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MINISTRY OF FINANCE

Evaluation Report

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

2017



Contents	Page
ABBREVIATIONS USED	3
INTRODUCTION	5
TAX POLICY	7
COORDINATION AND CLOSE OPERATIONAL COOPERATION	7
REPORT ON THE EXECUTION OF TAX REVENUES	11
KEY RESULTS FROM THE PERFORMANCE OF THE MEASURES IN THE ACTION PLAN ANNEXED TO SNS 2015 – 2017	21
Control over the supplies and movement of liquid fuels	21
Fiscal control of high fiscal risk goods	25
Reducing undeclared work	27
Digital economy taxation	33
Encouraging voluntary compliance	33
Decreasing administrative burden	36
Risk management	40
Collection of public debts	43
REPORT ON THE IMPLEMENTATION IN 2017 OF THE MEASURES FROM THE ACTION PLAN ANNEXED TO SNS 2015 – 2017 (TABLES)	46
Strategic objective 1: Tackling the shadow economy - Table for reporting the activities carried out and the progress made with the implementation of the measures designed for attainment of Strategic Objective 1 of SNS 2015-2017	46
Strategic objective 2: Improving tax collection - Table for reporting the activities carried out and the progress made with the implementation of the measures for attainment of Strategic Objective 2 of SNS 2015-2017	78
Strategic objective 3: Reducing compliance costs - Table for reporting the activities carried out and the progress made with the implementation of the measures designed for attainment of Strategic Objective 3 of SNS 2015-2017	100

Abbreviations used

RA – Registry Agency	SBRBA – State Budget of the Republic of Bulgaria Act
BICA – Bulgarian Industrial Capital Association	VATA – Value Added Tax Act
EA – Employment Agency	PITA – Personal Income Tax Act
AFCOS - Protection of the European Union Financial Interests Directorate (AFCOS) to the Ministry of Interior	CITA – Corporate Income Tax Act
ACP – administrative and criminal procedure	EPA – Employment Promotion Act
CA – Customs Agency	MSSHIP– mandatory social security and health insurance payments
BFSA – Bulgarian Food Safety Agency	PPA – Public Procurement Act
BECIS – Bulgarian Excise Centralized Information System	PSPSA – Payments Services and Payments Systems Act
GDP – gross domestic product	LMLMA – Labour Migration and Labour Mobility Act
BNB – Bulgarian National Bank	EAAA – Executive Agency “Automobile Administration”
ICS – Intra-Community Supply	EFA – Executive Forestry Agency
ICA – Intra-Community Acquisition	IS – Information System
CDCOC, CDPNP and CDBP – Chief Directorates “Combating Organised Crime”, “National Police” and “Border Police” to the MoI	IC – information centre
ATR – Annual Tax Return	FCIS – Fuel control information system
GLI and GLI EA – General Labour Inspectorate Executive Agency	IRE – identified risk events
BCCP – Border Crossing Checkpoint	CAS – complete administrative service
SAMTS – State Agency for Metrological and Technical Surveillance	TP – Traffic police
SANS – State Agency for National Security	QES – Qualified Electronic Signature
SG – State Gazette of the Republic of Bulgaria	LC – Labour Code
VAT – Value Added Tax	MoI – Ministry of Interior
PIT – personal income tax	LTF – Local Taxes and Fees
TP / LP – taxable persons / liable persons	ICCCSCMRGC and ICCICC – Interinstitutional coordination centre for counteracting smuggling and controlling movement of risk goods and cargo
PSI – Public Social Insurance	CM – Council of Ministers
TSIPC – Tax and Social Insurance Procedure Code	SME – small and medium-sized enterprises
SF – state fund	MLSP– Ministry of Labour and Social Policy
EC – European Commission	MTITC – Ministry of Transport, Information Technologies and Communications
SNS – Single National Strategy for improving tax collection, tackling shadow economy and reducing compliance costs	MF – Ministry of Finance
EP – European Parliament	NRA – National Revenue Agency
EU – European Union	UTC – unrecovered tax credit
EDTWA – Excise Duties and Tax Warehouses Act	PC – Penal Code
HSW – health and safety at work	NSSI – National Social Security Institute
AAS – Amending and Supplementig Act	OGRISREAS - Ordinance on the general requirements for information systems, registers and electronic administrative services

PPC – Criminal Procedure Code
NA – National Assembly
NSI – National Statistical Institute
OECD – Organization for Economic Cooperation and Development
OLAF - European Anti-Fraud Office (in French: Office Européen de Lutte Anti-Fraude, OLAF, known by the Bulgarian abbreviation: OLAF)
OP HRD – operational programme Human Resource Development
CAMSO - coercive administrative measure of sealing an outlet (regulated by Article 186 of the VATA)
PIC – personal identification code
RAS RAEDTWA – Rules Amending and Supplementing the Rules for the Application of EDTWA
DCM – Decree of the Council of Ministers
PRB – Prosecutor’s Office of the Republic of Bulgaria
FCFI – Facts and Circumstances Finding Inspection
RB – the Republic of Bulgaria
DCM – Decree of the Council of Ministers
DSA – duty suspension arrangement
ISC – Investigation of special cases
HFRG – high fiscal risk goods
CADT – convention for the avoidance of double taxation
SP – Specialized Prosecutor’s Office
SO – Strategic Objective under SNS 2015-2017
TD – territorial directorate
ER – employment relation
CO – Central Office
CCD – Central Customs Directorate
BEPS – Base Erosion and Profit Shifting
CRS – Common Reporting Standard
GPS – Global Positioning System
MCAA – Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information

MOSS – specialized information system
MOSS (“mini-One-Stop-Shop” or shorter one-stop-shop)
OLAF – Auditors and the European Anti-Fraud Office - The European anti-fraud office for protection of EU's financial interests
TFDE - Task Force on Digital Economy
VIES – VAT Information Exchange System - an information system for exchanging VAT information between EU member states

Introduction

This report is a third report on the implementation of the Single National Strategy for improving tax collection, tackling shadow economy and reducing compliance costs (SNS) 2015 – 2017. The report has been prepared pursuant to DCM No.806 of 15 October 2015 setting the annual reporting on the implementation of the strategy.

The report contains information about the progress made with the implementation of the measures included in the Action Plan annexed to SNS 2015 – 2017 in the period 1 January – 31 December 2017. Given the fact that the initial three-year period of the strategy expired in 2017, the report also includes summarized results for the period. Monitoring is carried out for the implementation of SNS 2015 – 2017, its main goal being to ensure synchronisation, coordination and mutual support in implementing the measures and activities planned.

The Ministry of Finance is the institution responsible for the direct control of the implementation of the Strategy and the Action Plan. Within that responsibility, a Strategy Implementation Monitoring Group was set up with an Order of the Minister of Finance (OMF-260/04 April 2016). It includes representatives of the Ministry of Finance, the National Revenue Agency, the Customs Agency, the State Agency for National Security, the Supreme Prosecutor's Office of Cassation and the General Labour Inspectorate Executive Agency.

The first two evaluation reports on the implementation of the SNS for 2015 and 2016 were prepared and approved by the Council of Ministers with Protocol No 17 / 27.04.2016 and Protocol No 13 / 22.03.2017 respectively. They were published on the website of the Ministry of Finance in Bulgarian and in English in the Tax Policy in Figures column.

Budget revenue boosting measures support the maintenance of the gradual consolidation policy, budget deficit reduction in the medium term and reaching a balanced budget position in 2020, which in turn is set as a target in the Updated Mid-Term Budgetary Forecast for 2018-2020 and other strategic documents.

Reporting information covers measures addressing specific recommendations made by the Council of the European Union to Bulgaria over the past several years. In line with these tax policy recommendations, Bulgaria should take decisive measures to improve tax collection and address the shadow economy on the basis of a comprehensive risk analysis and assessment of the measures taken earlier. In light of this, in the Action Plan to SNS 2015-2017, on the basis of ongoing revenue agencies' analyses of the effects of the anti-tax fraud measures implemented, measures and actions are planned that integrate all aspects and constitute a single measure aimed at creating a common interinstitutional approach for improving tax collection, decreasing the share of informal economy and reducing compliance costs.

Regardless of the measures taken in the country and the good results achieved in 2015 and 2016, The Council of the EU in its Recommendations on the 2016 National Reform Programme of Bulgaria and delivering a Council opinion on the 2017 Convergence Programme of Bulgaria (2017/C 261/02), recommends once again that Bulgaria should take action in 2017 and 2018 to continue to improve tax collection and tax compliance, including through a comprehensive package of measures for the post 2017 period. In response to this recommendation, with a view to providing a comprehensive package of measures for the post-2017 period, the Council of Ministers Decision No. 95 of 16 February 2018 extended the duration of the SNS in 2018 too.

The 2018 Report on Bulgaria recently published by the European Commission, which includes an in-depth review on the prevention and correction of macroeconomic imbalances (Brussels, 7.3.2018 SWD(2018) 201 final¹), reports certain progress with respect to tax

¹ <https://ec.europa.eu/info/sites/info/files/2018-european-semester-country-report-bulgaria-en.pdf>

collection and the decrease in the size of the shadow economy. The EC notes that despite the relatively simplified tax system, the administrative burden associated with paying taxes remains high. The Commission recognizes that efforts to improve compliance with tax legislation have been successful, but considers that their impact on revenue is still limited. The tax system is estimated to be still unable to reach its full potential. Implementation of the SNS measures has been noted, indicating that the implementation of more than 60% of the measures has been initiated, but the implementation of most of them has not been completed. In this regard, it is necessary to bear in mind that more than half of the measures currently under way in the plan are of a permanent nature (18 out of 36 in 2016 and 24 out of 31 in 2017).

The EC recognizes the positive effect of introducing one-day contracts to reduce undeclared work in agriculture. However, it notes that high levels of undeclared work continue to distort labour market and hamper fair working conditions, especially in the ongoing increase in the number of persons working without a contract. The joint inspections organised between fiscal and labour authorities are assessed as promising future improvements in the efficiency and scope.

As specified in the Strategy itself, the main objective that should be achieved, is to improve compliance with the legislation, to protect the country's fiscal stability and to ensure equality and competitiveness of all economic subjects, by planning measures and performing activities that will bring about an increase in revenues from taxes, social security and health insurance contributions and fees, through higher efficiency of their administration and prevention of any possibility for their evasion, as well as through stimulation of voluntary performance. To the achievement of this main objective must also contribute the efforts to fight shadow economy and undeclared work, as well as for elimination of the administrative obstacles to voluntary performance. The improvement in revenue collection is also the guiding thread in the recommendations of the EU Council as well. Considering this and taking into account the large volume of the information, similarly to the previous report, the implementation progress reported in the period is presented separately for each area, measure and activity, in the tables only. The textual part of the report specifies in detail the measures the results of which have a key role in the progress achieved in improving revenue collection, reducing shadow economy and compliance costs.

By analogy with the previous reports and in view of the high relative share of tax revenues in budget revenues, the present report contains a brief presentation of the information about the implementation of tax revenues in 2017.

The reporting information provided by the competent ministries and authorities in the report is analysed and summarized by the Strategy Implementation Monitoring Group. Three separate tables of the report deal with the measures designed for the achievement of the strategic objectives set in SNS 2015 – 2017:

Strategic objective 1. Tackling shadow economy;

Strategic objective 2. Improving tax collection;

Strategic objective 3. Reducing compliance costs.

A single classification with the following categories has been used in the table to evaluate the progress achieved in implementing the measures: “The measure is in progress and is included in the 2018 plan.”, “The measure is completed”, “The measure is included in the plan for 2018” and “The implementation of the measure is not planned until the end of 2018”. The last category is for measures whose implementation has not commenced yet or for which only preparatory activities have been carried out and these are not included in the approved action plan for 2018.

Tax Policy

The tax and social security policy in the Republic of Bulgaria has continued to be oriented towards support for the economic growth, improvement of the business environment and strengthening fiscal sustainability in the long run. In an international aspect, the tax policy is directed in support of the functioning of European Union's single market and towards meeting the challenges of globalization and digitalization of the economy. The tax policy should be considered not only as a key element of the fiscal policy, but also as an important lever for encouraging foreign direct investments, economic growth and employment.

The main priority of the tax policy for 2017 has been related again to the improvement of tax collection and reduction of the shadow economy share by prevention of the possibilities for tax evasion and avoidance and deviation from taxation. The achievement of the objective resulted in a sustainable level of budget revenues, while preserving the taxation weight. Besides, the necessary financial resource was provided for implementation of priority expenditure policies in accordance with the budget framework approved by the SBRBA for 2017.

The policy conducted in the field of taxation in 2017 was also aimed at stimulating economic development, investment and employment, by maintaining low corporate and personal income tax rates. The objective related to a decrease in the administrative burden and in the costs incurred by businesses and citizens was also preserved so as to diminish the compliance costs and to increase the voluntary performance. The objective of reducing administrative burdens and costs for business and citizens is maintained in order to reduce compliance costs and increase voluntary compliance.

The main priorities of the tax policy correspond to the goals of SNS 2015-2017 and are tied to the specific recommendations made by the Council of the European Union to Bulgaria in recent years.

Actions for legislative changes as well as revenue collection and control measures were implemented to meet tax targets for 2017.

Coordination and close operational cooperation

During the implementation of the SNS 2015-2017 the application continued of a uniform interinstitutional approach to coordination and close cooperation between the MF, NRA, CA, the MoI, SANS, the MLSP, GLI EA, NSSI, Employment Agency, the Prosecutor's Office of the Republic of Bulgaria, the BNB and other competent national institutions.

NRA, CA, the MoI, SANS, Automotive Administration EA participate in the work of the Interinstitutional coordination centre for counteracting smuggling and controlling movement of risk goods and cargo (ICCCSCMRGC), established in 2015, with their permanent representatives working under the conditions of a continuous 24-hour duty. In 2017, Fiscal Control and ICCCSCMRGC officers have prevented smuggling of over 20 tons of chicken meat, 21 tons of dry milk, and have avoided an attempt of fake ICS of 9 tons of flour to Greece. An unregulated import of goods with high fiscal risk has been avoided. At the Vidin BCCP - 22 tons of milk (19 tons of milk in boxes, 2 tons of dry milk, 700 kilograms of milk protein). From the mobile units (MU) in Sliven - 17 tons of butter. At the Russe BCCP - 14 tons of salmon fillet with no recipient. In Sofia 9 tons of undeclared grapes were found at unloading. A grape juice ICA scheme has been detected at the Yovkovo BCCP. The MUs in Stara Zagora with the assistance of BFSA has banned from placing on the market 110 tons of sugar due to inconsistency of the batch numbers and those mentioned in the quality certificate. An attempt has been avoided 84 tonnes of expired meat of suspect origin to be distributed in the sales network.

The product was intended for distribution in the sales network in Veliko Tarnovo, Stara Zagora, Haskovo and Sofia.

In 2017, documentary checks of vehicles carrying "cargo" goods have been carried out on the instructions of ICCSCMRGC. The information collected has been provided to CDCOC, SANS, economic police, and has also been used by the NRA for follow-up actions. More than 1 467 documentary checks have been carried out in 2017. 709 actions have been undertaken for provision of evidence under Art. 40 para. 2 of the TSIPC for LPs carrying "cargo" goods.

In accordance with an Agreement between the Prosecutor's Office of the Republic of Bulgaria, the Ministry of Interior, the State Agency for National Security, the National Revenue Agency and the National Customs Agency, experts have been appointed for the operation of the specialized inter-service unit created to provide expert assistance in the investigation of organized crime related to tax offenses. In 2017, an analysis of tax information was conducted on 541 pre-trial proceedings / prosecution cases, in which were identified 389 liable persons involved in fraud. As a result of the analyses, descriptions were prepared of tax fraud mechanisms described in 155 tax fraud schemes and 892 tax profiles were prepared.

In addition to this, in 2017, NRA employees seconded to CD COC carried out an analysis of the tax information on operational investigations by CD COC officers, as a result of which another 1 095 liable persons involved in fraud were identified.

The legislative changes adopted include provisions related to the transposition of European directives in the field of taxation into national law, alignment of the national legislation with the case law of the Court of Justice of the European Union as well as measures to implement commitments related to the accession to the initiatives of the OECD in the field of international taxation.

In 2016, the Republic of Bulgaria joined the Inclusive Framework for Implementing Tax Measures Against Base Erosion and Profit Shifting (BEPS) based on protocol DCM No. 23 of June 8, 2016, which allowed the country to participate in the activities related to the enforcement of standards in the field of tax arrangements and transfer pricing as well as to join the process of developing monitoring in connection with the implementation of the four standards and other elements of the BEPS package of measures that were already agreed upon by the OECD. The introduction of minimum standards is also related to the fulfilment of Bulgaria's obligations as a member state of the EU that is a member of the G-20 and is also committed to introducing the standards into the European legislation. In this regard, in 2017 following amendments were introduced by the Amending Act of the Tax and Social Insurance Procedure Code (promulgated in State Gazette No. 63 of 04.08.2017):

- rules on the exchange of information on advance cross-border tax rulings and advance pricing agreements (Council Directive (EU) 2015/2376 of 8 December 2015). The main objective is to enhance the effectiveness of administrative cooperation between tax administrations by extending the scope of the automatic exchange of information. The rules introduced are essential to the strengthening of the fight against tax evasion and aggressive tax planning, which is a prerequisite for improving collection and increasing revenue;

- rules for country-by-country reporting by multinational groups of enterprises (Council Directive (EU) 2016/881 of 25 May 2016). The exchange of information included in the country by country reporting will allow tax administrations in different countries to take action against harmful tax practices and identify persons (undertakings) that artificially transfer a significant part of their profits to jurisdictions with more favourable tax regimes.

In 2017 Bulgaria participated actively in meetings of OECD working groups and initiatives in the field of tax policy such as: Inclusive Framework for Implementing Tax Measures Against Base Erosion and Profit Shifting (BEPS), Working Group 2 Taxation and Tax Statistics Analysis, Working Group 6 Taxation of Multinational Enterprises, Working Group 9

Taxes on Consumption , Working Group 11 Aggressive Tax Planning , Digital Economy Target Group, Forum on Harmful Tax Practices.

In line with international commitments under the CADTs concluded and Directive 2011/16 EU on administrative cooperation in the field of direct taxation, effective exchange of information with foreign jurisdictions is in place to provide the necessary data to combat tax evasion and money laundering.

The National Revenue Agency carries out efficient and effective administrative cooperation and exchange of information with the revenue administrations of the EU Member States in the areas of VAT and collection of public receivables. In 2017, a change in the number of inquiries processed has been observed. Compared to the previous 2016, when the total number of incoming and outgoing inquiries was 3 510, in 2017 they were 2 730. This is due to the overall change in the actions in the TDs of the NRA for the organization of the control activity related to the differences between the information in the VIES system and the data declared by the Bulgarian liable persons, incl. for analysis and selection of LPs for performance of control actions in case of inconsistencies. The increased efficiency of using (sending and receiving via e-mail) operational queries under the Bilateral Agreement with Romania had a certain impact too.

The instruments of administrative cooperation are used to control the differences between ICA declared by the Bulgarian liable persons compared to the data received through the VAT Information Exchange System (VIES) for ICS declared by the European traders to them. In 2016, by using information from the performed administrative VAT exchange, 14 base schemes of tax evasion were analysed and processed, with 71 main participants identified. The total tax base of the risk transactions is BGN 136.1 million.

In 2017, the customs authorities and the NRA authorities interacted in a number of cases involving fictitious ICSs and ICAs on behalf of Bulgarian trading companies (including taxable persons under the EDTWA). CA representatives together with NRA representatives participated in several multilateral audits initiated by other member states aimed at detecting and preventing cases of fraud related to fictitious movement and sale of excisable goods (mainly alcoholic beverages) within the EU. In 2017, more than 40 physical checks were carried out by customs authorities on persons for whom data were found to be parties to fictitious transactions (ICAs and ICSs) with excisable goods.

As a member of the Council for coordination in the fight against infringements affecting the EU's financial interests to AFCOS, in 2017 the NRA provided information on 9 OLAF requests concerning 35 liable persons. Monthly reports to the AFCOS Directorate of the Ministry of Interior are provided on the actions taken to secure and enforce public and private state receivables handed over to the NRA by the state authorities and institutions managing EU funds, such as cases of irregularities and / or fraud affecting the EU's financial interests and the national budget.

With regard to the exchange of information on risky intra-Community transactions and early warning of VAT fraud across the EU territory, in 2017 continued the development and upgrading of a software application for automated processing and analysis of information on the exchange and identification of cross-border chain VAT frauds on a European scale, with the participation of Bulgarian liable persons. In 2017, 1 340 entries were received and processed for risky intra-Community supplies of goods with recipients - Bulgarian companies, 521 European companies were analysed with defined profiles against corresponding Bulgarian counterparts.

The Bulgarian contribution to the Early Warning Network consists in sending 288 entries for intra-Community deliveries of goods of Bulgarian LPs that are suspected that they have not been performed or have been involved in a tax fraud scheme, as well as in 692 records categorized and sent with profiles of Bulgarian companies.

In order to efficiently collect revenue from excise duty, the Customs Agency carries out administrative cooperation and exchange of information with EU Member States in connection with the performance of control actions. In 2017, 242 messages, queries and letters were sent through the ELO TO ELO communication channel, 232 responses to queries in the "Administrative Co-operation" module in EMCS and 55 messages were processed through the "Spontaneous Information" module.

The Strategy has introduced a very good practice of a single interinstitutional approach for coordination and close operational cooperation between the competent national revenue institutions. A system of monitoring and evaluation indicators has been developed determining the specific deadlines for implementation and institutions responsible. The legal and administrative measures adopted have a positive effect, including an increase in budget revenue.

Report on the execution of tax revenues

Tax revenue for 2017

The execution of the tax revenues for 2017 is a reflection of the results achieved upon the implementation of the tax policy priorities. It takes into account the effects from the amendments to tax legislation and comes as a result from the measures implemented to fight tax frauds and improve the collection rate and the positive dynamics of the macroeconomic indicators.

The tax revenues under the 2017 central budget amount to BGN 20 290,1 million, or 105,6% execution of the updated estimates in the 2017 SBRBA. The relative share of the tax revenues in the 2017 GDP² is 20,5%, compared to 19,9% of the GDP for the previous year. Compared to 2016, the tax revenues increase by BGN 1 581,8 million (8,5%). The revenues in the part of the *direct taxes* amount to BGN 5 622,3 million, or 110,8% of the annual plan. Direct taxes increase by BGN 601,8 million (12,0%) on an annual basis, which is due to personal income tax and corporate tax revenues. The revenues from *indirect taxes* amount to BGN 14 532,5 million, which is 103,7% of the plan for the year. Compared to 2016, indirect taxes increase by BGN 970,8 million (7,2%), which is due mainly to the high revenues from value added tax (VAT) and excise duties. The revenues from *other taxes* (incl. other taxes under the Corporate Income Tax Act) amount to BGN 135,2 million, or 104,6 % compared to the estimates, reporting a growth of 7,3% (BGN 9,2 million) on an annual basis.

In nominal terms, the highest growth compared to 2016 is of VAT revenues (BGN 767,3 million) followed by personal income tax revenues (BGN 369,9 million) and corporate taxes (BGN 231,8 million). Receipts from VAT revenues (BGN 536,7 million) perform best in terms of nominal value against the annual plan, followed by personal income tax revenues (BGN 277,3 million) and from corporate taxes (BGN 272,2 million).

