

## Customs Act

Promulgated SG No. 15/6.02.1998, effective 1.01.1999, amended, SG No. 89/3.08.1998, amended and supplemented, SG No. 153/23.12.1998, effective 1.01.1999, SG No. 30/2.04.1999, effective 3.10.1999, amended, SG No. 83/21.09.1999, amended and supplemented, SG No. 63/1.08.2000, 110/21.12.2001, effective 1.01.2002, supplemented, SG No. 76/6.08.2002, amended and supplemented, SG No. 37/22.04.2003, amended, SG No. 95/28.10.2003, supplemented, SG No. 38/11.05.2004, amended and supplemented SG No. 45/31.05.2005, amended SG 86/28.10.2005, effective 29.04.2006, supplemented, SG No. 91/15.11.2005, effective 1.01.2006, amended and supplemented, SG No. 105/29.12.2005, effective 1.01.2006, amended, SG No. 30/11.04.2006, effective 12.07.2006

-----

\*Note: An update of the English text of this Act is being prepared following the amendments in SG No. 105/22.12.2006, effective 1.01.2007

Text in Bulgarian: Закон за МИТНИЦИТЕ

### PART ONE

### BASIC PROVISIONS

#### Chapter One

#### GENERAL PROVISIONS

Article 1. This Act shall regulate the customs administration structure and organization and the activities performed by its authorities.

Article 2. (1) (Amended and supplemented, SG No. 63/2000; effective three days after 1 August 2000) Customs authorities' activities shall consist of performance of customs supervision and control on the country's customs territory upon the imports, exports and transit of goods to, from and through the Republic of Bulgaria, the collection of customs duties, the imposition of administrative penal provisions and investigations of crimes in the cases, under the terms and procedures provided for in the Criminal Procedure Code.

(2) Customs supervision shall be a set of actions undertaken with the purpose of ensuring compliance with the customs legislation and with other provisions applicable to goods subject to customs supervision.

(3) Customs control shall be the performance by the customs authorities of specific acts such as examinations of goods, transport, trade, accounting and other documents of natural and legal persons, of vehicles, luggage and other goods carried through the state border, other such actions with a view of ensuring compliance with customs legislation and observance of other provisions applicable to goods subject to customs supervision, as well as collection of customs duties.

Article 3. Persons and vehicles, as well as goods carried by, or on, them shall cross the state border through the border control crossing points and shall be subject to customs supervision and control, which shall be carried out in places specially designated for this purpose. The procedure under which customs supervision and control shall be carried out shall be established in the Regulations on the Application of this Act, referred to hereinafter as "the Regulations."

Article 4. (1) (Amended and supplemented SG No. 37/2003) Any person shall be obliged to inform the customs authorities forthwith about any goods left with, found by or seized by them, including vehicles, known or supposed to be imported without performing the respective customs formalities. These goods shall be presented to the customs authorities.

(2) (Amended SG No. 37/2003) If the owner of goods left, found or seized, including vehicles, is a foreign person, an unknown person or a native person whose address is unknown and claims them within six months from the day of presenting them before the customs authorities, the person shall perform the respective formalities for obtaining a customs clearance of the goods after paying all the expenses incurred by for the customs office in relation to them.

(3) Goods left, found or seized, including vehicles, shall be deemed abandoned in favour of the state when:

1. (Amended SG No. 37/2003) the owner is a foreign person, an unknown person or a native person whose address is unknown and six months have elapsed from the day of their presentation before the customs authorities;

2. (Amended SG No. 37/2003) the owner is a native person with a known address in the country and three months have elapsed since the day of delivering the notice of the customs office on moving the goods. The notice shall be sent within one week from the day of presenting the goods before the customs authority.

Article 5. (1) (Supplemented SG No. 45/2005) Any person, including state authorities within their competence, shall support the customs authorities in the performance of their activities. They shall be obliged within 14 days after receiving a request from the customs authorities to provide information on the facts and circumstances specified therein.

(2) No one shall be permitted to dispose with goods under customs supervision without the knowledge and the permission of the customs authorities.

(3). (new SG No. 37/2003) Actions performed in violation of Paragraph 2 shall be null and void in relation to the customs authorities.

Article 6. Any person related to the operations on importing, exporting or transiting goods, shall be obliged, for the purpose of customs supervision and control, to present to the customs authorities, on their demand and in a term specified by them, all information and documents on the specific operations regardless of their carrier.

## Chapter Two

### CUSTOMS ADMINISTRATION

#### Section I

##### Structure and Organization

Article 7. (Amended, SG No. 83/1999 and SG No. 63/2000;) (1) The Customs administration shall be a centralized administrative structure, organized within the Customs Agency under the Minister of Finance, which shall be a legal person financed by the state budget, with a seat in Sofia.

(2) The Customs Agency shall be structured into a Central Customs Directorate and regional customs directorates. The general and the specialized administrations within the Central Customs Directorate shall be organized in departments.

(3) The regional customs directorate shall be structured as a regional customs department and customs offices. The general and the specialized administrations within the regional customs department shall be organized in departments.

(4) The customs office shall be structured as a territorial customs office and customs bureaus and/or customs posts. The general and the specialized administrations within the customs office shall be organized in departments.

(5) The Central Customs Directorate shall organize, manage, control and report on the activities of the customs administration, and shall perform customs activities.

(6) The regional customs department shall organize, manage, control and report on the activities of the customs offices included in the structure of the regional customs directorate, shall perform customs activities, and shall provide information services to the customs offices and to the Central Customs Directorate.

(7) The territorial customs office shall organize, manage, control and report on the activities of the customs bureaus and/or customs posts and jointly with them shall be the main executor of customs supervision and control.

(8) (Supplemented, SG No. 91/2005) The general management and control over the activities of the customs administration shall be performed by the Minister of Finance or by one of the Deputy-Ministers designated by him. Officials from the inspectorate to the Minister of Finance shall be entitled to access to any data and documents in the customs administration in connection with the inspections conducted by them.

(9) The Customs Agency may publish specialized printed editions.

Article 8. (Amended, SG No. 63/2000) Regional customs directorates, customs offices, customs bureaus and customs posts shall be created, transformed and closed down by the Minister of Finance on a proposal of the Director of the Customs Agency. The Director of the Customs Agency shall define their structure and staff number within the framework of the total staff number of the Customs Agency.

Article 9. (Amended, SG No. 63/2000) (1) The Customs Agency shall be managed and represented by a Director, who shall be appointed and discharged by the Minister of Finance, in coordination with the Prime Minister.

(2) In performing his functions the Director of the Customs Agency shall be assisted by Deputy-Directors. The number of Deputy Directors shall be specified in the Agency's Rules of Organization.

(3) The Deputy-Directors of the Customs Agency shall be appointed and discharged by the Minister of Finance upon a proposal submitted by the Agency's Director.

(4) The structure of the Customs Agency shall include an inspectorate subordinated directly to the Agency's Director, which will exercise control over the activities of the customs administration.

Article 10. (1) Any legally able Bulgarian citizen, who has never been convicted for a premeditated crime of a general nature, and has never been legally debarred from the right to occupy such a position, and meets the requirements for work in the customs administration, may be appointed as customs officer.

(2) Customs officers shall be prohibited:

1. to be sole traders, unlimited partners or to participate personally or through proxies in the management of commercial companies, cooperatives or other economic organizations;

2. to sign additional employment contracts, save as associates in research institutes and lecturers in educational establishments.

3. (New, SG No. 37/2003, amended SG No. 95/2003) to be in a hierarchic relationship of management and control with a spouse, a direct relative without limitation, on a collateral line up to the fourth degree inclusive and by marriage up to the fourth degree inclusive.

(3) (New SG No. 63/2000) Customs officers occupying their position under a regular labour contract need to comply also with the requirements under Article 7 of the Civil Servants Act.

(4) (New SG No. 37/2003) On appointment customs officers shall sign a sworn statement on the circumstances under Paragraphs 1 and 2.

(5) (New SG No. 37/2003, supplemented SG No. 38/2004) On appointment and dismissal and every year by 31 May at the latest customs officers shall be obliged to declare before the Director of the Customs Agency their property state as well as the property state of their spouses and minor children on a statement form approved by the Minister of Finance.

(6) (New, SG 37/2003, amended, SG No. 105/2005) On a written request of the Director of the Customs Agency

the authorities of the National Revenue Agency shall provide information on the income and property of customs officers.

(7) (New SG No. 37/2003) The provisions of the Personal Data Protection Act shall apply in relation to the protection and the access to the data under Paragraphs 5 and 6.

(8) (New SG No. 37/2003) Incompatibility under Paragraphs 1 and 2 as well as the failure to submit the statement under Paragraph 5 shall be grounds for unilateral termination of labour or official relations with the customs officer without prior notice.

Article 11. (Amended, SG No. 63/2000) (1) The Council of Ministers, upon proposal submitted by the Minister of Finance, shall adopt Rules of Organization of the Customs Agency and shall determine the staff number in the Agency and in the Central Customs Directorate.

(2) The Rules of Organization of the Customs Agency may stipulate additional requirements for occupying positions in the customs administration.

(3) The Minister of Finance, upon proposal submitted by the Director of the Customs Agency, shall approve Rules of Organization and Operation of the Regional Customs Directorates.

Article 12. The customs authorities shall collect fees for additional services rendered and in cases as defined in the Regulations. The fees shall not account as customs duties. The amount of such fees shall be specified by the Council of Ministers.

Article 13. (Amended SG No. 63/2000) The Customs Agency shall collect revenues from contracts concluded with natural or legal persons for activities approved by the Minister of Finance within the zones of the border checkpoints and other places where these activities require additional customs control.

Article 14. (Amended, SG No. 83/1999) (1) (Amended, SG No. 63/2000) The Customs Agency shall be the administrator of:

1. the revenues under Article 12;
2. the revenues under Article 13;
3. ninety per cent of the revenues under Article 240, Item 2;
4. (amended, SG No. 37/2003) the revenues from the use of real estate that is owned by the state and from provision of information;
5. (supplemented, SG No. 45/2005) twenty per cent of the fines and pecuniary sanctions collected for customs and currency violations; twenty per cent of the fines collected for customs and currency violations;
6. (amended, SG No. 63/2000, effective 1.01.2000) revenues from printed editions under Article 7, Item 9;
7. incomes from the holiday facilities;
8. (new, SG No. 63/2000, effective 1.01.2000, supplemented SG No. 37/2003) the revenues under Article 17, Item 3 of the Foreign Exchange Act and under Article 251, Paragraph 2 of the Penal Code;
9. (new, SG No. 63/2000, effective 1.01.2000) the payments under Article 64, Paragraph 5 of the Civil Procedure Code.

(2) (Amended, SG No. 63/2000, effective 1.01.2001) The Minister of Finance, upon proposal of the Director of the Customs Agency, shall determine the employees who are to receive additional remuneration for their participation in prevention of customs and foreign exchange violations and offences and for material incentives.

(3) (New, SG No. 63/2000, effective 1.01.2001) The funds under Paragraph 2 shall amount to twenty five per cent of the annual amount of the funds for salaries in the budget of the Customs Agency for the respective year and shall be incorporated in the State Budget Act for the same year.

(4) (New, SG No. 63/2000, effective 1.01.2001) The procedure for determining the individual amount of the additional remuneration under Paragraph 2 shall be established by an ordinance issued by the Minister of Finance.

## Section II

### Functions and Responsibilities

Article 15. (1) The customs administration shall:

1. participate in the development the customs policy of the Republic of Bulgaria and shall implement it;
2. participate in the development and implementation of international agreements related to customs activity;
3. maintain international customs relations;
4. collect, process, analyse, file and provide information concerning customs activity and develop customs statistics.

The terms and procedure for the performance of these activities shall be set forth in an ordinance issued by the Minister of Finance;

5. ensure training and retraining of customs officers;

6. (New - SG No. 37/2003) insure customs officers against accidents and with life insurance at the expense of its own budget.

(2) The customs authorities shall:

1. perform customs supervision and control on goods, vehicles and persons in the zones of the border checkpoints and throughout the state's customs territory;

2. calculate, collect or require security for duties levied on imports, exports or transit of goods;
  3. enforce, within their competence, the tariff and trade policy measures of the Republic of Bulgaria;
  4. protect, within their competence, the economic interests of the country;
  5. (Amended and supplemented SG No. 63/2000, SG No. 37/2003) conduct customs intelligence and investigation for combating customs and currency violations;
  6. organize and perform prevention and detection of the illegal traffic of drugs and precursors;
  7. exercise foreign exchange control within the limits of their competence assigned by law;
  8. issue decisions on the application of customs rules;
  9. (New, SG No. 63/2000, repealed, SG No. 86/2005)
  10. (New, SG No. 63/2000) perform activities related to establishing administrative violations and imposition of administrative sanctions;
  11. (New, SG No. 63/2000) participate in operative and investigative activities jointly with bodies of the Ministry of the Interior, under the terms and procedures of the Ministry of the Interior Act;
  12. (New, SG No. 37/2003) apply border control measures for protecting intellectual property rights.
- (3) (New, SG No. 63/2000) The terms and procedures of interaction between the customs bodies and the bodies of the Ministry of the Interior for prevention and detection of customs and foreign exchange violations shall be stipulated by a joint instruction of the Minister of Finance and the Minister of the Interior.
- (4) (Previous (3), SG No. 63/2000) The customs authorities shall perform other activities as assigned by law.

### Section III

#### Powers of the Customs Authorities

Article 16. (1) While performing their professional duties customs officers shall be entitled:

1. to conduct inspections related to customs supervision and control of goods, vehicles and persons in the zones of border checkpoints and throughout the customs territory of the country;
2. to undertake the necessary measures, allowed by law, for performing customs control;
3. to require the presentation or delivery of goods, documents, data or other information carriers related to customs supervision and control;
4. to require presentation of personal identification documents;
5. to require written or oral explanations;
6. to perform follow-up customs control of goods and documents related to importation, exportation and transit;
7. to collect sums: for customs duties for imported and exported goods; for unfulfilled liabilities and guarantees; for payment of the equivalent amount for goods confiscated in favour of the state when they are missing or expropriated and for any state receivables, collectable by the customs authorities;
8. to levy, according to the procedure established by the law, distraint and injunctions for securing due customs duties and other state receivables collectable by them;
9. to carry out individual searches of persons crossing the state border;
10. (amended, SG No. 63/2000, amended and supplemented, SG No. 45/2005) to conduct searches and seize goods that have been or should have been subject to customs supervision and control and related documentation in offices, official and other premises, as well as personal searches of the persons located therein, in compliance with the procedures of the Criminal Procedure Code;
11. to execute controlled deliveries jointly with the competent authorities of the Ministry of the Interior and with the permission of the respective prosecution office.

(2) (Repealed, SG No. 63/2000).

(3) The customs officers shall be entitled to carry firearms and use them in cases of inevitable self-defence as a last resort;

(4) (New SG No. 76/2002) When exercising the powers under Paragraph 1, Item 1 specialised control bodies of the Customs Agency shall be entitled to stop vehicles inside the country under terms and procedures pursuant to Article 15, Paragraph 3;

(5) (New SG No. 76/2002, amended, SG No. 105/2005) On a written request of the Director of the Customs Agency, the directors of regional customs directorates and the heads of customs offices the authorities of the National Revenue Agency shall provide information on follow-up transactions related to the quantity, type, value and origin of goods subject to import-export operations, on sums subject to payment or reimbursement under the Value Added Tax Act and the Excise Tax Act, as well as on violations established by the internal revenue bodies, perpetrated by persons engaging in import and export activities;

(6) (New SG No. 37/2000, amended, SG No. 105/2005) The procedure and modalities for electronic exchange of information between the customs administration and the National Revenue Agency shall be specified in a joint instruction of the director of the Customs Agency and the executive director of the National Revenue Agency.

(7) (New, SG No. 45/2005) When conducting inspections within the framework of follow-up control or in the course

of a customs investigation for establishing customs liabilities or violations, when there is information on withholding facts and circumstances that are substantial for the inspection or the investigation as well as in case of hindering their conduct, the customs authorities may carry out searches and seizures under the procedure of the Criminal Procedure Code. In these cases the customs authorities conducting the inspection or the investigation shall have the powers of the authorities of pre-trial proceedings.

(8) (New, SG No. 45/2005) The provisions of the Criminal Procedure Code shall apply also to the powers and procedural actions of customs authorities under Paragraph 1, Item 10 when conducting inspections under Paragraph 7 as well as concerning the rights and obligations of the inspected persons in relation to the grounds of the search and the seizure, the authorities that are carrying them out and the attending persons, as well as in relation to the protection of the inspected persons.

Article 17. (1) While performing their professional duties the customs officers shall be obliged:

1. to observe the organization of work at the customs office;
2. to protect the property, rights and freedoms of persons;
3. to present a customs sign and an official identification card;
4. (supplemented, SG No. 63/2000) to wear uniform when this is required for the respective positions under the Rules of Organization of the Customs Agency;
5. (SG No. 37/2003, effective three days after 22.04.2003) to observe the norms of conduct of the customs officer approved with an order of the Minister of Finance;
6. (amended and supplemented, SG 63/2000, renumbered from Item 5, SG No. 37/2003, supplemented, SG No. 91/2005) not to divulge circumstances and facts they have become aware of during or in relation to the performance of their official duties specified herein as official secret except on the request of a state body when provided by law at the request of the officials from the inspectorate to the Minister of Finance or of another customs body when performing its powers herein. The terms and procedures for providing information about circumstances and facts constituting official secret to another customs body shall be defined by the Director of the Customs Agency.

(2) Violations of the duties under Paragraph 1 shall be subject to disciplinary sanctions.

Article 17a. (New, SG No. 45/2005) (1) The customs authorities shall collect and process personal data for the purposes of customs supervision and control.

(2) The administrator of the personal data shall be the Director of the Customs Agency who shall assign personal information processing to persons authorised by him/her under the terms and procedures of the Personal Data Protection Act.

(3) Personal data collected and processed by the customs authorities may be provided to authorities of a foreign state in compliance with international agreements to which Bulgaria is a party under the terms and procedures of the Personal Data Protection Act.

### Chapter Three

## RIGHTS AND LIABILITIES OF PERSONS

### Section I

#### Representation

Article 18. (1) Any person may be represented before the customs authorities for performing the actions and formalities laid down herein and in the statutory instruments for the implementation of this act, including by a customs agent.

(2) The Regulations shall establish the terms and procedures applicable to performing representation by a customs agent.

(3) The representative must be a native person, save in cases expressly specified herein.

(4) The customs authorities shall require any person stating that he/she is acting as an agent to produce evidence in writing thereof.

### Section II

#### Decisions of the Customs Authorities

Article 19. (1) When a person requests that the customs authorities take a decision in relation to the application of customs rules that person shall supply all the information and documents required by those authorities.

(2) The decision under Paragraph 1 shall be taken and notified to the applicant within a term defined in the Regulations. Where a request for a decision is made in writing, the decision shall be made within the period laid down in the Regulations, starting from the date on which the said request is received by the customs authorities. Such a decision shall be notified to the applicant in writing.

(3) When the customs authorities are unable to take a decision within the specified term due to the need of collecting additional information they shall be obliged to inform the applicant before its expiry stating the grounds and the period of time they shall need in order to give the requested ruling.

(4) Decisions of the customs authorities, which either reject requests or are detrimental to the persons, shall be substantiated.

Article 20. (1) A decision favourable to the respective person which is based on incorrect or incomplete information shall be annulled when:

1. the applicant knew or should reasonably have known that the information was incorrect or incomplete, and
2. such decision could not have been taken on the basis of correct or complete information.

(2) The person shall be notified of the annulment of the decision.

(3) The annulment shall take effect from the date on which the decision was taken.

Article 21. (1) In cases different than those referred to in Article 20, a decision favourable to the interested person shall be revoked or amended when one or more of its conditions were not or are no longer fulfilled.

(2) A decision favourable to the interested person may be revoked when this person fails to fulfil an obligation imposed on him/her under that decision.

(3) The person to whom the decision is addressed shall be notified of its revocation or amendment.

(4) (Amended SG No. 63/2000) The revocation or amendment of the decision shall take effect from the date of notification referred to in Paragraph 3. In exceptional cases when the legitimate interests of the interested person so require, the Central Customs Directorate may defer the date when revocation or amendment takes effect.

### Section III

#### Information

Article 22. (1) The customs authorities shall present to any interested person information concerning the application of customs legislation. The customs authority may refuse to respond when the request does not relate to importation or exportation operations actually envisaged.

(2) The information under Paragraph 1 shall be supplied free of charge. The costs incurred shall be paid when they are connected with analyses, with expert review of the goods, with their return to the applicant, etc.

Article 23. (1) (SG No. 37/2003) The customs authorities shall issue binding tariff information or binding information concerning the origin of goods with a decision upon written request and in accordance with the procedures set forth in Article 19.

(2) The information under Paragraph 1 shall be binding on the customs authorities and on its holder only in respect of the tariff classification of goods or of defining the origin of a specific product when the customs formalities on the goods are completed after the date on which the information was supplied.

(3) In the course of customs clearance of the goods the holder of the received information shall certify before the customs authorities the exact compliance:

1. between goods reported and goods described in the information for tariff purposes;
2. between goods reported and the circumstances defining the way the goods acquired their origin and the circumstances described in the information for the purposes of the origin.

(4) The binding information shall be valid for a period of three years from the date of issue. The binding information shall be annulled when it is based on inaccurate or incomplete information from the applicant regardless of the terms under Article 20, Items 1 and 2.

(5) Tariff information shall cease to be valid:

1. on the adoption of a statutory instrument when it no longer conforms to its provisions;
2. when it is incompatible with the interpretation of the nomenclatures referred to in Article 26. Incompatibility with the interpretation may be:

(a) (Amended SG No. 37/2003) on a national level, due to changes of the national interpretation notes to the customs tariff nomenclature or by decision of the court;

(b) on an international level due to issuing of a classification opinion or an amendment to the explanatory notes to the nomenclature of the Harmonized Commodity Description and Coding System adopted by the World Customs Organisation;

3. on its revocation or amendment under the provisions of Article 21 when the holder of the information is notified of its revocation or amendment.

(6) The information about origin shall cease to be valid:

1. on the adoption of a new statutory instrument or the Republic of Bulgaria signs an international agreement when it no longer conforms to their provisions;

2. when it is no longer compatible:

(a) on a national level - with the explanatory notes and opinions adopted for the purposes of interpreting the rules or upon a decision of the court;

(b) on an international level - with the International Agreement on Rules of Origin established by the World Trade Organization or with the explanatory notes or opinions on origin adopted for interpreting the Agreement;

3. on revocation or amendment pursuant to Article 21 provided the holder is notified of its revocation or amendment.

(7) (Amended SG No. 63/2000) The holder of binding information which ceases to be valid pursuant to Paragraph 5, Items 2 or 3 and Paragraph 6, Items 2 and 3 may still use that information for a period not longer than six months from the

date of respective acts come into force under terms and procedures specified in the Regulations.

(8) When the statutory instruments or the agreement pursuant to Paragraph 5, Item 1 and Paragraph 6, Item 1 provide for a different period than the one under Paragraph 7, the period specified by them shall apply.

(9) The classification or definition of the goods' origin in the binding tariff information shall be applied only for:

1. determining import or export customs duties;
2. (New SG No. 37/2003) calculating export subsidies and any other financial grants in cases of exportation or importation of goods as part of the agricultural policy of the Republic of Bulgaria;
3. (previous (2) SG No. 37/2003) using export licences and import and export certificates which are presented for the acceptance of the customs statement of the goods provided these certificates are issued on the basis of this binding information.

## PART TWO ELEMENTS ON THE BASIS OF WHICH IMPORT AND EXPORT DUTIES AND OTHER MEASURES PROVIDED IN RESPECT OF TRADE WITH GOODS ARE APPLIED

(Title - SG No. 37/2003)

### Chapter Four

#### CUSTOMS TARIFF. TARIFF CLASSIFICATION

(Title - SG No. 37/2003)

Article 24. (Amended SG No. 63/2000, SG No. 37/2003) (1) Goods carried across the state border of the Republic of Bulgaria shall be charged with import or export customs duties unless otherwise provided herein, in another act or in an international agreement to which the Republic of Bulgaria is a party.

