Commission for prevention and ascertainment of conflict of interest, Executive Forests Agency and the Commission for Consumer Protection, which provide for electronic exchange of data from the creditor to the public enforcement officer in NRA in connection with the enforcement of	2015		The interaction and electronic exchange of information with the partner institutions is going on towards decreasing the amount of overdue public receivables.	2015 – 2017	Decreased amount of overdue public receivables;	In the period January – December 2015, the persons subject of continuous monitoring paid BGN 707,4 million to the budget.

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		public claims.						
		5. The information system supporting the activities for collection of public receivables was tested nationally;	2015		Implementing the system from 01.02.2016	2016	System implemented;	Testing the information system
		6. Enforcement of claims on debtors by budget authorisers – Implementation of MD No. 788 of 28.11.2014;	2015		The activity is permanent.	2015 – 2017	Additional receipts to the state budget	As a result of the measure amounts of BGN 188,1 million were paid to the budget in 2015, including BGN 2,93 million as a result of enforcement of claims on debtors by State Fund Agriculture budget authorisers  In connection with the implementation of the measure, in 2015 CA processed 29 160 e-mailed requests for consultation pursuant to MD No. 788 / 28.11.2014.
					Building MF's information system with data about outstanding budgetary payments – NRA, CA and municipalities.	2016	Built IS; Decreased amount of overdue public receivables	

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
2.6	Enhanced coordination between the bodies of NRA, CA, EA "Automobile Administration" in MTITC and the pre-trial authorities in cases of detected tax frauds during audit procedures and inspections	1. Exchange of information between NRA, MoI, SANS and the Prosecutor's Office (PRB) on specific cases of avoiding the assessment and payment of tax liabilities;	2015	<i>The measure is permanent and is in progress</i>	Pursuant to the provision of Article 205 of PPC, PRB is notified of any detected cases of offences against the tax and social and health insurance system, established by NRA, SANS and MoI. In that context, the activity will be continued.	2015 – 2017	Opened pre-trial proceedings for cases of avoidance of the assessment and payment of very large amounts of tax liabilities.	NRA sent 729 notifications to the prosecutor's office;  12 pre-trial proceedings are opened. As a result of the actions taken to date, the amount of fiscal damages was minimised and the future effects of the activity were stopped.
		2. A Specialized unit for investigation of tax crimes involving organised criminal groups is operational in the Specialised Prosecutor's Office; An agreement between the Prosecutor's Office of the Republic of Bulgaria, MoI, SANS, NRA and the Customs Agency was signed.	2015		Operational new specialised interinstitutional unit in support of the investigation of organised crime involving tax crime.	2015 – 2017	Agreement between the Prosecutor's Office of the Republic of Bulgaria, MoI, SANS, NRA and the Customs Agency Number of pre-trial proceedings monitored and opened by the specialised unit;  Amount of the damages to the budget of the Republic of Bulgaria established within criminal proceedings;	Agreement No. 43/24.03.2015  The number of the pre-trial proceedings monitored by the Specialised Unit at the Specialised Prosecutor's Office is 79, including 49 opened by the unit, and the estimated value of the damages to the budget established within the criminal proceedings is about BGN 100 million;

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		3. Setting up joint investigation teams including representatives of MoI, SANS, NRA, CA and PRB;	2015		Pursuant to Article 194 (3) and (4) and Article 196 (1) of PPC, every supervising prosecutor shall assign investigation actions to the respective authorities with an order. The activity is in progress.	2015-2017	Joint investigation teams set up	
		4. An Interinstitutional Coordination Centre was set up in 2015 to enhance the cooperation of NRA, CA, MoI, SANS, the Automobile Administration with a view to detecting cases of smuggling and tax abuse. A coordination mechanism was set up to counteract corruption crimes, financial and tax frauds and smuggling; Approving interinstitutional cooperation rules.	2015		The Interinstitutional Coordination Centre operates on a continuous basis;	2015	Interinstitutional Coordination Centre set up to enhance the cooperation of NRA, CA, MoI, SANS, the Automobile Administration	MO No. 89/16.04.2015  The institutions participated in the ICC through their representatives working on a continuous 24-hour on-duty
					Creating a set of uniform criteria for assessment of the risk of persons involved in tax and social and health insurance crimes, customs violations and smuggling.	2016		