Corporate taxes

For 2017 *corporate tax revenues (including corporate tax and tax on dividends, liquidation quotas and income of legal entities)* amount to BGN 2 308,1 million, accounting for 113,4% of the annual plan. The revenues increase by BGN 231,8 million (11,2%) compared to 2016.

Cash revenues from corporate tax from *non-financial enterprises (including not-for-profit organisations)* and *financial institutions* amount to BGN 2 241,2 million, accounting for an execution of 113,5% against the estimates in the 2017 SBRBA. On an annual basis, the tax revenues increase by BGN 230,3 million (11,5%). The reported performance comes as a result of the higher revenues from non-financial enterprises which have a nominal growth of BGN 179,1 million (10,0%), followed by the revenues from financial institutions – BGN 51,2 million (24,0 %).

² The GDP amounts for the respective years is in line with the indicators in the preliminary macroeconomic forecast of the MoF of 8 February 2018.

Revenues from *tax on dividends, liquidation quotas and income of local and foreign legal entities* for 2017 are BGN 66,9 million, accounting for 107,8% of the annual plan. The revenues are by BGN 1,5 million (2,3%) higher than the previous year.

Personal Income Taxes

Revenues from personal income taxes (PIT) under the 2017 central budget amount to BGN 3 314,3 million, or 109,1 % execution against the annual plan. The tax revenues from these taxes increase by BGN 369,9 million, or by 12,6% compared to 2016. The reported performance is mostly due to the higher revenues from *taxes on income from employment and equivalent relationships*, which have the highest relative share in the formation of the overall result – 79,8%, followed by revenues from *final tax on local and foreign natural persons and tax on dividends and liquidation quotas of local and foreign natural persons* – 10,0%, revenues from taxes on *non-employment relationships* – 9,6%, and revenues from the *tax on bank account interests* – 0,6%.

Revenues from employment relationships are BGN 2 644,1 million or 105,8% implementation of the plan for 2017. Compared to the previous year, revenues are BGN 227,7 million (9,4%) higher.

Revenues from final tax on local and foreign natural persons and tax on dividends and liquidation quotas of local and foreign natural persons for 2017 amount to BGN 332,4 million or 165,8% of the annual estimate for 2017. They increase by BGN 129,9 million (64,2%) compared to 2016.

In 2017, the NRA implemented control over companies that have indicated in their financial statements significant amounts of available cash. Inspections have been assigned to over 540 companies, while others have been sent letters inviting them to explain and show the cash or submit corrective statements in the event of an error. As a result, a significant number of companies have adjusted their financial results for 2016 or have declared dividend payments. As of the end of 2017, the liable persons subject to these inspections declared BGN 200 million as a hidden distribution of profits and over BGN 130 million were paid to the budget in the form of a dividend tax, by legal and natural persons.

Value Added Tax

The VAT revenues form the largest part of the tax revenues under the central budget – 45,9%. For 2017 they amount to BGN 9 320,2 million, or 106,1% of the annual estimate. The relative share of the tax revenues in GDP is 9,4%, compared to 9,1% of GDP for 2016. Compared to 2016, a growth of BGN 813,0 million (9,0%) is reported, which is mainly due to the higher VAT revenues from import.

Revenues from domestic transactions and intra-Community acquisitions (ICA)

The VAT revenues (net) amount to BGN 5 238,3 million, reporting a decrease of BGN 42,2 million (0,8%) on an annual basis. The main indicators forming net VAT revenues from domestic transactions and ICAs are the amounts effectively paid and VAT refunded. The effectively paid VAT for 2017 is BGN 11 480,8 million, which is an increase of BGN 616,0 million (5,7%) on an annual basis. The VAT refunded for 2017 is BGN 6 242,5 million, which is an increase of BGN 658,2 million (7,0%) compared to the previous year. The practice established in the last years not to retain tax credits is preserved and the level of the amounts due that are subject to recovery (UTC) remain at low level and at the end of the period are BGN 50,5 million.

Revenues from non-EU imports

The net revenues from VAT from non-EU imports for 2017 amount to BGN 4 082,0 million, marking an increase of BGN 809,4 million (24,7%) compared to the previous year. The reported performance is mainly due to a significant increase in stock prices (in dollars) of raw materials, which form a major part of the imports from third countries, and the growth of physical volumes in all groups of goods excluding food and beverages. The relative share of import revenues in total VAT revenues is 43,8%, compared to 38,3% in 2016.

Excise duties

For 2017, revenues from excise duties from import, domestic production and excisable goods imported in the country from other EU member states amount to BGN 4 984,5 million, or a 98,9 % performance of the plan and they represent 5,0% of the GDP for the year. Revenues from excise duties are 24,6 % of the tax revenues under the central budget. Compared to 2016, revenues from excise duties increase by BGN 179,5 million (3,7 %).

Tobacco products account for the largest share of the total revenues from excise duties for 2017 (47,5 %) and revenues from *fuels* (45,6%), followed by *alcoholic beverages and beer* (6,0%) and *other excisable goods* (0,9%). In 2017, revenues from tobacco products amount to BGN 2 368,6 million and they increase by 2,8% (BGN 64,6 million compared to the previous year, which is mainly due to the growth in the quantities of tobacco for smoking released for consumption (19,4%). The excise rate for tobacco for smoking is set at BGN 152 per kilogram and the minimum cigarette excise rate is raised from BGN 161 to BGN 168 per 1000 pieces as of 1 January 2017. The fuel revenues are BGN 2 272,9 million, their growth being 5,0% (BGN 108,8 million) on an annual basis, which is due to the higher revenues from gas oil and kerosene (BGN 111,2 million) compared to 2016. Revenues from gas oil and kerosene form 70,7% of the fuel revenues. Net revenues from excise duties from alcoholic beverages and beer amount to BGN 300,3 million and mark an increase by BGN 4,6 million (1,6%) compared to 2016.

Tax on insurance premiums

For 2017 revenues from tax on insurance premiums under taxable insurance contracts amount to BGN 33,5 million, or 108,3 % of the indicators estimated in the 2016 SBRBA, with the performance being determined mostly by the growth or decrease in the insurance premiums written. Revenues are BGN 2,8 million (9,2%) up compared to 2016.

Custom duties and taxes

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

Custom duties collected in 2017 amount to BGN 194,3 million, accounting for execution of the annual plan at 117,0 % and they show an increase of 12,3 % (BGN 21,2 million) on an annual basis.

Other taxes under CITA

For 2017 revenues of the "Other taxes under CITA" group amount to BGN 134,1 million, or 103,9 % of the annual plan. Revenues from final taxes on gambling and gambling facilities (49,0 %) account for the largest relative share in the total amount of this item. For 2017 the revenues from these taxes are amounting to BGN 65,7 million, or 104,3 % execution of the plan, the sum being increased by BGN 4,8 million (7,9 %) compared to the previous year.

Tax and social security revenues for 2015-2017

In response to the goals set by SNS 2015-2017 to improve collection and increase tax revenues, and based on this report and the Evaluation Reports on the Implementation of SNS for 2015 and 2016, following summed conclusions can be drawn for the results achieved since the start of the strategy:

Over the past three years (2015-2017), there is a significant increase in **tax and social security revenue (TSSR)**, from 7,9% (BGN 1 827,9 million) for 2015 compared to 2014, to 10,0 % (BGN 2 678,6 million) for 2017 compared to 2016. For comparison, revenue growth for 2014 (compared to 2013) before the strategy's entry into force has been 2,9% (BGN 657,4 million), which is almost three times lower than the growth rate for 2015. This result reflects the positive effects of the measures set out in the Action Plan of the SNS. Total tax revenues for the period 2015-2017 have increased by 28,5% (BGN 6 553,5 million) and they have increased their relative share to GDP by **2,4 percentage points**.

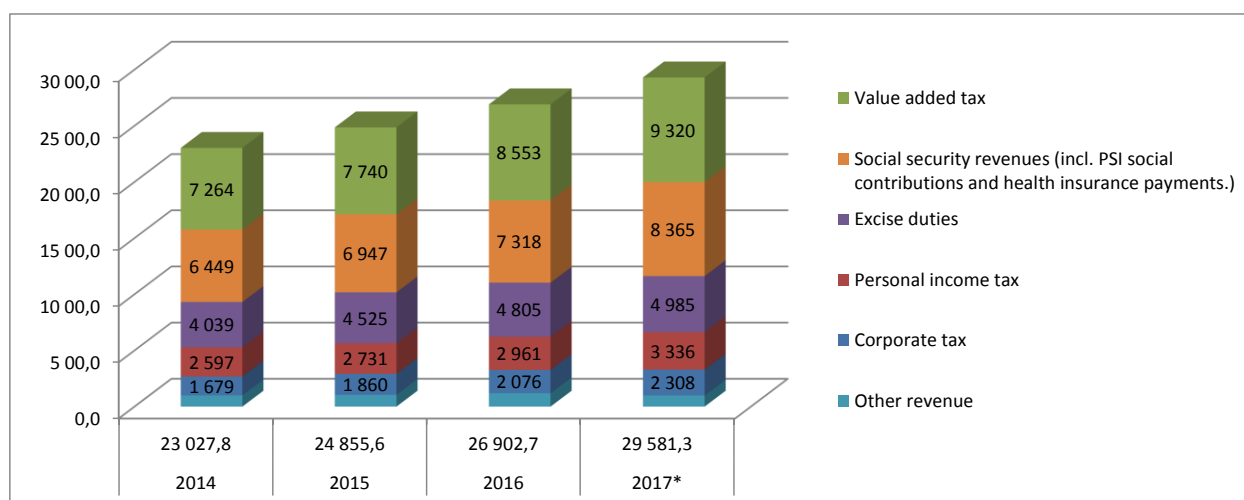
Tax and social security revenues under the consolidated fiscal program for 2014-2017

	2014	2015	2016	2017*
Total tax revenues (including social security revenues)	23 027,8	24 855,6	26 902,7	29 581,3
<i>Tax revenues (BGN million) (incl.)</i>	<i>16 579,0</i>	<i>17 908,5</i>	<i>19 584,9</i>	<i>21 216,2</i>
Profit taxes	1 679,3	1 860,4	2 076,3	2 308,1
Personal income taxes	2 596,6	2 731,2	2 961,0	3 336,2
Value added tax	7 264,4	7 740,0	8 553,0	9 320,2
Excise duties	4 038,7	4 525,0	4 805,0	4 984,5
<i>Social security revenues (incl. PSI social contributions and health insurance payments.)</i>	<i>6 448,8</i>	<i>6 947,1</i>	<i>7 317,8</i>	<i>8 365,1</i>
Nominal growth of total tax revenues compared to previous year (BGN million)	657,4	1 827,9	2 047,1	2 678,6
Nominal growth of total tax revenues compared to previous years. year (%)	2,9%	7,9%	8,2%	10,0%
Total tax revenues to GDP (%)	27,5%	28,1%	28,6%	29,9%
GDP ((BGN million)**	83 634	88 571	94 130	98 855

* Preliminary data.

** GDP for the respective years is in line with the indicators in the preliminary macroeconomic forecast of the MoF of 8 February 2018.

Value added tax revenues with over 31% share and social security revenues with over 27% share for each of the years in the reporting period account for the largest share in tax and social security revenue under the CFP for 2015-2017.



Value added tax revenues

The largest source of tax receipts is value added tax revenue, which shows a significant nominal growth of BGN 475,6 million (6,5%) in 2015 compared to 2014 to 767,2 million (9,0%) in 2017 compared to 2016. For the whole period 2015-2017 VAT receipts increased by 28,3% (BGN 2 055,8 million).

	BGNmln							
	2014	2015	2016	2017*	Growth 2015/ 2014	Growth 2016/ 2015	Growth 2017/ 2016	Growth for the period 2015- 2017
Value added tax revenues (net)	7 264,4	7 740,0	8 553,0	9 320,2	6,5%	10,5%	9,0%	28,3%
VAT effectively paid	13 236,6	13 746,5	14 137,4	15 562,8	3,9%	2,8%	10,1%	17,6%
VAT refunded	5 971,9	6 006,5	5 584,4	6 242,5	0,6%	-7,0%	11,8%	4,5%

*Preliminary data

One of the main indicators that form VAT revenues net implementation is the amount of VAT effectively paid, formed as a tax from the returns from transactions in the country and ICAs and the amounts paid in addition, revealed by tax-audit statements. Revenues from effectively paid VAT show an increase of 3,9% in 2015 to 10,1% in 2017, with an increase of 17,6% for the whole period. Other indicators and factors that have a significant impact on the implementation of VAT revenues include the amount of VAT recovered (by offset and effective), the level of VAT not refunded within time limits (UTC), the oil and other raw materials for processing, the dynamics of consumption and the change in export and import of goods and services.

The key measures implemented for the period 2015-2017 related to the increase of VAT revenues are as follows:

- Introduction of a **VAT reverse charge mechanism** for grain and technical crop deliveries from 1 January 2014 as an effective tool for VAT fraud prevention and increasing budget revenues. The deadline for applying the mechanism was extended until 31.12.2018;

- **Fiscal control over the movement of goods with high fiscal risk** from the beginning of 2014. The measure is permanent and is constantly evolving and improving with the opening of new fiscal points inside the country and the annual updating by an order of the Minister of Finance of the list of goods with high fiscal risk;

- Introduction of an **overall control over the process related to the supply and movement of liquid fuels** from manufacturer and importer to the end user and exchange of data between the information systems of the two revenue agencies between 2011 and 2015. In 2016, with amendments to the Value Added Tax Act, a mechanism has been introduced, which provides that persons trading in liquid fuels with a tax base of over BGN 25 thousand, should necessarily provide **a security for a period of one year to the competent territorial directorate of NRA**;

- **The increase in excise duty rate on cigarettes** and a positive effect on VAT revenues of BGN 22,1 million for 2016 and BGN 13,4 million for 2017.

Revenues from excise duties

For the period 2015-2017, revenues from **excise duties from import, domestic production and excisable goods imported in the country from other EU member states** grew by 23,4% (BGN 945,9 million). The largest contribution to the reported growth made the revenues from tobacco products, followed by that from fuels. For the reporting period, receipts from tobacco products increased by 32,5% (BGN 581,4 million) and from fuels increased by 16,6% (BGN 323,6 million).

	2014	2015	2016	2017*	Growth 2015/2014	Growth 2016/2015	Growth * 2017/2016	Growth for the period 2015-2017
<u>Revenues from excise duties, incl.:</u>	4 038,7	4 525,0	4 805,0	4 984,5	12,0%	6,2%	3,7%	23,4%
Tobacco products	1 787,2	2 082,0	2 304,0	2 368,6	16,5%	10,7%	2,8%	32,5%
Fuels	1 949,3	2 118,2	2 164,1	2 272,9	8,7%	2,2%	5,0%	16,6%
Beer, alcoholic beverages and other goods	302,1	324,9	336,9	343,0	7,5%	3,7%	1,8%	13,5%

*Preliminary data

The key measures related to the increase of the excise duty revenues and to optimise the control activities of the revenue agencies and improve the collection rate for the period 2015-2017 are as follows:

- A phased increase in the excise duty rate of cigarettes and a timetable to reach the minimum excise duty of € 90 per 1000 pieces (BGN 177 per 1000 pieces) as of 01.01.2018, with the aim of achieving the minimum levels of excise duty rates in the EU pursuant to the provisions of Council Directive 2011/64 / EU.

Until 2015, the minimum excise duty rate for cigarettes was BGN 148 per 1000 pieces. From the beginning of 2016 the excise rate changed as follows: BGN 161 per 1000 pieces from

January 1, 2016, BGN 168 per 1000 pieces from January 1, 2017, and BGN 177 per 1000 pieces from January 1, 2018 year. As a result of the envisaged increase, additional revenues from excise duties in the budget have been reported as follows: 110,7 million BGN for 2016 and 66,8 million BGN for 2017.

- By an Order of the Minister of Finance No. 3MΦ-1092 of 16.11.2017³, ***fuels have been included in the list of goods with high fiscal risk***, which continues the process of strengthening control of excisable goods and the fight against tax fraud;

- ***Introduction of an obligation for all economic operators engaged in energy product activities in ports and customs warehouses to use measurement and control tools***. The measure was introduced in the Excise Duty and Tax Warehouses Act (EDTWA) for the purpose of effective preventive and ex-post control by the customs authorities of all persons - whether or not they are taxable persons under the EDTWA, accepting, discharging, storing or exporting energy products from ports and customs warehouses. The main objective is to counteract illegal distribution of fuels as well as to reduce the share of unregulated trade in excisable goods;

- Introduction of legislative amendments to the EDTWA related to the ***measures to improve efficiency of excise control and joint control actions*** by the Customs Agency, NRA and the Ministry of Interior to increase excise revenues.

Personal income tax revenues

The growth of personal income tax (PIT) revenues under the CFP is more than double in 2017 (12,7%) compared to 2015 (5,2%). In nominal terms, revenues have increased by BGN 134,7 million in 2015 compared to 2014 and by BGN 375,2 million in 2017, compared to 2016. For the whole period 2015-2017 revenues increased by 28,5% (BGN 739,6 million).

	2014	2015	2016	2017*	Growth 2015/2014	Growth 2016/2015	Growth * 2017/2016	Growth for the period 2015-2017
PIT revenues, incl.:	2 596,6	2 731,2	2 961,0	3 336,2	5,2%	8,4%	12,7%	28,5%
Revenues from employment relationships	2 089,2	2 220,4	2 416,4	2 644,1	6,3%	8,8%	9,4%	26,6%
Revenues from non-employment relationships	270,9	280,6	290,4	316,5	3,6%	3,5%	9,0%	16,9%

*Preliminary data

A major proportion of PIT revenues pertain to income from employment relationships, which accounts for about 80% of the proceeds of this tax group, followed by income from non-labour relationships with a share of about 10% in total revenues.

³ <http://www.minfin.bg/bg/documents?p=370>

Key factors affecting revenues from taxes on employment relationships of individuals

	2014	2015	2016	4 th quarter 2017*	Growth 2015/ 2014	Growth 2016/ 2015	Growth * 2017/ 2016	Growth for the period 2015- 2017
Growth of the average monthly wage for the country (%)	6,0%	6,8%	8,0%	10,6%	0,8 p.p.	1,2 p.p.	2,6 p.p.	4,6 p.p.
Growth of the minimum wage (BGN, annual data)	340	BGN 360 from 01.01.2015 BGN 380 from 01.07.2015	420	460	8,8%	13,6%	9,5%	35,3%
Employment rate (annual coefficients)	61,0%	62,9%	63,4%	67,5%	1,9 p.p.	0,5 p.p.	4,1 p.p.	6,5 p.p.
Unemployment rate (annual coefficients)	11,4%	9,1%	7,6%	5,7%	-2,3 p.p.	-1,5 p.p.	-1,9 p.p.	-5,7 p.p.

*Preliminary data

The increase in PIT revenues is influenced also by the legislative and administrative measures taken during the period for reducing undeclared work, the measures for increasing collection of past liabilities and the information campaigns conducted by the NRA. The main measures related to the increase of PIT revenues for the period 2015-2017 are as follows:

- **Extension of the tax base for interest income tax** - from January 1, 2015, the gross amount of interest income received by local individuals is taxed not only on depository but on all bank accounts, with the tax rate remaining unchanged - 8 per cent;
- **Using a 5% discount on the tax to be paid for submitting the annual tax return by electronic means** - in the Personal Income Taxes Act (PITA);
- A positive effect on the PIT revenues from **the introduction of taxation of income from prizes in cash or in kind** received from participation in games that are not gambling within the meaning of the Gambling Act or within the meaning of the legislation of an EU or EEA Member State, according to amendments made to the PITA since the beginning of 2017;
- **Introducing a relief for individuals** who use non-cash payments when they spend their money. The tax relief is equal to 1 per cent of the tax due for the year on the total annual tax base, but not more than 500 levs, in cases where the person has performed during the year non-cash payments amounting to 80 or more than 80 per cent of the incomes, which should be received in full by bank transfer (amend. from the beginning of 2017);
- **Reducing the administrative burden and the costs of persons related to income subject to final tax.** With the amendment to the PITA, income earned by resident natural persons from sources abroad is taxed and declared only annually and the tax due is determined in the annual tax return and is paid by 30 April of the year following the year of acquisition of the income (amend. from early 2017).

Corporate tax revenues

Corporate tax receipts (including corporate tax and tax on dividends, liquidation quotas and income of legal entities) have increased by 37,4% (BGN 628,7 million) for the period 2015-2017.

	2014	2015	2016	2017*	Growth 2015/ 2014	Growth 2016/ 2015	Growth * 2017/ 2016	Growth for the period 2015- 2017
Corporate tax revenues, incl.:	1 679,3	1 860,4	2 076,3	2 308,1	10,8%	11,6%	11,2%	37,4%
<i>Corporate tax</i>	<i>1 612,8</i>	<i>1 803,7</i>	<i>2 010,9</i>	<i>2 241,2</i>	<i>11,8%</i>	<i>11,5%</i>	<i>11,5%</i>	<i>39,0%</i>
From non-financial enterprises	1 466,7	1 623,6	1 797,3	1 976,4	10,7%	10,7%	10,0%	34,7%
From financial institutions	146,1	180,1	213,7	264,9	23,3%	18,6%	24,0%	81,3%
<i>Tax on dividends, liquidation quotas and income of local and foreign legal entities</i>	<i>66,5</i>	<i>56,7</i>	<i>65,3</i>	<i>66,9</i>	<i>-14,8%</i>	<i>15,3%</i>	<i>2,3%</i>	<i>0,5%</i>

*Preliminary data

Corporate tax revenues from non-financial enterprises and financial institutions account for about 97% of total corporate tax revenues. Proceeds from tax on dividends and liquidation quotas of resident and non-resident individuals are directly linked to the economic situation in the country, with more dividend payments being provided under an economic growth, which results in more tax revenues.

Key factors that affect the performance of corporate tax revenues

	2014	2015	2016	Growth 2015/ 2014	Growth 2016/ 2015
ATR art. 92 of the CITA					
Tax profit	16 468,0	19 234,0	20 273,0	16,8%	5,4%
Tax loss	11 517,0	6 281,0	5 925,0	-45,5%	-5,7%
The balancing contribution on annual tax returns	648,0	751,0	761,0	15,9%	1,3%
Payments on prepayments	963,1	1 085,8	1 171,9	12,7%	7,9%

In recent years there has been a steady upward trend in the reported tax profit, with highest increase for the 2015 financial year - 16,8%. To compare with the previous years, a growth of 8,0% was recorded for the 2014 financial year and a decrease of -3,2% in 2013.

Key legislative amendments made for the period 2015-2017, which have an impact on the increase of corporate tax revenues, are:

- **Reducing the administrative burden and the costs of compliance with the Corporate Income Tax Act (CITA)**, by introducing mandatory submission of the forms according to a CITA template electronically, with electronic signature;

- **Change in the order for correcting accounting and other errors in CITA** (amended from the beginning of 2017). In order to alleviate the mechanism for correcting accounting and other errors and to facilitate implementation of benefits provided by the CITA and the CADT, an amendment has been adopted, which provides for the taxpayers themselves to adjust their tax financial result according to the requirements of the existing legislation through a single submission of a new tax return with the correct details by 30th of September.

Key results from the performance of the measures in the Action Plan annexed to SNS 2015 – 2017

This section contains information about the performance of key activities under the measures from the Action Plan annexed to SNS 2015 – 2017. A brief description is presented of the essence and objectives of the measure or activity, the specific activities performed in 2017, as well as the values of the quantitative and qualitative measures of the results from them.