(2) Import or export customs duties due on the occurrence of the customs debt shall be based on the Customs Tariff of the Republic of Bulgaria.

Article 25. (Amended SG No. 37/2003) Other measures in relation to specific fields related to trade with goods provided for in statutory instruments and beyond the ones specified in Article 24 shall be introduced according to the tariff classification of those goods.

Article 26. (Amended SG No. 37/2003) (1) The Customs Tariff shall include:

1. the Combined Nomenclature of the Republic of Bulgaria
2. any other nomenclature which is based in whole or in part on the Combined nomenclature of the Republic of Bulgaria or adds subsections to it and which is adopted with a statutory instrument regulating specific fields in relation to applying tariff measures related to trade with goods;
3. the rates and other elements charging duties applicable to goods included in the Combined Nomenclature in relation to:
  - a. customs duties, and
  - b. charging the import of goods in compliance with agricultural policy or in compliance with specific provisions applicable to goods obtained from the processing of agricultural products;
4. preferential tariff measures including in agreements to which the Republic of Bulgaria is a party providing for granting preferential tariff treatment;
5. preferential tariff measures adopted unilaterally by the Republic of Bulgaria in favour of countries, groups of countries or territories;
6. autonomous measures introduced by the Council of Ministers which temporarily reduce or abolish applicable import customs duties in relation to certain goods (autonomous suspension measures); the terms and procedures for introducing autonomous suspension measures shall be specified with an ordinance of the Council of Ministers;
7. other tariff measures provided for in other statutory instruments.

(2) In compliance with the rules for charging with a single customs rate the measures under Paragraph 1, Items 4, 5 and 6 shall apply instead of the ones specified in Item 3 on the reporting person's request when the goods conform to the conditions laid down for these measures. The request may be granted also at a later date in case the respective conditions are met.

(3) When the application of the measures under Paragraph 1, Items 4, 5 and 6 is restricted to a certain volume or cost of imports their application shall cease:

1. in the case of tariff quotas, as soon as the stipulated limit on the volume or cost of imports is reached;
2. in the case of tariff ceilings, as from a time fixed by a statutory instrument.

Article 26a. (New SG No. 37/2003) (1) Before the end of each calendar year the Council of Ministers shall adopt the Combined Nomenclature of the Republic of Bulgaria and shall determine customs duty rates in compliance with the linked duty rates of the Republic of Bulgaria under the List of Obligations and Concessions attached to the General Agreement on Tariffs and Trade of 1994 (conventional customs duty rates) which shall apply as from the first day of the following year.

(2) The Combined Nomenclature, the conventional customs duty rates and the autonomous customs duty rates shall be published in the State Gazette.

Article 27. (Amended SG No. 37/2003) (1) The tariff classification of goods shall be the determination pursuant to the

rules established with a statutory instrument of:

1. the sub-positions of the nomenclature under Article 26, Paragraph 1, Item 1 or of any other nomenclature under Article 26, Paragraph 1, Item 2. or
2. the sub-positions of any other nomenclature which is wholly or partially based on the Combined Nomenclature of the Republic of Bulgaria or adds subsections thereto and which is adopted with a statutory instrument regulating specific areas in relation to the application of measures different from the tariff measures related to trade with goods.

(2) Additional tariff classification rules may be specified with an ordinance of the Minister of Finance in compliance with:

1. the explanatory notes to the Harmonised Commodity Description and Coding System;
2. the explanatory notes to the Combined Nomenclature applied in the European Union member-states;
3. the opinions on commodity classification adopted by the Harmonised System Committee of the World Customs Organisation;
4. the decisions on commodity classification applied in the European Union member-states.

Article 28. (1) (Amended SG No. 63/2000, SG No. 37/2003) The terms under which certain commodities may be entitled to a more favourable tariff treatment due to their nature or specific designation shall be established in the Regulations. When permission is required the provisions of Articles 92 and 93 shall apply.

(2) (Amended SG No. 37/20033) In the meaning of Paragraph 1 "more favourable tariff treatment" shall be understood to mean any reduction or abolition of (suspension from) import customs duties, even within the frameworks of the tariff quota.

#### Chapter Five

#### ORIGIN OF GOODS

#### Section I

#### Non-Preferential Origin

Article 29. The non-preferential origin of goods specified in Articles 30, 31 and 32 shall serve for the purposes of:

1. (Amended SG No. 37/2003) applying the Customs Tariff, with the exception of the preferential tariff measures referred to in Article 26, Paragraph 1, Items 4 and 5;
2. applying measures other than the tariff measures established by an act of the Council of Ministers;
3. the preparation and issue of certificates of origin.

Article 30. (1) Goods originating in a country shall be the goods wholly obtained or produced in that country.

(2) Goods wholly obtained or produced in a given country shall be the following:

1. minerals extracted within that country;
2. vegetable products harvested therein;
3. live animals raised therein;
4. products derived from live animals raised therein;
5. products of hunting or fishing carried out therein;
6. products of sea-fishing and other products extracted from the sea, outside the inland sea waters and the territorial sea waters of that country by vessels registered in the country and flying the flag of that country;
7. goods obtained or produced on board factory-ships from the products referred to in Item 6 originating in that country provided such factory-ships are registered in that country and fly its flag;
8. products taken from the seabed or its subsoil outside the inland sea of the territorial sea provided that country has exclusive rights to exploit that seabed or subsoil;
9. waste and scrap products, derived from manufacturing operations performed in the country and used articles provided they were collected therein and are fit only for the recovery of raw materials;
10. goods which are produced in the country exclusively from goods referred to in Items 1 to 9, or from their derivatives at any stage of production.

(3) Whereas Paragraph 2 shall apply, the customs territory of the country shall include its inland sea waters and the territorial sea.

Article 31. (1) Goods whose production involves more than one country shall be deemed to originate in the country where they underwent their last, substantial, economically justified processing or treatment in an enterprise equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture.

(2) Any processing or treatment in respect of which it is established or there is sufficient data that its sole objective was to circumvent the provisions applicable in the Republic of Bulgaria towards goods from specific countries, shall under no circumstances be deemed to confer on the goods thus produced the origin of the country where it is carried out.

Article 32. (1) The documents certifying the origin of goods shall be presented when required by a customs or other statutory instrument.

(2) Notwithstanding the presentation of a document ascertaining the origin of goods the customs authorities shall be entitled in the event of reasonable doubt to require other evidence confirming that the reported origin complies with the rules



for non preferential origin established in the Republic of Bulgaria.

## Section II

### Preferential Origin

Article 33. (Amended SG No. 37/2003) The conditions for acquiring preferential origin of goods with the purpose of applying the measures under Article 26, Paragraph 1, Items 4 and 5 shall be regulated by:

1. the international agreements of the Republic of Bulgaria establishing preferential tariff measures;
2. the statutory instruments on preferential tariff measures adopted unilaterally by the Republic of Bulgaria.

### Chapter Six

#### CUSTOMS VALUE

Article 34. The customs value shall be the value of goods in Bulgarian national currency determined for customs purposes. The provisions of this chapter shall regulate the determination of the customs value of goods for the purposes of applying the Customs Tariff of the Republic of Bulgaria, as well as of non-tariff measures established by a statutory instrument.

Article 35. (1) The customs value of imported goods determined under this article shall be the contract value which shall be the price of goods actually paid or payable when they are sold for export to the Republic of Bulgaria, adjusted in accordance with Article 38, provided:

1. there is no restriction as to the disposal or use of the goods by the buyer, other than restrictions which:
  - (a) are established by statutory instruments of the Republic of Bulgaria;
  - (b) specify the geographical area in which the goods may be resold, or
  - (c) do not substantially affect the value of the goods;
2. the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;
3. no part of the proceeds of any subsequent resale, granted right to use or dispose with the goods by the buyer shall accrue directly or indirectly back to the seller, unless an adjustment can be made in accordance with Article 38; and
4. the buyer and seller are not related persons, or, when the buyer and seller are related persons provided the contract value is acceptable for customs purposes under Paragraph 2.

(2) Circumstances that shall be taken into consideration in the case of related persons:

1. in determining whether the transaction value is acceptable for the purposes of Paragraph 1 the fact that the buyer and the seller are related persons shall not in itself be sufficient grounds for regarding the transaction value as unacceptable. Where necessary the circumstances of the sale shall be examined and the transaction value shall be accepted provided the relationship did not influence the price. If in the light of information provided by the buyer or another source the customs authorities have grounds to consider that the relationship has influenced the price, they shall communicate their grounds to the reporting person and he shall be given a reasonable opportunity to respond. If the reporting person so requests the communication of the grounds shall be in writing;

2. in a sale between related persons the contract value shall be accepted and the goods valued in accordance with Paragraph 1 when the reporting person proves that such value closely approximates one of the following values determined at or about the same time:

(a) the contract value in sales of identical or similar goods sold for export to the Republic of Bulgaria, between buyers and sellers who are not related persons;;

(b) the customs value of identical or similar goods, as determined under Article 36, Paragraph 2, Item 3;

(c) the customs value of identical or similar goods, as determined under Article 36, Paragraph 2, Item 3.

(3) In applying Paragraph 2, Item 2 due account shall be taken of differences in commercial levels, the levels listed in Article 38 and costs incurred by the seller in sales in which he and the buyer are not related persons and when such costs are not incurred by the seller in sales in which he and the buyer are related persons. The methods set forth in Paragraph 2, Item 2 shall be applied at the initiative of the reporting person and only for comparison purposes, and not as a basis for determining the customs value.

(4) The price actually paid or payable shall be the total payment made or to be made by the buyer to or for the benefit of the seller and shall include all payments made or to be made as a condition of the sale by the buyer to the seller or by the buyer to a third party to satisfy an obligation of the seller. The payment need not necessarily take the form of a transfer of money but may be made by way of a letter of credit or negotiable instrument and may be made directly or indirectly.

(5) Activities, including marketing activities, undertaken by the buyer on his own account, other than those for which an adjustment is provided in Article 38, shall not be considered to be an indirect payment to the seller even when they might be regarded as of benefit to the seller or have been undertaken by agreement with the seller, and their cost shall not be added to the price actually paid or payable in determining the customs value of imported goods. "Marketing activities" in the meaning herein shall be any activities related to the advertising or the promotion of the sale of the valued goods and all warranty activities in relation to the goods.

Article 36. (1) When the customs value cannot be determined under Article 35, it is to be determined by applying

sequentially the provisions of Paragraph 2, Items 1 to 4 until the first provision in the sequence allows its application. An exception from the specified procedure shall be admissible for the application of Items 3 and 4 if the reporting person requests the sequence of these Items to be reversed. It is only when such value cannot be determined under a particular subparagraph in the sequence specified that the provisions of the next subparagraph can be applied in a sequence established by virtue of this paragraph.

(2) The customs value as determined under this Article shall be:

1. the contract value of identical goods sold for export to the Republic of Bulgaria and exported at or about the same time as the goods to be valued;
2. the contract value of similar goods sold for export to the Republic of Bulgaria and exported at or about the same time as the goods being valued;
3. the value based on the unit price at which the imported goods for identical or similar imported goods are sold within the Republic of Bulgaria in the greatest aggregate quantity to persons not related to the sellers;
4. the computed value, consisting of the sum of:
  - (a) the cost of materials and manufacture or other operations related to the processing of the imported goods,
  - (b) a sum of the profit and general expenses equal to that usually calculated for sales of goods of the same class or type as the goods being valued which are manufactured by producers in the country of export for export to the Republic of Bulgaria,
- (c) the cost referred to in Article 38, Paragraph 1, Item 5.

(3) Any additional conditions and rules for the application of Paragraph 2 shall be determined by the Regulations.

Article 37. (1) When the customs value of imported goods cannot be determined under Articles 35 or 36, it shall be determined through methods compatible with the principles and the general provisions of the Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade, and the provisions of this chapter.

(2) No customs value shall be determined under Paragraph 1 on the basis of:

1. the selling price in the Republic of Bulgaria of goods produced in the Republic of Bulgaria;
2. a system which provides for the acceptance for customs purposes of the higher of two alternative values;
3. the price of goods on the domestic market of the country of exportation;
4. production costs, other than the computed values which have been determined for identical or similar goods in accordance with Article 36, Paragraph 2, Item 4;
5. prices for goods sold for export which was not intended for the Republic of Bulgaria;
6. minimum customs values;
7. arbitrary or fictitious values.

Article 38. (1) In determining the customs value under Article 35 to the price actually paid or payable for the imported goods the following shall be added:

1. (Amended, SG No. 63/2000) the following costs, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods:
    - (a) commissions and brokerage, except purchase commissions;
    - (b) the cost for containers which, for customs purposes, are treated as being one with the goods in question;
    - (c) packing cost, including labour and materials.
  2. The value, apportioned as appropriate, on the following goods and services when supplied directly or indirectly by the buyer free of charge or at discount prices for use in connection with the production and sale for export of the imported goods, insofar as such value has not been included in the price actually paid or payable:
    - (a) materials, components, parts and the like incorporated in the imported goods;
    - (b) tools, dies, moulds and the like used in the production of the imported goods;
    - (c) materials consumed in the manufacture of the imported goods;
    - (d) engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the Republic of Bulgaria and necessary for the production of the imported goods;
  3. royalties and license fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable;
  4. the value of any part of the proceeds of any subsequent resale, granting the right to dispose of or use the imported goods that accrues directly or indirectly to the seller;
  5. expenses for:
    - (a) transport of the imported goods to their entry point into the territory of the Republic of Bulgaria;
    - (b) loading/unloading and handling operations associated with the transport of the imported goods to entry border crossing point of the Republic of Bulgaria;
    - (c) insurance of the imported goods.
- (2) Additions to the price actually paid or payable shall be made under this article only on the basis of objective and

quantifiable data.

(3) No additions shall be made to the price actually paid or payable in determining the customs value except as provided in this article.

(4) (New, SG No. 63/2000) In this chapter the term 'purchase commission' shall mean fees paid by an importer to his agent for the service of representing him in the supply of goods being valued.

(5) (previous (4) SG No. 63/2000) Notwithstanding Item 3 of Paragraph 1:

1. charges for the right to reproduce the imported goods in the Republic of Bulgaria shall not be added to the price actually paid or payable for the imported goods in determining the customs value;

2. payments made by the buyer for the right to distribute or resell the imported goods shall not be added to the price actually paid or payable for the imported goods if such payments are not a condition for the sale of the goods for export to the Republic of Bulgaria.

Article 39. The customs value of the imported goods shall not include the following costs provided they are shown separately from the price actually paid or payable:

1. transport costs of goods on the territory of the Republic of Bulgaria after their arrival;

2. costs for construction, installation, assembly, maintenance or technical assistance, undertaken for the goods after their import;

3. charges for the right to reproduce imported goods in the Republic of Bulgaria;

4. purchase commissions;

5. import duties, taxes, excise charges and fees payable in the Republic of Bulgaria by reason of the import or sale of the goods;

6. interest under a financing arrangement of the buyer relating to the purchase of imported goods, irrespective of whether the credit is provided by the seller, by a bank or a third person, provided the interest is separated from the price payable, the financing agreement has been made in writing and the buyer can prove that:

(a) such goods are sold at the moment of evaluation at the price reported as the price actually paid or payable, and

(b) the reported interest rate does not exceed the level for such transactions prevailing in the country where, and at the time when, the financing was provided.

Article 40. Specific rules may be laid down in the Regulations for determining the customs value of imported information carrier media intended for use in electronic data processing equipment and bearing data or instructions.

Article 41. (Amended, SG No. 37/2003) The procedure for determining the customs value in specific cases shall be established by a Council of Ministers decree.

Article 42. (1) The transfer of foreign exchange into Bulgarian currency for determining the customs value shall be done according to the exchange rate for foreign currencies announced by the Bulgarian National Bank.

(2) The period of implementing the corresponding currency exchange rate shall be determined in the Regulations.

Article 43. (1) The provisions of this chapter shall not affect the specific provisions for determining the customs value when importing goods under a different a customs destination.

(2) Notwithstanding the provisions of Articles 35-37 the customs value of perishable goods usually delivered on consignment may at the request of the reporting person be determined under simplified procedures, defined in the Regulations.

### PART THREE

## ENTRY OF GOODS INTO THE CUSTOMS TERRITORY OF THE REPUBLIC OF BULGARIA UNTIL THEY OBTAIN A CUSTOMS ASSIGNMENT

### Chapter Seven

## ENTRY OF GOODS INTO THE CUSTOMS TERRITORY OF THE REPUBLIC OF BULGARIA

Article 44. (1) From the time of their entry into the customs territory of the Republic of Bulgaria the goods shall be subject to customs supervision and may be subject to customs control in accordance with the provisions in force by the date of entry.

(2) The goods shall remain under customs supervision until their customs status is determined. With the exception of cases referred to in Article 88, Paragraph 1 foreign goods shall remain under customs supervision also until their customs status is changed, or they enter a free zone or a free warehouse, or they are re exported or destroyed in accordance with Article 180.

Article 45. (1) Goods brought into the customs territory of the country shall without delay be transported by the person bringing them into the country according to the instructions of the customs authorities to the designated customs office or to any other place designated by those authorities. Should this be necessary the customs authorities may specify the route for transporting the goods.

(2) The person who assumes responsibility for the transport of goods after they have been brought into the customs territory of the Republic of Bulgaria shall become responsible for compliance with the obligation laid down in Paragraph 1.

(3) Paragraph 1 shall not preclude the implementation of provisions of any other statutory instruments with respect to:

1. parcels;
2. tourist traffic;
3. shipment of goods with negligible economic importance, on condition customs supervision and customs control possibilities are not thereby jeopardized.

(4) Paragraphs 1,2 and 3 as well as Articles 46 to 60 shall not apply to goods which leave temporarily the customs territory of the Republic of Bulgaria, while being shipped between two points in that territory by sea or air, provided the carriage has been effected by a direct route by regular air service or shipping line without a stop outside of the customs territory of the Republic of Bulgaria.

(5) Paragraph 1 shall not apply to goods on board a vessel or an aircraft crossing the territorial waters or airspace of the Republic of Bulgaria without having as their destination a port or airport on the country's customs territory.

Article 46. (1) When, by reason of force majeure or unforeseeable circumstances, the person cannot comply with the obligation laid down in Article 45, Paragraph 1, he shall inform immediately the nearest customs authorities. When the goods are not destroyed or lost in total the customs authorities shall be informed of their exact location.

(2) When, by reason of force majeure or unforeseeable circumstances, a vessel or an aircraft is forced to put into port or land temporarily in the customs territory of the Republic of Bulgaria and the obligation laid down in Article 38, Paragraph 1 cannot be complied with, the person bringing the vessel or aircraft into the customs territory of the country or any other person acting in his place shall inform immediately the customs authorities.

(3) The customs authorities shall determine the measures in the cases referred to in Paragraphs 1 and 2 to be taken for customs supervision and, where appropriate, for ensuring the shipping of the goods to a customs office or to another location designated by them.

#### Chapter Eight

#### PRESENTATION OF GOODS TO CUSTOMS AUTHORITIES

Article 47. Goods which have been transported pursuant to Article 45, Paragraph 1 shall be presented to the customs authorities by the person who has brought them into the customs territory of the Republic of Bulgaria or by the person who had undertaken the carriage of the goods following such entry.

Article 48. For goods carried by travellers or placed under customs regime, but not presented to customs, other provisions for presentation may apply as provided in the Regulations.

Article 49. Once goods have been presented to customs, they may be subject to examination or sample-taking, for specifying their customs assignment with the permission of the customs authorities.

#### Chapter Nine

#### MANIFESTATION AND UNLOADING OF GOODS PRESENTED TO CUSTOMS AUTHORITIES

Article 50. (1) For goods presented to customs authorities a customs manifest shall be submitted.

(2) The customs manifest shall be submitted immediately after the goods have been presented to customs. The customs authorities may allow a different period for submitting the manifest which shall not extend beyond the first working day following the day on which the goods were presented to customs.

Article 51. (1) The manifestation of goods shall be done under terms and procedures specified in the Regulations. The customs authorities may accept also a commercial or other document instead of a customs manifest if it contains the particulars necessary for identification of the goods.

(2) The customs manifest shall be submitted by:

1. the person who has brought the goods into the customs territory of the Republic of Bulgaria or by the person who has undertaken the carriage of the goods following such entry; or
2. the person in whose name the persons referred to in Item 1 had acted.

Article 52. The cases when the customs authorities may submit a manifest ex officio or waive the submission of a customs manifest shall be defined in the Regulations.

Article 53. (1) Goods shall be unloaded or reloaded from the vehicles carrying them solely with the permission of the customs authorities in places designated by them.

(2) No permission shall be required in the event of a breakdown or other circumstances necessitating the immediate unloading of all or parts of the goods. In that case, the customs authorities shall be informed forthwith.

(3) For the purpose of customs control and inspection of goods, including the vehicles carrying them, the customs authorities may at any time require goods to be unloaded and unpacked.

Article 54. Goods shall be removed from their original location only with the permission of the customs authorities.

#### Chapter Ten

#### OBLIGATION TO PERFORM FORMALITIES ON OBTAINING A CUSTOMS ASSIGNMENT FOR THE GOODS PRESENTED TO THE CUSTOMS AUTHORITIES

(Title - SG No. 37/2003)

Article 55. (supplemented SG No. 37/2003) Foreign goods presented to the customs authorities shall obtain an admissible customs assignment.

Article 56. (1) (Amended SG No. 37/2003) The respective formalities for obtaining a customs assignment shall be performed for the manifested goods within the following deadlines:

1. forty five days from the date of submitting the customs manifest for goods carried by sea;
2. twenty days from the date of submitting the customs manifest for goods carried otherwise than by sea;

(2) Depending on the specific circumstances the customs authorities may set deadlines shorter or longer than the periods referred to in Paragraph 1. The extension shall not exceed the period actually required in the specific case.

#### Chapter Eleven

#### TEMPORARY STORAGE OF GOODS

Article 57. Until obtaining a customs assignment the goods presented to the customs authorities shall have the status of "goods in temporary storage."

Article 58. (1) Goods in temporary storage shall be stored only in places approved by the customs authorities and under conditions laid down by them.

(2) (Supplemented, SG No. 153/1998) The customs authorities shall be entitled to require the person holding the goods to provide security for any customs debt that may arise under of Article 199, Paragraph 1, Items 5, 6 and 7 as well as also taxes and excise duties.

Article 59. Goods in temporary storage shall not be subject to handling other than the one intended for ensuring their preservation in an unchanged state without modifying their appearance or technical characteristics. This provision shall not prejudice the provisions of Article 49.

Article 60. (1) (Amended SG No. 37/2003) For goods, in respect of which the respective formalities to obtain an admissible customs assignment have not been performed within the period under Article 56, the customs authorities shall invite the person receiving those goods with an advice of delivery to start the respective formalities within a period of thirty days from the date of receiving the invitation.

(2) After the expiry of the period referred to in Paragraph 1 the goods shall be considered as abandoned in favour of the state.

(3) (Amended SG No. 37/2003) When the consignee of the goods is a foreign person, or an unknown person, a native person with address unknown or who cannot be located on the address indicated, no notice as referred in Paragraph 1 shall be sent and the goods shall be deemed abandoned in favour of the state after the expiration of six months from the day of their manifestation.

(4) (Amended SG No. 37/2003) The customs authorities may, after assuming the responsibility and the costs from the holder of the goods, allow their transfer to a different location under customs supervision until the performance of the respective formalities.

#### Chapter Twelve

#### FOREIGN GOODS WITH A TRANSIT STATUS

Article 61. The provisions of Article 45, with the exception of Paragraph 1, and of Articles 46 to 60, shall not apply when goods that have been placed under a transit regime are brought into the customs territory of the Republic of Bulgaria.

Article 62. Once foreign goods which have been moved under the transit regime reach their destination in the customs territory of the Republic of Bulgaria and have been presented to the customs authorities in accordance with the provisions governing transit, Articles 49 to 60 shall apply.

#### Chapter Thirteen

#### OTHER PROVISIONS

Article 63. When circumstances so require, the customs authorities shall be entitled to order the destruction of the goods presented to them for customs clearance, after informing the holder of the goods thereof. The cost for destroying the goods shall be borne by the holder.