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
2.7	Optimising and developing the business processes and information system within NRA's control activity	1. Expansion of the database analysis software in the so-called e-audits conducted by NRA;		<i>The measure is in progress</i>		2015 – 2017	Number of control procedures with electronic data analysis software; Increased amount of established additional liabilities;	The software was used in 170 audits in 2015.
		2. Setting up specialised IT-Forensic teams for investigation and providing tools for securing electronic evidence;			In 2016 EC is expected to publish a call for proposals under the programme for which NRA will apply.	2015 – 2017		
		3. In the context of enhancing NRA's control activities based on the information received by means of the remote connection of fiscal devices to NRA and the implemented Fuel Control IS, operational checks were carried out and SAO were issued to persons carrying out refuelling for own needs, Ad-hoc inspections of points of final distribution of fuels (petrol stations) were carried out.			The action under the measure is permanent.	2015 – 2017	Number of cases selected for inspections and audits	1 311 operational checks were carried out; 88 SAO issued to persons carrying out refuelling for own needs; 200 ad-hoc inspections of points of final distribution of fuels (petrol stations) carried out; Re-inspections carried out in 75 selected petrol stations.
		4. Improved IS "Control":			The action under the measure is permanent	2015 – 2017	Enhanced electronic communication	Electronic consultation services provide taxable persons with information about closed and ongoing inspections and about



1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
								the type and status of the documents sent to and from NRA by electronic means.
2.8	Monitoring and effective control of electronic trade	Audits, inspections of taxable persons engaged in Internet trade and proceedings on alerts were assigned pursuant to the 2015 Risk Reduction Programme. In April 2016, an Electronic Audit Department was set up within the Control Directorate in CO of NRA. It will provide monitoring of trade on the Internet and will assign and coordinate control actions in respect of internet traders.	2015	<i>The measure is permanent and is in progress</i>	The measure is to be continued and new audits, inspections and proceedings are to be carried out. The Electronic Audit Department set up in the Control Directorate of the CO of NRA will provide monitoring of trade on the Internet and will assign and coordinate the control actions in respect of Internet traders.	2016  2017	Unit / team set up; Number of control procedures conducted in respect of persons engaged in electronic trade	Assigned 15 audits and 5 inspections of taxable persons engaged in Internet trade. In addition, 30 proceedings assigned in respect of such persons on the basis of received alerts. The 20 audit proceedings completed in 2015 resulted in assessment of liabilities in an amount of more than BGN 1,16 million.
2.9	VAT reverse charge mechanism	Pursuant to Article 199a (1) of Directive 2006/112/EC, the period for implementation of the VAT reverse charge mechanism for supplies of grains and industrial crops was extended to the maximum statutory date – 31.12.2018		<i>The measure is completed</i>		2015	Prepared draft AA of TSIPC Adopted amendments	§19 AA of CITA, promulgated, SG, No. 95 / 2015
2.10	Alignment with the EU legislation	The provisions of Council Directive 2014/86/EU of 08.07.2014 and Council Directive 2015/96/EU of 27.01.2015 concerning a general EU anti-abuse and anti-avoidance rule and measures to preclude the possi-		<i>The measure is permanent and is in progress</i>		2015	AA of CITA prepared and adopted	Promulgated, SG, No. 95 / 2015

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan <sup>4</sup>	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		bilities of double non-taxation of income from dividends were transposed in the Bulgarian legislation.						
2.11	Regular analysis on the effect of the SO1 and SO3 measures on the collection of public receivables	An analysis of the implementation of part of the SO1 and SO3 measures was carried out within the operational activity and in relation to the assessment of the discretionary measures.	2015	<i>The measure is to be implemented</i>		2015 – 2017	Evaluation of effects included in preparing SBRBA	SBRBA, promulgated, SG, No. 96 / 2015, SG/ Convergence Programme of RB 2016-2019, MD No. 280 / 15.04.2016
2.12 (additional)	Automatic exchange of financial information in the field of taxation with participating jurisdictions	1. Section IIIa inserted in Chapter XVI of TSIPC. It transposes the provisions of Council Directive 2014/107/EU of 09.12.2014 and regulated the automatic exchange of financial information within the EU and with third countries with a view to preventing cross-border cases of tax fraud and tax evasion. 2. Regulated implementation of the agreement between Bulgaria and the USA to improve tax compliance and to implement FATCA (Foreign Account Tax Compliance Act)	2015	<i>The measure is completed</i>		2015	Draft AA of TSIPC prepared; Amendments adopted	AA of TSIPC, promulgated, SG, No. 94 / 2015
2.13 (additional)	Improving the conditions for voluntary compliance by taxable persons under PITA	1. Implemented procedure for advance taxation of accidental and occasional income from other sources, (Article 44a of PITA). 2. The diplomatic representations in Bulgaria are given the choice to deduct and pay tax on income from employment relations of the local staff working for the representation.	2015	<i>The measure is completed</i>		2015	Adopted legislative amendments	AA of CITA, promulgated, SG, No. 95 / 2015