Control over the supplies and movement of liquid fuels

Measure 1.2: Unified counteraction to customs and tax offenses the subject of which are excisable goods, as well as to tax frauds involving excise duty and VAT.

The measures implemented in recent years are aimed at introducing comprehensive control over the process related to the supply and movement of liquid fuels from manufacturer and importer to the end user and the exchange of data between the information systems of the two revenue agencies. Control of excisable goods is one of the priority tasks associated with reducing the share of shadow economy and tax evasion. Given the broad business application of energy products and their character of fast moving goods, they form a significant share of the total revenue from indirect taxes in the state budget. In this respect, intensified tax policy measures are taken for bringing the fuel business to light and involving different competent bodies in the exercise of overall control.

One of the measures implemented to reduce shadow economy and tax evasion is the introduction of the obligation to establish a remote connection of all fiscal devices and integrated automated business management systems with the National Revenue Agency. The remote connection of the fiscal devices with the NRA has been implemented in stages; initially in 2011 the obligation has been imposed on the riskiest economic sectors and industries including trade in liquid fuels, trade in grain and technical crops and others. The remote connection has provided the possibility to automatically transfer data for the current turnover from each fiscal device to the NRA.

As regards liquid fuels, until 2011, the only data transmitted over the remote connection to the NRA from the gas stations were data between gasoline station dispensers, fiscal devices and the NRA, as there was no data and connection between the fuel storage tanks and the gasoline station dispensers, whereby preconditions were created for selling fuels before they pass through the fiscal devices, respectively before their registration therein. Therefore, in 2011 an obligation was provided for to deliver data on the quantities of received/available liquid fuel in the storage tanks in the liquid fuel trade premises through the remote connection with the NRA.

Since the beginning of 2013 control has been introduced over the entire process related to the suppliers and the movement of liquid fuels from a producer and importer to an end-supplier and exchange of information between the information systems of the Customs Agency and the National Revenue Agency. As a result of the amendments to the EDTWA and the regulations for its implementation, the control exercised by the customs authorities over excisable goods has been improved by an expansion of the volume of the data transmitted to the Customs Agency by the measuring and control devices on the sites in which excisable goods are brought in, produced, stored and exported.

With a view to exercising effective control by the revenue agencies over the entire process related to the supplies and movement of liquid fuels, an automated exchange of information between the Bulgarian Excise Centralized Information System (BECIS) of the Customs Agency and the Fuel Control Information System (FCIS) of the NRA was introduced in

2013. The mutual access to the information systems expanded the volume of data used and enabled tracing the route of the fuels from the moment of their release for consumption from the tax warehouses to the sites for their final consumption, which contributes to an improvement in the analysis of the risk and facilitation of the selection of persons to be inspected. As a result, the chains of stores are brought to light, as well as the large number of middlemen participating in the commercial transactions for the sole purpose of VAT “draining”. For the purpose of prevention of VAT frauds, specific obligations are set forth in EDTWA for depositors in tax warehouses and a possibility is provided for the NRA bodies as well, to establish offenses concerning their non-fulfilment.

Since the beginning of 2015 for the purpose of improvement of control on the supplies and movement of liquid fuels, this measure is supplemented, with all taxable persons who perform filling-in of liquid fuels for own needs being bound to register and report the filling-in using electronic systems with fiscal memory in accordance with Ordinance No. H-18 of 13 December 2006 on the Registration and Reporting of Sales in Retail Premises through Fiscal Devices. They are bound also to transmit remotely to the NRA the data that allows defining the quantities of fuels available in the storage tanks in the facility.

An obligation is set forth by amendments to the VATA (SG, No.107/2014, in force from 01.01.2015) for the revenue authorities of NRA to notify the respective competent authorities (the Ministry of Interior, the State Agency for Metrological and Technical Surveillance, etc.) for initiating actions for confiscation in favour of the state of the containers that are subject of the offense and the fuels contained in them.

In view of overcoming the risks related to the subsequent sale of energy products in the country or in other member states, supplements were made to the VATA in 2016 (Promulgated in State Gazette, No.60 of 2 August 2016) providing for a security for the VAT due upon supplies of liquid fuels. According to the mechanism in the VATA, upon performance of trade in liquid fuels, where the tax base exceeds BGN 25 thousand, the persons are bound to submit security for a term of one year before a competent territorial directorate of the NRA. The mechanism is aimed at preventing the opportunities for abuses and VAT fraud in trade of liquid fuels and it continues to apply in 2017.

In 2017, the provision on the security for the supply of liquid fuels has been clarified (Article 176c of the VAT Act, promulgated in State Gazette, No. 97 of 2017, effective from 01.01.2018) and under certain circumstances the obligation to provide security is waved for end users - non-traders that only consume directly liquid fuels. The objective of the mechanism (combating VAT fraud in the trading of liquid fuels) is maintained, while ensuring legal certainty for honest and conscientious taxpayers. An amendment has been made whereby registered farmers who make an intra-Community acquisition of liquid fuels or receive liquid fuels released for consumption under Art. 20, para. 2, item 1 of the EDTWA, intended for own consumption, are exempt from the obligation to provide security. It is also regulated that a person that has performed an intra-Community acquisition of liquid fuels or has received liquid fuels released for consumption under Art. 20, para. 2, item 1 of the EDTWA which are destined for own consumption and, if registered in the public electronic register of the NRA, shall be exempted from the obligation to provide security under this Act.

An amendment has been made to the EDTWA (in Article 93 of the Act, SG No.97/1916, in force from 01.01.2017), which regulates that persons, owners or users of means of transport and transportation vessels are obliged to use the global positioning system and the means of measurement and control as intended within their operating range, ensuring and monitoring their technical condition, proper use and continuous transmission of data to a GPS service provider. In case of non-fulfilment of the requirements, the certificate of approved transportation vessel shall be terminated on the date on which the customs authorities have established the relevant facts and circumstances. Given the real possibility of damaging the budget and stimulating the gray

sector, it is envisaged to immediately cease the certificate of an approved vessel from the date of the inspection carried out by the customs authorities. This will limit the possibilities for fictitious deliveries of energy products, which at this time cannot be prevented in due time (initiation of administrative penal proceedings is required). In 2017, the procedure for determining the terms for the installation of GPS devices and technical means of control over vehicles with risky means of transport has also been clarified.

In order to optimize control of excisable goods and reduce the risk of avoidance of excise duty, the provisions of the act on the application of technical devices and technical means of control have been further developed in the EDTWA. With the new Art. 102a. (SG No. 97/2016, in force from 01.01.2017), the scope of the technical devices used for the purposes of excise control has been outlined, namely: tracking, positioning and stopping of vehicles; monitoring and/or photographing of transport vehicles and of locations, at which activities are carried out or excisable goods are kept; obtaining data and / or determining indicators relevant to the excise duty; prevention of violations. With the new Art. 102b. (SG No. 97/2017, in force from 01.01.2018) rules have been established on the control of excisable goods during their transport on the territory of the country, related to the use of technical devices and technical means of control. The rules represent detailed and further developed rules for fiscal control, implemented by the specialized units of the NRA. With the provisions of the new Art. 102c. (in force from 01.01.2018), the customs authorities are entitled to use information from competent administrations to identify the location and route of vehicles and to require their stopping.

By an act amending the TSIPC, which amended the EDTWA (Article 103c of the EDTWA, promulgated, SG, No. 63 of 04.08.2017), a requirement has been introduced for all persons, regardless of whether they are taxable persons under the EDTWA, which accept, unload, store or remove energy products from ports and customs warehouses, to use the means of measurement and control under Art. 103a of the EDTWA at the locations for introduction and offloading of energy products in the respective site, as well as in the places for storage of the energy products within the site. The relevant changes were made to Ordinance No. H-1 of 2014 on the specific requirements and control performed by the customs authorities concerning the means of measuring and controlling excisable goods.

With effect from 01.01.2018 (with AAS VAT Act, promulgated SG No. 97 of 05.12.2017), prohibitions were introduced concerning the frequent cases of fictitious cross-border transactions with excisable goods and the participation in international fraud schemes of Bulgarian licensed warehouse keepers and Bulgarian trading companies owned by European citizens. The amendment (Article 91b of the EDTWA) prohibits the issuance / completion of documents for excisable goods which have not been manufactured or have not physically entered the tax warehouse / facility. Proving this circumstance is a responsibility of the customs authorities. An administrative penalty is provided for the carriage of excisable goods without a simplified accompanying document as well as their forfeiture in the event of an infringement (Article 112a of the EDTWA). The measures are taken to safeguard the financial interests and security of Member States where excise duty rates are higher, as well as the interests of the EU as a whole.

In order to improve accountability of sales and strengthen control during the period, amendments have been made to Ordinance No. H-18/2006 on registering and reporting of sales in retail premises through fiscal devices (OAS of Ordinance No. H-18, issued on 13.09.2017 by the Minister of Finance and promulgated in SG, No. 76 of 19.09.2017). The main changes include:

- Elaboration of a scheme approved by the NRA and the Bulgarian Metrology Institute (BIM) for each specific liquid fuel sales outlet which should reflect all components of the electronic system for selling liquid fuels and the relationship between them;
- Performance of servicing of the ESFM by service technicians who have a unique service

key issued by a manufacturer / importer;

- Introduction of specific requirements for the work of the ESFM where, in case of an interruption of the connection / communication between its components, the system's operation is blocked;

- Introduction of an obligation for persons to submit data to the NRA for each printed receipt.

By an Order of the Minister of Finance No. 3MΦ-1092 of 16.11.2017, fuels have been included in the list of goods with high fiscal risk, which continues the process of strengthening control of excisable goods and the fight against tax fraud.

As can be seen from the above, with regard to control over production and distribution of motor fuels in the country, national legislation regulates some of the strictest provisions compared with the rules on other excisable goods. Provisions are covered that are included in the EDTWA, VATA, Ordinance H-18/2006 of the Minister of Finance and the regulations in the field of metrological control and supervision, fire and emergency safety, etc. With respect to EDTWA, a number of restrictions have been introduced for those who can produce energy products (licensing) or receive such excisable goods under DSA (licensing, registration). There are specific provisions related to the supplying ships with fuel (marking), as well as enabling traceability of these supplies and the supply of heavy fuel oil for heating through a Global Positioning System (GPS). In 2017 the Customs Agency continued to improve the BECIS in its part Automated Control of Excisable goods and Monitoring of the Behaviour of Taxable Persons. By means of identified risk events (IREs) is observed both the continuity of data transmission from the taxable persons to the information system of the Customs Agency and the correlation between the data entered in the documents issued by the persons and the data from the respective measurements. A possibility to generate risk profiles has been created through which customs authorities can receive preliminary information on emerging events for specific risk persons and / or objects, vehicles or documents issued. The new Instruction between CA and NRA, signed in 2017, has granted access to the software of the two agencies. The aim is to improve the quality of information exchanged, joint control actions and coordination of actions. An analysis of the activity of liable persons is carried out on the basis of the data from the information system of the Customs Agency and / or other sources, incl. exchange of information between specialized units of CA and NRA in accordance with the instruction for interaction between NRA and CA. As a result of the control actions carried out to comply with excise legislation for energy products, excise duty evasion risks are reduced to a minimum.

Performance of joint inspections by the CA and the NRA for the purpose of prevention and revealing of tax offenses and crimes

In view of the national priorities for pervasive control of persons trading in motor fuels, joint inspections have been performed periodically by the NRA, the CA, the SAMTS, the MoI, the SANS in the facilities for their sale and/or warehousing. As a result of the joint efforts of the institutions, the share of legal trade in fuels has increased considerably.

Joint actions of the NRA together with the CA, the MoI and the SAMS were conducted in 2017 with respect to more than 20 fuel traders organised and coordinated by the Interinstitutional Coordination Centre for Counteracting Smuggling and Controlling the Movement of Risk Goods and Cargo at the CDCOC/the MI.

As a result of a selection of sites performed by the NRA, for which presence of fuel storage vessels is declared, 318 vessels have been checked. They include 52% declared stationary tanks with a total capacity exceeding 2 million litres, as well as 17 petrol stations. 143 SAOs have been drawn up, of which 108 were for the absence of a registered ESFM (Article 3, Paragraph 12 of Ordinance H-18/2006), in 112 cases it has been found that there is a reason to impose a coercive measure under Art. 186 of the VATA. 111 orders for CAMSO have been issued, with 102 tanks for fuel storage being sealed. 2 repeated violations of absence of a registered ESFM have been found. The persons checked have contributed BGN 189 thousand in

the course of the campaign. 1 556 litres of gas oil have been secured.

The revenue authorities in the Territorial Directorates have analysed, selected and undertaken controlling actions against 3 993 persons, including 11 audits, 367 inspections, 163 operational inspections, 132 SAO imposed, 52 CAMSO under Art. . 186 VATA imposed.

In 2017, the customs authorities performed a total of over 14 000 physical checks for compliance with the requirements of the EDTWA and the regulations for its implementation. As a result of the excise duty and customs control performed, budget losses of over BGN 11,2 million have been avoided (over BGN 7,5 million from excise duty on cigarettes, over BGN 2,5 million from excise duty on tobacco for smoking more than BGN 1 million of excise duty on ethyl alcohol and alcoholic beverages, over BGN 0,25 million of excise duty on energy products).

In 2017, a total of 270 pre-trial proceedings (PP) were filed by the investigating customs inspectors with the subject of excisable goods, of which 251 PPs under Art. 234 of the PC and 19 PPs under Art. 242 of the PC. 3 PPs under Art. 255 of the PC (tax offenses related to excisable goods) have been filed separately.

As a result of the 42 audits of TPs under the EDTWA assigned to the Ex-post Control units of the CA in 2017, the assessments of the customs authorities found excise duties liabilities to the amount of BGN 12,1 million, with the default interest accrued amounting to BGN 3,0 million. The excess overdue and recoverable amounts established by audits are BGN 6,2 million. After setting-off, the amounts established by audits are BGN 8,8 million. A total of 514 checks have been completed by the Ex-Post control units, including fact and circumstances findings inspections, counter-reviews, delegation inspections, offsetting and / or recovery inspections.

In 2017, the exchange of information between CA and NRA continued concerning risk persons bringing in mineral oil in the country from other Member States.

Fiscal control of high fiscal risk goods

Measure 1.3: Expansion of the scope and improvement of the mechanism for implementation of fiscal control over the movement of high fiscal risk goods (HFRG)

Fiscal control has been exercised since 2014 at the BCCP of the Republic of Bulgaria and inside the country at the point of receipt/ unloading of high fiscal risk goods, incl. securities are imposed on liable persons having a risk profile. Fiscal checkpoints are organized on the territory of the Republic of Bulgaria in the immediate proximity of border crossing checkpoints, as well as inside the country on the territory of large exchanges and marketplaces.

Detailed information is published on the webpage of the NRA, in the “Fiscal control” column (www.nap.bg), in thirteen languages (English, Turkish, Polish, Macedonian, Serbian, Romanian, Greek, Italian, German, French, Russian, Spanish and Hungarian): what HFRG are, which are the competent control authorities and what procedural actions do they carry out, about the location of the fiscal checkpoints, which persons are checked and what their obligations are, when a preliminary security applies in case of fiscal control and how can the revenue authorities’ actions be appealed against.

In 2017, the list of goods of high fiscal risk has been supplemented by an Order of the Minister of Finance № 3MΦ -1092 of 16.11.2017; fuels have been included in the list of goods of high fiscal risk, with which monitored goods have become – 555. The relevant legislative amendments have also been made to the AAS of the TSIPC (SG, No. 63 of 2017, in force from

04.08.2017), which provide for the empowering of the revenue authorities to exercise fiscal control over the movement of fuels on the territory of Bulgaria.

72 new fiscal points for fiscal control in the interior of the country were opened in 2017 (sites at 60 customs offices throughout the country and 12 tax warehouses), whereby the total number of points became 305.

At the fiscal checkpoints, a total of 308,391 inspections were carried out on transport vehicles performing ICA, ICS, leaving the country unladen, as well as on freight vehicles passing through the territory of the Republic of Bulgaria. 92 316 vehicles were equipped with technical means for control. The on-the-spot inspections at the point of receiving / unloading of HFRG are 59 195.

As a result of the control actions carried out within the period 01.01.2017 - 31.12.2017, 1 477 securities have been imposed on 852 liable persons. The total value of the securities pledged is BGN 13,2 million (BGN 13 294 561). In the cases of ten liable persons the goods have been abandoned in favour of the state. The amount of goods taken in favour of the state is 135 262,64 kg. amounting in total to BGN 77 823.

In connection with the control of the SFDF, in 2017 the NRA drew up 882 statements for the establishment of administrative violations, on the basis of which 744 punitive decrees with a total value of the imposed fines or pecuniary sanctions were issued amounting to BGN 832 050. The enacted penalties are 429 with a total value of the fines or pecuniary sanctions imposed amounting to BGN 307 200.

In connection with the issued criminal sanctions of foreign citizens, from EU countries and in accordance with Commission Implementing Decision No. 8193 / 18.11.2011 and Art. 8 of the Council Directive 2010/24 / EC, 51 requests for notification were sent to persons to whom punitive decrees were issued by the Fiscal Control Directorate.

In relation to the control of HFRG, in 2017 the NRA drew up 882 statements of administrative offenses, on the basis of which 744 penal provisions were issued with a total value of the imposed fines or property sanctions amounting to BGN 832 050. The legally effective penal provisions are 429, with a total value of the imposed fines or property sanctions amounting to BGN 307 200.

In relation to the criminal sanctions issued to foreign citizens, from EU countries and in accordance with Commission Implementing Decision No. 8193 / 18.11.2011 and Art. 8 of the Council Directive 2010/24 / EC, 51 requests for notification were sent to persons to whom penal provisions were issued by the Fiscal Control Directorate.

More than 634 liable persons have been analysed in 2017, with actions of imposition of securities in accordance with Article 121a of TSIPC being taken with respect to 246 LPs in the course of control over HFRG. In connection with the fiscal control carried out 95 audit proceedings and 149 facts and circumstances findings inspections / FSFI / have been assigned. 170 offsettings of liabilities to the budget have been performed amounting in total to BGN 931 580.

Table 1: Key results from the activity of fiscal control of high fiscal risk goods, 2014 – 2017

	2014	2015	2016	2017
Inspections of vehicles performed	133,418 pcs	280,040 pcs	322, 957 pcs	308, 391 pcs
Technical control devices installed	50,591 pcs	73, 314 pcs	94, 146 pcs	92 ,316 pcs
Securities imposed	265 pcs	1,367 pcs	1,459 pcs	1,477 pcs
Persons with imposed securities	231 pcs	755 pcs	973 pcs	852 pcs
Total value of securities	BGN 3,3 mln	BGN 12 mln	BGN 11,3 mln	BGN 13,3 mln

Tax base of ICA declared by persons who carried out ICA of HFRG	BGN 373 mln	BGN 605,5 mln	BGN861,3 mln	BGN1 195,7 mln
Growth of a tax base of an ICA declared by persons who carried out ICA of HFRG	20,07%	16,5 %	18,2 %	11,9 %
Notification letters sent to the prosecutor's office	4 pcs	24 pcs	34 pcs	5 pcs
List of high financial risk goods	111 pcs	334 pcs	427 pcs	555 pcs

Source: NRA

As a result of the fiscal control carried out in 2017, following effects can be reported in relation to the behaviour of persons performing ICA, ICS and companies transporting goods of high fiscal risk:

- Growth of the declared tax base of ICA by BGN 1 195,7 million (11,9%) (2017 compared to 2016);
- Growth of the declared tax base of ICS by BGN 504,3 million (11,8%) (2017 compared to 2016);
- Growth of the receipts from taxes and mandatory social and health insurance contributions of the persons who performed ICA and ICS of HFRG is BGN 92,5 million (3,9%) (2017 compared to 2016);
- Growth of the revenues from taxes and mandatory social and health insurance contributions of persons transporting HFRG is BGN 79,2 million (7,8%) (2017 compared to 2016).

Reducing undeclared work

Measure 1.10-3, Measure 1.11, Measure 1.12, Measure 1.13

Undeclared work is one of the forms of grey economy, which covers not only those employed without an employment contract but also those who receive remuneration outside what is set out in the employment contract or the so called “salary in an envelope”. The presence of undeclared employment not only causes damages to the state budget in the short run with respect to unpaid social and health insurance contributions and personal income tax, but it also has an impact in the long run on future employees’ rights related to the receipt of benefits from the social and health insurance system (in case of sickness, maternity, unemployment, etc.), retirement age and amount of the pension, inability to protect the rights in case of dismissal.

Bulgaria is making progress in the fight against undeclared work. Within the European Union, countries where undeclared work is comparatively higher than the EU average are mostly new EU Member States (NMS). Among Member States, Bulgaria ranks the 5th lowest level of undeclared work in the private sector as a share of Gross Value Added (GVA) in 2013 - 19,2%, compared to values for the Baltic countries and some countries in Central Europe that range from 21,3% to 27,3%. Considered as a share of the labour resource employed, undeclared work in Bulgaria is estimated at 17,8%, the fifth highest level among the new EU member states⁴ (several national institutes provide data that the informal economy and undeclared work are declining).

The issue of tackling undeclared work in its entirety goes beyond the objectives set out in

⁴ Source: “An evaluation of the scale of undeclared work in the European Union and its structural determinants: estimates using the Labour Input Method”, November 2017, EK.

the SNS. From the point of view of improving revenue collection through coordinated actions of responsible agencies, measures are included in the SNS that aim at strengthening the control functions, increasing the rate of revealing of offenses and preventive measures for reducing undeclared work and its negative consequences: Measure 1.10, Measure 1.11, Measure 1.12, Measure 1.13, Measure 1.15. The measures are implemented by the joint actions of the General Labour Inspectorate Executive Agency (GLI EA), the Employment Agency, the National Revenue Agency (NRA) and the National Social Security Institute (NSSI).

In 2017, the General Labour Inspection Executive Agency continued to perform control to prevent undeclared work in all its forms - working time, work pay and the occurrence of employment relationship. The identification of the objects of control for the respective year is based on an analysis of the results of the control activity in the previous year/years and the detection of cases of systematic or frequent violations of one or more forms of undeclared work established in a certain region / activities or specific undertakings.

In this regard in 2017, the activities of the GLI EA for implementation of Measure 1.10. "Enhancement of control functions, increasing detection of offenses and crimes" include the carrying out of 45 645 inspections in 37 284 undertakings, 36 108 of which are small and medium-sized undertakings. 195 783 offenses were revealed, 97 615 of which are under the HSWA and 96 426 on the realisation of labour relations.

The GLI EA's practice shows that in some cases the worker himself refuses to sign a written employment contract in order to be able to use the unemployment benefit and social assistance benefits and in the same time to receive the wage.

Another common practice is to declare minimum amounts on which social security contributions are paid, with employees receiving extra cash on hand (in an envelope). Such offenses are difficult to prove because of the fact that both sides (the employer and the employee avoid paying social security contributions and / or taxes) in the short term, and usually no documentation is produced for the money in the envelope or at least not one that can be requested and used by the control authorities. However, in these cases, upon termination of the employment relationship, benefits are calculated and paid to the employees as stipulated in the employment contract and not on the basis of the agreed remuneration.