Article 64. When the customs authorities find that goods have been brought illegally into the customs territory of the Republic of Bulgaria or have been withheld from customs supervision, they shall take the legal measures provided, including the sale of the goods.

#### PART FOUR

#### CUSTOMS ASSIGNMENTS

#### TITLE ONE

#### GENERAL PROVISIONS

Article 65. (1) In case there are no statutory restrictions or prohibitions the goods may obtain the requested customs assignment under the conditions laid down in this Act irrespective of their type, quantity, origin, consignment or destination.

(2) Paragraph 1 shall not preclude the imposition of prohibitions or restrictions in relation to national security, public order or morality, the protection of health and life of humans, animals or plants, the protection of the national heritage of artistic, historic or archaeological value or the protection of industrial and commercial property.

(3) (New, SG No. 37/2003) When performing customs control under Paragraph 2, unless otherwise provided, the customs authorities may postpone with a substantiated decision for a period of up to five working days the permission for the assignment requested for the goods and shall inform forthwith the authorities competent for exercising supervision and control related to the respective prohibitions or restrictions.

## TITLE TWO

### CUSTOMS REGIMES

#### Chapter Fourteen

#### PLACING GOODS UNDER CUSTOMS REGIMES

Article 66. (1) All goods intended to be placed under a customs regime shall be subject to reporting for the appropriate regime.

(2) Local goods reported for exportation, temporary exportation, outward processing, transit or customs warehousing regime shall be subject to customs supervision from the time of their reporting before the customs office until their leaving the customs territory of the Republic of Bulgaria or destruction or the invalidation of the export manifest.

Article 66a. (New, SG No. 63/2000) (1) The Director of the Customs Agency may designate in an order individual customs institutions, which perform customs activities with respect to certain types of goods and/or in compliance with the customs regimes under which they will be placed.

(2) The order under Paragraph 1 shall be published in the State Gazette.

Article 67. (Amended, SG No. 63/2000) (1) The reporting before the customs authorities shall be made:

1. in writing;
2. electronically;
3. orally;
4. by means of any other act whereby the holder of the goods expresses his wish to place them under a customs regime.

(2) The terms and procedure for reporting in the cases under Paragraph 1, Items 2, 3 and 4 of shall be established in the Regulations.

#### Section I

#### Reporting in Writing under the Normal Procedure

Article 68. (1) Reports in writing shall be made with a customs statement on a standard form and under a procedure established by the Minister of Finance.

(2) (New SG No. 37/2003) The customs statement must be signed and shall contain all data required for applying the provisions of the customs regime for which the goods have been reported.

(3) All documents specified statutorily for allowing the customs regime for which the goods have been reported shall be enclosed with the customs statement in order to allow the customs regime for which the goods have been reported..

Article 69. Customs statements which comply with the provisions laid down in Article 68 shall be accepted by the customs authorities immediately, provided the reported goods are presented to them.

Article 70. (1) (Amended, SG No. 63/2000) Reporting may be performed by any person, including an agent, who is able to present the goods in question or to have them presented to the competent customs authority, together with all the documents required for allowing the customs regime in respect of which the goods are reported.

(2) (Amended, SG No. 63/2000) When the acceptance of a customs statement imposes particular obligations on a specific person, the reporting must be performed by that person or on his behalf.

(3) The reporting person must be established in the Republic of Bulgaria. This condition shall not apply to persons who:

1. (Amended, SG No. 63/2000) report for transit or temporary importation; or
2. report goods on an occasional basis, provided that the customs authorities consider the reporting to be admissible.

Article 71. (1) Once the customs statement is accepted, on the request of the reporting person the customs authorities may allow him to amend one or more of the particulars in the statement. No goods other than those originally reported in the statement shall be included in the amendments.

(2) No amendment shall be allowed when the request has been made after the customs authorities have:

1. informed the reporting person that they intend to examine the goods;
2. established an inaccurate data in the customs statement;
3. allowed goods to be released.

Article 72. (1) The customs authorities shall, at the request of the reporting person, invalidate a customs statement already accepted, when the reporting person proves that the goods were reported by mistake for the respective customs regime or that, as a result of special circumstances, remaining of the goods under the reported customs regime is unjustified.

(2) When the customs authorities have informed the reporting person of their intention to examine the goods, the request for invalidation of the customs statement may be accepted after the examination has taken place.

(3) The customs statement shall not be invalidated after the permission on releasing the goods, except in cases defined

in accordance with the Regulations.

(4) Invalidation of the customs statement shall not prevent the application of the penal provisions.

Article 73. The date used for the purposes of applying the customs regime for which the goods were reported shall be the date of acceptance of the customs statement by the customs authorities unless otherwise provided for by a statutory instrument.

Article 74. For verification purposes of the accepted customs statements the customs authorities may perform:

1. document control of the customs statement and the documents accompanying it. The customs authorities may require the reporting person to present other documents for verifying the accuracy of the particulars contained in the customs statement;

2. examination of the goods and taking samples for analysis or control.

Article 75. (1) Transport of the goods to the places where they are to be examined, samples to be taken and all the handling necessities shall be carried out and be under the responsibility of the reporting person. The costs incurred shall be borne by the reporting person.

(2) The reporting person shall be entitled to be present when the goods are examined and when the samples are taken. The customs authorities shall require the presence of the reporting person or his agent when the goods are examined or samples are taken, in order to facilitate the performance of the examination.

(3) When samples are taken in accordance with the provisions in force the customs authorities shall not owe any compensation but shall bear the costs of their analysis or examination.

Article 76. (1) When only a part of the goods covered by a customs statement is examined, the results of the examination shall be taken to apply to all the goods covered by that customs statement.

(2) The reporting person may request a further examination of the goods if he considers that the results of the partial examination are not valid as regards to the remainder of the goods reported.

(3) For the purposes of Paragraph 1, when a customs statement form contains several types of goods, the particulars relating to each of those types shall be deemed to constitute a separate customs statement.

Article 77. (1) The results of the verification of the customs statement shall be used for the purpose of applying the customs regime under which the goods are placed.

(2) When the customs statement is not verified, the provisions of the basis for applying the customs regime shall be the particulars reported in the customs statement.

Article 78. (1) The customs authorities shall take the measures necessary to identify the goods as required in order to ensure compliance with the terms of the customs regime for which the goods have been reported.

(2) Means of identification affixed to the goods or in cargo sections of vehicles may be removed or destroyed only by the customs authorities or with their permission. This provision shall not be applied in cases of force major or unforeseeable circumstances in view of ensuring the protection of the goods and vehicles.

Article 78a. (New SG No. 37/2003) (1) The customs authorities shall postpone with a substantiated decision giving permission on releasing goods reported for import regime and shall inform forthwith the competent market supervision authorities when in the course of the inspection they establish that:

1. the goods contain certain characteristics giving rise to reasonable doubts on the existence of serious and immediate risk for health and safety in case of their use in normal foreseeable conditions, or

2. the goods are not accompanied by the documents required pursuant to the safety rules or are not marked in compliance with these rules.

(2) When in the cases under Paragraph 1 the competent authorities consider that the goods do not represent serious and immediate risk for health and safety the customs authorities shall allow the release of the goods provided all other requirements and formalities for placing the goods under an import regime have been complied with.

(3) In case the customs authorities are not notified within three working days from the day following the actions under Paragraph 1 by the competent market supervision authorities on measures adopted by them, the release of the goods shall be allowed provided all other requirements and formalities provided in applicable law for placing the goods under import regime have been complied with.

(4) The customs authorities shall not allow the release of the goods and their placement under import regime when they have been notified by the competent market supervision authorities that the goods pose a serious and immediate risk for health and safety and prohibition measures have been taken in relation to their release on the market. In these cases the customs authorities shall place on the invoice and the other documents accompanying the goods the text "Dangerous product - import regime not allowed".

(5) The customs authorities shall not allow the release of the goods and their placement under import regime when they have been notified by the competent market supervision authorities that the goods do not comply with applicable safety rules and prohibition measures have been taken in relation to their release on the market. In these cases the customs authorities shall place on the invoice and the other documents accompanied the goods the text "Product incompatible with requirements - import regime not allowed".

(6) The provisions of this article shall apply to goods of which the customs authorities have been notified in advance by the market supervision authorities that they are subject to control on compliance with safety rules. The notification shall be performed under a procedure coordinated between the customs authorities and the market supervision authorities.

(7) The article shall apply inasmuch a statutory instrument does not provide otherwise in relation to the organisation of border control of specific goods.

Article 78b. (New SG No. 37/2003) The provisions of Article 78a shall not apply when veterinary and zoo-technical control and control in relation to protecting plants and animals have been regulated with a statutory instrument.

Article 79. (1) (Amended SG No. 37/2003) In compliance with the provisions of Article 80, when the conditions for placing the goods under a specific regime are met and provided the goods are not subject to any prohibitive and restrictive measures, the customs authorities shall allow the release of the goods as soon as the particulars in the customs statement have been verified or accepted without verification. Permission for release of the goods shall be granted also when the verification cannot be completed within a reasonable period of time and the presence of the goods is no longer required its performance.

(2) The release of the goods shall be allowed for the entire amount of goods reported in the same customs statement. When a customs statement covers several types of goods the particulars relating to each type shall be deemed to constitute a separate customs statement.

Article 80. (1) When the acceptance of a customs statement gives rise to a customs liability, the release of the goods covered by this customs statement shall be allowed only if the customs liability has been paid or secured. This provision shall not apply to the temporary importation regime with partial exemption from import customs duties in compliance with the provisions of Paragraph 2.

(2) When the regime for which the goods are reported requires security the customs authorities shall allow the release of the goods only after its institution.

(3) Goods dangerous for health, for the environment, flammable and perishable goods may be released with the written permission of the customs authorities even before security is provided.

Article 81. The customs authorities shall undertake the legally provided measures, including confiscation and sale in favour of the state, of goods which:

1. cannot be released due to the following reasons:

(a) it has been impossible to undertake or perform examination of the goods within the period prescribed by the customs authorities for reasons attributable to the reporting person;

(b) the documents required for placing the goods under the requested customs regime have not been produced;

(c) the import or export customs duties have not been paid or secured within the prescribed term;

(d) are subject to prohibition or restriction measures;

2. (Amended SG No. 153/1998) are not removed within the period after giving the permission.

## Section II

### Reporting in Writing Under the Simplified Procedure

Article 82. (1) In order to simplify customs formalities, while ensuring procedures for reporting and the terms specified in the regulations, the customs authorities shall grant permission:

1. for submitting a simplified customs statement being the customs statement under Article 68 omitting certain of the particulars or not containing some of the required documents;

2. instead of the customs statement under Article 68 to submit a commercial or administrative document, accompanied by an application for placing the goods under the respective customs regime.

3. to perform the reporting of the goods for the respective customs regime through entering them in the accounting records of the reporting person. In this case the customs authorities shall be entitled to waive the requirement that the reporting person presents the goods.

(2) The simplified customs statement, the commercial or administrative documents or the entry of the goods in the accounting records must contain the particulars necessary for identifying the goods. The entry of the goods in the accounting records must contain also the date on which it is done.

(3) Except in cases to be determined in the Regulations, the reporting person shall be obliged to furnish a supplementary customs statement, which may be of general, periodic or recapitulative nature.

(4) The supplementary customs statement under Paragraph 3 shall be considered a single document indivisible from the documents referred to in Paragraph 1, Items 1, 2 and 3 which shall take effect on the date of acceptance by the customs authorities. In the cases referred to in Paragraph 1, Item 3 entry in the records of the accounting documents shall have the same legal force as acceptance of the customs statement under 68.

(5) Special simplified procedures for the transit regime shall be laid down in the Regulations.

## Section III

### Other Types of Reporting

Article 83. (1) (Supplemented, SG No. 63/2000, previous Article 83, SG No. 37/2003) When reporting before the



customs authorities is made electronically, orally or through other means as referred to in Article 67, the provisions of Articles 68 to 82 shall apply mutatis mutandis without prejudice to the principles set out therein.

(2) (New SG No. 37/2003) When reporting before the customs authorities is made electronically the customs authorities may not require the attachment of the documents under Article 68, Paragraph 3. In these cases the documents must be available to the customs authorities for the purposes of customs control.

(3) (New SG No. 37/2003) The Minister of Finance shall specify the terms and procedures for reporting electronically to the customs authorities mutates mutandis.

#### Section IV

##### Subsequent Control of Reporting

Article 84. (1) After the permission for release of the goods the customs authorities shall be entitled, at their own initiative or at request of the reporting person, to perform subsequent control of the customs statement.

(2) The customs authorities shall be entitled, after releasing the goods for the purpose of establishing the truthfulness of the customs statement, to perform control of the commercial documents and data relating to the import and export operations in respect of the goods reported or of subsequent commercial operations with them. Such control shall be carried out at the premises of the reporting person, of any other person directly or indirectly involved in the said operations as well as of any other person in possession of the said documents and data. The customs authorities may also examine the goods when it is possible for them to be produced.

(3) When during a second inspection of the customs statement or subsequent control it is established that the respective customs regime has been applied on the basis of incorrect or incomplete information, the customs authorities shall take the necessary measures while taking into account the new circumstances.

(4) Any person involved directly or indirectly in activities of importation, exportation and transit operations of goods shall be obliged to keep for a period of five years the entire documentation on the specific operations, regardless of the type of the carrier media used. The period shall start running from the end of the calendar year during which:

1. for goods, processed under the importation customs regime, other than those mentioned in Item 2, or processed under the exportation customs regime, the corresponding customs statements have been accepted;
2. for goods, processed under the importation customs regime with reduced or zero-rate duty due to their specific usage, these goods cease to be subject of customs control;
3. for goods placed under another customs regime, the respective customs regime comes to an end;
4. for goods placed in a free zone or a free warehouse, these goods leave the free zone or the free warehouse.

Article 84a. (New, SG No. 45/2005) (1) Follow-up control on reporting shall be carried out in respect of all persons who are engaged or involved in an activity the control over which is assigned to the customs authorities by law.

(2) In the course of follow-up control an inspection shall be carried out of the compliance with the law of the actions of the inspected person for applying the respective regimes, procedures and trade policy measures, as well as of the fulfilment of its obligations for paying public state receipts collected by the customs authorities.

(3) Customs authorities shall be obliged to establish impartially the facts and circumstances under Paragraph 2 both to the detriment and in favour of the inspected person. In the course of the inspection the inspected person shall be entitled to receive information on the facts and circumstances established insofar as this would not impede its carrying out.

(4) The inspection shall comprise the goods, the stocks, the accounting records, the trade, accounting and other documentation of the inspected person that is material for the specific case.

(5) (Amended, SG No. 105/2005) The customs authorities shall be obliged to make clear to the inspected person and to the other participants in the proceedings under this Act their procedural rights provided for in the Tax and Social Insurance Procedure Code, according Criminal Procedure Code and to ensure the possibilities that they should be exercised.

Article 84b. (New, SG No. 45/2005) (1) Follow-up control shall be exercised by customs officials in specialised units for follow-up control in the Central Customs Directorate and in the regional customs directorates. Should this be required follow-up control units may be created also in the territorial customs directorates under the procedure of Article 11, Paragraph 3.

(2) The competence of the follow-up control units shall be determined according to the registered address, the permanent address respectively, of the inspected person. The competence of the follow-up control unit at the Central Customs Directorate shall be national.

(3) Should it be needed to establish facts and circumstances related to the activity of the inspected person, its affiliate, facility, business or property which are within the competence of another follow-up control unit the Director of the Customs Directorate may permit that the entire inspection or individual actions be performed by that unit.

(4) Should specific knowledge and qualifications be needed other customs officers who command them may participate in the inspection or expert opinions may be requested from them.

Article 84c. (New, SG No. 45/2005) (1) An inspection within the follow-up control framework shall be carried out on the basis of an assignment order.

(2) The order under Paragraph 1 shall be issued by:

1. The Director of the Customs Agency or by officials from the Customs Agency authorised by him/her.

2. A Director of a regional customs directorate and head of customs office and the Director of the Customs Agency shall be notified thereof.

(3) The order under Paragraph 1 shall be issued in writing and shall contain:

1. the legal and factual grounds for conducting the inspection;

2. the names and positions of the customs officers who shall carry out the inspection;

3. information on the inspected person;

4. the inspection period;

5. the type and scope of the inspection;

6. the initial date of commencing the inspection and the time of its completion;

(4) The order under Paragraph 1 shall be handed over to the inspected person by the customs officers at the start of the inspection. The inspected person may be notified in advance of the start of the inspection should this not threaten its objective.

(5) The order under Paragraph 1 may be amended by a new substantiated order of the body that has assigned the inspection. The amendment shall be deemed done as of the date of issuing the new order which shall be handed over to the inspected person.

(6) The period for carrying out the inspection within the follow-up control framework shall not exceed two months.

(7) In case of justified need the period under Paragraph 6 may be extended by not more than four months with a new substantiated order of the body that has assigned the inspection.

(8) The body that has assigned the inspection shall stop proceedings:

1. in case of force majeure - as of the date of its occurrence;

2. when judicial or administrative proceedings have been instituted that are material to the inspection's outcome - on presenting a certificate thereof issued by the body before which proceedings have been instituted;

3. under other circumstances provided for by law.

(9) The body that has assigned the inspection may direct that it be suspended for a certain period but for not longer than 30 days subject to a substantiated application by the inspected person and following a verification of the circumstances.

(10) The period for carrying out the inspection shall not run as of the date of occurrence of the relevant circumstance for its suspension until the date of its resumption.

(11) The inspection shall be resumed on an order of the body that has assigned it after the grounds for its suspension have become defunct. The resumption order shall be delivered to the inspected person.

(12) Orders on assigning, amending, suspending and resuming an inspection shall not be subject to appeal.

Article 84d. (New SG No. 45/2005) (1) The inspected person shall be obliged to cooperate with the customs authorities when they are clarifying facts and circumstances that are material to the inspection by:

1. providing commercial, accounting and other documentation;

2. providing explanations requested by the customs authorities;

3. drawing up information memoranda;

4. certifying information memoranda and copies of documents requested by the customs authorities;

5. ensure access to official premises, warehouses and cash offices;

6. ensure space and conditions for carrying out the inspection;

7. appoint persons to grant cooperation in conducting the inspection.

(2) The inspected person shall be obliged, within reasonable time specified by the customs authorities but not less than 24 hours, to provide any information, data, documents, papers, things, information carriers and other evidence relating to the facts and circumstances subject to establishment in the course of the inspection and to specify all persons, state and municipal bodies with which they may be found. This term may be extended should important reasons so require.

(3) The inspected person shall be obliged to ensure to the customs authorities access to its IT system when collection, storing and processing of the information under Paragraph 2 is done by such a system.

(4) In case it is impossible to carry out the inspection at the premises of the inspected person it shall be performed at the customs office. In this case the customs authorities shall compile a protocol and an inventory of the documents, things and other evidence that are handed over to them.

Article 84e. (New SG No. 45/2005) (1) The evidence in the proceedings under this section may be factual data related to circumstances that are material to the purposes of the inspection, contribute to their clarification and are collected and verified under the procedure herein.

(2) The evidence shall be collected and verified through written explanations, information memoranda and statements of the inspected persons or of their representatives, minutes on explanations of third persons who are not participating in the administrative proceedings, protocols on the actions of the customs authorities, expert opinions, official documents received through information exchange with the administrations of other states within international cooperation as well as through

other means provided for by law.

(3) Any person, state and municipal authority shall be obliged, within seven days after the receipt of a request by the customs authorities, to provide information, data, documents, papers, things, information carriers and other evidence relating to the facts and circumstances specified in the request. This term may be extended by the body that has assigned the inspection.

(4) When conducting an inspection the customs authorities may request cooperation in writing from other bodies in performing actions for the purpose of establishing obligations or liabilities of the inspected person.

(5) When special knowledge that the customs authorities do not possess is required to clarify circumstances and issues that have arisen in the course of the inspection on their initiative or on request by the inspected person the body that has assigned the inspection shall institute an expert examination. When the expert examination has been instituted on request by the inspected person the costs for its carrying out shall be at the expense.

Article 84f. (New SG No. 45/2005) (1) In the course of an investigation the customs authorities may take action for securing evidence through distraint or through searches and seizures under the procedure of Article 16, Paragraph 7 and 8 of documents, papers and other information carriers, goods and data processing means, as well as through copying data from and on technical carriers allowing its reproduction, taking the necessary steps to preserve its authenticity.

(2) Where no other possibility exists to secure evidence the customs authorities may seal off offices, pay desks, warehouses, trade and other premises for a period of 72 hours.

(3) A statement shall be drawn up for the actions under Paragraphs 1 and 2 a copy of which shall be handed over to the inspected person.

(4) Before the expiry of the term under Paragraph 2 the body that has assigned the inspection may request from the district court within the jurisdiction of which the facility is located to extend the period of the sealing off. The court shall issue a ruling in a closed sitting on the day the request is received and shall determine a term for the sealing off. The ruling shall not be subject to appeal.

(5) The customs authorities shall lift the sealing off if before the expiry of the term under Paragraph 2 the district court has not allowed its extension.

(6) The actions to secure evidence may be appealed against within three days before the body that has assigned the inspection, which shall take a substantiated decision not later than the day following the day of the receipt of the appeal. With its decision the body that has assigned the inspection may confirm in whole or in part or revoke the actions appealed against.

(7) (Amended, SG No. 30/2006, effective 1.03.2007) Should the body under Paragraph 6 fail to make a decision within the term prescribed or in case the appeal is rejected the actions to secure evidence may be appealed against in respect of their compliance with the law within seven days after the expiry of the term for making a decision under Paragraph 6, of the receipt of the decision respectively, before the administrative court within the jurisdiction of which the body that has assigned the inspection is located. The court shall issue a ruling within 14 days, which shall not be subject to appeal.

(8) The appeal shall not suspend the actions to secure evidence.

(9) The decision under Paragraph 6 or the ruling under Paragraph 7, which order to discontinue the actions to secure evidence, shall be implemented by the customs authority that has undertaken them.

Article 84g. (New SG No. 45/2005, amended, SG No. 105/2005) The provisions of Tax and Social Insurance Procedure Code shall apply to the issues relating to collection, verification and securing evidence and to preparing means of evidence that are not regulated respectively.

Article 84h. (New SG No. 45/2005) In the course of conducting the inspection the customs authorities may impose interim security measures under the procedure of Chapter Twenty Six, Section Ia to prevent actions relating to disposition with the property of the inspected person that may result in impossibility or substantial difficulties to collect customs duties or other public state receivables.

Article 84i. (New SG No. 45/2005) (1) The customs authorities carrying out an inspection within the framework of follow-up control may accept as established the levy elements determined by them as well as to accept as established the avoidance of trade policy measures when one of the following circumstances exists:

1. lack or failure to present accounting information pursuant to the Accountancy Act or the way the accounting is kept does not allow to establish or to determine the amount of the public state receivables as well where the documents required to establish the amount of the public state receivables and to apply trade policy measures have been destroyed at variance with the established procedures;

2. the required documents are missing or damaged in a way to make them unfit for use;

3. the required additional information and data cannot be obtained since the inspected person has not been found at the registered address or at the permanent address following a conscientious and documented search by the customs authorities;

4. in the course of the inspection the inspected person has failed to produce the relevant evidence within the time limit

under Article 84d, Paragraph 2.

(2) In the cases under Paragraph 1 the customs authorities shall take into consideration any of the circumstances related to the inspected person concerning:

1. the type and nature of the activity carried out;
2. the customs duties and other public state receivables paid;
3. the transactions and the balance in the bank accounts;
4. the official and private documents;
5. the contracts concluded by the inspected person related to its business;
6. the difference between the raw materials and resources supplied and input in production;
7. aggregate information on the profit realised, respectively on the income or revenues from other persons engaged in the same or similar business under the same or similar conditions;
8. price and other terms of the transactions concluded, including information on such transactions between persons related to the inspected person;
9. the supplies received and carried out and the right to tax credit used;
10. other evidence material to the specific case.

(3) The circumstances under Paragraphs 1 and 2 shall be pointed out in the inspection report.

(4) When the circumstances under Paragraph 1, Items 1,2 and 4 exist the customs authorities shall inform the inspected person that they accept as established the levy elements determined by them and that they accept as established the avoidance of the trade policy measures and shall determine a deadline for producing documents and an opinion.