## 2.2 Performance assessment

In order to attain the objectives for improving the tax collection laid down in SNS 2015-2017, measures to prevent tax evasion, counteract tax fraud, improve the conditions for compliance, collect overdue liabilities, improve the information systems and the automatic information exchange, were implemented in 2015.

With a view to precluding the possibilities of excise duty abuse and evasion, amendments to the Excise Duties and Tax Warehouses Act were adopted in 2015. They regulate increased excise duty rates for heavy and marked fuel oils, bans for shareholders, owners and managers of persons with outstanding budgetary payments.

As regards the management of compliance risk, NRA designed a draft strategy, set up a Risk Management Council and developed a compliance and risk reduction programme for the period 2016 – 2017.

The measures implemented to improve the conditions for voluntary compliance include, on one part, amendments to the tax legislation (Article 180 of VATA, Article 44a and § 1 (27) of the Additional Provisions of PITA), and, on the other part, actions taken by NRA for continuous monitoring of and communication with taxable persons representing a significant portion of the national economy. Monitoring of 3 580 with large-scale economic activity, including 11 chain stores, was carried out in 2015. 70 letters of notice were sent, 36 meetings with business representatives were held on established deviations from the ordinary course of trade and for giving instructions and explanations on how to avoid involvement in tax fraud schemes. 68 per cent of the persons stopped deducting tax credit for suppliers from risky counterparts, in an amount of BGN 7 691 516.

A Concept for development of the processes and activities for collection of public receivables in line with NRA's vision for the period 2016 – 2020 was adopted in 2015 in order to improve the collection of overdue public receivables. Early implementation of methods encouraging voluntary payment of overdue liabilities was applied by sending electronic notices to 38 taxable persons, notifying more than 89 thousand persons by phone, notifying 1 028 debtors with property secured by NRA about forthcoming public sale, holding 1 campaign for collection of public receivables from almost 1 250 civil servants. Continuous monitoring of liabilities is provided. 614 monitored persons paid in full their overdue liabilities in the amount of more than BGN 230 million. In the period January – December 2015, the persons subject to monitoring paid BGN 707,4 million to the budget. As a result of enforcement of claims on debtors by budget authorisers (MD No. 788 / 28.11.2014) BGN 188,1 million were paid to the budget in 2015, including BGN 2,93 million from enforcement of claims on debtors by State Fund Agriculture budget authorisers.

To enhance the coordination of the bodies of NRA, CA, EA “Automobile Administration” at MTITC and pre-trial authorities in the detection of tax frauds during audit proceedings and inspections, joint investigation teams involving representatives of MoI, SANS, NRA, CA and PRB, as well as an Interinstitutional Coordination Centre were set up in 2015 for identification of cases of smuggling and tax abuse (MO No. 89/16.04.2015). A Specialised Interinstitutional Unit was set up at the Specialised Prosecutor's Office to investigate offenses involving criminal groups. The pre-trial proceedings supervised by the Specialised Unit are 79 in number, including 49 opened by the Unit and according to preliminary estimates the damages to the budget established within the criminal proceedings amount to about BGN 100 million.

In order to optimise and develop the business processes and the information system of NRA's control activity, the use of database analysis software was expanded in 2015 and applied in 170 e-audits conducted in NRA. In the context of enhancing NRA's control activities based on the information received by means of the remote connection of fiscal devices to NRA and the implemented Fuel Control IS, 1 311 operational checks were carried out and 88 SAO were issued to persons carrying out refuelling for own needs, 200 ad-hoc inspections of points of final distribution of fuels (petrol stations) were carried out and re-inspection was conducted at 75 selected petrol stations.