In cases where the payment of a part of the salary is done without a payment document, certifying a payment but "by hand", the GLI EA control authorities are prevented from establishing this circumstance and applying the coercive administrative measures provided for in the current legislation.

In 2017 GLI EA focused its efforts on better identification of the objects of control. 45 445 inspections have been carried out during the period, compared to 48 053 in the previous year, the scope of control being increased. The number of undertakings surveyed for the first time by the Labour Inspectorate has increased by 22%, by 6% also has increased the number of employees whose rights were subject to control during the inspections.

In connection with the payment of wages, 22 012 violations were found during the twelve months of 2017, a decrease of approximately 36% being observed. The amount of the unpaid remuneration established for 2017 is BGN 28,8 million. Overall, in 2017, the steady trend over the past five years has been sustained to reduce the number of employers who have delayed payment of wages. As a result of the intervention of GLI EA, delayed wages were paid in the amount of BGN 20,2 million. (This also includes wages for past periods).

On the basis of the analysis carried out in the GLI EA's Activity Plan, in 2017 were also planned campaigns for construction, tourism and agriculture, as sectors where over the years a large number of undeclared work has been identified in all its forms. Construction and tourism campaigns become traditional for the country, which in view of the seasonal and temporary

character of the activities appear to be risky in respect of hiring people in the gravy sector.

Substantial growth of all major offenses of employment relationships - work without a written employment contract, distribution of working time, work pay was reported during the inspection campaign of GLI EA in the seaside resorts during the active summer season of 2017.

2 033 inspections in 2 092 undertakings with 34 800 employees were carried out within the campaign. Compared to 2016, inspections in the resorts have increased by just over 23%. At the same time, the increase in offenses related to work pay and distribution of working time is about 40%, and the number of cases of work without a written employment contract is higher by almost 60%. During the 2017 campaign, the offenses related to the distribution of working time have reached 900, the work pay - 360, and the cases without employment contract have been 247.

The substantial increase in offenses related to employment relationships is also the result of the active work of the established coordination centres in Burgas and Varna, which have improved communication with the other control authorities. The large number of working time offenses can be explained by the lack of workforce in the resorts. Most often, it concerns unregulated overtime work, non-compliance with weekly and day-long rest requirements, and lack of documents on sites showing which worker at what time has started work and when his work day should end. Several visits to the sites even on the same day are required to detect the offenses of working hours. Workers' assistance is also required, which inspectors do not usually receive.

In 2017, labour inspectors carried out 4 922 inspections of sites in which construction and assembly works were carried out. The number of offenses found on inspections of construction sites was 25 900. The offenses related to the provision of health and safety at work are 17 570 and those related to the provisions regulating employment relationships – 8 030, of which 800 are for persons without a contract, which is 27% of all such cases detected for the period (2 970).

In 2017 GLI EA continued to carry out joint inspections and exchanges of information with other administrations. During the year, 1 146 joint inspections were carried out, the largest share of which comprises of:

- Checks at the request of NSSI – 400 pcs;
- Joint inspections of GLI EA and NSSI – 280 pcs;
- Checks at the request of the NRA – 237 pcs.
- Joint inspections of GLI EA and NRA – 290 pcs.

Performing joint inspections and exchanging information are important areas of the GLI EA's activity to increase control effectiveness. The aim of these joint actions is the rogue employers that hide income, including also in respect of paying employee social security contributions, to be forced to declare their actual earnings, and to enter into written employment contracts with workers.

In order to increase the effectiveness of forestry inspections, where unlike other undertakings work is done in difficult to reach locations that are not easily identified as a workplace, and where reliable data about the employer can hardly be gathered, in 2017 a working group was set up to identify specific measures for joint work between GLI EA and EFA within the framework of the Agreement concluded between the agencies in 2016.

In the field of wages and working hours, the interaction between NRA and GLI EA is accomplished by providing help and assistance in relation to the implementation of the functions and powers of the two institutions, exchanging information, setting up interdepartmental working groups and performing joint control actions. The parties perform their joint activities at national level through plans and programs developed by the coordination group and approved by the Heads of Departments.

When performing joint inspections, the parties exchange information on the scope of the

inspection, officials involved, start of the actions, manner in which they are to be carried out and the presentation of the generalized results. Each Party provides the results of the joint inspections within one month of their completion. The representatives of the parties in the Coordination Group may assist in the organization and aggregation of the audit results. If a co-operation is necessary, a written request is made and, in cases of urgency, the request is made orally and further recorded.

In order to identify the objects of control and organize the inspections, information stored or specially collected by NRA or GLI EA is used. This includes specific information about persons and objects in relation to the powers they exercise, as well as information from other control bodies. The NRA provides GLI EA with information about the notifications submitted concerning conclusion, amendment and termination of employment contracts, with insurance information and information about the certificates A1 issued. The General Labour Inspectorate Executive Agency provides the NRA with information about cases of existence of an employment relationship observed by the GLI EA, where the inspection has revealed the masking of this relationship by means of a civil contract.

GLI EA and NRA cooperate through the participation of experts from the respective administration in seminars, courses and working groups on the drafting of legal acts, concepts, reports, opinions, projects, etc.

In order to improve cooperation and to increase the effectiveness of the efforts of the two institutions to combat undeclared work, in 2017 GLI EA initiated the creation of a working group for the amendment of the Interaction Instructions aimed at data sharing to facilitate the disclosure of cases of undeclared income.

In connection with the implementation of the activities for combating cases of labour without an employment contract in the economic activity "Plant Production" for manual harvesting of fruits, vegetables, rose flowers and lavender crops, the drawing of art. 114a of the Labour Code (SG, issue 54 of 2015, effective 17.07.2015) has regulated the employment contract for short-term seasonal agricultural work. In addition to the control over the observance of the requirements of the HSWA and the lawful arising of ER under Art. 114a of the Labour Code in the "Plant Production" branch, information campaigns are also conducted among employers from the agricultural sector. GLI EA's communications are disseminated periodically through the mass media reminding employers of the possibilities they have for settlement of their legal relations with the persons they employ, as well as their obligations regarding the provision of working conditions. In the case of employees, information campaigns are also carried out through the media and by dissemination of special brochures prepared by GLI EA for unemployed persons. While in 2016 the efforts were mainly focused on promoting the benefits of one-day contracts for farmers and job seekers in the sector, in 2017 GLI EA focused on creating real benefits for the use of this type of contract.

In relation to this activity of **Measure 1.11** "Improving the control exercised by GLI EA on hiring, working time, leave, pay, performing and reporting of overtime" in 2017 GLI EA completed the upgrading of the system used for provision of OEC templates, reducing time and resources (human and financial) for servicing the registration process and their conclusion. This has facilitated farmers' access to the system by enabling online registration (outside the offices of GLI EA and outside the Agency's office hours) and providing a technical possibility to automatically prepare one-day contracts if the employer has concluded an employment contract with the same employer once and has entered his data into the system. As a result of these improvements, in 2017, not only did the number of OEC samples provided increase, but the number of farmers increased that benefited from the opportunity to employ workers with OEC with 134 AEs.

The main objective of the measure is to improve the efficiency of GLI EA's activities,

which will lead to bringing the Plant Production sector to light through higher disclosure of labour law offenses related to undeclared employment and income concealment as well as by motivating employers and workers to comply with labour law. The implementation of the measure also aims to bring light to the incomes of the workers, which should also lead to the payment of social and health insurance on them. In the case of one-day employment contracts, the templates provision regime guarantees advance payment of the insurance before their issue.

In 2017 GLI EA provided a total of 203 952 templates of one-day employment contracts. Of these, 199 166 were actually used, which is 15 346 more than the templates actually used in 2016. The largest number of one-day employment contracts, just like last year, has been granted to farmers growing vines, cherries, oil-bearing roses and raspberries.

Regarding the implementation of **Measure 1.12**. Enhancing control on the recruitment of foreign citizens, including illegally staying foreigners, and on the placement of seconded workers and employees from EU Member States and from third countries, year-round inspections of GLI EA are aimed at preventing and stopping cases of illegal hiring of foreign citizens, including illegally staying foreigners, and of placement of seconded workers and employees from EU Member States and from third countries in the undertakings in the territory of the Republic of Bulgaria.

In 2017, GLI EA carried out 271 inspections in 251 undertakings, where labour by foreign citizens has been checked.

The total number of offenses found is 1 306 and the number of those related directly to the labour of foreigners is 279, of whom 10 being on secondment of foreigners in Bulgaria and 269 on employment of foreigners (85 of them are for employment of foreigners without permission; 19 are the cases of illegally staying foreigners).

In connection with the detected offenses regarding working of foreigners in Bulgaria, a total of 62 coercive administrative measures were applied on the grounds of the LMLMA.

The largest number of inspections under this measure were made in undertakings performing following economic activities: Food services - 48 inspections; Accommodation - 42 inspections; Retail trade, excluding motor vehicles and motorcycles - 23 inspections; Land transport - 19 inspections; Wholesale trade, excluding motor vehicles and motorcycles - 13 inspections.

During the reporting period, a total of 178 statements for establishment of an administrative offense were drawn up for the offenses found. Of these, 176 are statements for establishment of an administrative offense for employment of foreigners in Bulgaria (of which 83 are for employment of foreigners without a work permit and 17 for hiring of illegally staying foreigners). There were also two statements for establishment of an administrative offense in connection with the secondment of foreigners. The largest number of statements is drawn up by LID Varna and LID Blagoevgrad - 23 SAOs each, LID Sofia - 22 SAOs and LID Plovdiv - 21 SAOs.

During the reporting period an almost double increase in the number of foreigners was observed in the surveyed undertakings - 6 950, of which 4 767 were employed and 341 were seconded. Their total number was 3 752 in 2016. The highest number of foreigners employed is in the following economic activities: Accommodation – 1 850 foreigners; Administrative office activities and other auxiliary services to the business - 1 795 foreigners; Activities in the field of information technologies - 591 foreigners; Land transport - 241 foreigners.

The rising trend is maintained of foreigners working without work permits and of working students for whom employers have not declared employment in the Labour Office. There is also a large number of cases in which labour of foreigners – third countries nationals is used, documented as an internship, which is mainly practiced in seasonal employment. A new

trend is observed in the secondment of foreigners who are nationals of third countries, where partners / owners of companies most frequently established in Turkey work on the territory of Bulgaria without having a work permit issued of a seconded worker or employee or without having registered a short-term secondment at the Employment Agency. Similarly, the number of cases increases where third-country foreigners - partners in companies registered in Bulgaria without having a residence as such under the Foreigners in the Republic of Bulgaria Act work for the company without a single residence and work permit issued.

After the first half of 2017, a decrease in the number of offenses is noticeable in respect of the obligation for employers to notify GLI EA of the actual commencement of work of foreigners that are nationals of third countries.

During the reporting period there was an increase in the number of identified working foreigners from Ukraine, Moldova, Belarus, Turkey, etc. in violation of the legislation regulating the employment of foreigners, largely due to the lower remuneration in their countries of origin and to the possibility used by the Bulgarian employers to offer a remuneration that is low for the country's standard but which is, however, attractive to foreigners from the listed countries. There is a reduction in the number of offenses of foreigners from China and India, for which a large number of administrative punitive measures have been taken in previous periods, which is why the legislation is currently being observed much more strictly, mainly due to the strengthened control of the Labour Inspectorate and the better understanding of the legal regulation by the Bulgarian employers.

As a result of the implementation of **Measure 1.13**. "Enhancing the control for carrying out lawful employment intermediation and the control on the undertakings providing temporary employment" in 2017 there was a decrease in the number of registered intermediaries performing actual employment related activity despite the fact that the number of newly registered intermediaries did not decrease. It is noticeable also, that regarding the signals related to the unauthorized carrying out of intermediary activity, there is an impressive decrease in their number from citizens that are victims and in a larger number of cases GLI EA has been approached by the Labour and Social Affairs Departments at the Bulgarian Embassies abroad for signals received from Bulgarian citizens.

A total of 152 inspections were carried out under this measure in 139 undertakings in 2017. The largest number of inspections is carried out by LID Sofia - 45, LID Varna - 33 and LID Plovdiv - 11 inspections. The total number of offences found was 464; in particular the offenses under the legislation regulating the intermediation activity were 166,8 cases were found of intermediation activity on recruitment without registration with the Employment Agency. The largest number of offenses - 26, includes violation of the requirements for the intermediary to put the certificate of its activity in a prominent place in the office and to indicate its number when publishing job advertisements. Secondly, quite large is also the number – 17 of intermediaries, who have not informed the Employment Agency about the amendments and / or supplements of the documents, which served as grounds for registration. 15 violations were found of the provision according to which the intermediary must provide the job seeker before his departure from the Republic of Bulgaria with a individual employment contract signed by the employer or by a person authorized by him to sign individual employment contracts, as well as a translation of the contract into Bulgarian. The requirement for an intermediary to keep an electronic register of jobseekers and of those that have obtained a job has not been complied with in 13 of the inspections carried out. For the established offenses have been applied 179 coercive administrative measures and were drawn up 36 statements of establishing an administrative offense.

Digital economy taxation

Measure 2.8: Monitoring and effective control of electronic trade

The increasing use of information and communication technologies, mobile communications and information as a resource for innovation by households and businesses and their widespread use in all public spheres raises the need to adapt taxation to the challenges of the digital economy and to take action to deal with them. The digital economy is a transforming process that penetrates all economic sectors and cannot be separated from them, but it is possible to identify the new business models that it creates. The main challenges of direct and indirect taxation arise from the specificities of the digital economy: mobility (intangible forms, users and business functions), reference to data and user participation, network effects, multilateral business models, unpredictability.

In response to the timeliness of the problem, in 2016 the Ministry of Finance joined the initiatives of the European Union and the Organization for Economic Cooperation and Development regarding the taxation of the digital economy.

In 2017, Bulgaria participated in the meetings of the OECD's Task Force on Digital Economy (TFDE), to which it joined in 2016 as a member of the BEPS Inclusion Framework. The Digital Economy Target Group is a subsidiary body of the OECD's Committee on Budgetary Issues, which aims to assist the Committee on Fiscal Affairs with regard to the responsibilities for implementation of the BEPS project, in particular under Measure 1 "Addressing the Challenges of the Digital Economy" of BEPS, as well as providing political, legal, administrative and technical support for the work on digital economy issues.

Within the SNS, in 2017, the implementation of Measure 2.8: Monitoring and effective control of electronic trade continues. In April 2016, at the Control Directorate - Head Office of the National Revenue Agency was established an Electronic Audit Department, whose function is to monitor trade on the Internet, incl. to assign and coordinate control actions over Internet traders. In 2017, compared to 2016, two times more control actions were taken against individuals who have not declared income / profits from doing business on the Internet. 220 audit proceedings and 1 828 inspections of electronic traders were assigned. As a result of the 123 audits completed during the year, additional tax and social security liabilities amounting to more than BGN 13 million were established.

In 2017, work continued to increase the share of control proceedings using specialized software for analysis of data in electronic format. The number of specialized teams for electronic audits in the TD of the NRA increased to 16 with a total of 69 people and the total number of employees in the control function, which actively apply in its work data analysis in electronic format, already exceeds 136.

In 2017, a total of 647 inspections and 310 audits were assigned, in which specialized software was used and the number of inspections and audits completed was 384 and 240, respectively (197 audits and 135 inspections completed in 2016). The amount of the liabilities additionally established with the use of the software is over BGN 22 million.

Encouraging voluntary compliance

Measure 2.4: Improvement of the conditions for voluntary compliance for clients that have been found, after an analysis of the declared data, incl. in the course of control actions and procedures, to have committed errors in the fulfilment of tax and social and health insurance liabilities

The support of the voluntary observance of taxpayers' obligations is among the major strategic approaches used by the National Revenue Agency and the Customs Agency for

increasing tax revenues. Encouragement of voluntary performance and prevention of evasion and avoidance of taxes, social security and health insurance contributions and fees is achieved through the provision of adequate services for citizens and business. Such measures are oriented towards all those who want to comply with the legislation but find difficulties in fulfilling their obligations.

It is a priority for both agencies to provide information and effective support to the clients when they fulfil their obligations and use the available electronic services. As an *incentive for the voluntary fulfilment of the public liabilities* the so called “soft methods” are applied too – sending of personal e-messages and/or establishing of phone contacts for notifying the persons of payment of the public liabilities owed by them in the shortest possible term, clarification of the possibilities to secure and pay debts in case of financial difficulties, i.e. permanent monitoring and communication with the liable persons. These measures aim at provoking active behaviour on the part of the persons in view of payment of the obligations, improvement of the discipline and a permanent change in the taxpayers’ behaviour, a decrease in the administration costs for collecting the liabilities by diminishing the number of persons, in respect of whom enforcement actions will be taken.

In 2017 NRA’s clients have used the services of the Information Centre 363 929 times (compared to 348 791 in 2016) in a way chosen by them – on the national telephone number of the NRA, i.e. 0 700 18 700, or through the email of the centre infocenter@nra.bg.

Outgoing calls were made to 88 452 persons (compared to 93 355 in 2016) who had not fulfilled their legal obligations, and when contact by phone was established the purpose was to obtain voluntary payment of arrears or data submission.

The levels of responses prepared and delivered through the e-mail centre of the Information Centre and the replies provided by telephone remained unchanged compared to 2016.

According to the type of information, 36% of the inquiries were related to insurances, 26% were relate to the e-services of the NRA, 24% were related to taxes, 4% to the Intrastat regime, 10% to the current company for SCPI.

A total of 26 information telephone campaigns were conducted through the Information Centre of the NRA in 2017. 198 614 calls were initiated targeting 88 452 debtors. Three information telephone campaigns (ITCs) were carried out to 15 399 persons to help stimulate voluntary declaration of data and compliance with tax insurance legislation. There were also 23 ITCs to 80 601 persons with overdue payables that were subjected to "soft" phone collection methods amounting to BGN 117,7 million and general liabilities of the same persons amounting to BGN 274,5 million. Contact was established with 74 470 LPs or 84% of the persons selected.

In 2017, the following results were reported from the ITCs carried out:

- A reduction was reported of the liabilities subject to treatment by conducting telephone negotiations amounting to BGN 63,5 million repaid by 45 304 liable persons.

- Full repayment of the liabilities was reported in the cases of over 14,000 LPs (17%).

- On average, 40% of individuals have taken action as a result of a phone call to repay the liabilities covered by the campaign, with results of more than 65-70% being reached in the newly-emerging debt campaigns.

- In the comparative analysis conducted during the year of the behaviour of the persons who were treated with "soft" methods of collecting by phone and the behaviour of the persons with whom the successful contact was not realized, it is reported that payments to the treated persons are many times higher and vary between 55-60% of their debts, and for persons with whom no negotiations have been held on the phone, payments of arrears are within 9-21%.

In 2017 the NRA implemented the third part of the “Get to know taxes” educational project. The main goal of the campaign is to increase the tax and fiscal literacy of the growing generation as well as to provide basic, fundamental knowledge about the tax and social security system in Bulgaria. The innovation in this year's campaign is the tax online video lessons and the specially developed for that purpose tax portal www.vlezhchas.bg. Nearly 100 NRA staff met with pupils aged 14-18 in mainstream schools in the 28 regional cities of the country. 860 meetings of tax lecturers with around 20 000 students from all over the country took place. 18 000 likes on Facebook are reported, and online tax courses of the NRA have an average of up to 17 000 online users. The educational program of the National Revenue Agency was awarded a prize in the "BAPRA Bright Awards" competition, organized by the Bulgarian PR Association. The International Jury judged "Get to know taxes" as a project that has achieved an effective and long-term result with clear recognition. The project also won the big prize in the “PR project in the public sector” category in the PR Prize 2017 competition – the most longstanding one in the field of public relations, organized by the Bulgarian Society for Public Relations (BSPR). The education project of the National Revenue Agency (NRA) "Get to know Taxes" was also highly praised in Brussels, where the Agency presented its experience in fiscal education to the working group of the European Commission.

After the unquestionable success in 2016, in 2017 the NRA again held a free seminar on changes in tax and social security legislation in force from 1 January 2018, which was broadcasted live on the Internet. More than 200 practicing accountants, tax consultants and business representatives took part in it, and the video on the YouTube NAP channel was watched over 20 000 times.

In October 2017, the NRA launched the second part of the extremely successful "Lottery with cash receipts" initiative and more than 3 million receipts were registered for the first draw only.

In 2017 the Customs Agency responded to inquiries received from economic operators in the servicedesk@customs.bg system. Responses were also prepared on inquiries received from employees of the Customs Agency at servicedesk@customs.bg. Methodological guidelines for uniform application of the excise duty legislation in the specific areas (by types of excisable goods and taxable persons), as well as regular, monthly and annual reports for other state institutions - SANS, the Ministry of Energy, SASRWS and EAVW have been prepared additionally.

Following activities were carried out in 2017 under the "Conducting behavioural experiments jointly by the NRA and researchers from universities. An inquiry into the attitudes of taxpayers " project:

- ✓ First experiment - aimed at assessing the impact of the probability of tax and social insurance control on the behaviour of individuals:
 - E-mails sent with specified different probability of control to groups of randomly selected persons / small and medium-sized enterprises /;
 - Control actions initiated of randomly selected persons according to the probability specified in the e-mails;
- ✓ Second experiment - assessment of the influence of different moral appeals on the behaviour of the persons:
 - E-mails sent with moral appeals of different strength to groups of randomly selected persons / small and medium-sized enterprises /.

At the moment, control actions under the agreement continue with feedback being monitored and aggregated. The first results of the experiments are expected in the second half of 2018.

Decreasing administrative burden

Measure 3.1: Easing the administrative regimes and procedure and shortening the deadlines for provisions of services by the CA.

Measure 3.2: Easing the administrative procedures and requirements for the clients of the NRA.

Measure 3.3: Increasing the share of information exchanged ex-officio with other state structures, including in relation to the application of complete administrative service. Granting access to databases and information systems of other institutions.

Measure 3.4: Creating differentiated service channels depending on the clients' needs and with a focus on the use of modern technologies.

The provision of quality service and the facilitation of clients with the fulfilment of the obligations is a top priority for the national revenue administrations. The development measures related to the service provided are directed towards increasing quality of services, stimulation of voluntary performance and increasing collection of taxes and social and health insurance contributions, improving tax and social insurance culture of the clients and decreasing costs incurred both by the clients and by the administration.

For the purpose of easing the administrative regimes and procedures and *shortening the deadlines for provision of services* by the Customs Agency (Measure 3.1) legal amendments were adopted in 2016 to the Excise Duties and Tax Warehouses Act (AAS EDTWA, promulgated in State Gazette, issue No. 97 of 6 December 2016, effective from 1 January 2017). For the purpose of decreasing administrative burden in the licensing and registration regimes, persons are no longer bound to present to the customs administration certificates of presence or absence of tax liabilities and mandatory social and health insurance contributions. This information will be obtained ex-officio from the National Revenue Agency.

Amendments made in the Act for Amendment of the Act Restricting Administrative Regulation and Administrative Control over Economic Activity (promulgated, State Gazette No. 103 of 2017, in force since 01.01.2018) introduced the requirement for provision of an extract from the judicial record ex-officio in: Tax and Social Insurance Procedure Code, Insurance Code, Social Security Code, Excise Duties and Tax Warehouses Act, Corporate Income Tax Act, etc. Thus, in order to reduce the administrative burden in the licensing and registration regimes, it is envisaged that the administrative obligations of the persons to submit an extract from the judicial record of Bulgarian citizens to the customs administration will be abolished. This information is gathered by the Customs Agency ex-officio.