Article 84j. (New, SG No. 45/2005) (1) When in the course of an inspection evidence is collected within the time limit under Article 84c on customs violations committed or on a different amount of the customs duties and other public state receivables due, the customs authorities conducting the inspection shall hold with the inspected person a final discussion of the circumstances established in the course of the inspection and of the ensuing legal consequences unless the inspected person rejects the discussion in writing. Within seven days after the final discussion the inspected person may present an opinion in writing on the preliminary findings as well as new evidence.

(2) Minutes shall be drawn up of the final discussion, which shall be signed by the customs officers who have conducted the inspection and by the inspected person.

(3) In case the inspected person rejects the final discussion or does not sign the minutes under Paragraph 2 this fact shall be certified by two witnesses.

Article 84k. (New, SG No. 45/2005) (1) Within 14 days after the expiry of the term under Article 84c, Paragraph 3, Item 6 a written report on the findings shall be drawn up which shall contain:

1. number and date;
2. the names and positions of the customs officers who have conducted the inspection;
3. the factual and legal grounds for the inspection;
4. information on the inspected person;
5. the type and scope of the inspection;
6. the actions carried out and the established facts and circumstances;
7. the findings made;
8. the steps taken to secure the evidence and the public state receivables;
9. proposals on determining the amount of the customs duties and the other public state receivables and on instituting administrative penal proceedings;
10. list of the evidence enclosed;
11. signatures of the customs officers who have drawn up the report and of the head of the respective follow-up control unit.

(2) The evidence enclosed with the report shall be an integral part thereof. The originals of the collected written evidence shall be enclosed with the copy of the report intended for the customs body that has assigned the inspection and certified copies thereof shall be enclosed with the copy intended for the inspected person.

(3) The factual findings in the report must be supported with evidence and shall be deemed true unless proven otherwise.

(4) Within seven days after its completion the inspection report and the evidence enclosed therewith shall be handed over to the inspected person against signature and shall be presented to the body that has assigned the inspection for follow-up action. In case it is impossible to hand over the report to the inspected person in person the customs authorities shall dispatch it by registered mail with a return receipt.

(5) The inspected person may present written objections and produce additional evidence before the body that has assigned the inspection within 14 days after the date of receipt of the report.

Article 84l. (New, SG No. 45/2005) The provisions of Article 211d shall apply to handing over notices and documents in the course of carrying out inspections within the framework of follow-up control.

## Chapter Fifteen

### IMPORTATION

Article 85. (1) Release for importation shall confer upon foreign goods the customs status of local goods.

(2) Importation shall entail application of trade policy measures, completion of the formalities laid down in respect of importation of goods and the levying of the customs duties due.

Article 86. (1) If after the date of acceptance of the importation customs statement but before the goods are released, the rate of customs duties or the charges with equivalent effect are reduced the reporting person may request application of the more favourable rates or charges. In such cases the provisions of Article 73 shall not apply.

(2) Paragraph 1 shall not apply when the goods have not been released for reasons attributable to the reporting person.

Article 87. When a consignment contains goods with different tariff classifications, the separate reporting of which leads to processing and costs disproportionate to the import duties chargeable, the customs authorities shall be entitled, at the request of the reporting person, to agree that import duties be charged on the whole consignment on the basis of the tariff classification of the goods with highest customs duty rate.

Article 88. (1) (Amended SG No. 37/2003) Goods which due to their use for specific purposes are placed under import regime with reduced or zero rates of customs duties or with exemption of customs duties shall remain under customs supervision. Customs supervision shall come to an end when:

1. the conditions laid down for granting a reduced or zero rate of duty or for exemption of import customs duties cease to apply;
2. the goods are exported or destroyed; or
3. the use of the goods for purposes other than those laid down for the application of a reduced or zero rate of duty or for exemption of customs duties is permitted subject to payment of the customs duties due.

(2) The provisions referred to in Article 94 Paragraphs 2 and 3 and Article 96 shall apply, mutatis mutandis, to goods referred to in Paragraph 1.

Article 89. Imported goods shall lose their status of local goods when:

1. the import customs statement is invalidated after their release; or
2. the import duties payable on those goods are repaid or remitted under terms and procedures laid down in the

Regulations.

## Chapter Sixteen

### SUSPENSIVE ARRANGEMENTS REGIMES AND CUSTOMS ECONOMIC REGIMES

#### Section I

##### General Provisions

Article 90. (1) For the purposes of application of the regimes referred in Articles 91 to 96:

1. the term "suspensive arrangements regime" shall refer to foreign goods, placed under the following regimes:

- (a) transit;
- (b) customs warehousing;
- (c) inward processing with deferred payment;
- (d) processing under customs control;
- (e) temporary importation.

2. the term "customs economic regime" shall refer to goods placed under the following regimes:

- (a) customs warehousing;
- (b) inward processing;
- (c) processing under customs control;
- (d) temporary importation;
- (e) outward processing.

(2) Goods placed under a deferred payment regime and goods under the inward processing regime in the form of the drawback system, that have undergone the formalities for import and the formalities provided in Article 128, Paragraph 4 shall be considered imported goods.

(3) Imported goods, which under the inward processing regime or the customs control processing regime have undergone no form of processing, shall be considered goods in unaltered state.

Article 91. The use of any customs economic regime shall be conditional upon authorization being issued by the customs authorities.

Article 92. The authorizations referred to in Article 91 and in Article 106, Paragraph 1 shall be granted in compliance with the conditions provided for the respective regime:

1. (Amended and supplemented, SG No. 63/2000) to persons who are in a position to ensure the proper conduct of the operations; and
2. (Amended, SG No. 63/2000) when the customs authorities are in a position to ensure the supervision and control

of the regime without having to introduce administrative requirements that do not correspond to the economic need for using the regime.

Article 93. (1) The conditions under which the respective regime is applied shall be set out in the authorization.

(2) The holder of the authorization shall be obliged to notify the customs authorities of any change occurring after its issuing which might influence its contents and the conditions for its application.

Article 94. (1) In cases specified in the Regulations or when goods produced from goods under the suspensive arrangements customs regime shall not be considered as local, but as placed under the same customs regime.

(2) For placing goods under the suspensive arrangements customs regime the customs authorities may require security for the customs debt.

(3) Specific provisions may be laid down in the Regulations for providing the respective security for each customs regime with suspensive arrangements

Article 95. (Amended and supplemented, SG No. 63/2000) (1) A customs economic regime with suspensive arrangements shall be concluded when the goods under this regime or the received compensating or processed products obtain a new permissible customs-approved assignment.

(2) The customs authorities shall take all necessary measures prescribed in the Regulations in relation to the goods in respect of which the regime has not been concluded according to the conditions prescribed.

Article 96. The rights and obligations of the holder of a customs economic regime may, on the conditions laid down by the customs authorities, be transferred consecutively to other persons who comply with the requirements for using the respective regime.

## Section II

### Transit

Article 97. (1) (Amended and supplemented, SG No. 37/2000) The transit regime shall allow the movement from one point to another point within the customs territory of the Republic of Bulgaria of:

1. foreign goods without being charged with import customs duties and without being subject to trade policy measures;
2. (Amended, SG No. 63/2000, SG No. 37/2003; effective 1.11.2003) local goods in cases and under terms specified in the Regulations for which restrictive or promotional export measures have been provided for with the aim that these measures should not be avoided or used illegally.

(2) (SG No. 37/2003; effective 1.11.2003) Movement as referred to in Paragraph 1 shall take place:

1. under the provisions of the transit regime in the Republic of Bulgaria;
2. under cover of a TIR Carnet used as transit guaranty document under the Customs Convention for International Transport of Goods under cover of TIR Carnet (TIR Convention 1975) where:
  - (a) (SG No. 37/2003; effective 1.11.2003) the movement began or is to end outside the country; or
  - (b) (SG No. 37/2003; effective 1.11.2003) the movement relates both to consignments of goods which must be unloaded in the country and to goods to be unloaded outside the country;
3. under cover of an ATA Carnet used as transit guaranty document under the prescriptions of the Customs Convention for Temporary Admission of Goods (ATA Convention, 1961), as well as other international conventions, to which the Republic of Bulgaria is a party;
4. (New, SG No. 37/2003; effective 1.11.2003) under the cover of form 302 (NATO MANIFEST 302) pursuant to the ratified, promulgated and effective international agreements of the Republic of Bulgaria with the North Atlantic Treaty Organisation, the NATO member-countries and the partner countries participating in "Partnership for Peace";
5. (Previous Item 4, SG No. 37/2003; effective 1.11.2003) by post (including parcel post).

(3) The transit regime shall apply without prejudice to the specific provisions applicable to the movement of goods placed under an economic customs regime.

Article 98. (SG No. 37/2003; effective 1.11.2003) (1) The transit regime shall end and the obligation of the holder of the regime shall be concluded when the goods placed under the regime and the required documents are presented at the customs office of destination in accordance with the provisions of the regime.

(2) The customs authorities shall conclude the transit regime when they establish on the basis of comparing the information available at the sending with the information available at the receiving customs office that the transit regime has ended normally.

Article 99. (SG No. 37/2003; effective 1.11.2003) The transit regime for carrying goods through the territory of another country shall be applied when:

1. this possibility is provided under an international agreement;
2. carriage through the other country is effected on the basis of a single transport document issued in the customs territory of the Republic of Bulgaria. In such cases the operation of that regime shall be suspended temporarily on the territory of the other country.

Article 100. (SG No. 37/2003; effective 1.11.2003) (1) The persons responsible for the transit regime shall be obliged to provide security in order to ensure the payment of the customs debt and of the other public state receivables that

might arise for the goods.:

(2) The security may be:

1. one-off, covering a single transit operation. or
2. general, covering several transit operations when the customs authorities have permitted the person responsible to use such genera; security.

(3) The permission under Paragraph 2, Item 2 shall be given to native person who:

1. use regularly the transit regime or about whom the customs authorities know that they are capable of fulfilling their obligations for this regime, and
2. have not committed serious or repeated violations of the customs or the tax legislation.

(4) Persons who prove before the customs authorities that they meet higher reliability requirements may receive permission to use a general security of a reduced size or permission for exemption from the obligation to provide security.

The additional criteria for this permission shall include:

1. the correct use of the transit regime during a certain period;
2. cooperation with the customs authorities, and
3. in relation to the permission for exempting from the obligation to provide security - a sufficiently stable financial condition for covering the liability of the persons.

(5) The detailed terms for applying the criteria as well as the procedure for giving the permission under Paragraph 4 shall be specified in the Regulations.

(6) The permission for exempting from the obligation to provide security under Paragraph 4 shall not apply to transit operations comprising goods specified in the Regulations as high risk goods.

(7) Taking into consideration the principles in Paragraphs 4 the use of a general security of a reduced size for the transit regime may be temporarily prohibited as an exceptional measure under special circumstances.

(8) Taking into consideration the principles in Paragraphs 4 the use of a general security of a reduced size for the transit regime may be temporarily prohibited for goods which, when the general security regime is used, have been identified and are the subject of a wide range of fraud.

(9) The measures under Paragraphs 7 and 8 shall be introduced with an order of the Director of the Customs Agency which shall be published in the State Gazette.

Article 101. (SG No. 37/2003; effective 1.11.2003) No provision of security shall be required for:

1. carriage by water or by air;
2. carriage by electric lines and pipelines
3. carriages by rail performed by the licensed railway carriers and carriage of postal Items, including parcels;
4. carriage specified by a statutory instrument of the Council of Ministers.

Article 102. (SG No. 63/2000, No. 37/2003; effective 1.11.2003) (1) The person responsible shall be the holder of the transit regime. The person responsible shall be obliged:

1. to present the goods in the receiving customs office in an unchanged state within the prescribed term and in compliance with the measures taken by the customs authorities for their identification;
2. to observe the provisions for the transit regime.

(2) Notwithstanding the obligations of the person responsible under Paragraph 1 the carrier or the consignee who accepts the goods and knows that they have been placed under a transit regime shall also be obliged to present them in an unchanged state at the receiving customs office within the prescribed term and in compliance with the measures taken by the customs authorities for their identification.

Article 103. (1) (previous Article 103, SG No. 37/2003, effective 1.11.2003) The terms, procedure and exemptions in the application of the transit regime shall be established in the Regulations.

(2) (SG No. 37/2003; effective 1.11.2003) While observing the measures provided for the goods in the Regulations it shall be allowed:

1. to introduce through bilateral or multilateral agreements less strict formalities valid for certain types of goods or activities, pursuant to criteria specified in the agreements;
2. to introduce with a Council of Ministers act less strict formalities for goods under certain conditions.

### Section III

#### Customs Warehousing

Article 104. (1) The customs warehousing regime shall allow the placing and storage in a customs warehouse of:

1. foreign goods which shall not be charged with import duties and shall not be subject to trade policy measures;
2. local goods, for which pursuant to existing provisions the application of measures normally pertinent to export shall be used when placing them in a customs warehouse.

(2) Customs warehouse shall mean any place approved by and under the supervision of the customs authorities where goods may be stored under certain conditions.

(3) The cases in which the goods referred to in Paragraph 1 may be placed under the customs warehousing regime

without being stored in a customs warehouse shall be determined in the Regulations.

Article 105. (1) A customs warehouse may be either public or private. A public warehouse shall mean a warehouse available for use by any person for the warehousing of goods while a private warehouse shall mean a customs warehouse which can be used only for warehousing of goods by the warehouse keeper.

(2) The warehouse keeper shall be a person authorized to manage the customs warehouse.

(3) The depositor to the warehouse shall be the person bound by a customs statement to place the goods under customs warehousing regime or to whom these rights and obligations have been transferred.

Article 106. (1) The opening and managing of a customs warehouse shall be allowed after the issue of an authorization by the customs authorities, unless the said authorities operate the customs warehouse themselves.

(2) Any person wishing to open and manage a customs warehouse shall make a request in writing to the customs authorities containing the information required for granting the authorization and proving the economic viability for warehousing. The authorization shall lay down the conditions for opening and managing the customs warehouse.

(3) The authorization shall be granted only to local persons.

Article 107. The warehouse keeper shall be obliged:

1. to ensure that while the goods are in the customs warehouse they are not removed from customs supervision;
2. (Amended SG No. 37/2003; effective 1.11.2003) to observe the obligations that arise from the storage of goods;
3. to comply with the terms specified in the authorization.

Article 108. (1) (Amended SG No. 37/2003) When the authorization concerns a public warehouse the responsibilities referred to in Article 107, Items 1 and/or 2 may be assigned exclusively upon the depositors in the warehouse.

(2) The depositor shall be responsible at all times for complying with the obligations arising from the placing of goods under the customs warehousing regime.

Article 109. The rights and obligations of a warehouse keeper maybe transferred to another person with the agreement of the customs authorities.

Article 110. The customs authorities, without prejudice to the provisions laid down in Article 94, may demand that the warehouse keeper provides a guarantee in connection with the responsibilities specified in Article 107.

Article 111. (1) The stock records of all goods placed under the customs warehousing regime shall be kept by a person approved by the customs authorities under terms and according to a procedure endorsed by them, except where the public warehouse is managed by the customs authorities.

(2) Goods placed under the customs warehousing regime shall be entered in the records immediately after their entry in the warehouse.

(3) Subject to the application of Article 92, the customs authorities may not require keeping stock records when:

1. (Amended SG No. 63/2000, supplemented, SG No. 37/2003; effective 1.11.2003) the responsibilities referred to in Article 107, Items 1 and/or 2 lie exclusively with the depositor; and
2. the goods are placed under customs warehousing regime on the basis of a written report forming part of the normal procedure or a commercial or other document accompanied with a request for placing the goods under that customs regime.

Article 112. (1) Where a reasonable economic need exists and customs supervision is not adversely affected thereby, the customs authorities shall be entitled to allow:

1. local goods, other than goods referred to Article 104, Paragraph 1, Item 2 to be stored in a customs warehouse;
2. foreign goods to be processed in the customs warehouse admitted under the inward processing regime, subject to the conditions provided for by that regime;
3. foreign goods to be processed in the customs warehouse under the customs control processing regime, subject to the conditions provided for by that regime;
4. formalities that may not be performed in a customs warehouse under Items 2 and 3 pursuant to the Regulations.

(2) In the cases referred to in Paragraph 1 the goods shall not be placed under the customs warehousing regime.

(3) The customs authorities may require the goods referred to in Paragraph 1 to be entered in the stock records under the procedure of Article 111.

Article 113. (1) There shall be no limit to the length of time the goods may remain under the customs warehousing regime.

(2) The Regulations may set certain cases where the customs authorities shall be entitled to set a time limit before the expiration of which the principal shall be obliged to apply for another customs assignment.

Article 114. (1) While being under the customs warehousing regime, imported goods may be subject to the usual operations listed in the Regulations intended to ensure their preservation, improve their commercial appearance or quality or prepare them for distribution or resale.

(2) The operations under Paragraph 1 shall be coordinated in advance with the customs authorities, which shall lay down the conditions for their performance.

Article 115. (1) When specific circumstances so warrant, goods placed under the customs warehousing regime may



temporarily be removed from the customs warehouse. The removal of the goods must be authorized in advance by the customs authorities, which shall lay down the conditions under which it may be carried out.

(2) While they are outside the customs warehouse the goods may undergo the operations under Article 114 on the conditions set out therein.

Article 116. The customs goods placed under customs warehousing regime may be transferred from one customs warehouse to another with the permission of the customs authorities.

Article 117. (Amended SG No. 63/2000, SG No. 37/2003; effective 1.11.2003) imported goods(1) When a customs debt occurs for the import of goods and the customs value of these goods is determined on the basis of the price actually paid or payable that includes expenses for storing the goods and their preservation while the goods are kept in the warehouse, these expenses shall not be included in the customs value provided they have been separated from the price of the goods actually paid or payable.

(2) When foreign goods have undergone the usual operations in the meaning of Article 114, on the request of the reporting person for determining the import customs duties, the data on the type, quantity and the customs value shall apply that would have been applicable at the moment of the occurrence of the customs debt for these goods had they not undergone the operations specified. The exceptions from these provisions shall be set out in the Regulations.

(3) When foreign goods are placed under import regime pursuant to Article 82, Paragraph 1, Item 3 without they being presented before the customs authorities the type, customs value and the quantity of these goods at the moment of placing them under the customs warehousing regime shall be valid for determining the amount of the import customs duties provided these levy elements had been accepted or allowed by the customs authorities when placing the goods under the customs warehousing regime and the interested person has not submitted a request for applying the levy elements valid at the moment of the occurrence of the customs debt. The customs processing performed shall not prevent the application of the follow-up control provisions.

#### Section IV

##### Inward Processing

Article 118. (1) Without prejudice to Article 119, the inward processing regime shall allow the following goods to be used in the customs territory of the Republic of Bulgaria in one or more processing operations:

1. foreign goods intended for re-export in the form of compensatory products, without being subject to import duties or trade policy measures;
2. (Supplemented, SG No. 63/2000) imported goods with reimbursement of or exemption from the import duties chargeable if they are exported from the customs territory of the Republic of Bulgaria.

(2) For the purposes of the inward processing customs regime, the following meanings shall apply:

1. suspension payment system shall mean the inward proceeding regime as provided for in Paragraph 1, Item 1;
2. drawback system shall mean the inward proceeding regime as provided for in Paragraph 1, Item 2;
3. processing operations shall mean:
  - (a) the treatment of goods including installing or assembling them to other goods;
  - (b) the processing of goods;
  - (c) the repair of goods, including restoring them entirely;
  - (d) the use of certain goods defined in the Regulations which are not contained in the compensating products but which allow or facilitate their production even if they are entirely or partially used in the manufacturing process;
4. compensating products shall mean all products resulting from operations for improving the goods;
5. equivalent goods shall mean all Bulgarian goods used instead of imported goods for the manufacture of the compensating products;
6. rate of yield shall mean the quantity or percentage of compensating products obtained in the course of processing a given quantity of imported goods.

Article 119. (1) The customs authorities shall allow:

1. compensating products to be obtained from equivalent goods;
2. compensating products obtained from equivalent goods to be exported from the customs territory of the Republic of Bulgaria before importation of the imported goods.

(2) Equivalent goods must be of the same quality and have the same characteristics as the imported goods. In cases determined by the Regulations, equivalent goods may be allowed to be at a more advanced stage of manufacture than the imported goods.

(3) Where Paragraph 2 applies the imported goods shall be regarded for customs purposes as equivalent goods and the equivalent - as imported goods.

(4) (SG No. 37/2003; effective 1.11.2003) The application of the measures in Paragraph 2 may be prohibited, restricted or facilitated under terms and procedures specified in the Regulations.

(5) Where Paragraph 2, Item 2 applies and the compensating products would be subject to export customs duties and they were not exported or re-exported under an inward processing regime, the holder of the authorization shall provide

security to ensure payment of the duties, should the imported goods not be imported within the period prescribed.

Article 120. The authorization for inward processing shall be issued at the request of the person who carries out or orders the processing operations.

Article 121. The authorization shall be issued to local persons or to foreign persons in respect of imports of a non-commercial nature:

1. (supplemented SG No. 37/2003; effective 1.11.2003) when the imported goods can be identified in the compensating products with the exception of goods mentioned in Article 118, Paragraph 2, Item 3 (d) or in the cases referred to in Article 119, when compliance with the conditions laid down in respect of equivalent goods can be verified;
2. (supplemented SG No. 37/2003; effective 1.11.2003) when the inward processing regime can help create more favourable conditions for exportation or re-exportation of compensating products, provided that the essential economic interests of producers in the Republic of Bulgaria are not adversely affected (trade conditions). The cases in which trade conditions shall be deemed complied with shall be specified in the Regulations.

Article 122. (1) The customs authorities shall specify a term within which the compensating products must be exported or re-exported or assigned another customs assignment. This term shall be determined taking into account the duration of the processing operations and disposing with the compensating products.

(2) (Supplemented, SG No. 63/2000) The term shall run from the date on which the foreign goods are placed under the inward processing regime. The customs authorities may grant an extension of this term upon submission of a duly substantiated request by the holder of the authorization. The customs authorities may allow a term, which shall start running within a calendar month or quarter, to expire on the last day of the subsequent calendar month or quarter respectively.

(3) Where the provisions of Item 2 of Article 119 (1) apply, the customs authorities shall specify the term for importing and reporting foreign goods for the regime. This term shall run from the date of acceptance of the export manifest relating to compensating products obtained from the equivalent goods.

(4) Special terms may be laid down in the Regulations for certain imported goods or processing operations.

Article 123. (1) The customs authorities shall set either the rate of yield of the processing operations or the method of determining such rate. The rate of yield shall be determined on the basis of the actual terms under which the processing operation is, or should be, carried out.

(2) Based on acquired data for generally performed processing operations, the Regulations may set a standard rate of yield for processing operations for goods with the same characteristics under the same technological conditions, leading to the manufacture of a compensating product with constant quality.

Article 124. The cases and conditions under which the goods in unaltered state or compensating products shall be considered to have been placed under regime for importation shall be specified in the Regulations.

Article 125. (1) Subject to the provisions laid down in Article 126, when a customs liability occurs, its amount shall be determined on the basis of levying elements corresponding to the imported goods at the time of accepting the report for placing these goods under the inward processing regime.

(2) (Amended, SG No. 63/2000) If at the time of acceptance of the customs statement for a preferential tariff treatment within tariff quotas or ceilings exists for identical goods as those reported, these goods may be eligible for the envisaged preferential treatment, provided at the moment of acceptance of the statement for placing the imported goods under an inward processing regime they complied with the terms for preferential tariff treatment.

Article 126. Beyond the cases under Article 125 the compensating products:

1. (Amended, SG No. 63/2000) shall be subject to the import customs duties for these products when they are placed under importation and are included in a list attached to the Regulations and if they are in amounts which correspond to the rate of yield of the exported part of the compensating products, not included in that list. The holder of the authorization may request for the duty on those products to be assessed under the conditions referred to in Article 125;

2. shall be subject to import customs duties determined in accordance with the provisions applicable to suspensive arrangements or free zone or free warehouse regime, if they had been placed under such regime or are in a free zone or in a free warehouse, and:

(a) the person concerned may request the duty to be assessed in accordance with Article 125;

(b) when the compensating products have been assigned one of the customs assignments specified, other than processing under customs control, the amount of the import customs duties shall not be less than the amount calculated in accordance with Article 125;

3. may be assessed under the customs control processing regime if the imported goods may be placed under that regime;

4. (supplemented SG No. 63/2000) shall enjoy a more favourable tariff treatment owing to their special purpose, provided such treatment is envisaged for the imported identical goods;

5. (supplemented SG No. 63/2000) shall be exempt from import customs duties if such exemption is provided for the imported identical goods in the cases under Article 181, Paragraph 1.