In 2015, NRA provided monitoring and effective control of electronic trade, assigning pursuant to the 2015 Risk Reduction Programme 15 audits, 5 inspections of taxable persons engaged in trade on the Internet, 30 proceedings on the basis of alerts. The 20 audit proceedings completed in 2015 established liabilities in the amount of more than BGN 1,16 million.

Pursuant to Article 199a (1) of Directive 2006/112/EC, the period for implementation of the VAT reverse charge mechanism for supplies of grains and industrial crops was extended to the maximum statutory date – 31.12.2018, regulated in the Bulgarian legislation by means of adopted amendments to TSIPC.

With a view to harmonisation with the EU law, the provisions of Council Directive 2014/86/EU of 08.07.2014 and Council Directive 2015/96/EU of 27.01.2015 concerning a general EU anti-abuse and anti-avoidance rule and measures to preclude the possibilities of double non-taxation of income from dividends were transposed in the Bulgarian legislation in 2015 by approving amendments to CITA. The provisions of Council Directive 2014/107/EU of 09.12.2014 were transposed by amending TSIPC (inserting Section IIIa in Chapter XVI), thereby regulating the automatic exchange of financial information within the EU and with third countries with a view to preventing cross-border cases of tax fraud and tax evasion and implementing the agreement between Bulgaria and the USA to improve tax compliance and to implement FATCA (Foreign Account Tax Compliance Act).

### **3. Progress made with implementing the measures designed to attain Strategic Objective 3 “Reducing the Compliance Costs”**

#### **3.1 Information on the implementation of the SO 3 measures on the Action Plan and of additional measures**

The measures in SNS aimed at reducing the compliance costs include activities for reducing the administrative burden and facilitating tax compliance by citizens and the business and are focused primarily on:

- Facilitating the administrative regimes and procedures and shortening the time for provision of services;
- Integrating tax forms, decreasing the frequency of performance of obligations;
- Enhancing the information exchange between the administrations;
- Offering electronic payment options, different forms of self-service and electronic service variants;
- Preventing unintentional non-compliance by means of information campaigns;
- Raising clients' (business', citizens') awareness about administrative costs subject.

The results of the activities implemented in 2015 within the measures designed to achieve progress on the objectives for reducing the compliance costs laid down in SNS 2015-2017 are presented in the Table for reporting the activities carried out and progress made with the implementation of the measures designed for attainment of Strategic Objective 3 of SNS 2015-2017 hereunder.

Table for reporting the activities carried out and the progress made with the implementation of the measures designed for attainment of Strategic Objective 3 of SNS 2015-2017

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
3.1	Facilitating administrative regimes and procedures and shortening the time for provision of services by CA	<p>1. Preparing draft AA of EDTWA; 2. Preparing draft AR of RAEDTWA;</p> <p>In order to lower the administrative burden and the costs for the economic operators, direct exemption from excise duty instead of exemption by refund of excise duty was introduced for taxable persons using expressly denatured ethyl alcohol for the production of goods which are not intended for human consumption According to the amended EDTWA, moving excisable goods with tax markings affixed to them between tax warehouses of the same licensed warehouse keeper within in the territory of Bulgaria will not be considered release for consumption and goods can be moved between the two warehouses under duty suspension arrangements following a permission from the Customs Agency's director.</p> <p>With a view to lowering the administrative burden, excise duty subject to refund will be refunded within shorter time limits and the requirements for licensed warehouse keepers to submit reports for the duty stamps received was eliminated on the account that the reporting of duty</p>	2015	<i>The measure is in progress</i>	Drafting a new excise duties act; Drafting rules for application of the new excise duties act.	31.12.2015  31.12.2017	<p>Prepared and adopted AA of EDTWA;</p> <p>Prepared and adopted AR of RAEDTWA;</p>	<p>promulgated, SG, No. 92 / 2015, effective 01.01.2016</p> <p>promulgated, SG, No. 2 / 2016, effective 8.01.2016</p>