Amendments to the Amendments to the TSIPC (promulgated in State Gazette No. 92 of 2017, in force since 01.01.2018) have been developed pursuant to Council of Ministers Decision No 338 of 2017 on acceptance of measures to reduce the administrative burden on citizens and businesses by removing the requirement to submit certain official supporting documents on paper. In this regard, and with the purpose of introducing other measures to reduce the administrative burden on the persons, with the Transitional and Concluding Provisions of the draft act amendments are made to the Excise Duties and Tax Warehouses Act, the Corporate Income Tax Act, the Local Taxes and Fees Act, The Value Added Tax Act and other regulations. The changes include:

- Submission of a voluntary VAT registration to the Registry Agency simultaneously with the application for an initial registration pursuant to Chapter Two of the Commercial Register Act and the Register of Non-Profit Legal Entities. The measure will apply from 2019;
- Removal of the obligation for the taxable persons to compile an inventory of the available assets in cases of initial registration and re-registration under VATA;

- Exemption from the obligation for filing an annual activity report and annual tax return within the meaning of the CITA from taxable persons who have not carried out activity within the meaning of the Accountancy Act;

- A measure was adopted in the Accountancy Act, according to which enterprises which did not operate during the reporting period are exempt from publishing annual financial statements in the Commercial Register. They are only required to file a free text declaration that they have not done business. The accepted changes also stipulate that a fee for filing a declaration is not collected;

- When performing periodic roadworthiness tests, a possibility is provided for checking whether the vehicle tax is paid by accessing automated information exchange systems;

- For the purposes of the complex administrative service for requesting and obtaining information under Art. 87, para. 11 of the Tax and Social Insurance Procedure Code (for the presence or absence of liabilities) in the Local Taxes and Fees Act is regulated that no fee is to be paid to the municipalities;

- For the purpose of the complex administrative service, the competent authorities and other entitled persons shall electronically request and receive from the National Revenue Agency, the Customs Agency and the municipalities information about the presence or lack of liabilities of the persons with the exception of liabilities under non-final statements, as well as instalment, deferred or secured liabilities;

- Regulating the State Gambling Commission to obtain ex-officio the necessary information from other institutions in connection with license applications and changes in the circumstances of the licenses issued;

- Removal of the requirement for provision of a declaration by the persons entered in the commercial register, specifying that they are not in insolvency or liquidation proceedings, which was required at the filing of an application for a tax warehouse management license, for the issuance of a certificate for exemption from end user excise duty or for other registration procedures under the EDTWA. The presence of this circumstance will be declared only by persons that are not entered in the Commercial Register;

- Removal of the requirement for individuals to declare to the customs authorities that they have not committed a serious or repeated offense under the EDTWA, which was a circumstance required when applying for a license, registration or certificate to carry out activities with excise duty goods.

A regulation is adopted (AAS VATA, SG No. 97/2017, in force from 01.01.2018) stipulating that the declaration under Art. 55, para. 1, which is prepared and filed by income payers obliged to withhold and pay taxes shall be submitted electronically only from 2018. The amendment unifies the procedure for submission of the declaration with the one regulated in relation to the declaration under Art. 201, para. 1 of CITA, which is to be submitted electronically only.

The services delivered to clients by the revenue agencies focus on the expansion of the scope of the *electronic services*, improvement in the services provided and conducting of information campaigns for the business and the citizens promoting the e-services, which brings about a considerable increase in the use thereof.

NRA serves annually more than 5,4 million customers. More than 50 million tax and social insurance returns are received and processed annually. More than 90% of all basic declarations (tax, insurance, LC notifications) were received electronically at the NRA. Annually, the agency exchanges with its customers a total of over 100 million electronic documents, which directly saves businesses and citizens over BGN 300 million of administrative expenses. 12 new electronic services were implemented by NRA in 2017.

Table 2: Main tax and social and health insurance returns filed and share of those filed online

Source: NRA

Documents	2015, pcs.	2015 filed online	2016, pcs.	2016 filed online	2017, pcs.	2017 filed online
VAT documents	3 036 268	97.33%	3 191 810	96.11%	3 343 702	96.20%
CITA returns	474 521	60.91%	504 729	66.10%	558 443	67.71%
PITA returns	624 490	24.33%	609 254	29.81%	590 506	35.74%
Information statements under art.73 of PITA	142 368	76.39%	144 790	80.49%	157 141	84.21%
Declaration form 6	6 546 159	87.53%	6 113 773	88.79%	6 894 766	91.35%
Declaration form 1	41 922 887	96.16%	39 787 057	92.52%	44 425 404	97.51%
Declaration form 3	30 211 762	99.80%	29 857 793	99.89%	29 361 647	99.92%
Notices under art.62 and art.123 of the LC	3 049 153	99.35%	3 086 919	94.63%	5 058 425	96.04%

In 2017, in relation to the opportunity provided in 2015 for natural persons to file returns, documents and data electronically by the use of PIC, 111 286 new PICs were issued to natural persons (compared to 100 647 in 2016) , whereby the number of natural persons with personal code issued already exceeds 400 000. More than 112 648 persons filed their tax return by using a PIC (compared to 83 500 in 2016).

An amendment is adopted to CITA, whereby the electronic filing of return forms under CITA using an electronic signature becomes mandatory (AAS EDTWA, promulgated in State Gazette, issue No.97 of 6 December 2016, effective from 1 January 2017), as a result of which the obligation to file the return forms electronically arises after 31 December 2017.

As far as customs legislation is concerned, through the use of the embedded information systems the Customs Agency has provided 100% electronic exchange of information with the economic operators carrying out import, export and transit operations. In 2017, as a result of the electronic exchange of information related to the formation of different customs regimes, a total of 2 767 647 declarations and other documents were processed at the Customs Agency.

The EDTWA and its implementing regulations provide for the possibility for economic operators to electronically submit different requests and notifications to the customs authorities as well as the electronic submission of excise duty and recapitulative declarations, e-EDTD (electronic excise duty taxation documents), e-AD (electronic administrative documents). The requirements for information exchange by electronic means are mandatory for the majority of the economic operators, with the exception of the general rule being made only for registered SSDs. (specialized small distilleries) and SPWs (small producers of wine). As a result of this regulation, 639 352 declarations and other documents were electronically processed at the Customs Agency in 2017.

The Customs Agency reports of over 14 000 economic operators re-registered for access to the Customs Agency's information systems and the Directorate General for Taxation and Customs Union's (DG TAXUD) central services. The registration of economic operators enables them to communicate electronically with the customs administration.

The Customs Agency submits to other administrations at their request more than 80 000 electronic operations / references per month from the Register of Liabilities to the Customs Administration (RLCA). This number makes it one of the services used the most in the register-to-register exchange environment (RegiX).

For the purpose of optimizing deadlines and actions and decreasing the administrative burden on the clients, the NRA cooperates and *interacts with the other state institutions*, as it

applies the ex-officio principle for the performance of an electronic exchange of information, control and support (Measure 3.3). The interaction between the NRA, on the one hand, and municipalities, commercial banks, post offices, the National Statistical Institute, the Registry Agency and the NSSI has been approved.

In 2017 8 new bilateral agreements were signed on the exchange of information and interaction between administrations, and non-engagement of individuals to provide information that could be obtained on ex-officio basis and 4 new bilateral agreements with municipalities to access e-services. On the basis of the agreements, persons having a PIC issued by the NRA can use it as an identifier for access to the electronic services of other state and municipal administrations.

5 new electronic services were developed that are designated for other administrations, which enable their employees to obtain information needed for the performance of their direct duties of office:

- Data from "Register of administrative penal files";
- Registration data from the NRA register;
- Information from VATA returns, purchase ledgers and sales and counter-checks ledgers;
- Number of insured persons per insurer;
- Social insurance reference.

In connection with the administrative reform and policy for modernization of the state administration in the Republic of Bulgaria, incl. and in accordance with the requirements and principles of e-Government with regard to the official exchange of data and information between administrative authorities, as well as for reducing the administrative burden on citizens and business, in 2017 a number of requirements for the submission of supporting documents in paper have been removed and administrative procedures simplified, incl. through a number of legislative changes in this area. In the register-to-register exchange environment (RegiX), the NRA has provided access to its following registers: "Register of Liable Persons" with "Reference on Presence/Absence of Liabilities" and "Register of Notifications for Signing, Amending or Termination of Employment Contracts and Notifications for a Change of Employer with "Reference on Signing, Amending or Termination of Employment Contracts and Notifications for a Change of Employer ".

Since 01.11.2016, following an amendment of the TSIPC, an opportunity has been given to the contracting authorities under the PPA and the competent CAS authorities to submit electronically a request for issuance of a certificate of presence or absence of liabilities of liable persons participating in PPA or CAS procedures, as well as to request the methods of obtaining the issued certificates, incl. electronically.

Within SNS, as regards the implementation of Measure 3.4 "Creation of differentiated service channels depending on the clients' needs and with a focus on the use of modern technologies", the electronic communication has increased. For the purpose of greater awareness and decreasing the administrative burden, in 2016 NRA conducted different information campaigns and activities, with topical reminder emails and messages having been sent to more than 750 000 persons (compared to 640 000 persons in 2016).

In connection with the increase in the share of the information exchanged with other state structures ex-officio, including in relation to the implementation of complex administrative services and with the provision of access to the databases and information systems of other institutions (Measure 3.3) activities to exchange best practices with Member States and maintain cooperation on the application of excise duty legislation have been implemented. As a result, 232 responses to queries were provided in the "Administrative Co-operation" module in EMCS.

To alleviate the administrative regimes and procedures in 2017, the Customs Agency has achieved following results:

- A request was prepared for amendment of the BECIS in relation to the RAS RAEDTWA of 7.02.2017 and a request for amendment of the BECIS in relation to the amendments to the EDTWA from December 2017. The implemented amendments to the RAEDTWA and the new functionalities of the system were put into operation on 01.06.2017 and the amendments to the EDTWA will be implemented in 2018;
- Participation in workshops in connection with the review and approval of the details of Phase 3.3 of the Excisable goods control and movement system under a deferred excise duty payment regime -EMCS;
- Participation in a working group on the Administrative Cooperation System (ACS) at BECIS;
- Stepwise publishing of open data sets in open format on the Open Data Portal;
- Tests have been carried out and a new module has been introduced to the system with implemented functionality for creation and maintenance of a Register of certificates for registered prices of tobacco products in BECIS;
- A functionality is implemented to enable submission of requests and notifications to BECIS electronically by persons who do not have a registration under EDTWA but have a valid registration at e-customs;
- The full range of 10 electronic administrative services implemented under UNMS was tested. Integration of BACIS with other customs systems - RIES and RTPR has been realized;
- 14 image files and VPN certificates were provided, which are necessary for ICDMC's economic operators;
- Two training sessions were held according to ITSM's schedule - web-seminars for the presentation of the EMCS Phase 3.3 trials organized by ITSM and one training session - a webinar to present the new CISCO connection application;
- A conference call was held with representatives of ITSM to discuss open incidents in EMCS;
- 7 annual reports and 30 regular monthly references were prepared for other government institutions - SANS, Ministry of Energy, SASRWS, EAVW.

Risk management

Measure 2.3: Management of the risk of failure to comply with the tax and social and health insurance legislation

NRA applies “Model for the Management of the Risk of Failure to Comply with the Tax and Social and Health Insurance Legislation” as a primary tool. Within the risk management model NRA periodically prepares a ***Compliance and Risk Mitigation Programme***, which sets out a plan of the measures that will be undertaken for decreasing the levels of manifestation of the external risks of failure to comply with the legislation. An update of the Program for compliance with legislation and minimization of risk levels in 2016-2017 was carried out in 2017 and in this aspect control actions were entrusted during the year for the treatment of another 6 risks and implementation continued of the control measures on the 19 risk treated, which were prioritized in 2016. Following control actions were performed in 2017 for the implementation of the measures planned under the program:

Table 3: Control actions performed on the basis of risk analyses

Number of control actions under the Program for compliance with legislation 2016 – 2017	Planned total	Proceedings entrusted	Finished in 2017	Finished total	Implementation of the actions planned in view of actions entrusted
Audits	3 096	3 159	1 833	2 138	102%
FCFI	6 030	6 572	4 171	5 745	109%
Stock-taking	811	887	578	887	109%
Monitoring in days	2 171	1 912	1 130	1 912	88%
On-the-spot checks	3 966	3 319	1 893	3 319	84%

Source: NRA.

Preparatory work related to the development of the Program for compliance with legislation and minimization of risk levels for 2018 and 2019 was completed towards the end of 2017.

For the purposes of the program and the identification of the priority risks to be treated in the new programming period (2018-2019), the current characteristics of all external risks monitored and managed by the NRA were evaluated and the impact was measured on those risks against which measures were implemented for their treatment.

The effect achieved as a result of the programs developed and implemented for compliance with the legislation and reduction of the risk levels by categories of risks is as follows:

- Influence is recognized on a part of the external risks managed by the NRA at the tactical level, which is a 5,7% decrease in damages, as well as a positive change in the behaviour of 14% of the risk persons.
- Reducing the level of operational risks expressed in reducing losses by 27,7% and reducing the number of risk persons by 12%.

In 2017, the analyses of 34 specific risks were completed, incl. a risk at the tactical level, which represents unauthorized use of tax credit by repeatedly including the same documents in the purchase logs of taxable persons registered under the VAT Act and 2 risks at operational level related to concealing part of the sales revenue of solid, liquid and gaseous fuels from wholesalers of this type of commodity, as well as concealing profits in the field of bread and pastry trade.

Two new risks have been identified, one of which, given its classification as substantial, has been subjected to actual investigation in order to identify the features that characterize it, incl. evaluation of the damage and the likelihood of its occurrence.

The activities under a project for a national representative survey of the consumption of households in the country of specific types of products and services have been implemented together with an external contractor. The results of the conducted sociological empirical study have been used as an independent source of information to determine the key features of 6 specific risks currently under investigation and analysis.

In relation to the prevention and counteraction of tax and insurance frauds, in 2017, 55 000 persons were analysed by the NRA, 84 reports were made concerning 891 persons regarding organized tax and insurance fraud with an estimated damage to the budget amounting

to BGN 23 million. 386 inspections and 168 audits were assigned under the reports, with the additionally levied tax amounting to BGN 11 229 thousand, and the tax effectively paid amounting to BGN 2 774 thousand. The main focus in the field of tax fraud prevention in 2017 remains stimulating good faith in taxpayers by organizing meetings or sending notification letters and presenting guidelines for correcting an established improper behaviour. The primary objective of this approach is to protect conscientious taxpayers from engaging in tax fraud schemes or tax evasion as well as to inform them of the adverse effects of non-compliance with tax and social security and health insurance legislation. Successively, in 2015, 2016 and 2017, positive results have been reported, including an improvement in the behaviour of individuals as they know that the data and economic activity they declare are analysed monthly. In 2017, 882 companies with large-scale economic activity and high influence on the revenue part of the fisc have been under constant monitoring. As a result of the measures taken against persons with indications of deviation from normal commercial practices or other irregularities, a tax credit amounting to BGN 1 060 521 has been voluntarily adjusted.

On an annual basis monitoring of liable persons providing significant revenues to the budget and having an impact on the economic climate in the country gives positive results in view of the identified corrections in the behaviour of the persons observed towards compliance with the guidelines provided by the revenue authorities as a result of the activities related to sending of notification letters, conducting meetings or carrying out FCFIs, etc.

Another accent of the activity of counteracting tax frauds is the monitoring of food chain stores and chains of stores for small and major appliances. The monitoring of the behaviour of large supermarket chains started in 2014, while as regards chains of stores for small and major appliances – since the beginning of 2016. The business behaviour of 16 liable persons operating as 11 chains of stores is under monitoring in 2017.

In 2017, as a result of the analysis and monitoring of large retail chains, 23 inspections were carried out, two meetings were held with business representatives, for 26 persons monitoring and selection was performed to assess the need for control actions.

The conducting of these measures indicates a positive trend towards minimization of the amount of tax credit used under supplies received from risky counterparties, increased amount of ICA performed directly by the chains of stores, as well as establishment of permanent relations of cooperation with the revenue administration towards supporting restriction of the informal sector in the industry.

In relation to the monitoring and analysis of branch sectors with a high incidence of tax fraud, in 2017 were prepared and approved 20 reports on the monitoring and analysis of risk sectors - wholesale and retail of fruits and vegetables, meat and sugar, in the course of which a total of 4 380 persons were analysed. Measures were taken to assign control measures to 121 taxable persons and for 6 of them actions were proposed for assigning performance of fiscal controls over all loads of sugar passing by train compositions or shipping services. A dialogue has been reached with large trading companies with a view to taking precautions as conscientious traders and avoiding their involvement in tax fraud.

A number of activities in the field of control over the wholesale and retail trade of medicinal products were also carried out in 2017. 21 pharmacies (retail) operated by 15 liable persons have been audited and 7 statements were drawn up in 2 of the pharmacies audited for established administrative offense with an imposed coercive administrative measure for the sealing an outlet (CAMSO).

Collection of public debts

Measure 2.5: Improving the collection of public debts overdue

On the grounds of Article 163, paragraph 3 of TSIPC, public receivables are collected by enforcement agents at the National Revenue Agency, unless otherwise provided for in a law. As a result of a complex and systematic application of specific organizational and governance measures and campaigns, as well as from new ones initiated in 2017, a sustainable change is reported in the behaviour of LPs. The amount of declared taxes and compulsory social contributions in 2017 rose by 9,1% - BGN 2 144,9 million compared to 2016 and by 23,8% - BGN 4 941,2 million compared to 2014, while the principal amount of the outstanding ones within the voluntary payment period remains at its 2014 level.

In 2017, 84,3% of the declared debts were repaid before the expiry of the voluntary payment period, with 83,3% voluntary fulfilment of the declared liabilities in 2016 and 80,6% in 2014.

The amount of newly incurred arrears in 2017, including both declared and established in auditing procedures, declined by BGN 117,1 million, while the amounts paid for repayment amounted to BGN 116,9 million more compared to the previous year. The collection rate of the newly incurred debt for taxes and compulsory social contributions is 6,3% higher than the one achieved in 2016. There is an increase in the collection rate of the newly incurred debt under the VATA - by 9,5%, under the CITA - by 2,7% and under the MSSHIP - by 4,7%.

The amount of the newly incurred debt outstanding as of 31.12.2017 decreased by BGN 234 million (11,05%) compared to the one reported as of 31.12.2016.

There is a tendency for annual reduction of the newly incurred outstanding tax, social security and health insurance liabilities, the total amount of which by the end of 2017 is by BGN 776,6 million - 29,2% less than the one reported at the end of 2014 year. This is mainly due to the higher collection rate of the liabilities declared in 2017. More than 96% of all tax and compulsory social contributions declared during the year have been repaid until December 31, 2017 - including both voluntary execution and accumulated overdue liabilities collected.

In 2017, following the initiation of an enforcement case, tax, social security and health insurance liabilities amounting to BGN 1 219,8 million were collected, including BGN 678,6 million for newly incurred liabilities and BGN 541,2 million for old arrears.

Additionally, during the year, the public enforcement agents in the NRA have collected BGN 29,4 million of receivables from external creditors to the NRA.

The positive results achieved are due to the changed treatment of debtors, which is done by means of a selective approach in line with the level of the risk of debt collection and the demonstrated behaviour regarding compliance with the obligations for registering, declaring and payment.

Measures are increasingly undertaken to stimulate the *voluntary fulfilment of public liabilities* through the so called “soft methods” – by sending personal emails and/or establishing telephone contacts intended to call upon the persons to make a payment of the public liabilities they owe as soon as possible, including to clarify the possibilities to secure and pay the debts in case of financial difficulties.

237 thousand e-mails were sent to more than 107 thousand persons with newly incurred liabilities under annual tax returns under the CITA / PITA. Unlike in previous years, in 2017, not one but three consecutive messages with different content were sent to the persons - notification, reminder and warning message. More than 58% of the persons, to whom e-mails were sent, effected payment after receiving an e-mail, with 41% of the persons having repaid their debt under annual tax returns under the CITA / PITA. As a result of the e-mails sent, the amount of

outstanding liabilities under the annual tax returns under the CITA and PITA for the financial year 2016 decreased by BGN 135,8 million (57%), with additional BGN 230 million being paid for settling other liabilities.

From 06.11.2017, through a newly developed functionality, monthly emails with different content are sent electronically to persons with newly incurred overdue public liabilities. In the period 06.11 to 31.12.2017, a total of 410 467 automated (notification / reminder / warning / threatening) e-mails were sent to 368 397 liable persons. Results were reported for 40% of the persons - with a first notification in November, and a reminder in December. The effect from sending e-mails is a fourfold increase in the number of persons paying their debts within the first two to three months of their occurrence. The number of persons treated was reduced by 45% and the debt decreased by 64%.

Continuous monitoring is carried out of debtors with the largest overdue liabilities of taxes and compulsory social security contributions, including personal meetings held by the directors of the NRA's TDs throughout the country with the liable persons, aiming to undertake explicit commitments to provide security and / or making full or partial payments of overdue debts as well as effective monitoring of the commitments made by the debtors and timely control of their treatment by the competent authorities. As a result of the monitoring, a decrease of outstanding tax, social security and health insurance liabilities was recorded in 1 236 (40,3%) of the persons observed at the national level as of 31.12.2017, totaling BGN 234,5 million. Towards the end of the year, 198 liable persons subject to monitoring have fully repaid their obligations, both the liabilities because of which they have been subject to monitoring and the new liabilities that have occurred as well. In 2017, subject to additional monitoring at the TD level of the NRA were another 5 994 persons with outstanding tax liabilities and MSSHIPs of a size in the lower range. As a result of the monitoring, their debt decreased by nearly BGN 73,3 million.

One of the primary measures for collection public liabilities from debtors that are contractors under contracts with persons – budget spending units, is the priority directing of the enforcement to the forthcoming payments under these contracts (DCM 788/28 November 2014 and DCM 593/20 July 2016). The measure is of a permanent nature and was introduced in December 2014 in order to achieve rapid and effective collection of public receivables. Additionally, in 2016, the information system "RMC 593" information system was implemented, which supports the interaction between the budget spending units and the revenue administrations, so that as regards persons who do not have a liability over BGN 100 to the NRA and the CA, immediate payment is possible, and as regards debtors - to speed up the process of imposing security measures on their enforcement.

In 2017, in accordance with the provisions of DCM No. 593/2016, 413 125 notifications for forthcoming payments were registered in an information system set up for this purpose, 42 621 of them being directed to a public enforcement officer in the competent NRA TD. In connection with the notifications received in 2017, sums amounting to BGN 230,2 million were collected.

The measure has proved its effectiveness. As a result of its implementation, the sums actually received since its introduction at the end of 2014 until the end of 2017 amount to BGN 595,8 million.

The work continues on upgrading / improving the information system implemented in 2016 - IS "Collection", supporting the operational and management activities related to the collection and securing of the public liabilities at the NRA. Its development was one of NRA's main commitments set out in the MoF's Plan for actions aimed at reducing the administrative burden on businesses, increasing budget revenues and improving the activity of revenue administrations. Full automation of public debt collection processes for citizens and

organizations has led to a greater transparency, better accountability and higher collection of overdue receivables.

In 2017, IS "Collection" has developed a functionality that allows automated sending of electronic messages to persons with newly incurred arrears. The aim is to raise awareness of individuals about their liabilities and to encourage individuals to repay their liabilities swiftly.