Article 127. (1) The compensating products or goods in unaltered state or parts thereof may be exported temporarily

for the purpose of further processing operations outside the customs territory of the Republic of Bulgaria under the terms of the outward processing regime.

(2) When a customs debt occurs in respect of re-imported products and goods under Paragraph 1, the following shall be charged:

1. (supplemented SG No. 63/2000) the compensating products or goods in unaltered state under Paragraph 1 whose import customs duties shall be calculated pursuant to Articles 125 and 126, and
2. the re-imported products after their processing outside the customs territory of the Republic of Bulgaria, the amount of import customs duties of which shall be calculated pursuant to the provisions of the outward processing regime under the same terms that would have been applied had the products exported under the said regime been admitted for importation before such exportation took place.

Article 128. (1) (Amended SG No. 37/2003; effective 1.11.2003) The drawback system may be applied to all goods, with the exception of the cases for which, at the time the accepting the import customs statement:

1. there are quantitative import restrictions for imported goods;
2. tariff measure within quotas are applied to imported goods;
3. import or export licences are required for imported goods or certificates within the agricultural policy;
4. export subsidies or charges are provided for compensating products.

(2) (Amended SG No. 37/2003; effective 1.11.2003) No drawback shall be performed if at the moment of accepting the export manifest of compensating products the presentation of import or export licences is required for them or certificates within the agricultural policy or export subsidies or charges are provided for them.

(3) (Amended SG No. 37/2003; effective 1.11.2003) The exceptions from Paragraphs 1 and 2 may be specified in the Regulations.

(4) The import customs statement must contain indications that the drawback system is being used as well as the number and the date of the authorization for its application.

Article 129. Under the drawback system the provisions laid down in Article 119, Paragraph 1, Item 2 and Paragraphs 3 and 5, Article 122, Paragraph 3, Article 124, Article 125, Article 126, Item 3 and Article 132 shall not apply.

Article 130. Temporary exportation of compensating products carried out as provided for in Article 127, Paragraph 1, shall not be considered to be exportation within the meaning in Article 131 except where such products are not re-imported in the Republic of Bulgaria within the terms prescribed.

Article 131. (1) The holder of the authorization shall be entitled to request the import duty to be reimbursed or remitted when he provides proof to the customs authorities that the imported goods under the drawback SYSTEM or the compensating products obtained from them are:

1. exported; or
2. placed, with a view of being subsequently re-exported, under one of the following customs regimes: transit, customs warehousing, temporary importation, inward processing with suspensive arrangement or in a free zone or a free warehouse.

(2) The provision in Paragraph 1 shall be applied provided all conditions for using the respective regime have been met.

(3) For obtaining a customs assignment under Paragraph 1, Item 2 imported goods and compensating products shall be deemed to be foreign goods.

(4) The reimbursement application shall be made within a period specified in the Regulations.

(5) (Amended SG No. 153/1998, No. 63/2000) Compensating products or goods in an unchanged state placed under a customs regime or in a free zone or a free warehouse pursuant to the provisions of Paragraph 1 may be placed under importation regime only with the authorized by the customs authorities. In such cases, in compliance with the provisions laid down in Article 126, Item 2, the amount of customs duties reimbursed or remitted shall correspond to the amount of the customs debt.

(6) For the purpose of determining the amount of import customs duties to be reimbursed or remitted, the provisions in Article 126, Item 1 shall apply, *mutatis mutandis*.

Article 132. When the inward processing regime applies under the suspension payment system compensating products shall be exempted from export customs duties collectable for identical products obtained from local goods instead of imported ones.

## Section V

### Processing Under Customs Control

Article 133. The customs control processing regime shall allow foreign goods to be admitted to the customs territory of the Republic of Bulgaria for processing with the purpose of altering their appearance or state without being subject to import customs duties or trade policy measures. Products resulting from such processing (processed products) shall be cleared for importation in the country after paying the import customs duties due for them.

Article 134. (supplemented SG No. 37/2003; effective 1.11.2003) The cases and the specific terms under which the customs control processing regime may be used shall be determined in the Regulations.

Article 135. (1) Authorization for the customs control processing regime shall be granted at the request of the person who carries out the processing or arranges for it to be carried out.

(2) The authorization shall be granted only to local persons when:

1. (supplemented SG No. 153/1998, SG No. 63/2000) the imported goods can be identified in the processed products;
2. after processing the goods it is not economically viable to restore the appearance they had before being placed under the regime;
3. the use of the regime will not lead to circumvention of the rules on origin and quantitative restrictions applicable to imported goods;
4. (supplemented SG No. 37/2003; effective 1.11.2003) the application of the regime stimulates the development of the respective activity in the country without affecting adversely essential economic interests of local manufacturers of similar goods (economic terms). The cases in which economic terms shall be complied with shall be specified in the Regulations.

Article 136. The provisions laid down in Article 122, Paragraphs 1 and 2 and Article 123 shall apply as well in cases of processing under customs control, *mutatis mutandis*.

Article 137. When a customs debt occurs in respect of goods in an unaltered state or products in an intermediate stage of processing in relation to that provided for in the authorization, the amount of that debt shall be determined on the basis of the levying elements established for the imported goods at the time of acceptance of the report relating for the processing of the goods under customs control.

Article 138. (1) (Amended SG No. 37/2000) When allowing customs control processing regime if the imported goods qualified for the conditions of preferential tariff treatment and such treatment was applicable to products identical to the processed products cleared for importation the preferential customs rates shall apply for calculating the import customs duties for the processed products..

(2) The provisions of Paragraph 1 shall apply also in cases of tariff quotas or ceilings. In these cases the quantity of imported goods actually used in the manufacture of the processed products shall be deducted from the quantity of the imported goods..

## Section VI

### Temporary Importation

Article 139. The temporary importation regime shall allow the use of the customs territory of the Republic of Bulgaria with total or partial exemption from import customs duties and without applying trade policy measures for foreign goods intended for re-export without undergoing any changes except for the normal depreciation due to their use.

Article 140. Authorization for temporary importation shall be granted at the request of the person who uses the goods or arranges for them to be used.

Article 141. (1) The customs authorities shall not authorise temporary importation when it is impossible to identify the imported goods.

(2) The customs authorities may authorize temporary importation regime without identification of the goods when their nature or the operations to be carried out will not bring about any abuse of the regime.

Article 142. (1) The customs authorities shall determine the period within which imported goods must be re-exported or obtain a new customs assignment. This period must be sufficient for carrying out the authorized use.

(2) (supplemented SG No. 63/2000) The maximum period during which the goods may remain under the temporary importation regime shall be twenty four months in compliance with the provisions on the specific terms under Article 143. The customs authorities may specify a shorter period with the consent of the person concerned.

(3) (supplemented SG No. 63/2000) In case of exceptional circumstances the customs authorities may, at the request of the person concerned, extend the terms under Paragraphs 1 and 2 within reasonable limits for carrying out the authorized use.

Article 143. The cases, terms and conditions under which the temporary importation procedure may be used with total exemption from import duties shall be determined in the Regulations.

Article 144. (1) (supplemented SG No. 37/2003; effective 1.11.2003) The use of temporary import regime with partial exemption from import customs duties shall be authorised for goods which are not indicated in the cases under Article 143 or are indicated but do not comply with all conditions provided for the authorisation of temporary importation with full exemption from import customs duties.

(2) (Amended SG No. 37/2003; effective 1.11.2003) The terms for using temporary import regime with partial exemption from import customs duties as well as the goods for which this regime may be used shall be determined in the Regulations.

Article 145. (1) (Amended SG No. 153/1998) The amount of import customs duties payable in respect of goods placed under temporary importation regime with partial exemption from import duties shall be set at 3 per cent, for every month or fraction of a month, of the amount of customs duties which would have been payable for the said goods had they been allowed under importation regime on the date on which they were placed under the temporary importation regime.

(2) The amount of the partial import customs duties due shall not exceed the, amount of customs duties which would have been due if the goods concerned had been cleared under the importation regime on the date they were placed under the temporary importation regime, without adding the interest due.

(3) The transfer of the rights and obligations deriving from the temporary importation regime pursuant to Article 96 shall not require the application of the same exemption arrangement to each of the periods of use.

(4) Where the transfer of the rights and obligations has been effected under the regime with partial exemption for two holders of the regime during the same month the holder of the initial authorization shall be liable for the amount of import customs duties due for the whole month.

Article 146. (1) (Amended SG No. 63/2000) When a customs debt occurs in respect of imported goods its amount shall be determined on the basis of the levy elements appropriate to those goods at the time of acceptance of the customs statement for their placing under the temporary importation regime. In cases referred to in Article 143, specified in the Regulations, the amount of debt shall be determined on the basis of the levy elements appropriate to the goods in question at the time the corresponding customs debt occurred.

(2) When, for a reason other than placing of goods under temporary importation regime with partial exemption from import duties a customs debt occurs in respect of such goods, the amount of that debt shall be equal to the difference between the amount of customs duties calculated pursuant to Paragraph 1 and the customs duties calculated pursuant to Article 145.

## Section VII

### Outward Processing

Article 147. (1) Without prejudice to the provisions of Articles 156 to 161 and to Article 127 applicable under the standard exchange system the outward processing regime shall allow local goods to be exported temporarily from the customs territory of the Republic of Bulgaria in order to undergo processing operations and the products resulting from those operations to be cleared for importation regime with full or partial exemption from import customs duties.

(2) The temporary export of local goods shall include their levying with export duties, application of trade policy measures and other formalities provided for the exportation of local goods outside the territory of the Republic of Bulgaria.

(3) For the purposes of the outward processing regime, the following definitions shall apply:

1. temporarily exported goods shall mean goods placed under the outward processing regime;
2. processing operations shall mean the operations referred to in Article 118, Paragraph 2, Item 3 (a), (b) and (c);
3. compensating products shall mean all products resulting from processing operations;
4. rate of yield shall mean the quantity or percentage of compensating products obtained from the processing of a given quantity of temporarily exported goods.

Article 148. (1) Local goods shall not be placed under the outward processing regime, when:

1. their exportation gives rise to reimbursement or remission of import customs duties;
2. (Amended SG No. 37/2003, effective 1.11.2003) prior to the exportation they have been under the importation regime with full exemption from import duties by virtue of their use for specific purposes as long as the conditions for granting such exemption continue to apply;
3. their exportation allows the receipt of subsidy.

(2) Derogations from the provisions in Paragraph 1, Item 2 may be specified in the Regulations.

Article 149. (1) Authorization for outward processing shall be issued at the request of the person who arranges the performance of the processing operations.

(2) When the processing operations consist of incorporating goods with Bulgarian origin in the meaning herein into goods obtained outside the Republic of Bulgaria and imported as compensating products, authorization for the use of the outward processing regime may be granted to another person. The authorization shall be granted if the sale of the exported goods is facilitated without adversely affecting the essential interests of local producers of products identical or similar to the imported compensating products.

(3) The cases and the specific arrangements under which the provisions laid down in Paragraph 2 shall apply shall be determined in the Regulations.

Article 150. Authorization shall be granted to local persons when:

1. it will be possible to establish that the compensating products have resulted from processing of the goods exported temporarily. Derogations from this provision may be specified in the Regulations;
2. the authorization to use the outward processing regime shall not seriously harm the essential economic interests of local producers.

Article 151. (1) The customs authorities shall specify the period within which the compensating products must be re-imported into the customs territory of the Republic of Bulgaria. Such period may be extended on submission of a duly substantiated request by the holder of the authorization.

(2) The customs authorities shall set the rate of yield of the operation and, where necessary, the method for determining that rate.

Article 152. (1) Full or partial exemption from import customs duties under Article 153, Paragraph 1 shall be authorised provided the compensating products have been reported for import on behalf of or at the expense of:

1. the holder of the authorization; or
2. any other local person, who has obtained the agreement of the holder of the authorization and if the condition of the authorization is met.

(2) The total or partial exemption from import customs duties provided for in Article 153, Paragraph 1 shall not be authorised when one or some of the conditions or obligations under the outward processing regime are not fulfilled with the exception of cases where such non-fulfilment has not adversely affected the functioning of the regime.

Article 153. (1) The total or partial exemption from import duties under Article 147, Paragraph 1 shall be effected by deducting from the amount of the import customs duties applicable to the imported compensating products the amount of the import customs duties that would have been applicable on the same date to the temporarily exported goods had they been imported into the customs territory of the Republic of Bulgaria from the country where they underwent the processing operation or the last processing operation.

(2) (supplemented SG No. 37/2003; effective 1.11.2003) The amount deducted under Paragraph 1 shall be calculated on the basis of the quantity and type of the temporarily exported goods on the date of acceptance of the statement placing them under the outward processing regime and on the basis of the other levy elements applicable to them on the date of acceptance of the customs statement for the compensating products. Where Paragraph 1 is applied the value of the temporarily exported goods shall be the one that shall be taken into consideration for these goods when assessing the customs value of the compensating products pursuant to Article 38, Paragraph 1, Item 2 (a) or if the value cannot be assessed in this way - the difference between the customs value of the compensating products and the processing costs determined through any other appropriate method.

(3) (Amended SG No. 37/2003; effective 1.11.2003) For the purposes of applying Paragraph 2:

1. the Regulations shall specify the costs that shall not be taken into consideration when assessing the deduction sum;
2. when the temporarily exported goods, before their placement under the outward processing regime, have been placed under import regime with reduced customs duties by reason of their use for specific purposes and until the conditions specified for applying the reduced customs duties remain in force, the deduction sum shall be the amount of the import customs duties actually collected before their release under the import regime;

(4) (New SG No. 37/2003; effective 1.11.2003) In case the goods exported temporarily could have used reduced or zero-rate customs duties due to their designation for specific purposes had they been placed under import regime, this amount of the customs duties shall be taken into consideration provided these goods had been subject to the same operations provided for such specific use in a country where they underwent the operation or the last processing operation.

(5) (New SG No. 37/2003; effective 1.11.2003) When the compensating products use the preferential tariff measure in the meaning of Article 26, Paragraph 1, Item 4 or 5 and if such measure is applicable for goods with the same tariff number as the one of the goods exported temporarily, the amount of the customs duties that shall be taken into account when calculating the deduction sum under Paragraph 1 shall be the one that would have been applicable had the goods exported temporarily complied with the terms under which this preferential tariff measure could be applied;

(6) (Previous (4) SG No. 37/2003; effective 1.11.2003) If within the trade turnover between the Republic of Bulgaria and third countries provisions have been made for exemption from import duties in respect of certain compensating products, the provisions laid down in this Article shall not apply.

Article 154. (1) When the purpose of a processing operation is the repair of the goods exported temporarily their subsequent importation shall take place with full exemption from import customs duties if it is proven that the repairs were carried out free of charge due either to a warranty obligation or to a manufacturing defect.

(2) Paragraph 1 shall not apply when the defect was established and taken into account at the time of the original importation of these goods.

Article 155. (1) (Previous Article 155, SG No. 37/2003; effective 1.11.2003) When the purpose of the processing operation is the repair of the goods exported temporarily for payment the partial exemption from import customs duties shall be the establishing of the amount of the customs duties due on the basis of the levy elements of the compensating products at the date of acceptance of the import customs statement for those products, and the customs value shall be equal to the repair costs, provided that those costs represent the only payment by the holder of the authorization and are not influenced by any links between him and the repairer.

(2) (New SG No. 37/2003; effective 1.11.2003) As a departure from the provisions of Article 153 the Regulations may specify in which cases and under what specific conditions the goods may be placed under import regime following outward processing, taking the processing costs as a basis for determining the customs value for the purposes of applying the Customs Tariff of the Republic of Bulgaria.

Article 156. (1) The compensating product may be replaced by imported goods (replacement product) when applying the standard exchange system and in compliance with the provisions of Articles 156 to 161.

(2) The customs authorities shall authorise the standard exchange system to be used when the processing operation

involves the repair of Bulgarian goods.

(3) The provisions applicable to compensating products shall also apply to replacement products with the exception of the ones under Article 149, Paragraphs 2 and 3 and Article 149.

(4) The customs authorities may permit, under conditions they lay down, advance import of replacement products before the exportation of the goods exported temporarily.

(5) In case of advance import of a replacement product security shall be instituted for the import customs duties.

Article 157. (1) Replacement products shall have the same tariff classification, the same trade quality and technical characteristics as the goods exported temporarily intended for the envisaged repairs.

(2) When the goods exported temporarily have been used before being exported, the replacement products must also have been used. The customs authorities may allow the replacement product not to be used if it has been supplied free of charge due to a warranty obligation or to manufacturing defect.

Article 158. Standard exchange shall be authorized only when it is possible to verify that the conditions laid down in Article 157 are met.

Article 159. (1) In case of advance import the export of goods exported temporarily shall be carried out within two months from the date of acceptance of the import customs statement for the replacement products.

(2) The customs authorities may extend the period under Paragraph 1 on submission of a duly substantiated request by the holder of the authorization.

Article 160. In case of advance import and when the provisions of Article 153 are applied the amount to be deducted shall be determined on the basis of the levy elements of goods exported temporarily on the date of acceptance of the statement placing them under the outward processing regime.

Article 161. Article 149, Paragraphs 2 and 3 and Article 150 shall not apply vis a vis standard exchange.

Article 162. The procedures provided for the outward processing regime shall also apply to goods using trade tariff policy measures other than the tariff.

## Chapter Seventeen

### EXPORTATION

Article 163. (1) The exportation regime shall represent export of local goods outside the customs territory of the Republic of Bulgaria and shall entail the application of formalities provided for the exportation of goods, including trade policy measures and, where applicable, export customs duties.

(2) Local goods intended for exportation shall be placed under the exportation regime. This provision shall not apply to goods placed under the outward processing regime or the temporary exportation regime.

(3) The export manifest shall be submitted at the customs office in the area where the goods are packed or loaded for export. Exceptions from this provision may be specified in the Regulations.

(4) To local goods for which the act provides fiscal preferences for export the exportation regime may apply even in cases where the goods do not leave the customs territory of the Republic of Bulgaria under terms and procedures specified in the Regulations.

Article 164. Exportation shall be authorised provided the goods leave the customs territory of the Republic of Bulgaria in the same state they were in when the export manifest was accepted.

## Chapter Eighteen

### TEMPORARY EXPORTATION

Article 165. (1) The temporary exportation regime shall allow the export of local goods outside the customs territory of the Republic of Bulgaria under the condition that they be re-imported without having undergone any change except the normal depreciation due to their use.

(2) (Amended, SG No. 63/2000; effective three days after 1.08.2000) The terms, procedures and time limits concerning the temporary exportation regime shall be established in the Regulations.

## TITLE THREE

### OTHER CUSTOMS ASSIGNMENTS

## Chapter Nineteen

### FREE ZONES AND FREE WAREHOUSES

#### Section I

#### General Provisions

Article 166. Free zones and free warehouses shall be separate parts of the customs territory of the Republic of Bulgaria or premises situated in that territory in which:

1. for the purpose of import customs duties and trade policy importation measures foreign goods are considered as being outside the customs territory of the Republic of Bulgaria provided they have not been placed under import regime or another customs regime and have not been used or consumed in contravention to the customs regulations;

2. local goods may use the measures applicable for exportation of goods if this is provided for in another act or instrument of the Council of Ministers.

Article 167. (1) (Amended SG No. 37/2003; effective 1.11.2003) Free zones shall be enclosed with the exception of the ones under Article 168a. Free zones and free warehouses shall have defined entry and exit checkpoints.

(2) New construction in a free zone shall be coordinated with the customs authorities regarding the possibility of exercising customs supervision and control. Coordination shall take place within a period of thirty days. If the customs authorities do not notify the applicant within this period the coordination shall be deemed completed.

Article 168. (1) (Supplemented SG No. 37/2003; effective 1.11.2003) The perimeter and the entry and exit points of free zones or free warehouses shall be subject to supervision by the customs authorities save for the free zones specified in Article 168a.

(2) The customs authorities shall be entitled to exercise customs control on persons, vehicles and goods conveyed by them that enter or leave a free zone or a free warehouse.

(3) Access to a free zone or a free warehouse may be denied to persons who do not follow the rules provided herein.

(4) Goods entering, leaving or remaining in a free zone or a free warehouse may be subject to control by the customs authorities. To enable such control all necessary documents accompanying the goods entering or leaving a free zone or a warehouse shall be presented to the customs authorities or a person designated by them who shall keep them at their disposal. The customs authorities may require presentation of other documents. When control is exercised the goods shall be made available to the customs authorities.

Article 168a. (New SG No. 37/2003; effective 1.11.2003) (1) The Council of Ministers may establish free zones in which customs inspections and formalities shall be carried out pursuant to the customs warehousing regime applying the provisions for this regime related to customs duties. Articles 170, 176 and 179 shall not apply to these free zones.

(2) The provisions under Article 44 (2), Article 2, Item 8 of Article 199 (1), Item 6 of Article 199 (3), Item 5 of Article 202 (1) shall not be applied for the free zones in compliance with para 1.

## Section II

### Placing Goods in Free Zones or Free Warehouses

Article 169. (1) Both local and foreign goods may be placed in a free zone or a free warehouse.

(2) The customs authorities shall be entitled to require that goods which present a danger or are likely to damage other goods or which require special preservation conditions be placed in premises or locations specially equipped for such goods.

Article 170. (1) Without prejudice to Article 168, Paragraph 4 the entering of goods in a free zone or a free warehouse shall not be reason for their presentation to the customs authorities, neither for filing a customs statement.

(2) For carrying out the customs formalities provided, goods shall be presented before the customs authorities which:

1. have been placed under a customs regime which is concluded when they enter a free zone or a free warehouse.

Presentation of the goods shall not be necessary if it is not required under the provisions of the respective customs regime;

2. are subject to authorisation for reimbursing or remitting import customs duties provided such authorisation allows to place these goods in free zone or free warehouse;

3. qualify for the measures under Article 166, Item 2.

(3) The customs authorities shall be notified of the goods subject to export customs duties or to other export regulation provisions.

(4) At the request of the persons concerned the customs authorities shall certify the foreign or local status of goods placed in a free zone or a free warehouse.

## Section III

### Operation of Free Zones and Free Warehouses

Article 171. (1) There shall be no limit to the length of time goods may remain in free zones or free warehouses.

(2) Time limits may be specified in the Regulations for some goods remaining in free zones or free warehouses.

Article 172. (1) Any industrial and commercial activity as well provision of services shall be authorized in a free zone or a free warehouse in compliance with the provisions herein. The carrying out of such activities shall be notified in advance to the customs authorities.

(2) The customs authorities shall be entitled to prohibit or restrict the activities referred to in Paragraph 1, depending on:

1. the nature of the goods concerned;

2. the requirements of customs supervision.

(3) The customs authorities shall be entitled to prohibit persons who do not observe the provisions herein from carrying on an activity in a free zone or a free warehouse.

Article 173. (1) Foreign goods located in a free zone or a free warehouse may:

1. be placed under import regime pursuant to the requirements laid down for that regime and the provisions of Article 178;

2. be subject to the usual operations specified in Article 114, Paragraph 1, without authorization;

3. be placed under the inward processing regime pursuant to the requirements for that regime;



4. be placed under the customs control processing regime pursuant to the requirements for that regime;
5. be placed under the temporary import regime pursuant to the requirements for that regime;
6. be abandoned in accordance with the provisions of Article 180;
7. be destroyed provided the person concerned supplies the customs authorities with the required information.

(2) When goods are placed under one of the regimes referred to in Paragraph 1, Items 3, 4 and 5 the control methods shall be complied with the conditions for operation of the free zones or the free warehouses and customs supervision within them.

Article 174. (1) Local goods under Article 166, Item 2 may be subject to operations intended for their preservation. Such operations may be undertaken without the authorization of the customs authorities.

(2) Local goods referred to in Article 166, Item 2 may be subject to operations other than the ones intended for their preservation under the control of the customs authorities provided they leave the customs territory of the Republic of Bulgaria after finishing these operations.