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		stamps was reflected in the warehouse stocks log. The regulatory regime for lubricants was facilitated by exempting from excise lubricants in packages of up to 5 litres and introducing a facilitated procedure for notification under Article 76c of EDTWA of lubricants in quantities above 5 litres and up to 210 litres are received from another EU Member State.						
3.2	Facilitating the administrative procedures and requirements for NRA's clients	The services, technical assistance, documents and information provided to NRA's clients have been improved. A mobile application providing information via cell phones was implemented. The usage rate of PIC was increased by: <ul style="list-style-type: none"> <li>• Making it more secure by means of preliminary generation of PIC which is made available in a sealed envelope, and by introducing a requirement for entering and confirming a current e-mail address upon the initial use of the PIC services;</li> <li>• Creating a client profile which permits making changes;</li> <li>• Implemented option for the taxable person to change the PIC and to narrow the scope of PIC services used or terminate the PIC by electronic means (Internet);</li> <li>• PIC can be issued by any NRA office, wherever the persons is registered, or by mail.</li> </ul>	2015	<i>The measure is in progress</i>	Improvement of the services, technical assistance, documents and information made available to NRA's clients. Sending documents by means of PIC	2015-2017	Increased usage rate of PIC	PICs issued to more than 160 000 clients  NRA's clients used the 160 000+ PICs issued in 2015 to file by electronic means a total of more than 170 000 tax returns and tax documents and to make 9,5 million consultations (including more than 300 000 consultations on liabilities under LTFA) in NRA's website. The implementation of PIC saves more than 2 million hours and more than BGN 10 million per year to NRA's clients, ensuring at the same time more complete and

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
								more up-to-date information.
3.3	Increasing the share of the information exchanged officially with other government structures, including in relation to the application of complete administrative service. Provision of access to databases and information systems of other institutions	1. Complete administrative service is implemented in NRA and the following new e-services designated for other administrations have been developed: - information from purchase and sale logs under VATA; - information about annual tax returns submitted pursuant to Article 50 of PITA; - information about annual tax returns submitted pursuant to Article 92 of CITA.	2015	<i>The measure is in progress</i>	Improving and expanding the e-services designated for other administrations	2016	Implemented complete administrative service  Designed new e-services for other administrations	
		2. Expanded electronic information exchange and cooperation with other institutions – data exchange with NHIF (National Health Insurance Fund), NSSI, RA, CRAS, etc. and achieved interoperability of the information systems of the different institutions	2015	<i>The measure is in progress</i>	Concluding additional agreements with institutions for the use of NRA's e-services	2015-2017	Electronic data exchange with partners	8 agreements concluded in 2015
3.4	Building differentiated service channels depending on clients' needs and with a focus on the use of advance technologies	1. Organising information campaigns with e-mailing of letters of reminder to persons with outstanding amounts for three consecutive periods under VATA. New e-services with QES and PIC designed and existing e-services upgraded in line	2015	<i>The measure is permanent and is in progress</i>		2015-2017	Increased communication by electronic means	Two information campaigns organised, letters of reminder e-mailed to 11 796 persons with outstanding amounts for three consecutive



1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		with the legislative amendments.						<p>periods under VATA</p> <p>In 2015, NRA designed 18 new e-services with QES and PIC.</p> <p>Upgraded existing e-services of NRA in line with the legislative amendments</p>
		2. Review and improvement of NRA's implemented e-services carried out in line with the adopted legislative amendments. The rules for access to NRA's e-services optimised and regulated by providing full and partial access to them;	2015		Further review and improvement of NRA's e-services in line with the adopted legislative amendments is envisaged, as well as optimising and regulating the rules for access to NRA's e-services.	2015-2017		13 new administrative e-services were designed and implemented in the e-gate of CA in 2015.
		3. Upgrading NRA's website in order to make it a single point of contact for provision of information to persons about the existence or absence of outstanding payments for republican or local taxes; an option for consultation via NRA's gate on outstanding LTF payable to municipalities with an option for payment has				2015-2017		Twelve agreements concluded with municipalities, NSSI and other administrations for access to their e-services with a PIC issued by NRA