In addition, in 2017:

- an electronic portal was developed for accepting data for statements establishing public receivables of creditors other than NRA. Testing and deployment is forthcoming.

- the portal on the NRA's website for publishing public sales announcements under the TSIPC – “Sales” portal was improved. The easier and more accessible search by an external user in the public sales announcements made in the new portal aims to increase the number of bidders, the competition between them, and hence more revenue from the sale of secured property for repayment of public debts.

Report on the implementation in 2017 of the measures from the Action Plan annexed to SNS 2015 – 2017 (tables)

This section contains information about the implementation of all measures from the Action Plan annexed to SNS 2015 - 2017. The report is presented in three separate tables (by strategic objectives), which contain data for the specific activities performed in 2017, the extent of implementation of the measure, the activities planned as at the end of the period, as well as the quantitative and qualitative measures of the results and their values.

Strategic objective 1: Tackling the shadow economy

Table for reporting the activities carried out and the progress made with the implementation of the measures designed for attainment of Strategic Objective 1 of SNS 2015-2017

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
1.1	Expanding the scope of the implemented mechanism for control of the supplies and the movement of excisable goods (currently only for liquid fuels), by adding two other groups of excisable goods – alcohol and tobacco products	The measure is implemented without changing the legislation and introducing new information modules. In order to extend the analysis of the risk of trafficking and commercial transactions with excisable goods, incl. sites with tobacco products and alcoholic beverages, a new Instruction between CA and NRA has been signed, which gives access to the software of the two agencies instead of building new or improving the current information systems of CA and NRA. The aim is to improve quality of information exchanged, joint control actions and coordination of actions. Analysis of the activity of the LPs, based on the data of the Customs Agency's information system and / or other sources, incl. exchange of information between the directorates of the CA and Control Directorate of the NRA, according to the instructions for cooperation between NRA and CA.	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	A new instruction signed between the CA and the NRA	Access provided to the software of the two agencies

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>A requirement introduced for using means of measurement and control at the locations for introduction and offloading of energy products in / from ports and customs warehouses.</p> <p>A provision introduced defining smoking hookah products as tobacco products.</p> <p>Change in EDTWA to complement the hypothesis of avoiding double taxation in the case of electricity production for own use - excise duty is levied only on raw materials for electricity generation.</p> <p>A requirement established for gas transmission system operators to provide data from commercial metering devices to the competent TCD.</p> <p>Changes in the place of registration of persons selling natural gas for domestic or business purposes and for motor fuel.</p> <p>Regulation of cases of liability incurred for payment of excise duty when missing quantities are established in the completion of excisable goods under the DSA.</p> <p>Tests carried out on accepting versions 2.7 of the EDMS module and 1.11 of the BECIS ex-post control and recovery modules with implemented functionality, enabling the integration of the ex-post and recovery modules with the EDMS-Finance module.</p> <p>Improvement of BECIS functionalities in connection with the application of Art. 103c of the EDTWA and provision of customs officers' control functions by applying indicators for risk events (IRE).</p>				<p>Amendments made to the national excise duty legislation.</p> <p>Introduction of versions 2.7 of the EDMS module and 1.11 of the BECIS ex-post control and recovery module.</p> <p>Introduction of versions 2.7 of the EDMS module and 1.11 of the BECIS ex-post control and recovery module.</p>	<p>Amending Act to the Tax and Social Insurance Procedure Code with amendments included to the Excise Duty Warehouses Act (promulgated in State Gazette No. 63 of 04.08.2017)</p> <p>Amending Act to the Value Added Tax Act with amendments included to the Excise Duty Warehouses Act (promulgated in State Gazette No. 97 of 05.12.2017)</p> <p>Integration of the ex-post control and recovery modules with the EDMS-Finance module.</p> <p>Improvement of BECIS functionalities in connection with the legislative changes.</p> <p>A change implemented in the CA-NRA module in relation to AO to Ordinance No. H-18 of 2006 – provision of information on licenses from BECIS.</p>

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		<p>Reflecting in BECIS the legislative changes made in the EDTWA and the RAEDTWA.</p> <p>Development of functionality in BECIS in connection with the implementation of a register of certificates of registered prices of tobacco products.</p>				<p>Respective modules and new information systems implemented in effective operation.</p> <p>Adopted drafts for amendment of respective regulations.</p>	<p>“Tobacco register” module implemented in effective operation.</p>
		<p>In order to further improve the control mechanism for supplies and movement of liquid fuels, by an AAS to the EDTWA, promulgated in SG No.97/2016, in force from 01.01.2017, an amendment has been made to the EDTWA, which regulates that persons, owners or users of means of transport and transportation vessels are obliged to use the global positioning system and the means of measurement and control as intended within their operating range, ensuring and monitoring their technical condition, proper use and continuous transmission of data to a GPS service provider. In case of non-fulfilment of the requirements, the certificate of approved transportation vessel shall be terminated on the</p>				<p>A refined mechanism for controlling supplies and movement of energy products</p>	

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		date on which the customs authorities have established the relevant facts and circumstances. At present, a working group has been set up to prepare a draft of a legal act covering the fuel sector, and regulating also the transportation of dangerous goods.					
1.2	Uniform counteraction to customs and tax violations the subject of which are excisable goods, and to tax frauds involving excise duty and VAT	<p>1. Joint risk assessment by CA and NRA with respect to persons performing activities with excisable goods.</p> <p>In 2017, with the participation of CA, joint actions of NRA, the MI and SAMS were carried out with respect to more than 20 fuel traders, organized and coordinated mainly by the Interinstitutional Coordination Centre for Counteracting Smuggling and Controlling the Movement of Risk Goods and Cargo at the CDCOC/the MI.</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Number of inspections carried out	The Instruction for interaction between NRA and CA is implemented. A selection of sites is performed, for which presence of fuel storage vessels is declared and as a result of this selection 318 vessels have been checked. They include 52% declared stationary tanks with a total capacity exceeding 2 236 231 litres, as well as 17 petrol stations. 143 SAOs have been drawn up, of which 108 were for the absence of a registered ESFM (Article 3, Paragraph 12 of Ordinance H-18/2006), in 112 cases it has been found that there is a reason to impose a coercive measure under Art. 186 of the VATA. 111 orders for CAMSO have been issued, with 102 tanks for fuel storage being sealed. 2 repeated violations of absence of a registered ESFM have been found. The persons checked have contributed BGN 189 thousand in the course of the campaign. 1 556 litres of gas oil have been secured. Controlling actions have been undertaken by the revenue authorities in the territorial directorates against – analyzed and selected are 3 993 persons, including 11 audits, 367 inspections, 163 operational
		<p>2. Performance of joint inspections by CA and NRA for the purpose of prevention and revealing of tax offenses and crimes.</p> <p>Additionally, CA and NRA have interacted and performed joint control both during the active summer tourist season (one-month joint control of built-in fiscal posts on major roads in the Black Sea resorts, as well as over 10 inspections of taxable persons under the EDTWA) and in the implementation of a number of other initiatives.</p> <p>In 2017, the customs authorities performed a total of over 14 000 physical checks for compliance with the requirements of the EDTWA and the regulations for its implementation. A substantial part of these inspections is related to the physical control, at the beginning of July 2017, of the receipt and unloading of motor fuels from craft on the territory of the country.</p>	2015		2017	Excise duties liabilities found as a result of ex-post inspections of persons who have been involved in excise and VAT tax fraud schemes.	

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						Number of pre-trial proceedings initiated by an investigating customs officer for crimes with excisable goods as a subject.	inspections, 132 SAO imposed, 52 CAMSO under Art. . 186 VATA imposed. In 2017, the customs authorities performed a total of over 14 000 physical checks for compliance with the requirements of the EDTA and the regulations for its implementation. As a result of the excise duty and customs control performed, budget losses of over BGN 11,2 million have been avoided (over BGN 7,5 million from excise duty on cigarettes, over BGN 2,5 million from excise duty on tobacco for smoking, more than BGN 1 million of excise duty on ethyl alcohol and alcoholic beverages, over BGN 0,25 million of excise duty on energy products).
		<p>3. Performance of special-purpose checks of persons introducing lubricants and base oils into the territory of the country;</p> <p>In 2017, the exchange of information between CA and NRA continued concerning risk persons bringing in mineral oil in the country from other Member States.</p>	2015		2017		
		<p>4.Съвместни проверки на АМ и НАП в обекти за съхранение и продажба на енергийни продукти;</p> <p>Considering the national priorities for general control of the persons trading in motor fuels, joint checks have been carried out on a regular basis by the NRA, CA, SAMTS, MoI, SANS in the premises where they are sold and/or stored. The inspections are mostly arranged and managed by the Interinstitutional Coordination Centre for Counteracting Smuggling and Controlling the Movement of Risk Goods and Cargo (ICCCSCMRGC) at the CDCOC/MoI.</p>	2015		2017		<p>In 2017, a total of 270 pre-trial proceedings (PP) were filed by the investigating customs inspectors with the subject of excisable goods, of which 251 PPs under Art. 234 of the PC and 19 PPs under Art. 242 of the PC. 3 PPs under Art. 255 of the PC (tax offenses related to excisable goods) have been filed separately.</p> <p>As a result of the 42 audits of TPs under the EDTWA assigned to the Ex-post Control units of the CA in 2017, the assessments of the customs authorities found excise duties</p>

1	2	3	4	5	7	8	9
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							<p>liabilities to the amount of BGN 12,1 million, with the default interest accrued amounting to BGN 3,0 million. The excess overdue and recoverable amounts established by audits are BGN 6,2 million. After setting-off, the amounts established by audits are BGN 8,8 million. A total of 514 checks have been completed by the ex-post control units, including fact and circumstances findings inspections, counter-reviews, delegation inspections, offsetting and / or recovery inspections.</p> <p>In 2017, more than 40 physical checks were carried out by customs authorities on persons for whom data were found to be parties to fictitious transactions (ICAs and ICSs) with excisable goods, predominantly alcoholic beverages.</p>

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		<p>5. Operational exchange of information and joint analysis by the CA and the NRA with respect to Bulgarian business companies, for which data is available for participation in fictitious transactions (ICA and ICS) involving excisable goods. Collection of additional information by means of administrative interaction with the revenue administrations of other members states. Organization and implementation of joint control actions and signaling to the prosecutor's office in case of presence of data for a committed crime.</p> <p>In 2017, the customs authorities and the NRA authorities interacted in a number of cases involving fictitious ICSs and ICAs on behalf of Bulgarian trading companies (including taxable persons under the EDTWA). CA representatives together with NRA representatives participated in several multilateral reviews initiated by other member states aimed at detecting and preventing cases of fraud related to fictitious movement and sale of excisable goods within the EU.</p>	2017		2017	<p>Number of inspections and audits carried out by the bodies of the CA</p> <p>Number of inspections and audits carried out by the bodies of the NRA</p> <p>Number of signals filed to the prosecutor's office by the CA bodies</p> <p>An established procedure for determining the terms for the installation of GPS devices and technical means of control over vehicles with risky means of transport</p>	<p>6 inspections carried out by the bodies of the NRA</p> <p>In 2017 CA notified the Prosecutor's Office of 270 cases of established data about data found about offenses with a subject or related to excisable goods on which the pre-trial proceedings were assigned to an investigating customs inspector. In addition, in 2017 CA notified the Prosecutor's Office of 3 other cases of established data on excise-related offenses under which the preliminary investigations / pre-trial proceedings were assigned to competent authorities within the structure of the Ministry of Interior.</p> <p>AAS EDTWA, promulgated in State Gazette, issue No.97 of 06.12.2016, effective from 1 January 2017</p> <p>AAS EDTWA, promulgated in State Gazette, issue No.97 of 05.12.2017, effective from 1 January 2018</p>

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		6. In order to optimize the control of excisable goods and reduce the risk of avoidance of excise duty, the provisions of the act on the application of technical devices and technical means of control have been further developed in the EDTWA. With the new Art. 102a (in force from 01.01.2017), the scope of the technical devices used for the purposes of excise control has been outlined, namely: tracking, positioning and stopping of vehicles; monitoring and/or photographing of transport vehicles and of locations, at which activities are carried out or excisable goods are kept; obtaining data and / or determining indicators relevant to the excise duty; prevention of violations. With the new Art. 102b. (in force from 01.01.2018) rules have been established on the control of excisable goods during their transport on the territory of the country, related to the use of technical devices and technical means of control. The rules represent detailed and further developed rules for fiscal control, implemented by the specialized units of the NRA. With the provisions of the new Art. 102c (in force from 01.01.2018), the customs authorities are entitled to use information from competent administrations to identify the location and route of vehicles and to require their detaining, in case that they cannot be stopped by the customs authority.			2017	AAS EDTWA A ban is provided on the dispatch and delivery by courier services of excisable goods without excise labels, free of charge, without excise duty paid or secured respectively, as well as on the publication of advertisements in print and on internet sites for the sale of similar goods.	AAS EDTWA, promulgated in State Gazette, issue No.97 of 05.12.2017, effective from 01.01 2018
		7. With amendments to Art. 99 (effective as of 01.01.2018) a ban is established on publishing of announcements and notices for the sale of excisable goods prohibited by EDTWA (mainly goods without excise labels). Art. 99a is established, which introduced a ban on the receipt and delivery of excisable goods without excise duty paid by postal (courier) services.	2017		2017	AAS EDTWA A ban provided on the completion of an electronic administrative document (e-AD) by Bulgarian recipients and the subsequent issuance of an electronic	AAS EDTWA, promulgated in State Gazette, issue No.97 of 05.12.2017, effective from 01.01 2018

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						administrative document.	
		<p>8. An administrative penal provision is provided (in force as of 01.01.2018) for the transportation of excisable goods without a simplified accompanying document, as well as their seizure for the benefit of the state in the event of an infringement.</p> <p>A ban provided on the completion of an electronic administrative document (e-AD) by Bulgarian recipients and the subsequent issuance of an electronic administrative document.</p>	2017		2017	AAS EDTWA	AAS EDTWA, promulgated in State Gazette, issue No.97 of 05.12.2017, effective from 01.01 2018
1.3	Expanding the scope and improving the mechanism of fiscal control on the movement of high fiscal risk goods	<p>Improving the organization of work on fiscal control. In 2017, a total of 308 391 inspections were carried out on transport vehicles, 92 166 vehicles were equipped with technical means for control.</p> <p>By an Order of the Minister of Finance № 3MΦ -1092 of 16.11.2017 fuels have been included in the list of goods of high fiscal risk, with which the goods have become – 555.</p> <p>Capacity built for fiscal control: After the customs offices all over the country and the tax warehouses were included in the number, the fiscal points became 305 positioned at the border checkpoints and inside the country.</p> <p>Interinstitutional coordination centre for counteracting smuggling and controlling movement of risk goods and cargo, ensuring the interaction and coordination between the CDCOC, DG MS, DG BP, of the MoI, SANS, CA, NRA and EA AA.</p> <p>Inspections performed and security imposed of cargo - Documentary inspections carried out at the border checkpoints of LPs carrying goods - 1 467 inspections. Rejected cooperation by MU of SFC at the place of</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Number of identified cases of abuses in trade in goods with high fiscal risk	<p>Security actions were initiated in 1 477 cases. The total value of the securities imposed amounts to BGN 13 294 561. The abandoned goods in favour of the state amount to BGN 77 823.</p> <p>882 SPO issued with total fines amounting to BGN 832 050.</p> <p>As a result of the fiscal control performed, 95 audit proceedings and 149 facts and circumstances findings inspections / FSFI / have been assigned. 170 offsetting of liabilities to the budget have been performed amounting in total to BGN 931 580.</p> <p>Growth of the declared tax base of ICA by persons that have performed ICA of high fiscal risk goods in 2017 by BGN 1 195,7 million (11,9%)</p> <p>Growth of the declared tax base of ICS of goods of high fiscal risk in 2017 is</p>

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		Activities for the implementation of the measure performed / started in 2017					
		receipt / unloading of "cargo" goods and precautionary measures imposed under Art. 40 of the TCIPC of 709 LPs.					by BGN 504,3 million (11,8%) Growth of the receipts from taxes and mandatory social and health insurance contributions of the persons who performed ICA and ICS of HFRG in 2017 is by BGN 92,5 million (3,9%); Growth of the revenues from taxes and mandatory social and health insurance contributions of persons transporting HFRG is by BGN 79,2 million (7,8%).
		Assistance by MoI officers in the control over the movement of high fiscal risk goods.	2015		2017	Number of inspections of high fiscal risk goods performed	308 391 inspections of high fiscal risk goods have been performed in 2017.
1.4	Improving the legal framework and enhancing the efficiency of control over the concealment of sales, including by making control purchases	<p>An amendment is made to Art. 96, para. 1 of the VATA. Every taxable person is obliged to submit an application for registration within 7 days from the date when the taxable turnover of BGN 50 000 is reached when the turnover is reached for a period not longer than two consecutive months including the current one.</p> <p>Amendments were made to Ordinance No. H-18/2006, according to which data from each fiscal receipt are transmitted automatically by the FD / IABMS on the remote connection to the NRA.</p> <p>It is arranged a two-dimensional barcode (QR code) to be printed for each cash receipt that is presented to the customer. Through this QR code each person can check the reporting to the NRA of the receipt he has been</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	<p>Amendment adopted to the VATA</p> <p>OAS of Ordinance H-18/2006</p>	<p>AAS VATA, promulgated in State Gazette, issue No.97 of 05.12.2017, effective from 01.01 2018</p> <p>OAS of Ordinance № H-18/2006, promulgated in SG. 76/2017 r.</p> <p>By Order 3IQY -812 / 27.06.2017, the NRA lays down rules for the terms and conditions for carrying out control purchases in commercial premises within the meaning of Ordinance No. H-18.</p> <p>A draft OAS of Ordinance H-18/2006 was published for public discussion as of 31.12.2017, which includes</p>

1	2	3	4	5	7	8	9
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		issued. The third group of amendments are related to the specific requirements of the ESFS and in particular the regulation of cases where when the connection between the individual components of the ESFS is interrupted, their operation is blocked and the data are sent to the NRA.					requirements for sales management software at the commercial premises with producers / distributors and users.
1.5	Reducing public tolerance for the shadow economy, promoting the rights and obligations of citizens and of the business and increasing the confidence in the public administration and in the policies	<p>A brochure was prepared, printed and distributed on the necessity of a cash register in the sale of stalls, by peddlers, outdoors; a brochure dedicated to tax on the purchase and sale of cars.</p> <p>In October 2017, the second part of "Lottery with cash receipts" was launched.</p> <p>A free seminar held on changes in tax and social security legislation in force from 1 January 2018, which was broadcasted live on the Internet.</p> <p>Realization of the third part of the NRA educational project "Get to Know Taxes".</p> <p>8 electronic information campaigns performed, aimed at: unincorporated companies, self-insured persons, clients using NRA services with PIC and qualified electronic signature, social security funds, inspected persons. Campaigns are aimed at informing about duties, studying attitudes and opinions.</p> <p>In 2017, on the initiative of the NRA, a working group to the Advisory Board of the Executive Director of the NRA was established for reducing the administrative burden. During its two sessions, specific measures were prepared to facilitate the contact of citizens and companies with the NRA.</p> <p>Five NRA sections devoted to important changes in the legislation, as well as various initiatives of the NRA have been recorded and broadcasted on the national radio.</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	<p>A joint information campaign held</p> <p>Letters sent for compliance with the insurance legislation, etc.</p>	<p>A video seminar on changes in tax, social security and health insurance legislation with the participation of more than 200 practicing accountants, tax consultants and business representatives. It was watched over 20 000 times.</p> <p>"Get to know taxes" – 100 employees, 860 meetings with 20 000 students held in the country, 18 000 likes in Facebook.</p> <p>A total of 2 357 operational inspections were carried out in 2017, 2 585 statements for established administrative offenses were drawn up and 1 589 commercial premises were effectively sealed. 2 430 mandates were issued for the enforcement of the CAMSO.</p>

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		Regular publishing by CA of open data sets in open format on the Open Data Portal.				Number of publications	
		Winter and summer campaign for control in retail premises in localities, resorts and settlements.	2016		2017	An increased total amount of the VAT declared for payment for July and August in the Burgas Territorial Directorate of NRA and Varna Territorial Directorate of NRA compared to the VAT declared for payment for the same period of the previous year.	<p>Winter campaign: 4 015 inspections were carried out between January and March 2017, incl. 94 carried out jointly with the Ministry of Interior. 326 administrative violations have been identified. The coercive administrative measure "Sealing of outlet" (CAMSO) has been implemented effectively for 51 retail premises. Preventive control was carried out by the patrolling teams in 4 554 retail premises through constant presence and surveillance.</p> <p>Summer campaign: In the period July-August 2017, 9 825 operational checks were carried out, including 258 operational inspections with observations and 601 joint inspections with MoI authorities. A total of 3 283 persons have been audited, a total of 1 059 administrative offenses have been detected. During the campaign, patrols for preventive control have visited a total of 9 186 retail premises. The coercive administrative measure "Sealing of outlet" was implemented effectively and a total of 232 premises were sealed. As a result of the control actions carried out in the TD of NRA Bourgas and TD of NRA Varna an increase was established of 77 additional persons registered under VATA.</p> <p>For the third quarter of 2017, the increase in tax receipts amounted to</p>

1	2	3	4	5	7	8	9
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							BGN 33 965 thousand and in social security and health insurance contributions – to a total amount of BGN 19 201 thousand.
1.6	Organising a lottery game with non-monetary prizes	The second part of “Lottery with cash receipts” national campaign started in October 2017.	2015		2017	Conducting the lottery game	
1.7	Using the electronic and card payment systems to enhance the transparency of transactions	<p>1. In 2017, the BNB finalized the drafting of a new Payment Services and Payment Systems Act (PSPSA), with which the requirements of Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 for payment services in the Internal Market (the Second Payment Services Directive) will be transposed into the Bulgarian legislation, and the payment services regulations will be updated.</p> <p>The deadline for transposing the requirements of Directive (EU) 2015/2366 into the legislation of the Member States is 13 January 2018.</p> <p>The entry into force of certain provisions of the draft law is subject to the adoption and entry into force of delegated acts on technical standards by the European Commission.</p> <p>Directive 2007/2366 / EC establishes harmonized requirements at EU level in the field of payment services and repeals Directive 2007/64 / EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market with effect from 13 January 2018.</p> <p>Similarly to the current PSPSA, the new draft PSPSA also introduces into Bulgarian legislation Directive 98/26 / EC, Directive 2009/44 / EC, Directive 2009/110 / EC, Directive 2010/78 / EU and Directive 2014/92 / EU.</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Adopting of a new PSPSA by the Bulgarian Parliament	A draft of a new PSPSA has been adopted at first ballot by the National Assembly on 07.12.2017 Second vote is due in the first quarter of 2018.