(3) Local goods which have not made use of the measures referred to in Article 166, Item 2 may be subject to operations other than the ones intended for their preservation under the control of the customs authorities.

Article 175. (1) Goods located in free zones and in free warehouses with the exception of foreign goods where Article 173 is applied and of local goods which have not made use of the measures provided for in Article 166, Item 2 shall not be used or consumed.

(2) With the exception of the provisions applicable to product supplies of ships, aircraft and trains performing international transport, and to the extent allowed by the respective regime, Paragraph 1 shall not apply when goods are used or consumed which under import regime or temporary import regime are not charged with import customs duties and are not subject to trade policy measures.

Article 176. (1) Any person engaging in storage, treatment or processing, or sale or purchase of goods in a free zone or a free warehouse shall keep stock records in a form approved by the customs authorities as soon as they are brought in the free zone or the free warehouse. The stock records must allow the customs authorities to identify the goods and to track their movements.

(2) When goods are reloaded within a free zone or a free warehouse, the documents relating to the operation shall be kept at the disposal of the customs authorities. The short-term storage of goods in connection with such reloading shall be considered as part of the reloading.

#### Section IV

#### Removal of Goods from Free Zones or Free Warehouses

Article 177. (1) In compliance with the special customs regulations goods leaving a free zone or free warehouse may be:

1. exported or re-exported from the customs territory of the Republic of Bulgaria;
2. brought into another part of the customs territory of the Republic of Bulgaria

(2) With the exception of Articles 55 to 60 relating to local goods the provisions of Part Three shall apply also to goods brought into other parts of the customs territory of the country from free zones and free warehouses. These provisions shall not apply to goods which leave the free zone by sea or air without being placed under a transit or another customs regime.

Article 178. (1) When a customs debt occurs in respect of foreign goods whose customs value is formed on the basis of a price actually paid or payable and which includes the cost of warehousing or preserving goods while they remain in the free zone or the free warehouse such costs shall not be included in the customs value provided they are shown separately from the price actually paid or payable for the goods.

(2) When foreign goods have undergone usual operations in a free zone or free warehouse under the procedure of Article 114, Paragraph 1 the data on the type, quantity and customs value of the goods that are used for determining the amount of the import customs duties shall be the data that would have been applied at the moment of the occurrence of the customs debt had it not undergone the operations in question. This provision shall be applied at the request of the person reporting and provided the operations have been coordinated under the procedure in Article 114, Paragraph 2.

(3) Derogations from the cases under Paragraph 1 may be determined in the Regulations.

Article 179. (1) When goods are introduced or reintroduced from a free zone or a free warehouse in another part of the customs territory of the Republic of Bulgaria or when they are assigned a customs regime the certification pursuant to Article 170, Paragraph 4 may be used to prove the local or foreign status of these goods.

(2) When no defined status has been determined for the goods they shall be considered as:

1. local goods - for the purposes of charging export customs duties and for applying the export trade policy.
2. foreign goods in all other cases.

#### Chapter Twenty

#### RE-EXPORTATION, DESTRUCTION, AND ABANDONMENT OF GOODS IN FAVOUR OF THE STATE

(Title supplemented - SG No. 37/2003)

Article 180. (1) Foreign goods may be:

1. re-exported from the customs territory of the Republic of Bulgaria;
2. destroyed or abandoned in favour of the with the authorisation of the customs authorities..

(2) (Amended SG No. 37/2003) The formalities for goods leaving and the trade policy measures shall apply in case of re-exportation.

(3) (Amended SG No. 37/2003) The Council of Minister may specify cases where foreign goods may be placed under suspensive arrangements with a view of not applying trade policy measures in case of exportation.

(4) (Amended SG No. 37/2003) The customs authorities shall be notified in advance of the re-export or the destruction. The customs authorities shall prohibit the re-export when the formalities under Paragraph 2 so require.

(5) (New SG No. 37/2003) When goods are re-exported which during their stay in the customs territory of the Republic of Bulgaria have been under the customs economic regime a customs manifest shall be presented pursuant to the provisions of Articles 66 to 84 and Article 163, Paragraphs 3 and 4.

(6) (Previous (4), supplemented SG No. 37/2003) The destruction and the abandonment of goods in favour of the state shall be carried out in compliance with the provisions of the Regulations. The destruction and the abandonment of goods in favour of the state shall not result in any costs for the state.

(7) (Previous (5), SG No. 37/2003) Any waste or scrap resulting from the destruction of the goods shall obtain their own customs assignment as prescribed for foreign goods. It shall remain under customs supervision until the time laid down in Article 44, Paragraph 2.

Article 180a. (New SG No. 37/2003) Goods that leave the customs territory of the country shall be under customs supervision. They may be subject to inspections by the customs authorities pursuant to applicable provisions. The goods must leave the customs territory of the country along the routes and in the ways specified by the competent authorities.

## PART FIVE

### CUSTOMS REBATES

#### Chapter Twenty-One

#### EXEMPTION FROM CUSTOMS DUTY

Article 181. (1) The cases of granting exemption from customs duty both in exportation and importation of goods shall be specified in the Regulations.

(2) Exemption from fees provided in other statutory instruments shall not include exemption of fees under Article 12 herein except when this is regulated expressly.

(3) No exemption from customs duties shall be allowed for goods sold within the customs control zones in the border checkpoints, except for:

1. the usual supplies of fuel and products for ships and aircraft;
2. retail sale of goods in ports and airports after the customs control;
3. retail sale of goods aboard aircraft and ships performing international transport;
4. retail in specialized shops servicing the diplomatic corps.

#### Chapter Twenty-Two

#### SEA-FISHING PRODUCTS AND OTHER PRODUCTS EXTRACTED FROM THE SEA

Article 182. Without prejudice to the requirements of Article 30, Paragraph 2, Item 6 the following shall be exempt from import customs duties when they are assigned import regime:

1. sea-fishing products and other products extracted outside the territorial sea of the Republic of Bulgaria by vessels registered in the Republic of Bulgaria and flying its flag;
2. goods obtained from products under Item 1 on board factory ships registered in the Republic of Bulgaria and flying its flag.

#### Chapter Twenty-Three

#### RETURNED GOODS

Article 183. (1) (Amended SG No. 63/2000) Local goods which, having been exported from the customs territory of Bulgaria, are returned to that territory within three years shall, at the request of the person concerned, be granted exemption from import customs duties.

(2) (Amended SG No. 63/2000) The three years period may be extended by the Director of the Customs Agency or by a person authorized by him in order to take account of special circumstances.

(3) (Amended SG No. 63/2000) When prior to their exportation from the customs territory of Bulgaria the returned goods had been subject to import regime at reduced or zero-rate customs duty because of their use for a specific purpose, the exemption from duty under Paragraph 1 shall be granted only if they are to be used for the same purpose. If these goods no longer have the same purpose the amount of import duties payable shall be reduced by the amount of customs duty paid on the original import. When the deduction sum is larger than the sum due for the returned goods no refund shall be allowed.

(4) Exemption from importation customs duties under Paragraph 1 shall not be allowed for goods exported from the

customs territory of the Republic of Bulgaria within the outward processing regime save for the cases when the goods are in the state in which they were exported.

Article 184. Exemption from import customs duties under Article 183 shall be allowed for goods that are re-imported in the same state in which they were exported. Cases and circumstances in which exceptions from this provision shall be allowed may be specified in the Regulations.

Article 185. (1) (Amended SG No. 63/2000) The provisions of Articles 183 and 184 shall apply, *mutatis mutandis*, to compensating products originally exported or re-exported subsequent to an inward processing regime.

(2) The amount of import customs duty owed shall be determined pursuant to the rules applicable under the inward processing regime, the date of re-exportation of the compensating product being regarded as the date of their importation.

## PART SIX

### CUSTOMS DEBT

#### Chapter Twenty-Four

#### SECURITY TO COVER CUSTOMS DEBT

Article 186. (1) When applying customs rules the customs authorities shall require security for customs debt to be provided; such security shall be provided by the person who is liable or who may become liable for that debt.

(2) The customs authorities shall require only one security to be provided in respect of one customs debt.

(3) The customs authorities may allow that the security be provided by a person other than the person that is required.

(4) (Amended SG No. 63/2000) When the person who has incurred or who may incur a customs debt is a public or a local authority, the Director of the Customs Agency may exempt the said person in whole or in part of the obligation to provide security.

(5) The customs authorities may waive the requirement for provision of security for insignificant sums the amount of which shall be specified in the Regulations.

Article 187. (1) When customs provisions do not envisage an obligatory provision of security such security shall be required at the discretion of the customs authorities insofar as the payment of a customs debt, which has occurred or may occur is not certain within the prescribed period.

(2) When the security under Paragraph 1 is not required the customs authorities may require from the person under Article 186, Paragraph 1 to undertake in writing a liability for the existing debt.

(3) The security under Paragraph (1) shall be required:

1. at the time of applying the provisions envisaging the possibility of requiring such security; or
2. at any subsequent time when the customs authorities find that the payment of the customs debt that has occurred or may occur is not certain within the prescribed period.

Article 188. At the request of the person under Article 186, Paragraph 1 or 3, the customs authorities shall be entitled to allow comprehensive security to be provided to cover two or more operations in respect of which a customs debt has occurred or may occur.

Article 189. (1) (Supplemented, SG No. 37/2003) When customs provisions makes it compulsory for security to be provided the customs authorities, taking into consideration the specific provisions for the transit regime, shall determine the amount of such security at level equal to:

1. the specific amount of customs debt or debts in question when that amount can be established with certainty at the time when the security is required; or to
2. in the remaining cases - the maximum amount as estimated by the customs authorities of the customs debt or debts which have occurred or may occur for the rest of the cases.

(2) When comprehensive security is provided for customs debts which vary in amount over time the amount of such security shall be set at a level enabling the customs debts in question to be covered at all times.

(3) When customs provisions envisage that the provision of security is optional and the customs authorities require security to be provided the amount of the security shall be determined by those authorities so as not to exceed the level provided for in Paragraphs 1 and 2.

(4) Under conditions and circumstances specified in the Regulations the customs authorities shall be entitled to agree with the debtor security in amounts other than the ones indicated herein.

Article 190. Security may be provided by either a cash deposit or bank guarantee and in cases laid down in the Regulations by other means ensuring the payment of the customs debt.

Article 191. A cash deposit shall be made in the currency and forms as provided in the legislation in force.

Article 192. The customs authorities shall not be liable to pay interest upon accepted security.

Article 193. (1) The bank guarantee shall be given in writing and the guarantor shall undertake to pay jointly and severally with the debtor the secured amount of a customs debt when the payment becomes executable.

(2) The customs authorities shall be entitled to refuse to approve the bank guarantee proposed when it does not ensure payment of the customs debt within the prescribed period.

Article 194. (1) The person that is required to provide security shall be free to choose between the types of securities

laid down in Article 190.

(2) The customs authorities shall be entitled to refuse to approve the type of security proposed as well as the method of its institution under a procedure specified in the Regulations when it is incompatible with the proper functioning of the customs regime concerned. The customs authorities shall be entitled to specify a period of time within which the selected method of security shall not be amended.

Article 195. The customs authorities may refuse the security proposed by the debtor when it does not ensure payment of the customs debt.

Article 196. When the customs authorities establish that the security provided does not guarantee or does no longer ensure the undoubted or total payment of the customs debt within the prescribed period they shall require the person referred to in Article 186, Paragraph 1 to provide additional security or to replace the original security with a new one.

Article 197. (1) (Amended SG No. 63/2000) The security shall not be released until such time as the customs debt in respect of which it was provided is discharged or can no longer arise. The security shall be released immediately after the customs debt has been discharged or can no longer arise.

(2) When the customs debt has been discharged in part or may not arise in respect of part of the amount that has been secured the respective part of the security shall be released at the request of the person concerned.

Article 198. Derogations from the provisions in this chapter shall be admissible in order to take account of international agreements to which the Republic of Bulgaria is a party.

#### Chapter Twenty-Five

#### OCCURRENCE OF A CUSTOMS DEBT

Article 199. (1) An import customs debt shall occur for goods subject to customs duties through:

1. processing under the import regime;
2. placing under the temporary import regime with partial exemption from import customs duties;
3. unlawful introduction into the customs territory of the Republic of Bulgaria in contravention to the provisions under Articles 45 to 48;
4. unlawful introduction into another part of the country's customs territory of goods located in free zones or free warehouses in contravention to the provisions set forth in of Article 177, Paragraph 1, Item 2;
5. evasion from customs supervision;
6. non-compliance with one of the requirements arising in case of temporary storage or of using of the customs regime;
7. (Amended SG No. 63/2000) non-compliance with one of the conditions governing the placing of the goods under the respective customs regime or the granting of a reduced or zero rate import duties or exemption from customs duties by virtue of the use of the goods for specific purposes;
8. consumption or use in a free zone or in free warehouse under conditions other than those laid down by the legislation in force. When goods disappear and when no credible evidence is presented to the customs authorities it shall be deemed that the goods have been consumed or used in the free zone or the free warehouse;
9. issue of documents necessary to grant preferential treatment in third countries to goods with Bulgarian origin when agreements concluded between the Republic of Bulgaria and these countries provide for the payment of customs duties due for the foreign goods input.

(2) The provisions of Paragraph 1, Items 6 and 7 shall apply in cases other than those defined in Paragraph 5, where omissions found have brought about real consequences for the proper functioning of the temporary storage customs regime or any other customs regime.

(3) An import customs debt shall occur:

1. at the moment of acceptance of the customs statement under Paragraph 1, Items 1 and 2;
2. at the moment of the unlawful introduction under Paragraph 1, Items 3 and 4;
3. at the moment of the evasion from customs supervision under Paragraph 1, Item 5;
4. at the moment when the obligation whose non-fulfilment gives rise to the customs debt ceases to be complied with under Paragraph 1, Item 6;
5. at the moment of placing the goods under the respective customs regime under Paragraph 1, Item 7 of;
6. at the moment when the goods are first used or consumed under conditions other than those laid down by the legislation in force, for the cases under Paragraph 1, Item 8;
7. at the moment of acceptance of the export manifest for goods supplied with documents for use of preferential customs tariff treatment in the cases under Paragraph 1, Item 9;

(4) Special cases of customs debt occurred which are not regulated in Paragraph 1 and the cases where no customs debt occurs shall be provided for in the Regulations.

Article 200. (1) An exportation customs debt shall occur through:

1. exportation from the customs territory of the Republic of Bulgaria, under cover of a customs manifest of goods subject to export duties;
2. export from the customs territory of the Republic of Bulgaria of goods subject to export duties without an export

manifest;

3. failure to comply with the conditions for exportation outside the customs territory of the Republic of Bulgaria of goods with total or partial exemption from export duties.

(2) An exportation customs debt shall occur:

1. at the moment of acceptance of the export manifest under Paragraph 1, Item 1;
2. at the time when the goods actually leave the territory of the country for the cases under Paragraph 1, Item 2;
3. at the time when the goods reach a destination other than that for which their export was allowed with total or partial exemption from customs duties, or, should the customs authorities be unable to determine that time, the moment of expiry of the time limit set for the presentation of evidence that the conditions provided for the cases under Paragraph 1, Item 3 have been met.

Article 201. (1) The customs debt referred to in Article 199, Paragraph 1 and Article 200, Paragraph 1 shall occur even if it relates to goods subject to prohibition or restriction measures on importation or exportation.

(2) (Amended SG No. 30/1999) No customs debt shall occur on the unlawful introduction into the customs territory of the Republic of Bulgaria of counterfeit currency, narcotic drugs or psychotropic substances for which liability shall be provided under the Penal Code.

(3) (New, SG No. 37/2003) When the customs legislation provides for favourable tariff treatment of goods due to their nature or special purpose or full or partial exemption from import or export customs duties pursuant to Articles 28, 88, 247, 282 and 183 to 185 such favourable tariff treatment or full or partial exemption from import or export customs duties shall apply to the cases of occurring import customs duty under Articles 199, 200 and 201 provided the actions of the interested person are not related to carelessness or gross negligence and the person proves that the remaining conditions for favourable tariff treatment or full or partial exemption have been met.

Article 202. (1) The debtor for payment of the customs debt shall be:

1. (supplemented SG No. 37/2003) the reporting person - for cases under Article 199, Paragraph 1, Items 1, 2 and 9 and Items 1 and Article 200, Paragraph 1, Items 1 and 3 of (1), and in the event of indirect representation also the person on whose behalf the customs statement has been drawn up. When the customs statement for placing under a regime has been drawn up on the basis of information that leads to partial or full failure to collect the customs duties payable the debtor for paying the customs debt shall be also the person that has provided the information required for drawing up the customs statement and who knew or should have known in view of the circumstances that the information was misleading.

2. for cases under Article 199, Paragraph 1, Items 3 and 4:

(a) the person or persons that introduced or participated in the unlawful introduction of the goods;

(b) the person or persons that acquired or accepted the goods of which they knew or should have known under the circumstances that they were introduced unlawfully;

3. for cases under Article 199, Paragraph 1, Item 5:

(a) the person or persons who evaded customs supervision of the goods or participated in such evasion;

(b) the person or persons who acquired or accepted goods for which they knew or should have known under the circumstances that goods had evaded customs supervision.

(c) (new SG No. 63/2000, amended, SG No. 45/2005) the person responsible to fulfil the obligations ensuing from the temporary storage of the goods or from the use of the customs regime under which they had been placed;

4. for cases under Article 199, Paragraph 1, Items 6 and 7 - the person or persons that failed to comply with the obligations arising from the temporary storage of the goods or from non compliance with one of the conditions of the customs regime;

5. (amended, SG No. 45/2005) for cases under Article 199, Paragraph 1, Item 8 - the person who used or consumed the goods as well as any other person who has partaken therein, who knew or should have known under the circumstances that the goods were being used or consumed under conditions other than the ones laid down in the legislation in force; when the customs authorities cannot establish beyond any doubt the person who has used or consumed the goods, the person which is known to the customs authorities as the last holder of the goods shall be considered the debtor;

6. for cases under Article 200, Paragraph 1, Item 2 - the person or persons that exported without an export manifest goods subject to customs duties and the person or persons who participated in such export and who knew or should have been known under the circumstances that an export manifest should have been submitted for the goods.

(2) When there is more than one debtor for the same customs debt they shall be jointly and severally liable for paying such debt.

Article 203. (1) Unless otherwise provided herein, the amount of import or export duties payable for certain goods shall be determined on the basis of the levy elements for those goods at the time when the customs debt in respect of them occurred.

(2) Derogations from the provisions of Paragraph 1 for specific cases may be specified in the Regulations.

(3) (New SG No. 63/2000; effective three days after 1.08.2000) In cases specified in the Regulations when an import customs debt related to suspensive arrangement regime has occurred the debtor shall pay interest amounting to the official

interest rate on the amount of the import customs duties due to the postponement of the date of occurrence or registering of the debt.

Article 204. (1) A customs debt shall occur at the location where the events from which it arises occur.

(2) When it is impossible to determine the location referred to in Paragraph 1 the customs debt shall be deemed to have occurred at the location where the customs authorities determine that customs duties are payable for the goods.

(3) (Amended and supplemented SG No. 37/2003) When the customs regime for certain goods is not concluded and the location of the customs debt cannot be determined under the procedure of Paragraphs 1 and 2 the customs debt shall be deemed to have occurred at the location where the goods were placed under that regime.

(4) (New SG No. 37/2003) When the information available allows the customs authorities to establish that the customs debt had already occurred when the goods had been in a different location at an earlier date it shall be deemed that the customs debt had occurred at the location that can be determined as the location of the goods at the earliest moment when it was possible to establish that the customs debt had occurred.

(5) (previous (4), SG No. 37/2003) Derogations from the provision of Paragraph 1 for individual specific cases may be specified in the Regulations.

Chapter Twenty-Six

PAYMENT OF THE CUSTOMS DEBT

Section I

Entry in the Records and Notification of the Amount of Duty to the Debtor

Article 205. (1) The customs authorities shall calculate the amount of customs duty resulting from a customs debt as soon as they have the necessary particulars and shall enter it in the accounting records or in any other equivalent medium which shall be entry in the records.

(2) The cases where Paragraph 1 shall not apply as well as the procedures and time limits for entry in the records shall be defined in the Regulations.

(3) (New SG No. 63/2000) In cases when a customs debt has occurred, with the exception of the cases under Article 199, Paragraph 1, Item 1 and Article 20, Paragraph 1, Item 1, and no data is available about the type of goods it shall be deemed that a debt has occurred:

1. in the cases when there is data about a certain group of goods - for the commodity subject to the highest customs rate among all goods covered by this group;

2. in the cases when there is no data about the type of goods for the commodity subject to the highest customs rate taking into account all state customs duties collectable by the customs authorities.

Article 206. (1) (Supplemented, SG No. 45/2005) The debtor shall be notified in writing about the amount of the customs duty as soon as it has been entered in the records. The notification of the debtor shall be done under the procedure of Article 211.

(2) When the amount of customs duty entered in the customs statement is for information purposes only and has still not been accepted by the customs authorities they shall carry out the notification only if the amount of customs duty does not correspond to the amount determined by them. When the amount of the customs duties indicated for information purposes corresponds to the amount determined by the customs authorities and in compliance with the respective provisions specified in the Regulations the authorisation for clearing the goods shall be deemed to be the notification of the debtor.

(3) (New, SG No. 37/2003) The notification of the debtor shall not take place after the expiry of a period of three years from the date of which the custom debt occurred. This term shall stop running from the moment of submitting the appeal under Article 220 for the duration of the appeal proceedings

Section Ia

Imposition of Security Measures by the Customs Authorities

(New, SG No. 37/2003)

Article 206a. (1) When the payment of customs duties and other state receivables collectable by the customs authorities has not been secured under the procedure of Chapter 24 the customs authorities shall be entitled to impose the following security measures:

1. disitrait on movables and receivables of the debtor including in bank accounts;

2. disitrait on goods in circulation;

3. interdiction on real estate.

(2) Security measures shall be imposed when it will be impossible or difficult without them to collect the customs duties and the state receivables collectable by the customs authorities.

(3) Security measures shall be imposed in accordance with the amount of the customs duties and the other state receivables collectable by the customs authorities.

(4) (Amended, SG No. 105/2005) The measures under Paragraph 1 shall not be imposed on property on which compulsory execution may not be performed without the agreement of the debtor neither on labour remunerations up to the

amounts specified in the Tax and Social Insurance Procedure Code.

Article 206b. (1) (Previous text of Article 206b, SG No. 45/2005) Security measures shall be imposed with an ordinance of the head of the customs office in the area where the amount of the customs debt subject to security or other state receivable has been established.

(2) (New, SG No. 45/2005) The ordinance under Paragraph 1 may be appealed against under the procedure for appealing ordinances for enforced collection of public state receivables.

Article 206c. (Amended, SG No. 105/2005) The provisions of Chapter 24 of the Tax and Social Insurance Procedure Code shall apply to issues not regulated herein.

## Section II

### Payment Terms and Methods

Article 207. Customs duties of which the notification under Article 206 has been done must be paid by the debtor within time limits specified in the Regulations.

Article 208. (1) Payment shall be made in a cash desk at the customs office or through non-cash payment.

(2) At the request of the debtor the payment may be made through deduction by the customs authorities of unduly collected from him sums for customs duties.

Article 209. (1) The customs authorities may, at the debtor's request, grant deferment of payment of the customs duties under conditions and time limits specified in the Regulations.

(2) The deferment of payment shall be authorised after the provision of security for the customs duties by the debtor.

(3) For additional services performed in relation to authorising deferment of payment the customs authorities shall collect additional fees for expenses made.

Article 210. Customs duties owed may be paid by a person other than the debtor.

Article 211. (1) When the amount of customs duty has not been paid within the prescribed term the customs authorities:

1. (Amended, SG No. 63/2000) shall avail themselves of all options for ensuring payment open to them under the provisions of this Act and of other statutory instruments including issuance of administrative acts on enforced collection;

2. (Amended, SG No. 63/2000) collect legal interest on the amount of duty.

(2) (Amended, SG No. 63/2000) Under the procedure of Paragraph 1 together with the legal interest rate the payment of other state receivables collectable by the customs authorities shall be secured when these are not paid within the specified time limits.