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		been included. Agreements were signed with several municipalities and NSSI for the provision of the e-services of the relevant administration with a PIC issued by NRA. Implementing a PIC issued by NRA for single e-entry to the services provided by the state administration.						
		<p>4. New e-services designed and implemented in NRA. Implementing a PIC issued by NRA as a single e-entry to the services of the state administration:</p> <p>New NRA services provided with PIC and QES:</p> <ul style="list-style-type: none"> <li>• Inquiry for NRA's services accessed with QES;</li> <li>• Summary inquiry for NRA's services accessed with QES and PIC;</li> <li>• Submitting declaration form 5 "Advance social and health insurance payments";</li> <li>• Submitting declaration form 7 "Data about incurrence of health insurance payments";</li> <li>• Insurance history inquiry for self-insured persons;</li> <li>• Application for registration / de-registration of an insurance fund member;</li> <li>• Notice under Article 131 of VATA;</li> <li>• Submitting a declaration pursuant</li> </ul>				2015-2017	Share of documents submitted by electronic means	VAT – 97,33%, CITA – 60,91%, PITA – 24,33%, PITA – 76,39%, Form 6 – 87,53%, Form 1 – 96,16%, Article 62 and Article 123 of LC – 99,35%

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		<p>to Article 73a (5) of PITA;</p> <ul style="list-style-type: none"> <li>•Implemented new e-service for access to the MOSS system – “intra-Union treatment” for persons established in the territory of R Bulgaria in NRA’s e-service gate; Provision of new services with PIC;</li> <li>•Submission of annual tax returns pursuant to Article 50 of PITA;</li> <li>•Simultaneous submission of insurance declarations form 1 and form 6;</li> <li>•Submission of a declaration pursuant to Article 55 of PITA and Article 201 of CITA;</li> <li>•Submission of statements of income paid to natural persons pursuant to Article 73 of PITA;</li> <li>• Submission of notices of conclusion or amendment of employment contracts pursuant to Article 62 (5) of LC and a notice of change of employer pursuant to Article 123 (1) of LC;</li> <li>•Submission of declaration form 5 “Social and health insurance payments made in advance”;</li> <li>•Submission of declaration form 7 “Data about incurrence of health insurance payments”; submission of a declaration for registration of a self-insured person;</li> <li>• Inquiry for insurance history of a self-insured person;</li> <li>• Making budgetary payments</li> </ul>						

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
		(taxes and social and health insurance payments) by electronic means, including integration with TSIA (Tax and Social Insurance Account).						
3.5	Encouraging the use of e-invoicing			<i>The measure is to be implemented</i>	Implementing a single mandatory e-invoicing standard;	2015-2017		
					Implementing mandatory e-invoicing in public procurement;	2016-2017		
					Implementing an option for all VAT-registered persons to declare their public consent in principle to receive e-invoices and that NRA can maintain information to that effect in a public register;	2016-2017		
					Introducing an obligation for real-time submission to NRA of information from all e-invoices issued and building capacity in NRA for receiving such information;	2016-2017		
					Creating an e-invoicing platform supported by NRA.	2016-2017		
3.6	Electronic submission of documents and data by insurers and self-insured persons for payment of cash benefits;	1. Ordinance on public social insurance cash benefits; 2. Designing and implementing an	2015	<i>The measure is completed</i>		31.12.2015	Reduced costs for the business as a result of: Drafted and approved new Ordinance on public social insurance	The effect of the lower administrative burden for the business is estimated at BGN 71,24 million.

1	2	3	4	5	6	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned					Performance indicators	Effect / Value of the performance indicator as of 31.12.2015
		Measure implementing activities carried out and started in 2015	Start date (year)	Current standing (as of 31 December 2015)	Planned measure implementation phases until the final date for implementation of the measure	End date		
	fits from PSI through NSSI	information system for applying by electronic means for the administrative services of payment of cash benefits from PSI.					cash benefits. Designed and implemented Integrated Electronic Data Exchange System (IEDES) of NSSI. Implemented online administrative services; Integrated administration register; Electronic register of certificates of incapacity for work and Register of PSI cash benefits.	

### 3.2 Performance assessment

In order to attain the objectives for reducing the compliance costs laid down in SNS 2015-2017, measures to facilitate the administrative regimes and procedures and the shorten the time for provision of services, expansion and improvement of the e-services offered, improvement of the information systems and enhancement of the official information exchange were implemented.

Legislative amendments to the Excise Duties and Tax Warehouses Act and in the Rules for Application of the Excise Duties and Tax Warehouses Act were adopted in 2015 in order to facilitate the administrative regimes and procedures and shorten the time for provision of services. Improvements were made in the services, technical assistance, documents and information provided to the clients of NRA. A mobile application providing access to information via a cell phone was implemented. The usage rate of the personal identification code was increased and PICs were issued to more than 160 000 clients.