1	2	3	4	5	7	8	9
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		<p>The provisions of the Second Payment Services Directive, which are introduced by the bill, cover in general following major changes: complementing the legal framework of services excluded from the scope of the law; introducing new types of payment services and regulating the business of the providers offering them; introducing additional licensing requirements for a payment institution and an electronic money company; introducing a registration requirement for the new type of account information service provider; introducing precise control requirements for participation in the capital of a payment institution and an electronic money company; a more detailed description of the procedure for exercising the right to establish and the freedom to provide services and the cooperation between the supervising bodies; changes in the information requirements and the rights and obligations of payment service providers and the range of payment transactions to which they apply; new security requirements for payments, in particular when they are performed remotely or in an internet environment; more detailed arrangements for internal complaint handling procedures at the payment service providers, etc.</p> <p>The bill introduces provisions stemming from other European regulations and international standards, incl. Principles for Financial Markets Infrastructures of The Bank for International Settlements (BIS) and International Organization of Securities Commissions (IOSCO) and Regulation (EU) 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds.</p>					
		2. A verification by the BNB, as a competent authority, of banks' implementation of the requirements related to the transposition in 2016 of Directive 2014/92/EU of the European Parliament and of the Council of 23 July 2014	End of 2016	The verification is completed	1 st quarter of 2017	Results of the verification performed	The BNB found complete compliance. 23 banks offer the payment account for basic operations, and 4 banks that do not offer payment services to

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		<p>on the comparability of fees related to payment accounts, payment account switching and access to payment accounts with basic features into the Payment Services and Payment Systems Act and Ordinance No 3 of the BNB.</p> <p>Directive 2014/92 / EU includes a package of measures aimed at improving the financial inclusion of the population by providing consumers with access to affordable payment products and services by opening and using a new type of account - a payment account for basic operations as well as facilitating users and providing greater transparency in the choice and use of payment services.</p> <p>The subject of the audit was the fulfilment by banks of the requirements of Art. 73s, para. 6 of the PSPSA and § 38 of the Transitional and Final Provisions of Ordinance No 3 of the BNB in connection with Art. 73u of the PSPSA, relating to the possibility of opening a payment account for basic operations by the users, the services offered to the payment account for basic operations, the setting and application of acceptable fees for these services, as well as an assessment of the actions taken by banks to increase the public awareness of the possibility of opening this type of account in banks offering payment services to consumers.</p> <p>(Directive 2014/92 / EC was transposed into national law by the AAS to the Payment Services and Payment Systems Act, promulgated in State Gazette, issue 59 of 2016 and Ordinance amending and supplementing Ordinance No 3 of BNB, promulgated in State Gazette, issue 69 of 2016. These measures were reported by letter No. BNB-33279 / 02.03.2017.)</p>					<p>consumers are not obliged to offer this type of account.</p> <p>The BNB found minor deviations in the implementation of the requirements of Art. 7a, para. 2 of Ordinance No. 3 of the BNB in relation to the definition and application of acceptable fees on the payment accounts for basic operations. Mandatory instructions were given to the banks for the removal of the inconsistencies found. The discrepancies found were removed within the specified 14-day period.</p> <p>With regard to compliance with the requirement of Art. 73s, para. 6 of the PSPSA on the measures taken or envisaged by the banks in Bulgaria to raise public awareness of the possibility of using payment accounts for basic operations, the check carried out showed that the majority of banks plan to use or already use their Internet sites for the purpose of public information in connection with the provision of a payment account for basic operations. In this respect, in 2017 a change was made to Ordinance No 3 of the BNB, which further specifies the requirements for raising public awareness of the possibility of using payment accounts for basic operations.</p>

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		<p>3. The BNB prepared amendments and supplements to Ordinance No 3 of 16 July 2009 on the Terms and Procedure for Execution of Payment Transactions and the Use of Payment Instruments.</p> <p>The changes are mainly related to:</p> <p>1. Specifying the requirements for the payment account for basic operations:</p> <ul style="list-style-type: none"> • Specifying the measures that banks should take to raise public awareness of the possibility of using payment accounts for basic operations under Art. 73s, para. 6 of the PSPSA. • Supplementing the list of services on a payment account for basic operations listed in Annex 1 of BNB Ordinance No 3 that are provided to consumers free of charge or against acceptable fees including the provision of periodic transfers in national currency pursuant to Art. 73s, item 4, letter. "C" of the PSPSA. <p>2. Presentation of fees for the execution of payment transactions in the tariffs of payment service providers, and in particular:</p> <ul style="list-style-type: none"> • Refinement of the way in which the requirement of Art. 3, para. (1) of Regulation (EC) No 924/2009 of the European Parliament and of the Council of 16 September 2009 on cross-border payments within the Community to impose uniform charges for cross-border and national payments in euro that are equal in value and with one and the same value date, and which have the same characteristics in terms of initiation, execution and completion of the payment. • Introduction of a requirement that services that provide technical execution of a payment transaction, including the use of relevant financial messaging communication services in a standardized format, should be included in the fee for the respective payment transaction. 	2017	Ordinance amending and supplementing (OAS) Ordinance No. 3 of the BNB adopted by the Governing Council of BNB.	2017	OAS Ordinance No. 3 of the BNB is adopted by the Governing Council of BNB and it is promulgated in SG No. 30 of 2017	Adopting an OAS and monitoring the implementation of the amendments and supplements introduced, namely the requirements of Art. 7a, para 2 of Ordinance No. 3 of the BNB in relation to the application of acceptable fees for periodic transfer services in national currency provided on a payment account for basic operations, as well as of Art. 7c, para. 1, 2 and 3 of Ordinance No. 3 of the BNB.

1	2	3	4	5	7	8	9
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		<ul style="list-style-type: none"> Introduction of a requirement to payment service providers to designate as a separate type of payment service in their rates services related to the execution of payment transactions using credit transfer and direct debit in euro falling within the scope of Regulation (EU) 260/2012 of the European Parliament and of the Council of 14 March 2012 laying down technical and business requirements for credit transfers and direct debits in euro. 					
		<p>4. A verification by the BNB as a competent authority of the banks' compliance with the requirements related to OASS of BNB Ordinance No. 3, prom. in SG, no. 30 of 2017.</p> <p>The subject of the verification was the fulfilment by banks of the requirements of Art. 7a, para. 2 of BNB Ordinance No 3 regarding the application of acceptable fees for periodic translation services in national currency provided on a payment account for basic operations as well as on Art. 7c, para. 1, 2 and 3 of Ordinance № 3 of the BNB regarding the presentation of the fees for execution of payment transactions in the bank tariffs.</p>	July 2017	The verification is completed	September 2017	Results from the verification performed	The BNB found minor deviations in applying the requirements of Art. 7a, para. 2 of BNB Ordinance No 3 on the application of acceptable fees for periodic transaction services in national currency provided on a payment account for basic operations as well as the requirements of Art. 7c, para. 1, 2 and 3 of BNB Ordinance No. 3. Mandatory instructions were given to the banks for the removal of the inconsistencies found. The discrepancies found were removed within the specified 14-day period.
		5. The BNB took part in a joint project of the National Revenue Agency (NRA), the Ministry of Finance and the BNB to provide a payment service through payment cards for payment of public debts administered by the NRA through a virtual POS terminal on the NRA's website and physical POS terminals in the NRA offices. The BNB has set up the necessary organization to implement the project activities falling within its competence. BORICA AD, in its capacity of a payment institution and operator of a payment settlement system with a settlement finality that processes card payment transactions, will accept	November 2016	On 14.12.2017, the BNB issued a license to BORICA AD to perform its activity as a payment institution on the grounds of Art. 12, para. 1 of the PSPSA. The project is	1st quarter of 2018	Effective commissioning of the virtual and physical POS terminals of NRA and performing a successful settlement of card payments.	Performing technical tests and preparing the start of the service.

1	2	3	4	5	7	8	9
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		and process the card transactions, the settlement of which will be settled through the BNB settlement account in the system for real-time gross settlement RINGS. Payments will be made to a separate account of NRA opened for that purpose with the BNB, after which the funds will be allocated to the NRA accounts with the Bulgarian National Bank - for PSI, SCPI, NHIF and the Central Budget. Technical provision of the project and finalization of the contracts between the participating parties is forthcoming.		under implementation.			
1.9	Improving the effectiveness of administrative penalties	Changes have been made to some of the administrative penal provisions in order to fine-tune sanctions according to the seriousness of the offense, which is called for by the establishing of a durable case-law on the minority of the unlawful act committed. As a consequence of the increased number of cases at the end of 2016 and in the beginning of 2017 of transportation across the internal borders of the country of excisable goods with excise labels, but without the simplified accompanying document required for this purpose, administrative penal provisions were made in the EDTWA for that purpose, and forfeiture of excisable goods in favour of the state was also provided. The provisions are in force since January 1, 2018. Additionally, in view of the contradictory case law as well as the loopholes in the law, administrative penalties were made (in force since 01.01.2018), applicable in cases of shortages established by the customs authorities and / or surpluses of excisable goods at the sites of taxable persons under the EDTWA.	2015	<i>The measure is completed</i>	2017		Amendments to the EDTWA and to the Regulations for the Application of the EDTWA. AAS EDTWA, promulgated SG, issue. 97 of 05.12.2017, in force from 01.01.2018
		In 2017 an amendment to the provision of Art. 187, para. 1 of the VATA has been made. It is accepted that the				Adopted amendments to	AAS VATA promulgated SG, issue. 97 of 05.12.2017, in force from

1	2	3	4	5	7	8	9
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		coercive administrative measure "sealing an outlet for a period of up to 30 days" should also apply to a third person when at the time of sealing the outlet or outlets are managed by a third party, if such third party knows that the outlet will be sealed. It is considered that the person is aware when a permanent notification of the sealing is affixed and/or the information about the pending sealing of the outlet and its location is disclosed on the website of the revenue administration. The National Revenue Agency shall disclose on its website lists of the outlets subject to sealing and their location.				VATA	01.01.2018
1.10	Strengthening the control functions, enhancing the detection of violations and offenses	1. Based on an agreement between Chief Directorate "Combating Organised Crime" and the NRA, NRA staff provides expert assistance and support the investigation of organized crime related to tax offenses. In the framework of this activity, an analysis and classification of 334 liable persons that participate in frauds was carried out after analysing information from the VAT register. 495 reports on persons were prepared, information from the NRA's registers being analysed, 115 meetings were carried out with operational officers from CDCOC and other investigative bodies.	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Tax fraud schemes identified and described	Within this activity was performed an analysis and classification of 1 095 obliged persons involved in frauds, 437 tax fraud schemes and 324 tax profiles of obligated persons were described after analysing the information from the VAT register. 1 803 reports on persons were prepared by analysing information from the NRA registers, 187 meetings were carried out with operational officers from CDCOC and other investigative bodies.
		2. In accordance with an Agreement between the Prosecutor's Office of the Republic of Bulgaria, the MoI, SANS, NRA and the Customs Agency, by an order of the Managing Director of the NRA from the ISC Department, Control Directorate at the NRA Headquarters, experts have been appointed for the operation of the specialized inter-service unit created to provide expert assistance in the investigation of organized crime related to tax offenses.	2016		2017		In 2017, an analysis of tax information was conducted on 541 pre-trial proceedings / prosecution files, in which were identified 389 liable persons that were involved in fraud. As a result of the analyses, descriptions were prepared of the tax fraud mechanisms described in 155 tax fraud schemes and 892 tax profiles.

1	2	3	4	5	7	8	9
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							During the period, the employees of the unit conducted a survey and analysis of tax information in pre-trial proceedings and other files for 42 cases. As a result of the analyses, descriptions of tax fraud mechanisms have been prepared, involving 587 liable persons.
		<p>3. Enhanced control aimed at preventing undeclared work in all its forms - working time, work pay and the occurrence of employment relationship. Delayed wages and other payments paid after the intervention of GLI EA.</p> <p>The identification of the objects of control for the respective year is based on an analysis of the results of the control activity in the previous year/years and the detection of cases of systematic or frequent violations of one or more forms of undeclared work established in a certain region / activities or specific companies.</p> <p>In 2017, GLI EA's practice shows that in some cases the worker himself refuses to sign a written employment contract in order to be able to use the unemployment benefit and social assistance benefits and in the same time to receive the wage.</p> <p>Another common practice is to declare minimum amounts on which social security contributions are paid, with employees receiving extra cash on hand (in an envelope). Such offenses are difficult to prove because of the fact that both sides (the employer and the employee avoid paying social security contributions and / or taxes), and usually no documentation is produced for the money in the envelope or at least not one that can be requested and used by the control authorities.</p> <p>In these cases, upon termination of the employment relationship, benefits are calculated and paid to the employees as stipulated in the employment contract and</p>	2015		2017	<p>Offenses found as a result of the inspections carried out</p> <p>Delayed wages and other payments effected after GLI EA's intervention</p>	<p>45 445 inspections carried out by GLI EA in 37 284 companies, 36 108 of them being medium and small companies.</p> <p>195 783 offenses were found, 97 615 of which - under the HSWA and 96 426 on the realization of labour relations.</p> <p>In 2017 were found 22 012 offenses related to the payment of wages, a decrease being observed of approximately 36%. The amount of the unpaid remunerations established for 2017 is BGN 28,8 million.</p> <p>As a result of the intervention of GLI EA, delayed wages were paid in the amount of BGN 20,2 million. (This also includes wages for past periods).</p>

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		<p>not on the basis of the agreed remuneration. In case that the payment of a part of the salary is done without a payment document, certifying a payment but "by hand", the GLI EA control authorities are prevented from establishing this circumstance and applying the coercive administrative measures provided for in the current legislation.</p> <p>In 2017 GLI EA has carried out 45 445 inspections in 37 284 companies, 36 108 of them being medium and small companies.</p> <p>195 783 offenses were found, 97 615 of which - under the HSWA and 96 426 on the realization of labour relations.</p> <p>45 445 inspections have been carried out during the period, compared to 48 053 in 2016, but in spite of that the scope of control was increased.</p> <p>In 2017 GLI EA has focused its efforts on better identification of the objects of control. The number of undertakings surveyed for the first time by the Labour Inspectorate has increased by 22%. By 6% has increased as well the number of employees whose rights were subject to control during the inspections.</p> <p>In connection with the payment of wages, 22 012 violations were found during the twelve months of 2017, a decrease being observed of approximately 36%. The amount of the unpaid remunerations established for 2017 is BGN 28,8 million. Overall, in 2017, the steady trend over the past five years has been sustained of reduction of the number of employers who have delayed payment of wages. As a result of the intervention of GLI EA, delayed wages were paid in the amount of BGN 20,2 million. (This also includes wages for past periods).</p> <p>On the basis of the analysis carried out in the GLI EA's Activity Plan, in 2017 as well were planned campaigns for construction, tourism and agriculture, as sectors</p>					

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		<p>where over the years a large number of undeclared work has been identified in all its forms. Construction and tourism campaigns become traditional for the country, which in view of the seasonal and temporary character of the activities appear to be risky in respect of hiring people in the gravity sector.</p> <p>Substantial growth of all major offenses of employment relationships - work without a written employment contract, distribution of working time, work pay was reported during the inspection campaign of GLI EA in the seaside resorts during the active summer season of 2017.</p> <p>2 033 inspections in 2 092 undertakings with 34 800 employees were carried out within the campaign. Compared to 2016, inspections in the resorts have increased by just over 23%. At the same time, the increase in offenses related to work pay and distribution of working time is about 40%, and the number of cases of work without a written employment contract is higher by almost 60%. During the 2017 campaign, the offenses related to the distribution of working time have reached 900, the work pay - 360, and the cases without employment contract have been 247.</p> <p>The substantial increase in offenses related to employment relationships is also the result of the active work of the coordination centres established in Burgas and Varna, which have improved communication with the other control authorities. The large number of working time offenses can be explained by the lack of workforce in the resorts. Most often, it concerns unregulated overtime work, non-compliance with weekly and day-long rest requirements, and lack of documents on sites showing which worker at what time has started work and when his work day should end. Several visits to the sites even on the same day are required to detect the offenses of working hours. Workers' assistance is also</p>					

1	2	3	4	5	7	8	9
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		required, which inspectors do not usually receive. In 2017, labour inspectors carried out 4 922 inspections of sites in which construction and assembly works were carried out. The number of offenses found on inspections of construction sites was 25 900. The offenses related to the provision of health and safety at work were 17 570 and those related to the provisions regulating employment relationships – 8 030, of which 800 are for persons without a contract, which is 27% of all such cases detected for the period (2 970).					
		4. Performance of joint inspections of NSSI and NRA or inspections at the request of one of the two institutions for the purpose of prevention and avoidance of undeclared work. In 2017, performance of joint inspections and exchange of information between administrations continued to improve the control effectiveness. In 2017, with the participation of GLI EA, 1 146 joint inspections were carried out, the largest share of which comprising of: Checks at the request of NSSI - 400. Joint inspections of GLI EA and NSSI - 280; Checks at the request of the NRA - 237 Joint inspections of GLI EA and NRA - 290; The aim of these joint actions is the rogue employers that hide income, including also in respect of paying employee benefits, to be forced to declare their actual earnings, and to enter into written employment contracts with workers. In order to identify the objects of control and organize the inspections, information stored or specially collected by NRA or GLI EA is used. This includes specific information about persons and objects in relation to the powers they exercise, as well as information from other	2015		2017	Joint inspections of GLI EA with NSSI and NRA	1 146, including 400 – inspections at the request of NSSI; 280– joint inspections of GLI EA and NSSI; 237 – inspections at the request of NRA; 290 броя – joint inspections of GLI EA and NRA.

1	2	3	4	5	7	8	9
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		control bodies. The NRA provides GLI EA with information about the notifications submitted concerning conclusion, amendment and termination of employment contracts, with insurance information and information about the certificates A1 issued. The General Labour Inspectorate Executive Agency provides the NRA with information about cases of existence of an employment relationship observed by the GLI EA, where the inspection has revealed the masking of this relationship by means of a civil contract.					
		Amendments made to the Labour Code to extend the control functions of the General Labour Inspectorate EA as well as a possibility provided for taking administrative penal measures related to the payment of the due wages and compensations after the termination of the employment relationship. An option is regulated for seeking administrative and punitive liability to companies established under the Obligations and Contracts Act. By the same AAS of the LC was amended the Commercial Act and GLI EA was authorized to initiate insolvency proceedings for traders who have not paid wages for more than two months to at least one third of the employees.	2017		2017	AAS of the LC, promulgated, SG issue 102 of 2017, In force from 22.12.2017	The changes should have a disciplining and dissuasive effect on employers while enhancing and expanding the control functions of GLI EA.
		Electronic access provided to the registered brokers database, which the Employment Agency provides in real time to authorized officials from GLI EA. This allows for a real-time check to compare the information provided by private employment agencies to GLI EA	2015		2017	Electronic access provided	

1	2	3	4	5	7	8	9
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		and EA.					
		Changes in the internal regulations of the Employment Agency (EA) with a view to control by carrying out inspections under contracts for incentives, programs and projects for training and employment under the Employment Promotion Act and under the Operational Program "Human Resources Development"	2017		2017	Updating the Methodology of Control Activities in the system of the EA.	Total number of inspections carried out 33 571 бр. Under effective contracts total – 23 403 бр. Sanctions imposed – 267 to 456 persons.
1.11	Improving the control provided by GLI EA with regard to recruitment, working hours, leaves, pay, performance and reporting of overtime work.	<p>Provision of one-day employment contracts by the Labour Inspectorate to farmers and control over the compliance with the requirements for provision of health and safety at work and lawful arising of ER in accordance with Art.114a of the Labour Code in the Plant-breeding branch.</p> <p>Easing the procedure for obtaining and using one-day labour contracts by farmers.</p> <p>In 2017 GLI EA provided a total of 203 952 templates. Of these, 199 166 of one-day employment contracts were actually used, which is 15 346 more than the templates actually used for the same period in 2016. The largest number of one-day employment contracts, just like last year, has been granted to farmers growing vines, cherries, oil-bearing roses and raspberries.</p> <p>In 2017 EA GIT completed the upgrading of the system used for provision of OEC templates, reducing time and resources (human and financial) for servicing the registration process and their conclusion. This has facilitated farmers' access to the system by enabling online registration (outside the offices of GLI EA and outside the Agency's office hours) and providing a technical possibility to automatically prepare one-day contracts if the employer has concluded an employment contract with the same employer once and has entered his</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	<p>Templates of one-day employment contracts provided.</p> <p>Upgraded system for provision of OEC templates</p>	<p>203 952 templates of one-day employment contracts provided to the farmers during the year. 199 166 of one-day employment contracts were actually used, which is 15 346 more than the templates actually used for the same period in 2016.</p> <p>Provided option for online registration and a technical possibility to automatically prepare one-day contracts</p>

1	2	3	4	5	7	8	9
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		data into the system. As a result of these improvements, in 2017, not only did the number of OEC samples provided increase, but the number of farmers that benefited from the opportunity to employ workers with OEC increased by 134 AEs.					
1.12	Enhancing control on the recruitment of foreign citizens, including illegally staying foreigners, and on the placement of seconded workers and employees from EU Member States and from third countries	<p>In 2017, GLI EA carried out 271 inspections in 251 undertakings, where labour by foreign citizens has been checked.</p> <p>The total number of offenses found is 1 306 and the number of those related directly to the labour of foreigners is 279, of which 10 being on secondment of foreigners in Bulgaria and 269 on employment of foreigners (85 of them are for employment of foreigners without permission; 19 are the cases of illegally staying foreigners).</p> <p>In connection with the detected offenses regarding working of foreigners in Bulgaria, a total of 62 coercive administrative measures were applied on the grounds of the LMLMA.</p> <p>The largest number of inspections under this measure were made in undertakings performing following economic activities: Food services - 48 inspections; Accommodation - 42 inspections; Retail trade, excluding motor vehicles and motorcycles - 23 inspections; Land transport - 19 inspections; Wholesale trade, excluding motor vehicles and motorcycles - 13 inspections.</p> <p>During the reporting period, a total of 178 statements for establishment of an administrative offense were drawn up for the offenses established. Of these, 176 are statements for establishment of an administrative offense for employment of foreigners in Bulgaria (of which 83 are for employment of foreigners without a work permit and 17 for hiring of illegally staying foreigners). There were also two statements for establishment of an</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Number of inspections, offenses found	<p>271 inspections in 251 undertakings, were carried out in 2017.</p> <p>The total number of offenses found is 1 306 and the number of those related directly to the labour of foreigners is 279.</p> <p>A total of 62 coercive administrative measures were applied on the grounds of the LMLMA. A total of 178 statements for establishment of an administrative offense were drawn up for establishing administrative offenses.</p>

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		<p>administrative offense in connection with the secondment of foreigners. The largest number of statements is drawn up by LID Varna and LID Blagoevgrad - 23 SAOs each, LID Sofia - 22 SAOs and LID Plovdiv - 21 SAOs.</p> <p>During the reporting period an almost double increase in the number of foreigners was observed in the surveyed undertakings - 6 950, of which 4 767 were employed and 341 were seconded. Their total number was 3 752 in 2016. The highest number of foreigners employed is in the following economic activities: Accommodation – 1 850 foreigners; Administrative office activities and other auxiliary services to the business - 1 795 foreigners; Activities in the field of information technologies - 591 foreigners; Land transport - 241 foreigners.</p> <p>A rising trend is maintained of foreigners working without work permits and of working students for whom employers have not declared employment in the Labour Office. There is also a large number of cases in which labour of foreigners – third countries nationals is used, documented as an internship, which is mainly practiced in seasonal employment. A new trend is observed in the secondment of foreigners who are nationals of third countries, where partners / owners of companies most frequently established in Turkey work on the territory of Bulgaria without having a work permit issued of a seconded worker or employee or without having registered a short-term secondment at the Employment Agency. Similarly, the number of cases increases where third-country foreigners - partners in companies registered in Bulgaria without having a residence as such under the Foreigners in the Republic of Bulgaria Act work for the company without a single residence and work permit issued.</p> <p>After the first half of 2017, a decrease in the number of</p>					