## Section III

(New, SG No. 63/2000)

### Warrants for Enforced Collection of Public State Receivables

#### Issued by the Customs Authorities

Article 211a. The warrants for enforcing the collection of public state receivables shall be individual administrative acts issued by the head of the customs office on the territory of which the debt has occurred with which customs duties and other public receivables that have not been paid on time are established.

Article 211b. (Amended SG No. 63/2000, SG No. 110/2001, SG No. 105/2005) The warrant shall be issued in four original copies: for the debtor, for the customs office, for the competent territorial directorate of the National Revenue Agency and for the State Revenue Agency.

Article 211c. The warrant shall be issued in writing and it shall contain:

1. the name of the body issuing it;
2. name and number;
3. factual and legal grounds for its issuing;
4. data about the debtor;
5. the amounts of the customs duties due and of the other public receivables;
6. the date on which the public receivables have occurred;
7. (repealed SG No. 37/2003);
8. possible measures for its securing or preliminary execution;
9. the institution before which an appeal can be submitted, and within what time;
10. the date of issue and the signature of the respective head of customs office.

(2) (Amended, SG No. 45/2005) The warrant shall be sent by the head of the customs office with advice of delivery to the State Revenue Agency for enforced execution save for the cases under Article 211f, Paragraph 2.

(3) (New, SG No. 45/2005) The receipt of the warrant that is subject to execution shall be confirmed in writing by the public executive officer before the customs office, which shall monitor the arrival at the account of the customs duties sums and other state receivables.

Article 211d. (Amended, SG No. 45/2005) The delivery of the warrant to natural persons shall be certified by the signature of the person or his/her agent. When the delivering officer does not find the person he/she shall deliver the warrant

to an adult member of the family if he/she agrees to deliver it. The person through which the delivery takes place shall sign a receipt and his/her full name, personal registration number and the capacity in which he/she is receiving the warrant shall be noted as well as the obligation to hand it over.

(2) The delivery of the warrant to legal persons shall be certified by the signature of the official who has received the warrant and his/her full name, personal registration number and the position of the recipient shall be noted.

(3) The delivery of the warrant at the place of work shall be done through an official of the administration. The delivery shall be in order if the full name, the personal registration number and the position of the recipient are specified.

(4) The delivery officer shall certify with his/her signature the date and the way of delivery. Refusal to accept the warrant shall be certified by the signature of the delivery officer and at least one witness and the delivery officer shall make a note in the receipt of his/her full name, personal registration number and address. In this case the delivery of the warrant shall be deemed to be in order.

(5) When no witness can be ensured the warrant shall be sent with advice of delivery. A warrant sent by mail with advice of delivery shall be deemed to have been legally delivered on the date the return receipt was signed or on the date of the rejection of the warrant delivery, and this rejection shall be certified by the postal officer. In case the person fails to appear and certifies receipt within the time limit specified in the postal notice the warrant and the post office documents shall be attached to the file and the warrant delivery shall be deemed in order.

(6) Natural persons against whom proceeding have been instituted of which they have been notified and who reside abroad for more than 30 consecutive days shall be obliged to name a person on the territory of the country who shall represent them before the customs authorities and to whom notices and other acts of the customs administration shall be delivered.

(7) The delivery of the warrant to persons who have been convicted to imprisonment and to persons who are in custody shall be done by the administration of the respective institutions.

(8) The delivery of the warrant to regular servicemen in the armed forces shall be done through the commander of the respective unit.

(9) Delivery of the warrant through enclosing in the file shall be done after the expiry of 14 days after placing a notice for the person to appear when:

1. the person's address is unknown;
2. the person, his/her agent or proxy cannot be found at the registered address or at the permanent address after a thorough and documented search by the customs authorities.

(10) The notice under Paragraph 9 shall be placed at a place designed for this purpose in the respective customs office where the warrant is issued. The notice shall be published on the Web on the respective site of the customs administration.

(11) The circumstances under Paragraph 9, Item 1 shall be certified with the file and under Paragraph 9, Item 2 - with a post office document or with the signature of the delivery officer and at least one witness and the delivery officer shall record his/her full name, personal registration number and address and shall make a note thereof in the receipt.

(12) In case the person fails to appear before the expiry of the deadline under Paragraph 9 the warrant shall be attached to the file and the delivery shall be deemed in order.

Article 211e. (Amended, SG No. 45/2005) When, after the warrant has been issued, the debtor pays the customs duties and the other state receivables or part thereof the head of the customs office shall notify thereof the public executive officer.

Article 211f. The warrant may be appealed through the head of the customs authority who had issued it before the Director of the respective Regional Customs Directorate within fourteen days after it had been delivered to the debtor.

Article 211g (1) The appeal of the warrant shall not stop its execution.

(2) The execution of the warrant shall be suspended at the request of the debtor provided the latter presents security equal to the amount of the principal and the interest. The security may be a cash deposit or a bank guarantee.

(3) The request for suspension of the execution shall be made simultaneously with the filing of the appeal supported by evidence of the security submitted.

(4) The official interest rate on the principal shall be owed for the duration of the suspension.

(5) (New, SG No. 45/2005) Paragraph 1 shall not apply in cases when liabilities are established by a warrant for enforced collection of public state receivables ensuing from the implementation of an international convention which the Republic of Bulgaria has joined and the debtors are the warranting organizations determined with an act of the Council of Ministers.

Article 211h. The head of the customs authority through which the appeal has been filed shall be obliged to forward it not later than seven days after its receipt together with his opinion and all relevant documents to the Director of the respective Regional Customs Directorate on the territory of which the customs office in question is located. When a request for suspension of the warrant has been filed it shall also be attached together with the relevant proof. If an appeal submitted on time has been incorrectly addressed it shall be forwarded to the respective competent authority through official channels if the prescribed time limit is considered to have been observed.



Article 211i. (1) The Director of the Regional Customs Directorate shall examine the appeal in substance and shall evaluate all circumstances related to the warrant.

(2) The Director shall announce a substantiated decision within thirty days from receiving the appeal with which he shall confirm or revoke the warrant entirely or partially and in his substantiation he shall present the positions of the parties concerned and the grounds for his decision. He shall also express his position on the request to suspend the execution of the warrant in the cases when such a request had been filed.

(3) In case the warrant issued proves to be contrary to the law another one shall be issued in its place, the Director of the Regional Customs Directorate shall revoke the appealed warrant and shall return the file with mandatory instructions to the respective head of customs office.

(4) The decision shall be issued in four original copies: for the debtor, for the customs office, for the Regional Customs Directorate and for the State Revenue Agency and shall be sent to them not later than seven days after the expiry of the term under Paragraph 2.

(5) (Amended, SG No. 45/2005, SG No. 30/2006, effective 1.03.2007) The warrant confirmed with a decision of the Director of the Regional Customs Directorate may be appealed before the relevant administrative court within fourteen days after receipt of the decision under Paragraph 4. The appeal shall be submitted through the respective head of the customs office.

(6) The warrant may not be appealed in court in its part which had not been appealed by administrative procedure or in its part in which the appeal had been entirely or partially sustained.

Article 211j. (1) (Amended, SG No. 105/2005) The provisions of Chapter 17 and 19 of the Tax and Social Insurance Procedure Code shall apply to legal appeal proceedings and to cassation proceedings and revoking of effective decisions may be requested by the persons concerned under the terms and procedures stipulated in article 231 of the Civil Procedure Code.

(2) (Amended, SG No. 105/2005) When the appeals are considered in court subpoenas shall be sent to the body which has issued the appealed act, to the appellant and to the National Revenue Agency in the cases when the latter is an interested party.

Article 211k. The warrant shall enter into force when:

1. it has not been appealed within the stipulated period before the respective Director of Regional Customs Directorate;
2. it has been appealed within the stipulated period before the Director of the Regional Customs Directorate who has not sustained the appeal and the warrant has not been appealed in court within the stipulated period;
3. it has been confirmed by the court.

Article 211l. (Repealed, SG No. 45/2005)

Chapter Twenty-Seven

EXTINCTION OF CUSTOMS DEBT

Article 212. (1) A customs debt shall become extinct:

1. by payment of the amount of the customs duty;
2. by remission of the amount of the customs duty;
3. when in respect of goods reported for a customs regime entailing the obligation to pay duties:
  - (a) the customs statement has been invalidated;
  - (b) (Amended SG No. 153/1998) the goods, before their release, are either seized and simultaneously or subsequently confiscated; destroyed on the instructions of the customs authorities; destroyed or abandoned in accordance with Article 180; or destroyed or irrevocably lost as a result of their nature or of force majeure or unforeseeable circumstances;
4. when goods in respect of which a customs debt occurred in accordance with Article 199, Paragraph 1, Items 3 and 4 are seized upon their unlawful introduction and are simultaneously or subsequently confiscated.

(2) (Amended SG No. 63/2000) The right to collect customs duties shall be deemed extinct with the expiry of five years as of January 1st of the year subsequent to the year in which the customs debts and the other public state receivables occurred established by a warrant for enforced collection.

(3) The provision of Paragraph 1 shall not apply in cases of judicial proceeding in court for the debtor's bankruptcy.

Article 212a. (New, SG No. 45/2005) A customs debt that has arisen on the grounds of Article 199, Paragraph 1, Item 9 shall become extinct when the formalities performed for allowing preferential tariff treatment are revoked.

Article 213. The ways of discharging customs debt occurring in specific cases shall be determined in the Regulations.

Chapter Twenty-Eight

REIMBURSEMENT AND REMISSION OF CUSTOMS DUTY

Article 214. (1) Reimbursement of customs duties shall be the total or partial refund of import or export duties, which have been paid.

(2) Reimbursement shall be made when it is established that at the time of payment the customs duties were not owed

or the grounds for their payment were no longer valid.

Article 215. (1) Remission of customs duties shall mean:

(a) a decision to waive entirely or partially the collection of import or export customs duties; or

(b) a decision to cancel entirely or partially the recording of the amount of export or import duty which has not been paid.

(2) Remission of customs duties shall be made when it is established that they were placed in the records without being owed or that the grounds for their entry into the records was no longer valid.

Article 216. (1) No reimbursement or remission shall be authorised when the actions which led to the payment or the entry in the records of customs duties that were not legally owed were the result of unconscientious behaviour of the person concerned.

(2) Reimbursement or remission of import or export duties shall be authorised repaid or remitted upon an application in writing to the appropriate customs authority within a period of three years from the date on which the amount of those duties was communicated to the debtor.

(3) (New, SG No. 45/2005) The term under Paragraph 2 may be extended if the interested person provides evidence that he/she was prevented from submitting such an application due to unforeseen circumstances or force majeure.

Article 216a. (New, SG No. 45/2005) Reimbursement of import or export customs duties shall be done in case the customs declaration is cancelled and the custom duties have been paid. Reimbursement shall be allowed after a written application submitted within the time limit for submitting applications for canceling customs declarations.

Article 217. The Regulations may define specific cases and conditions other than those referred to in the previous articles allowing reimbursement or remission of import or export duties.

Article 218. The Regulations may define the minimum amount of export or import duties below which reimbursement or remission of such duties shall not be allowed.

Article 219. When, due to errors, the customs debt has been remitted or the amount of the respective customs duties has been reimbursed the initial debt shall become executable anew.

Article 219a. (New SG No. 37/2003) For reimbursed customs duties no shall be due. In the cases when the customs duties have been determined by an act of the customs authorities that is in contravention to the law the paid sums that were not due shall be refunded with the legal interest.

## PART SEVEN

### APPEAL OF DECISIONS

Article 220. Any person shall have the right to appeal against decisions of the customs authorities concerning him under the procedure of the Administrative Procedure Code .

Article 221. When the decision appealed against is related to levying import or export duties suspension of the execution shall be subject to security on their amount.

Article 222. The provisions in Part Seven shall not apply to cases related to repealing or amending acts issued by the customs authorities on the basis of the administrative and penal provisions herein.

## PART EIGHT

### ADMINISTRATIVE PENAL PROVISIONS

#### Chapter Twenty-Nine

### GENERAL PROVISIONS

Article 223. The customs authorities shall examine, establish and sanction each violation or attempt at violation of the provisions of the customs legislation insofar as the action is not a criminal offence.

Article 224. The actions representing customs violations, the sanctions imposed for them and the liability related to them shall be specified herein.

Article 225. (1) The establishment of violations, the issue of penal ordinances and the appeals thereof shall follow the procedure established by the Administrative Violations and Sanctions Act.

(2) The execution of penal ordinances that have come into force and rulings of the court shall take place under the procedure of the Administrative Violations and Sanctions unless otherwise provided herein.

Article 226. (1) (Amended SG No. 63/2000, SG No. 37/2003) Persons having perpetrated a customs violation within the customs territory of the Republic of Bulgaria as well as persons who instigate, assist, conceal or allow such a violation shall be liable under the existing administrative and penal provisions.

(2) (Amended, SG No. 63/2000) The persons under Paragraph 1 shall be jointly liable for customs duties and other public state receivables incurred as a result of the violation with the exception of the sanction of fine.

(3) (Repealed, SG No. 37/2003)

(4) (Repealed, SG No. 37/2003)

Article 226a. (New SG No. 37/2003) (1) The customs authorities shall decree seizure in favour of the state of the goods that are the object of the customs violation as well as the vehicles and the carriers used for the transportation or the carrying of the goods in the cases when such a measure is provided for in this or another act except for the cases under

Article 229b, Paragraph 1, Item 3.

(2) Before the conclusion of the administrative proceedings the customs authorities shall be entitled to dispose with the perishable goods under the procedure of Article 239 as well as with the goods the preservation of which results in significant costs for the customs administration.

(3) When seizure in favour of the state is not possible or in the cases under Paragraph 2 the persons under Article 226, Paragraph 2 shall pay jointly a sum equal to the customs value of the object of the violation as well as the vehicles and other carriers used for transporting or carrying the goods.

#### Chapter Thirty

#### ADMINISTRATIVE SANCTIONS

Article 227. (1) In cases of customs violations the following sanctions shall apply:

1. fine;
2. temporary prohibition to engage in exportation and importation operations for legal persons or sole traders;
3. (amended, SG No. 45/2005) pecuniary penalty for legal persons or sole traders.

(2) The prohibition to engage in exportation and importation operations shall be a temporary prohibition for the violator to engage in such activity for a period from six months to two years. The sanction shall be imposed when the customs contraband is aggravated or in cases of repeated violations under this Act.

Article 228. The customs authorities may, when minor violations of the customs legislation are established, impose fines on the spot under a procedure and in the amount provided for in Article 39 of the Administrative Violations and Sanctions Act.

Article 229. (1) The customs authorities shall be entitled to seize and retain under their control the goods that are the object of customs violations, including vehicles and other means used for their concealment, importation to or exportation from the country as well as material evidence necessary or related to the investigation proceedings as well as goods and cash for securing possible receivables under the penal ordinance.

(2) (Amended SG No. 63/2000) Goods seized and retained under the control of the customs authorities shall be kept by the customs office until the conclusion of the administrative penal and the criminal proceedings

(3) (New SG No. 63/2000) The customs authorities shall retain and keep under customs supervision the goods which are object or means, or evidence of committed criminal offence until the completion of the customs formalities in respect of them in conformity with effective legislation.

(4) (Amended SG No. 30/1999, previous (3), SG No. 63/2000) The provisions of the Narcotic Substances and Precursors Control Act shall apply to confiscated narcotic drugs.

(5) (Previous (4), SG No. 63/2000) The customs authorities shall immediately deliver to the authorities of the Ministry of the Interior any confiscated firearms, ammunition and explosives.

(6) (Previous (5), SG No. 63/2000) When the goods that are the object of customs violations are not seized in favour of the state, including when awarding their equivalent value, the customs duties and the other public state receivables for them shall be owed without exception.

(7) (New SG No. 37/2003) The customs authorities shall be entitled to impose the measures under Chapter 26, Section Ia on securing receivables under an act drawn up on establishing a customs violation.

Article 229a. (New SG No. 37/2003) Until the issuing of the penal ordinance but not later than 30 days after drawing up the act on establishing a customs violation agreement may be reached between the administrative sanctioning authority and the violator on terminating the administrative penal proceedings for violations under Article 233, Paragraph 1 and 1, Article 234 and Article 234a except for the cases when the act is a criminal offence.

Article 229b. (New SG No. 37/2003; effective 1.07.2003) (1) The agreement shall be drawn up in writing and shall reflect the agreement of the administrative sanctioning authority and the violator on the following issues:

1. has an act been perpetrated, has it been perpetrated by the violator, has it been perpetrated by premeditation, does the act constitute a customs violation;
2. what will the type and size of the sanction be;
3. (amended, SG No. 45/2005) will the goods that are the object of the violation be confiscated in favour of the state as well as the vehicles and carriers used for their transport or carriage or shall they be paid for in an amount at least 25 percent of their equivalent value.

(2) The agreement shall not specify:

1. a sanction other than the one provided for in the act for the specific customs violation;
2. an amount of the fine or pecuniary sanction lower than the minimum provided for the specific customs violation;
3. (amended, SG No. 45/2005) a sum amounting to less than 25 percent of the cash equivalent of the object of the violation as well as of the cash equivalent of the vehicle or carrier representing their customs value.

(3) The agreement shall be signed by the administrative sanctioning authority and by the violator or his agent authorised expressly for reaching agreement.

(4) Within fourteen days after the signing of the agreement on terminating the administrative penal proceedings the

Director of the Customs Agency or a person authorised by him shall issue a decision approving or refusing to approve the agreement. Decisions with which agreements on terminating the administrative penal proceedings are approved shall be sent to the respective public prosecutor within seven days after their issuing.

(5) The agreement on terminating the administrative penal proceedings shall be approved on condition that the requirements of the law have been complied with and the specified in it public state receivables have been paid or have been secured in the deposit account of the respective customs authority.

(6) The decision under Paragraph 4 shall not be subject to appeal save for a decision approving an agreement on terminating the administrative penal proceedings against which the public prosecutor may file an objection in court in relation to its conformity with the law under the procedure of the Administrative Procedure Code. In this case the Prosecutor's objection shall not stop the execution of the decision.

(7) The terms for issuing a penal ordinance shall stop running as of the moment of instituting judicial proceedings on a prosecutor's objection until their conclusion.

(8) In the cases when the agreement on terminating the administrative penal proceedings is not approved or the decision with which it is approved is rescinded by the court the administrative sanctioning authority shall issue a penal ordinance without exception.

Article 229c. (New SG No. 37/2003; effective 1.07.2003, amended, SG No. 105/2005) The agreement on terminating the administrative penal proceedings shall enter into force on the date of its approval. The agreement shall have the consequences of a penal ordinance that has entered into force and shall be subject to compulsory execution under the Tax and Social Insurance Procedure Code.

#### Chapter Thirty-One

#### CUSTOMS REGIME VIOLATIONS PROCEEDINGS

Article 230. The customs authorities shall issue an act in all cases of customs regime violations.

Article 231. (Amended SG No. 63/2000) Penal ordinances shall be issued by the Director of the Customs Agency or by officials appointed by him.

Article 232. (1) (New SG No. 63/2000, SG No. 37/2003) When the perpetrator is unknown the act shall be signed by the person who has drafted it and by one witness and shall not be served. In that case a penal ordinance shall be issued which shall enter into force at the moment of its issuing.

(2) (Previous Article 232, Amended SG No. 63/2000) When the perpetrator is a known person not found at the address shown at the time of serving the administrative violation act or has left the country or has indicated only an address abroad the penalty decree shall not be served. The decree shall be deemed to have become effective two months after the date of issuing it.

#### Chapter Thirty-Two

#### CUSTOMS VIOLATIONS

#### AND DEFINING ADMINISTRATIVE SANCTIONS

Article 233. (1) (Amended, SG No. 45/2005) Any person who carries or transports goods through the state border or any person who attempts to do so without the knowledge and authorisation of the customs authorities, insofar as the said act is not a criminal offence, shall be sanctioned for customs contraband with a fine amounting between 100 and 200 per cent on the goods' customs value.

(2) (Amended, SG No. 45/2005) When the object of customs contraband are goods for which excise duty is due or which are prohibited for exportation and importation the fine shall be between 150 and 250 per cent of the customs value of the goods.

(3) The goods that are the object of customs contraband shall be confiscated in favour of the state regardless of who their owner is and if they are missing or have been alienated their equivalent value shall be awarded constituting their customs value.

(4) The goods referred to in Paragraph 3 shall be confiscated in all cases even where the stipulator is unknown.

(5) Vehicles and movable used for transportation of goods that are the object to customs contraband shall be confiscated, regardless of who the owner is, except if their value apparently does not correspond to the value of the object of customs contraband.

Article 234. (Amended, SG No. 63/2000, No. 37/2003, No. 45/2005) (1) Any person who evades or attempts to evade:

1. (1) complete or partial payment or securing of customs duties or of other public state receivables collectable by the customs authorities, or

2. prohibitions or restrictions on the importation and exportation of goods or the enforcement of trade policy measures shall be sanctioned for customs fraud.

(2) For customs fraud the sanction shall be fine - for natural persons or pecuniary sanction for legal persons and sole traders from 100 to 200 percent of:

1. the amount of the evaded state public receivables - for a violation under Paragraph 1. Item 1;

2. the customs value of the goods that are the object of the violation under Paragraph 1, Item 2;

(3) When the object of the customs fraud are goods for which excise duties are owed the sanction shall be fine - for natural persons or a pecuniary sanction - for legal persons and sole traders from 150 to 250 percent of

1. the amount of the evaded public state receivables - for a violation under Paragraph 1, Item 1;

2. the customs value of the goods that are the object of the violation under Paragraph 1, Item 2.

(4) The provisions of Article 233, Paragraphs 3, 4 respectively shall apply in the cases under Paragraphs 1 and 3.

Article 234a. (New SG No. 63/2000, amended, SG No. 45/2005) (1) Any person who deflects temporarily stored goods or goods subject to customs regime or customs assignment by failing to meet the conditions stipulated in the statutory instruments or determined by the customs authorities shall be sanctioned with a fine - for natural persons or a pecuniary sanction - for legal persons and sole traders from 100 to 200 per cent of the customs value of the goods that are the object of the violation.

(2) When the object of the violation under Paragraph 1 are goods for which excise duty is owed the sanction shall be fine - for natural persons or a pecuniary sanction - for legal persons and sole traders from 150 to 250 per cent of the customs value of the goods that are the object of the violation.

(3) The provisions of Article 233 3, 4 and 5, accordingly, shall apply in the cases under Paragraphs 1 and 2.

Article 235. (1) (Supplemented, SG No. 63/2000, SG No. 45/2005) Any person who sells, buys or attempts to sell or buy, who gives or accepts as gift, for safekeeping, use, lease or pledge goods which he knows or should reasonably have known to have been imported in violation of the customs legislation or in violation or restrictions and conditions under the norms and regulations concerning goods imported duty free, or goods imported with reduced or zero-rate customs duties on account of their special purpose shall be sanctioned with a fine - for natural persons or a pecuniary sanction - for legal persons and sole traders - up to BGN 1,000.

(2) When the disposal under Paragraph 1 is done with goods that are objects of customs violations referred to in Articles 233 and 234 the goods in question shall be confiscated.

(3) The sanctions imposed shall not exempt such persons from payment of the customs duties due or other state receivables collectable by the customs authorities save for the cases referred to in Paragraph 2.

Article 236. The sanction referred to in Paragraph 1 shall apply to persons who do not comply with their obligations pursuant to Article 235, Paragraph 1 herein.

Article 237. If goods which by virtue of their nature or their quantity do not have commercial character and are required to be reported are not reported by travellers crossing the state border and are discovered at the usual places during a customs inspection the goods shall be confiscated in favour of the state regardless of whose property they are without the imposition of a fine.

Article 238. (1) (Supplemented, SG No. 45/2005) Any violation of statutory instruments applicable to goods under customs supervision established by the customs authorities shall be punishable by the fine or the pecuniary sanction pursuant to Article 235, Paragraph 1 unless otherwise provided.

(2) The same sanction shall apply to any person who is resisting the customs authorities performing their duties or who is liable under the provisions herein to present to the customs authorities goods, documents or information, but refuses this.