In 2015 NRA and the Customs Agency registered notable progress in terms of the differentiated service channels depending on clients' needs and with a focus on the use of advanced technologies. Information campaigns were held and letters of reminder were e-mailed to 11 796 persons with outstanding over three consecutive periods under VATA. In 2015, NRA developed 18 new e-services provided with QES and PIC, while the new administrative e-services designed and implemented in 2015 in the E-gate of CA are 13 in number. The existing e-services offered by NRA were upgraded in line with the legislative changes. The e-services implemented contributed to a notable increase in the share of documents filed to NRA and CA by electronic means for declaring tax and insurance payables: VAT – 97,33 %, CITA – 60,91 %, ATR pursuant to Article 50 of PITA – 24,33 %, statement pursuant to Article 73 of PITA – 76,39 %, declaration form 6 – 87,53 %, declaration form 1 – 96,16 %, notices pursuant to Article 62 and Article 123 of LC – 99,35 %. The upgraded website of NRA offers an option for consultation via NRA's gate on outstanding local taxes and fees payable to municipalities with an option for payment. Agreements were concluded with 12 municipalities and with NSSI for the provision of the e-services offered by the relevant administration with the PIC issued by NRA.

An option for submission by electronic means of documents and data by insurers and self-insured persons for payment of cash benefits from PSI through NSSI was made available in 2015 by drafting and approving a new Ordinance on public social insurance cash benefits. The Integrated Electronic Data Exchange System (IEDES) of NSSI for applying by electronic means for the administrative services of payment of cash benefits from PSI. The effect of the lower administrative burden for the business is estimated at BGN 71,24 million.

The electronic information exchange and cooperation between NRA and other institutions were expanded in 2015 by signing 8 data exchange agreements with NHIF, NSSI, RA, CRAS, etc. and achieving interoperability between the information systems of the different institutions. NRA started the implementation of complete administrative service and designed the following new e-services designated for the other administrations: information from purchase and sale logs under VATA; information about annual tax returns filed pursuant to Article 50 of PITA; information about annual tax returns filed pursuant to Article 92 of CITA.

## 4. Recommendations and proposals

At this point of time the institutions responsible for the implementation of the measures planned to attain the strategic objectives (respectively SO1, SO2 and SO3) have not identified any risks for their implementation within the time limits set in the action plan attached to SNS 2015 – 2017. No recommendations and proposals have been made, which could lead to a need to update the measures under strategic objectives or in the SNS 2015 – 2017.

The completed measures are presented in a table annexed to this analysis. The Strategy Implementation Monitoring Group does not recommend to update SNS 2015 – 2017 in order to delete the measures from the action plan because they are of legislative nature and their effect on economic life and on budget revenues will appear upon their practical application. Leaving the measures in the action plan will make it possible to track the effect of the implemented measures throughout the whole period of validity of the strategy.

## 5. ANNEX

### Completed measures

Measure No.	Title of the measure	Responsible institution
STRATEGIC OBJECTIVE 1 (SO1) – TACKLING THE SHADOW ECONOMY		
1.8.	Electronic registers of issued acts	NRA, CA
STRATEGIC OBJECTIVE 2 (SO2) – IMPROVING THE TAX COLLECTION		
2.1.	Precluding the possibility of excise duty abuse and evasion (increasing the excise duty rates for heavy and marked fuels, bans related to shareholders, owners and managers of persons with outstanding budgetary payments)	MF, CA
2.9.	VAT reverse charge mechanism	MF
2.12 (additional)	Automatic exchange of financial information in the field of taxation with participating jurisdictions	MF
2.13 (additional)	Improving the conditions for voluntary compliance by taxable persons under PITA	MF
STRATEGIC OBJECTIVE 3 (SO3) – REDUCING THE COMPLIANCE COSTS		
3.6.	Electronic submission of documents and data by insurers and self-insured persons for payment of cash benefits from PSI through NSSI	NSSI

**DIRECTOR OF THE TAX POLICY  
DIRECTORATE IN MF AND  
CHAIRPERSON OF THE SNS  
IMPLEMENTATION MONITORING  
GROUP:**

/signed/