Article 238a. (New SG No. 63/2000, supplemented SG No. 45/2005 ) Any person, who fails to meet the deadlines stipulated in the statutory instruments or determined by the customs authorities shall be sanctioned by a fine - for natural persons or a pecuniary sanction - for legal persons and sole traders - up to BGN 2,000.

Article 238b. (New, SG No. 45/2005) A person who fails to comply with an obligation under Article 10, Paragraph 5 shall be sanctioned by a fine of up to BGN 1000.

## PART NINE DISPOSAL OF GOODS SEIZED OR ABANDONED IN FAVOUR OF THE STATE AND DISTRIBUTION OF THE PROCEEDS

Article 239. The customs authorities shall dispose of goods seized or abandoned in favour of the state under terms and procedures laid down in the Regulations.

Article 240. (1) From the sums received from the sale of goods abandoned or seized in favour of the state the expenses made by the customs authorities for their tracking, transportation and storage shall be deducted, as well as the expenses incurred for their valuation and sale.

(2) (Amended SG No. 83/1999) After deducting the expenses made the sums under Paragraph 1 and the sums equal to the value of the goods confiscated, missing or confiscated at a previous stage shall be deposited as revenues pursuant to Article 14.

### SUPPLEMENTARY PROVISION

§ 1. Within the meaning herein:

1. "Release of goods" shall be the clearance by the customs authorities of goods for the purposes stipulated by the customs regime under which they are placed.

2. "Import customs duties" shall be customs duties and charges having an equivalent effect payable on the importation of goods.

3. "Report" shall be the act whereby a person indicates in the prescribed form and manner a wish to place goods under a given customs regime.

4. "Export customs duties" shall be customs duties and charges having an equivalent effect to customs duties payable on the exportation of goods.

5. (Amended SG No. 153/1998) "Local person" shall be any natural person with a permanent residence in the Republic of Bulgaria; as well as any legal person that has its registered office in the Republic of Bulgaria according to the Bulgarian legislation.

6. "Local goods" shall be:

(a) goods wholly obtained or produced in the customs territory of the Republic of Bulgaria under the conditions referred to in Article 30 and not incorporating goods imported from other countries. The Regulations may specify cases when goods produced from goods under the deferred payment regime shall not be considered local goods;

(b) goods imported under the established procedure to the territory of the Republic of Bulgaria and released for importation;

(c) goods produced within the customs territory of the Republic of Bulgaria either only from goods referred to in letter "b" or from goods referred to in letter "a" and "b".

7. "Customs debt" shall be the liability of a person to pay the import customs duties - import customs debt, or export customs duties - export customs debt which apply to specific goods under the legislation in force.

8. "Customs assignment of goods" shall be:

(a) placing goods under a customs regime;

(b) entry of goods into a free zone or free warehouse;

(c) re-exportation of goods from the customs territory of the Republic of Bulgaria;

(d) destruction of goods;

(e) abandonment of goods in favour of the state.

9. "Customs authorities" shall be the officials in the Customs offices exercising customs supervision and control.

10. "Customs regime" shall be:

(a) importation;

(b) transit;

(c) customs warehousing;

(d) inward processing;

(e) processing under customs control;

(f) temporary import;

(g) outward processing;

(h) exportation;

(i) temporary exportation.

11. "Customs status" shall be the status of goods for the purposes of customs control as local or foreign goods.

12. "Presentation of goods to the customs authorities" shall be the notification of the customs authorities, in the manner laid down, of the arrival of goods at the customs office or at any other place designated or approved by them.

13. "Decision" shall be any administrative act pertaining to the application of customs regulations issued by the customs authorities on a particular case which is related to legal consequences for one or more specific or identifiable persons. This definition shall include also the binding information under Article 23.

14. "Goods" shall be all types of objects carried through the state border, including through pipelines and electric power lines, as well as vehicles, travellers luggage and other parcels;

15. "Holder of authorization" shall mean the person to whom an authorization has been issued.

16. (Amended SG No. 63/2000) "Holder of regime" shall be the person on whose behalf the reporting was made, or the person to whom the rights and obligations of the aforementioned person in respect of a customs regime have been transferred.

17. "Foreign goods" shall be goods other than local goods. Local goods shall lose their customs status when they leave the customs territory of the Republic of Bulgaria.

18. "Tariff quota" shall be the quantity of goods defined in a value or physical units, for which for a defined period reduced rate of customs duty shall apply, whereas as the quantity is exhausted the rate under the customs tariff shall be restored.

19. "Tariff ceiling" shall be the quantity of goods defined in a value or physical units, for which a reduced rate of customs duty shall apply, whereas as this quantity is exceeded the rate of duty under the customs tariff may be restored as provided in the act on its introduction.

20. "Charges for additional services provided" shall be fees pursuant to the principles in Article VIII of the General Agreement on Tariffs and Trade and related to activities such as: issue of licenses, statistical services, foreign exchange control, issue of documents and certifying, analysis and inspection, as well as customs activity outside the working place and

working hours.

21. (New SG No. 30/1999) "Controlled delivery" shall mean the methods by which exportation from, transit through or importation to the territory of a country or several countries is allowed of illegally sent or suspected of being illegally sent narcotic substances and precursors and their analogues or substances that substitute them with the knowledge and under the control of the competent authorities of these countries with the purpose of discovering the persons engaging in illegal trafficking.

22. (Previous Item 21 - SG No. 30/1999) "Customs territory of the Republic of Bulgaria" shall be the territory of the Republic of Bulgaria.

23. (New, SG No. 153/1998, previous Item 22 - SG No. 30/1999, amended, SG No. 63/2000) "Reporting person" shall be the person performing the act of reporting on his own behalf, or the person on whose behalf the reporting is performed.

24. (New SG No. 63/2000) "Official secret" shall be:

(a) the specific individualized data entered in the customs statements and in the enclosed documents with the exception of the data included in the public registers;

(b) the data from trade contracts, including data on the amount and mode of payment;

(c) other specific individualized data obtained or collected in the course of performing customs supervision and control or of other actions provided for herein.

25. (New SG No. 63/2000) "Customs authorities" shall be:

(a) the Central Customs Directorate;

(b) the regional customs directorates;

(c) the territorial customs directorates;

(d) the customs offices;

(e) the customs posts.

26. (New SG No. 37/2003) "Agreement on the Rules of Origin", "General Agreement on Tariffs and Trade of 1994" and "Agreement on the Application of Article VII of the General Agreement on Tariffs and Trade" shall be multilateral agreements on the trade with goods from Annex 1A to the Marrakech Agreement establishing the World Trade Organisation (Annex to the Protocol on the accession of the Republic of Bulgaria to the Marrakech Agreement establishing the World Trade Organisation (SG No. 67/2002).

27. (New SG No. 37/2003) "List of the Obligations and Concessions Annexed to the General Agreement on Tariffs and Trade of 1994" shall be the list relating to the Republic of Bulgaria to the Protocol on the accession of the Republic of Bulgaria to the Marrakech Agreement establishing the World Trade Organisation (Addition to the Protocol on the accession of the Republic of Bulgaria to the Marrakech Agreement establishing the World Trade Organisation, (SG No. 67/2002).

28. (New SG No. 37/2003) "Combined Nomenclature of the Republic of Bulgaria" shall be the nomenclature of goods used for the purposes of levying customs duties and the application of non-tariff measures of trade, agricultural, customs and other policies related to importation and exportation as well as for statistic accounting of the importation and exportation of goods.

29. (New SG No. 37/2003) "Combined Nomenclature applied in the member countries of the European Union" shall be the nomenclature of goods introduced with a Regulation of the Council of the European Communities used for the common customs tariff of the European Communities, of foreign trade statistics and the other community policies related to importation and exportation of goods.

30. (New SG No. 37/2003) "Harmonised Commodity Description and Coding System" shall be a nomenclature of goods based on the Convention on the Harmonised Commodity Description and Coding System of 1983 signed in Brussels within the framework of the World Trade Organisation.

31. (New SG No. 37/2003) "Customs intelligence" shall be the collection, processing, verification and analysis of information by the customs authorities for combating customs and foreign exchange violations and offences.

32. (New, SG No. 45/2005) "Trade policy measures" shall be non-tariff measures introduced as part of the trade policy of the Republic of Bulgaria with statutory instruments regulating the import and export of goods such as monitoring or protection measures, qualitative restrictions or limits as well as import and export prohibitions.

#### TRANSITIONAL AND FINAL PROVISIONS

§ 2. The Excise Duty Act (promulgated in the State Gazette No. 19 of 1994; Amended and supplemented in Nos. 58 and 70 of 1995, Nos. 21, 56 and 107 of 1996 and No. 51 of 1997) shall be Amended and supplemented as follows:

1. Article 5 shall be amended as follows:

(a) in Paragraph 4, the words "temporary importation regime" shall be substituted by "customs regime with suspensive arrangements, except for transit";

(b) paragraph shall be repealed.

2. In § 2 of the Supplementary Provisions, Items 7 and 8 shall be added:

"7. "Entered warehouse" shall be a customs warehouse opened and managed under the procedure of Articles 104

to 117 of the Customs Act; 8. "Duty-free zones" shall mean free zones and free warehouses opened and managed under the procedure of Articles 166 to 179 of the Customs Act. "

§ 3. The Value Added Tax Act (promulgated in the State Gazette No. 90 of 1993; amended and supplemented in No. 57 of 1995, Nos. 16, 56 and 104 of 1996 and Nos. 51, 86 and 111 of 1997) shall be amended and supplemented as follows:

1. Article 23 shall be amended as follows:

"Article 23. (1) No tax shall be due for import of goods when:"

1. the goods enter free zones, entreposed warehouses or duty-free trade outlets;
2. valuable metals are imported intended for the Bulgarian National Bank;
3. an act of parliament or an international agreement ratified and promulgated as provided in the legislation in force, provide for exemption of the import of goods from taxes, fees or other receivables (payments, taxation) with an effect equivalent to indirect tax;
4. grants for humanitarian purposes are imported and placed at the disposal of the State or the municipalities by foreign countries, municipalities, legal or natural persons and organizations;
5. grants are imported provided to academic or medical establishments, scientific, cultural, educational and social organizations; ministries, institutions and other state authorities; the Bulgarian Red Cross, the Agency for Foreign Aid;
6. information carriers are imported related to the participation of the Republic of Bulgaria in the international exchange of publications, when they are exempt from duties and charges;
7. armaments, equipment and machinery are imported for the purposes of the Ministry of Defence, the Ministry of the Interior and other authorities of the national security system, the importation of which has been authorised under the established procedures;
8. no duties and charges shall be levied on goods imported by travellers within the allowed duty free import, as well as on international parcels and other postal deliveries to natural persons, with the exception of sole traders, save for motor vehicles;
9. nuclear fuel is imported;
10. auxiliary technical equipment and devices for disabled persons, including spare parts for them, including cars imported by disabled persons of first category or by persons of six or more years of age and suffering from a condition or disability listed in list approved by the Minister of Health, the Minister of Labour and Social Policy and the Minister of Finance. The exemption from VAT of the import of cars shall follow the provisions of legislation in force for exemption of customs duty and amounting to the Bulgarian currency equivalent of up to USD 900 inclusive. Pursuant to this provision should a car may be imported for a period of three years when it is a second hand car and of five years when it is a new car;
11. life-saving and life-supporting medicines, consumables and medical equipment are imported under centralized deliveries for the Ministry of Health or deliveries for state or municipal hospitals according to a list approved by the Minister of Health and the Minister of Finance.

(2) No tax shall be collected when the goods are placed under the customs regime with suspensive arrangements, including temporary importation and re-exportation. The tax assessed in these cases shall be secured for payment of customs duties pursuant to the amount and under procedures specified in the Customs Act and the Regulations for its application."

2. The following amendments and supplements shall be made to the Supplementary Provisions,:

a) Paragraph 5c shall be amended as follows:

§ 5c. "Duty-free zones" shall be the free zones and the free warehouses opened and managed under the provisions of Articles 166 to 179 of the Customs Act. "

b) Paragraph 5d shall be created:

§ 5d. "Enterposed warehouse" shall be a customs warehouse opened and managed under the provisions of Articles 104 to 117 of the Customs Act.

§ 4. Item 4 shall be added to Article 52 Paragraph 5 of the Banks Act (State Gazette No. 52/1997), the following new ):

"4. the heads in the Customs Agency and in the Regional Customs Directorates, when:

- (a) an act by the customs authorities establishes that the person inspected has thwarted the performance of an inspection by the customs authorities or does not keep the required accounting record or they are incomplete or unreliable;
- (b) an act by the customs authorities establishes customs violations;
- (c) the imposition of distraints on bank accounts is required in order to secure receivables established and collectable by the customs authorities, as well as to secure fines, legal interest due or other similar receivables;
- (d) an act by a state authority has established the occurrence of an accidental event, which has brought about the destruction of the accounting documentation of the subject inspected by the customs authorities. "

§ 5. Article 17 of the State Savings Bank Act (promulgated in the State Gazette No. 95 of 1967; amended in Nos. 21



of 1975, No. 83 of 1978, No. 41 of 1985 and No. 59 of 1996), shall be amended as follows:

1. A new Paragraph 3 shall be inserted:

"(3) By request of the heads of the Customs Agency and in the regional customs directorates, the court may rule disclosure of the information referred to in Paragraph 2, when:

- (a) an act by the customs authorities establishes that the person inspected has thwarted the performance of an inspection by the customs authorities or does not keep the required accounting record or they are incomplete or unreliable;
- (b) an act by the customs authorities establishes customs violation;
- (c) the imposition of distraints on bank accounts is required in order to secure receivables established and collectable by the customs authorities, as well as to secure fines, legal interest due or other similar receivables;
- (d) an act by a state authority has established the occurrence of an accidental event, which has brought about the destruction of the accounting documentation of the subject inspected by the customs authorities. "

2. Paragraph 3 shall be renumbered to become Paragraph 4.

§ 6. In Article 83, Paragraph 1 of the Administrative Violations and Sanctions Act (promulgated in the State Gazette No. 92 of 1969; amended and supplemented in No. 54 of 1978, Nos. 28 and 101 of 1983, No. 89 of 1986, No. 24 of 1987, No. 94 of 1990, No. 105 of 1991, No. 59 of 1992, No. 102 of 1995, and Nos. 12 and 110 of 1996), after the words "legal persons" the words "and sole traders" shall be inserted.

§ 7. Item 3 of Article 34 of the Administrative Procedure Act (promulgated in the State Gazette No. 90 of 1979; amended and supplemented in No. 9 of 1983, No. 26 of 1988, No. 94 of 1990, Nos. 25 and 61 of 1991, No. 19 of 1992, Nos. 65 and 70 of 1995, No. 122 of 1997), shall be repealed.

§ 8. In Decree No. 2242 on Free Trade Zones (promulgated in the State Gazette No. 55 of 1987; amended and supplemented in No. 4 of 1989, No. 84 of 1993 and No. 26 of 1996), everywhere the words "free duty-free zones" shall be replaced *passim* by "free zones."

§ 9. (1) As of 1 January 1998 and until the entry into force of this Act, the Customs General Directorate shall create an off budget account "Financial provision for the combat against fraud and drug-trafficking, training of and incentives to customs officers and development of the border checkpoints infrastructure."

(2) The revenues to the off-budget account shall be collected from:

- 1. fees for additional services collectable by the customs authorities within amounts specified by the Council of Ministers. Such fees shall not be considered customs duties;
- 2. proceeds under contracts concluded with legal and natural persons for activities approved by the Minister of Finance within the territory of the border checkpoints and other similar places where additional customs control is required;
- 3. proceeds intended for the Customs Agency from fines and goods seized in favour of the state after deduction of expenses made, as well as sums being the equivalent value of goods seized in favour of the state when they are missing or have been alienated;
- 4. twenty per cent of the fines collected for foreign exchange violations;
- 5. proceeds received from utilization of buildings and equipment, and from provision of information;
- 6. interests.

(3) The funds in the off-budget account shall be spent for:

- 1. financial provision for the combat against customs contraband and drugs trafficking;
  - 2. coverage of expenses related to the provision of additional services and the facilities;
  - 3. development and maintenance of the infrastructure of the Customs Agency on the territory of the border checkpoints and for other needs as defined by the Minister of Finance;
  - 4. training and qualification of customs officers;
  - 5. incentives to customs officers and encouragement for the detection of customs and foreign exchange violations;
- (4) The excess balance of income over expenditures at the date of entry into force of this Act shall be a transiting balance and shall come into use for the account under Article 14.

(5) The off-budget account shall be approved by the Minister of Finance upon a proposal by the Director of the Customs Agency. An ordinance of the Minister of Finance shall establish the procedure for collecting and spending of the funds.

§ 10. The balances at 31 December 1997 on the Income-Expense Account covering the Activity of Customs General Directorate, established by Council of Ministers Decree No. 44 of 1991 on Reduction of Budget Expenditures (promulgated in the State Gazette No. 23 of 1991; corrected in No. 26 of 1991; amended and supplemented in Nos. 45 and 70 of 1991, Nos. 40, 43, 47 and 51 of 1992, Nos. 5, 96 and 104 of 1993, Nos. 2, 6, 24 and 33 of 1995, No. 108 of 1996 and No. 61 of 1997), following the implementation of the provisions under § 13 of the Transitional and Final Provisions of the 1997 Republic of Bulgaria State Budget of the Act, shall be debited to the budget of the Customs General Directorate.

§ 11. The balances at 31 December 1997 on the Income-Expense Account pursuant to Articles 102 and 103 by the Regulations for Application of the Customs Act, approved by Council of Ministers Decree No. 5 of 1975 (promulgated in

the State Gazette No. 12 of 1975; amended and supplemented in No. 49 of 1978, No. 81 of 1988, No. 34 of 1990, Nos. 26 and 30 of 1991, Nos. 15, 20, 81 and 104 of 1992, Nos. 37, 68 and 70 of 1993, Nos. 6, 9, 16, 30 and 62 of 1997), shall be debited to the off-budget account under § 9.

§ 12. The Customs Act (promulgated in Transactions of the Presidium of the National Assembly No. 21 of 1960; amended and supplemented in the State Gazette No. 66 of 1966, No. 26 of 1969, No. 85 of 1972, No. 84 of 1988, No. 30 of 1990) shall be amended as follows:

1. In Article 17, Paragraph 2, the number "2" shall be replaced by "5,000".

2. In Article 56, Paragraph 1 the words "from five to fifty" and in Paragraph 2, the words "up to BGN 100" shall be replaced by "up to BGN 1 000 000".

3. In Article 58, Paragraph 3, the number "5" shall be replaced by "1000".

4. In Article 66, Paragraph 2, the number "30" shall be replaced by "2000".

§ 13. of § 3, Item 1 and § 9, 10, 11 of the Transitional and Final Provisions of this Act shall enter into force on 1 January 1998, while § 12 shall enter into force three days after promulgation of the Act in the State Gazette.

§ 14. (Amended, SG No. 89/1998; effective three days after 3.08.1998) This Act shall enter into force on 1 January 1999 and shall repeal:

1. The Customs Act (promulgated in Transactions of the Presidium of the National Assembly No. 21 of 1960; amended and supplemented in the State Gazette No. 66 of 1966, No. 26 of 1969, No. 85 of 1972, No. 84 of 1988 and No. 30 of 1990);

2. Decree No. 692 of 1951 on determining and paying rewards to discoverers of customs contraband (promulgated in Transactions of the Presidium of the National Assembly No. 2 of 1951).

§ 15. (1) (SG No. 89/1998; effective three days after 3.08.1998) Within ten months after promulgation of this Act the Council of Ministers shall adopt Regulations for Application of this Act.

(2) The Minister of Finance shall issue ordinances and instructions concerning the implementation of this Act and the Regulations for Application thereof.

§ 16. The implementation of this Act shall be assigned to the Minister of Finance and the Director of the Customs Agency.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Lev Re-Denomination Act

(SG, No. 20/1999, supplemented SG No. 65/1999, effective since 5.07.1999)

§ 4. (1) (Supplemented, SG No. 65/1999) With the entry into force of this act all numbers in old levs specified in laws that have become effective before 5 July 1999 shall be replaced by numbers reduced 1000 fold in new levs. The replacement of all numbers by numbers reduced 1000 fold in new levs shall apply also to all acts adopted before 5 July 1999 that have become or shall become effective after 5 July 1999.

(2) The authorities that have adopted or issued secondary statutory acts which have become effective before 5 July 1999 and which contain figures in levs shall make amendments therein ensuing from this act in such a manner as to apply as of the date this act becomes effective.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Customs Act

SG No. 63/2000, amended SG No. 110/2001; effective 1.01.2002

§ 54. In Article 13, 14, Article 183, Paragraph 2, Article 186, Paragraph 4, Article 231 and § 16 of the Transitional and Final Provisions of the Act the words "the General Customs Directorate" shall be substituted by "Customs Agency" and in Article 21, Paragraph 4 the words ""the General Customs Directorate" shall be substituted by "Central Customs Administration". Everywhere in the Act the words "the head of the General Customs Directorate" shall be substituted by "the Director of the Customs Agency" and the words "the heads of the regional customs directorates" shall be substituted by "the directors of the regional customs directorates".

§ 55. The Customs Agency shall be the legal successor of the National Customs Agency, of the regional customs directorates, customs, customs offices and customs posts.

§ 56. (Effective 1.01.2000, repealed SG No. 110/2001).

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Customs Act

(SG No. 37/2003)

§ 73. On the occurrence of a customs debt for goods placed under the temporary importation regime under the terms of the repealed Article 17 of the Foreign Investments Act the amount of the debt shall be determined on the basis of the levying elements compatible with these goods at the time of the occurrence of the customs debt. In these cases the provision of Article 203, Paragraph 3 of the Customs Act shall not apply.

§ 74. Within one month after the promulgation of this Act the customs officers shall submit the sworn statement under

Article 10, Paragraph 4.

§ 75. The provisions of § 30 - 51 shall enter into force on 1 November 2003, and the provision of § 67 shall enter into force on 1 June 2003.

§ 76. Within one month after the promulgation of this Act the Council of Minister shall adopt amendments to the Regulation on applying this Act.

Lev Re-denomination Act

Promulgated, State Gazette No. 20/5.03.1999,  
amended, SG No. 65/20.07.1999 (effective 5.07.1999).

TRANSITIONAL AND FINAL PROVISIONS

.....  
§ 4. (1) (Amended, SG No. 65/1999) Upon the entry of this Act into force, all figures expressed in old lev terms as indicated in the laws which will have entered into force prior to the 5th day of July 1999 shall be replaced by figures expressed in new lev terms, reduced by a factor of 1,000. The replacement of all figures expressed in old lev terms, reduced by a factor of 1,000, shall furthermore apply to all laws passed prior to the 5th day of July 1999 which have entered or will enter into force after the 5th day of July 1999.

(2) The authorities, which have adopted or issued any acts of subordinate legislation which will have entered into force prior to the 5th day of July 1999 and which contain figures expressed in lev terms, shall amend the said acts to bring them in conformity with this Act so that the amendments apply as from the date of entry of this Act into force.

.....  
TRANSITIONAL AND FINAL PROVISIONS

to the Excise Duties and Tax Warehouses ACT

(SG No. 91/2005, effective 1.01.2005)

§ 9. Until entry into force of the statement of issuance of a license for management of a tax warehouse or refusal for its issuance existing producers of excisable goods at 1 January 2006 who file an application for license by 1 March 2006 shall continue their activity as licensed warehouse keepers under the procedure of this Act.

TRANSITIONAL AND FINAL PROVISIONS

of the Administrative Procedure Code

(SG, No. 30/2006, effective 12.07.2006)

.....  
§ 84. The Customs Act, (Promulgated SG No. 15/1998, amended, SG No. 89/1998, amended and supplemented, SG No. 153/1998, SG No. 30/1999, amended, SG No. 83/1999, amended and supplemented, SG No. 63/2000, 110/2001, supplemented, SG No. 76/2002, amended and supplemented, SG No. 37/2003, amended, SG No. 95/2003, supplemented, SG No. 38/2004, amended and supplemented SG No. 45/2005, amended SG 86/2005, supplemented, SG No. 91/2005, amended and supplemented, SG No. 105/2005) shall be amended as follows:

.....  
3. Everywhere in the act the words "the Administrative Procedure Act" shall be replaced by "the Administrative Procedure Code".