1	2	3	4	5	7	8	9
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		<p>offenses is noticeable in respect of the obligation for employers to notify GLI EA of the actual commencement of work of foreigners that are nationals of third countries.</p> <p>During the reporting period there was an increase in the number of identified working foreigners from Ukraine, Moldova, Belarus, Turkey, etc. in violation of the legislation regulating the employment of foreigners, largely due to the lower remuneration in their countries of origin and to the possibility used by Bulgarian employers to offer a remuneration that is low for the country's standard but which is, however, attractive to foreigners from the listed countries. There is a reduction in the number of offenses of foreigners from China and India, for which a large number of administrative punitive measures have been taken in previous periods, which is why the legislation currently is observed much more strictly.</p>					
1.13	Enhancing control of the performance of a lawful employment intermediation and control on the undertakings providing temporary employment.	<p>A total of 152 inspections were carried out under this measure in 139 undertakings in 2017. The largest number of inspections is carried out by LID Sofia - 45, LID Varna - 33 and LID Plovdiv - 11 inspections. The total number of offenses found was 464; in particular the offenses under the legislation regulating the intermediation activity were 166. 8 cases were found of intermediation activity on recruitment without registration with the Employment Agency. The largest number of offenses - 26, include violation of the requirements for the intermediary to put the certificate of its activity in a prominent place in the office and to indicate its number when publishing job advertisements. Secondly, quite large is also the number - 17 - of intermediaries, who have not informed the Employment Agency about the amendments and / or supplements of the documents, which served as grounds for registration.</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Number of inspections and number of cases found of intermediation activity on recruitment without registration with the EA;	<p>152 inspections were carried out in 139 undertakings in 2017. The offenses under the legislation regulating the intermediation activity were 166. Number of cases found of intermediation activity on recruitment without registration with the EA – 8;</p> <p>For the established offenses have been applied 179 coercive administrative measures and were drawn up 36 statements of establishing an administrative offense.</p>

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		<p>15 violations were found of the provision according to which the intermediary must provide the job seeker before his departure from the Republic of Bulgaria with a individual employment contract signed by the employer or by a person authorized by him to sign individual employment contracts, as well as a translation of the contract into Bulgarian. The requirement for an intermediary to keep an electronic register of jobseekers and of those that have obtained a job has not been complied with in 13 of the inspections carried out. For the established offenses have been applied 179 coercive administrative measures and were drawn up 36 statements of establishing an administrative offense.</p> <p>In 2017 there was a decrease in the number of registered intermediaries performing actual employment related activity despite the fact that the number of newly registered intermediaries did not decrease. It is noticeable also, that regarding the signals related to the unauthorized carrying out of intermediary activity, there is an impressive decrease in their number from citizens that are victims and in a larger number of cases GLI EA has been approached by the Labour and Social Affairs Departments at the Bulgarian Embassies abroad for signals received from Bulgarian citizens.</p>					
1.14	Analyses and regular assessments of the shadow economy	NRA applies "Model for the Management of the Risk from Failure to Comply with the Tax and Social and Health Insurance Legislation" as a primary tool. Within the risk management model NRA periodically prepares a Compliance and Risk Mitigation Programme , which sets out a plan of the measures that will be undertaken for decreasing the levels of manifestation of the external risks from failure to comply with the legislation. An update of the Program for compliance with legislation and minimization of risk levels in 2016-2017 was carried out in 2017 and in this aspect control actions were	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Risks analysed and damages to the budget measured	Reported impact on part of the external risks managed by the NRA at the tactical level, which is expressed by a 5,7% decrease in damages as well as a positive change in the behavior of 14% of the persons at risk. Reduction of the level of manifestation of operational risks, which is expressed by a reduction of damages by 27,7% and reduction of the number of persons at risk by 12%.

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		<p>entrusted during the year for the treatment of another 6 risks and implementation continued of the control measures on the 19 risk treated, which were prioritized in 2016.</p> <p>The Risk Management Council at the NRA prepared and approved a draft "Update of the Compliance and Risk Mitigation Programme for 2017", which determines the measures for addressing a total of 9 risks, incl. measures planned for addressing also the newly analysed risks.</p> <p>Preparatory work related to the development of the Program for compliance with legislation and minimization of risk levels for 2018 and 2019 was completed towards the end of 2017.</p> <p>For the purposes of the program and the identification of the priority risks to be treated in the new programming period (2018-2019), the current characteristics of all external risks monitored and managed by the NRA were evaluated and the impact was measured on the risks against which measures were implemented for their treatment.</p> <p>In 2017, the analyses of 34 specific risks were closed, incl. a risk at the tactical level, which represents unauthorized use of tax credit by repeatedly including the same documents in the purchase logs of taxable persons registered under the VAT Act and 2 risks at operational level related to concealing part of the sales revenue of solid, liquid and gaseous fuels from wholesalers of this type of commodity, as well as concealing profits in the field of bread and pastry trade.</p> <p>Two new risks have been identified, one of which, given its classification as substantial, has been subjected to actual investigation in order to identify the features that characterize it, incl. evaluation of the damage and the</p>					

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Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>likelihood of its occurrence.</p> <p>In relation to the prevention and counteraction of tax and insurance frauds, in 2017, 55 000 persons were analyzed by the NRA, 84 reports were made concerning 891 persons regarding organized tax and insurance fraud with an estimated damage to the budget in the amount of BGN 23 million. 386 inspections and 168 audits were assigned under the reports, with the additionally levied tax amounting to BGN 11 229 thousand, and the tax effectively paid in the amount of BGN 2 774 thousand. The main focus in the field of tax fraud prevention in 2017 remains stimulating good faith in taxpayers by organizing meetings or sending notification letters and presenting guidelines for correcting an established improper behaviour. The primary objective of this approach is to protect bona fide taxpayers from engaging in tax evasion or tax evasion schemes as well as to inform them of the adverse effects of non-compliance with tax and social security and health insurance legislation. Successively, in 2015, 2016 and 2017, positive results have been reported, including an improvement in the behaviour of individuals as they know that the data and economic activity they declare are analysed monthly. In 2017, 882 companies with large-scale economic activity and high influence on the revenue part of the fisc have been under constant monitoring. As a result of the measures taken against persons with indications of deviation from normal commercial practices or other irregularities, a tax credit amounting to BGN 1 060 521 has been voluntarily adjusted.</p>					<p>Additionally levied tax BGN 11 229 thousand, and effectively paid tax in the amount of BGN 2 774 thousand.</p> <p>Tax credit amounting to BGN 1 060 521 has been voluntarily adjusted.</p>

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned	Start date (year)	Current standing (as of 31 December 2017)	End date	Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017					
1.15	Criminalising the avoidance of social and health insurance payments	<p>Article 255b of the Penal Code came into force on 1 January 2015. It penalises the avoidance of large amounts of social security and health insurance payments (from BGN 3 000 to BGN 12 000) with an imprisonment of up to 5 years and fines of up to BGN 2 thousand. For particularly large amounts (exceeding BGN 12 000) the penalty is an imprisonment from 2 to 8 years and confiscation of part or all assets of the guilty persons.</p> <p>The measure is implemented in respect of the detection of crimes of concealment of social security contributions.</p>	2015	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Number of cases of detected concealment of social security contributions; Number of cases referred to the prosecutor's office; Number of persons found to be guilty and sentenced	
1.16	Introduction of an identification code for tracking the movement of high fiscal risk goods.	Preparation of a draft AAS TSIPC	2017	<i>The measure is included in the 2018 plan.</i>	2017	Draft AAS TSIPC prepared	
1.17	Analysis of the currently effective sets of facts of tax criminal offences, the effectiveness of the punishments and the difficulties encountered in investigations.	<p>1. Setting up an interinstitutional working group with the participation of experts from the Prosecutor's Office, MoI, SANS, CA and NRA.</p> <p>2. Preparation of a joint analysis and initiation, where necessary, of legislative changes.</p>	2017	<i>Implementation of the measure is not planned until the end of 2018</i>	2017		

Strategic objective 2: Improving tax collection

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

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
2.2	Improving the excise duty legislation and including provisions for effective prevention and fight against excise duty avoidance and evasion	<p>In 2017, the following changes were made to national excise duty legislation:</p> <p>With the AAS TSIPC were made following changes to the EDTWA:</p> <ul style="list-style-type: none"> - the new heated tobacco products have been covered. For this purpose, a definition has been adopted for these products, the tax base and excise duty rate have been determined; - a requirement has been introduced for the use of means of measuring and controlling at the places for introduction and offloading of energy products into / from ports and customs warehouses; <p>With the AAS VATA were made amendments and supplements:</p> <ul style="list-style-type: none"> - the provision on the definition of tobacco products has been complimented by a clarification that hookah (water pipe) smoking products, which in addition to tobacco or tobacco substitutes contain flavoring syrups, also fall within the scope of taxation of tobacco products; - pursuant to Article 21 (5) of Directive 2003/96 / EC of 27 October 2003 - restructuring the Community framework for the taxation of energy products and electricity, a change to the EDTWA has been made in order to supplement the hypothesis of avoiding double taxation in the case of production of electricity for own use, subject to excise being only the raw materials for the 	2017	<i>The measure is in progress and is included in the 2018 plan</i>	2017	Legislative changes	<p>AAS to the Tax and Social Insurance Procedure Code with Amendments to the Excise Duties and Tax Warehouses Act (promulgated, State Gazette No. 63 of 04.08.2017), in force since 01.01.2018.</p> <p>AAS to the Value Added Tax with amendments and supplements to the Excise Duty and Tax Warehouses Act (promulgated in SG, issue 97 of 05.12.2017), effective from 01.01.2018.</p>

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>production of electricity;</p> <ul style="list-style-type: none"> - in connection with the new Natural Gas Trading Rules that provide for all persons executing transactions with natural gas to conclude contracts with transmission system operators for the regulation of energy flows, transmission system operators are required to provide to the competent customs authorities information on an electronic medium containing the data from commercial metering devices. When customs authorities perform inspections, the data will be compared with those from the gas meters and the information provided by the economic operators; - in line with the Natural Gas Trade Rules and in view of the liberalisation of the market for natural gas trade, changes are proposed regarding the place of registration of persons who sell natural gas for household or business purposes and for motor fuel from natural gas compression sites. With regard to the transmission system operators, the proposed change aims at creating the information needed by the Customs Agency to exercise effective control. At the same time, a new paragraph 2 was proposed in Art. 103c of the Excise Duty and Tax Warehouses Act, which explicitly excludes these persons from the obligation to submit information from the measuring and controlling instruments. The proposal is in line with Art. 171, para. 1-2 of the Energy Act (EA) according to which the transmission system operator ensures the distribution of natural gas on the gas distribution network as well as its accounting; - cases are regulated of excise duty liability incurred when deficiencies are found on the territory of the country at the completion of the movement of excisable 					

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Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>goods under a deferred excise duty payment regime;</p> <p>In order to improve the collection of excise duty and greater efficiency of controls on excisable goods, a number of legislative changes were made in 2017 in order to expand the powers of the customs authorities and / or strictly regulate certain activities such as:</p> <ul style="list-style-type: none"> - a procedure (similar to that applied by the Fiscal Control Unit at the NRA) was established, which specifies a special order for the installation of GPS devices and technical means for controlling vehicles in risk. In this way, both the vehicle itself and the loaded excisable goods are traced, which will be unloaded only in the presence of a customs officer; - a ban was imposed on the dispatch and delivery by courier services of excisable goods without excise labels, respectively without excise duty charged, paid or secured, as well as the publication of advertisements in printed publications and Internet sites through which similar goods are offered for sale; - a prohibition is envisaged in view of the frequent cases of fictitious completion of an electronic administrative document (e-AD) by Bulgarian recipients, as well as the subsequent fictitious issuing of an electronic administrative tax document (e-ADD). Although there has been no damage to the national budget in cases of fictitious closure / issue of documents, measures have been taken to preserve the financial interests and security of Member States with higher excise rates and the interests of the EU as a whole ; - changes have been made to some of the administrative penalty provisions in order to fine-tune sanctions, according to the gravity of the violation, which 					

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		<p>is dictated by the establishing of a sustainable case-law on the minority of unlawful act committed;</p> <p>In connection with the adopted amendments to the EDTWA, amendments and supplements were made to the EDTWA Implementing Regulations.</p> <p>Changes have been made to Ordinance No. H-1 of 2014 on the specific requirements and control performed by the customs authorities concerning the means of measuring and controlling excisable goods introducing a requirement for all persons, regardless of whether they are taxable persons under the EDTWA, which accept, unload, store or replace energy products from ports and customs warehouses, to use the means of measurement and control under Art. 103a of the EDTWA at the locations for introduction and offloading of energy products in the respective site, as well as in the places for storage of the energy products within the site.</p> <p>Changes in art.103c of the Excise Duty and Tax Warehouses Act and in Ordinance No. H-1 of 2014 are reflected in in Ordinance No. H-7 of 19.09.2016.</p>				Changes in bylaws	<p>Amendments to EDTWA Implementing Regulations promulgated in SG issue 13 of 07.02.2017, effective from 07.02.2017 and in SG issue 80 of 06.10.2017, effective from 01.01.2018 respectively;</p> <p>Ordinance amending and supplementing Ordinance No. H-1 of 2014 on the specific requirements and control performed by the customs authorities concerning the means of measuring and controlling excisable goods (promulgated in SG issue 104 of 29.12.2017)</p>

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
							Ordinance amending and supplementing Ordinance № H-7 of 19.09.2016 determining terms and conditions for sending data from means of measuring and controlling under art. 103a, para. 1 of the Excise Duty and Tax Warehouses Act (promulgated in SG issue 104 of 29.12.2017)
2.3	Compliance risk management	<p>1. Development of a Compliance and Risk Mitigation Programme for the period 2016 – 2017.</p> <p>The measure has been implemented. A strategy of the NRA for managing compliance risk was developed and adopted in 2016. An External Compliance Risk Management Board was also set up in early 2016. The actions and results included in this report for 2017 reflect the operating activities within the measure.</p> <p>Activities planned for 2018 include:</p> <p>1. Determining the current characteristics and the effect of treatment of the external risks managed by the NRA.</p> <p>2. Holding a regular meeting of the Risk Management Board for identifying the priority risks to be addressed in the new programming period and developing the Compliance and Risk Mitigation Program for 2018-2019.</p>	2016	<i>The measure is completed</i>	2017	<p>Development of a programme;</p> <p>Reducing the risk behavior of persons with regard to the risks included in the program.</p> <p>Evaluations prepared of current characteristics and the effect of the treatment of the external risks managed by NRA including evaluations of:</p> <ul style="list-style-type: none"> - 7 risks at the tactical level; - 21 risks at operational level <p>Preliminary preparations for the</p>	<p>1 programme that includes 26 risks</p> <p>Effect achieved in result of the treatment of the external risks by categories:</p> <p>1). Influence on tactical risks:</p> <ul style="list-style-type: none"> - Reduction of damages by 5,7%; - Reduction by 14% of the number of the risky persons (77 thousand persons). <p>2). Influence on operational risks:</p> <ul style="list-style-type: none"> - Reduction of damages by 27,7%; - Reduction by 12% of the number of the risky persons ((9 thousand persons)

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned			End date	Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)			
						development of the Compliance and Risk Mitigation Program for 2018 and 2019 have been completed. Data on the main features of a total of 30 non-compliance risks have been prepared to be reviewed by the Risk Management Board. They incl. data on the characteristics of 2 newly analysed risks in 2017.	
		<p>2. A plan was prepared for control of the activities of the ex-post control units for the enforcement of the excise legislation for 2018.</p> <p>The system for selecting persons from the units for ex-post control of the application of the excise legislation has been improved.</p>				<p>Number of 5 operational risks identified/updated operational risk that appear on a national and territorial basis.</p>	<p>A plan approved by the director of the Customs Agency that has been sent to the customs officers, which includes also selected specific persons for mandatory control.</p>

1	2	3	4	5	7	8	9
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		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		Database for the results of the administrative and judicial appeal of audit statements, established and regularly maintained upon changes.				Number of introduced / updated risk criteria for selection.	8 risk criteria Reduction of the relative share of audits carried out without established liabilities - total for the country - 30,95% of the total number of audits carried out in the country are without liabilities.
2.4	Improving the conditions for voluntary compliance by clients who, as a result of an analysis of declared data, including within control actions and proceedings, are found to have made a compliance error	<p>1. Permanent monitoring and communication with indebted persons forming a significant share of the economy in the country.</p> <p>Stimulating good faith in taxpayers is carried out by organizing meetings or sending notification letters and presenting guidelines for correcting an established improper behaviour.</p> <p>The primary objective of this approach is to protect bona fide taxpayers from engaging in tax evasion or tax evasion schemes as well as to inform them of the adverse effects of non-compliance with tax and social security and health insurance legislation.</p> <p>Successively, in 2015, 2016 and 2017, positive results have been reported, including an improvement in the behavior of individuals as they know that the data and economic activity they declare are analyzed monthly. In 2017, 882 companies with large-scale economic activity and high influence on the revenue part of the fisc have been under constant monitoring. As a result of the</p>	2015	<i>The measure is in progress and is included in the 2018 plan</i>	2017	Share of persons who have ceased deducting a tax credit from deliveries by risky counterparties	Permanent monitoring of 882 persons with large scale activities. Voluntarily adjusted tax credit amounting to BGN 1,06 million.

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		<p>measures taken against persons with indications of deviation from normal commercial practices or other irregularities, a tax credit amounting to BGN 1 060 521 has been voluntarily adjusted.</p> <p>On an annual basis monitoring of liable persons providing significant revenues to the budget and having an impact on the economic climate in the country gives positive results in view of the identified corrections in the behavior of the persons observed towards compliance with the guidelines by the revenue authorities as a result of the activities related to the sending of notification letters, conducting meetings or carrying out FCFIs, etc.</p> <p>Another accent of the activity of counteracting tax frauds is the monitoring of food chain stores and chains of stores for small and major appliances. The monitoring of the behaviour of large supermarket chains started in 2014, while as regards chains of stores for small and major appliances – since the beginning of 2016. The business behaviour of 16 liable persons operating as 11 chains of stores is under monitoring in 2017.</p> <p>In 2017, as a result of the analysis and monitoring of large retail chains, 23 inspections were carried out, two meetings were held with business representatives, for 26 persons monitoring and selection was performed to assess the need for control actions.</p> <p>The conducting of these measures indicates a positive trend towards minimization of the amount of tax credit used under supplies received from risky counterparties, increased amount of ICA performed directly by the chains of stores, as well as establishment of permanent relations of cooperation with the revenue administration</p>					<p>The business behaviour of 16 liable persons operating as 11 chains of stores is under monitoring in 2017.</p> <p>23 inspections were carried out, two meetings were held with business representatives, for 26 persons monitoring and selection was performed to assess the need for control actions.</p>

1	2	3	4	5	7	8	9
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		towards supporting restriction of the informal sector in the industry.					
		<p>2. Provision of services from the NRA Information Center aiming at voluntary repayment of arrears or data submission.</p> <p>In 2017 NRA's clients have used the services of the Information Centre 363 929 times (compared to 348 791 in 2016) in a way chosen by them – on the national telephone number of the NRA, i.e. 0 700 18 700, or at the email of the centre infocenter@nra.bg.</p> <p>The levels of responses prepared and delivered through the e-mail centre of the Information Centre and the replies provided by telephone remained unchanged compared to 2016.</p> <p>A total of 26 information telephone campaigns were conducted through the Information Centre of the NRA in 2017. 198 614 calls were initiated targeting 88 452 debtors. Three information telephone campaigns (ITCs) were carried out to 15 399 persons to help stimulate voluntary declaration of data and compliance with tax insurance legislation. There were also 23 ITCs to 80 601 persons with overdue payables that were subjected to "soft" phone collection methods amounting to BGN 117 7 million and general liabilities of the same persons amounting to BGN 274.5 million. Contact was established with 74 470 LPs or 84% of the persons selected.</p>	2015		2017		<p>Reduction of the liabilities subject to treatment by conducting telephone negotiations amounting to BGN 63,5 million repaid by 45,304 liable persons. Full repayment of the liabilities was reported in the cases of over 14 000 LPs (17%).</p> <p>On average, 40% of individuals have taken action as a result of a phone call to repay the liabilities covered by the campaign, with results of more than 65-70% being reached in the newly-emerging debt campaigns.</p> <p>In the comparative analysis conducted during the year of the behaviour of the persons who were treated with "soft" methods of collecting by phone and the behaviour of the persons with whom the successful contact was not realized it is reported that payments to the treated persons are many times higher and vary between 55-60% of their debts, and for persons with whom no negotiations were held on the phone, payments of overdue liabilities are within 9-21%.</p>
		<p>3. Implementing the "Get to know taxes" educational project.</p> <p>In 2017 the NRA implemented the third part of the "Get</p>	2017		2017		Access provided to tax online video lessons through the specially developed for that purpose tax portal

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		to know taxes” educational project. The main goal of the campaign is to increase the tax and fiscal literacy of the growing generation as well as to provide basic, fundamental knowledge about the tax and social security system in Bulgaria. The innovation in this year's campaign is the tax online video lessons and the specially developed for that purpose tax portal www.vlezvchas.bg. Nearly 100 NRA staff met with pupils aged 14-18 in mainstream schools in the 28 regional cities of the country. 860 meetings of tax lecturers with around 20 000 students from all over the country took place. 18 000 likes on Facebook are reported, and online tax courses of the NRA have an average of up to 17 000 online users. The educational program of the National Revenue Agency was awarded a prize in the "BAPRA Bright Awards" competition, organized by the Bulgarian PR Association. The International Jury judged "Get to know taxes" as a project that has achieved an effective and long-term result with clear recognition. The project also won the big prize in the “PR project in the public sector” category in the PR Prize 2017 competition – the most longstanding one in the field of public relations, organized by the Bulgarian Society for Public Relations (BSPR). The education project of the NRA "Get to know Taxes" was also highly praised in Brussels, where the Agency presented its experience in fiscal education to the working group of the European Commission.					www.vlezvchas.bg. 860 meetings of tax lecturers with around 20 000 students from all over the country took place. 18 000 likes on Facebook are reported, and online tax courses of the NRA have an average of up to 17 000 online users.
2.5	Improving the collection of public debts overdue	1. Segmenting the approaches for collecting public overdue liabilities according to the behavior and type of the liable persons and their categorization.	2015	<i>The measure is in progress and is included in</i>	2017	A Concept for the development of processes and	A concept exists.

1	2	3	4	5	7	8	9
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		<p>Developing liable person's profile</p> <p>- In 2017, the functionality of the NRA's Management Information System has been upgraded to bring together the core information about a debtor - criteria for identifying individual groups / sub-groups of debtors showing similar characteristics and behavior have been created. Changes introduced are being tested currently;</p> <p>- A request was made for support under the Program for Support of Structural Reforms for the period 2017-2020, entitled "Changing the approach for collecting public overdue liabilities". Following an approval, a project has been launched with the purpose of:</p> <ul style="list-style-type: none"> studying good practices in the implementation of modern techniques and instruments in the field of debt collection and <ul style="list-style-type: none"> creating a resource for the NRA to carry out sophisticated analyzes for assessment of debtors' behavior. <p>To continue with the implementation of the measure, upgrading is envisaged of the functionality in the NRA's Management Information System for presentation of the main information for a debtor at one place and segmentation of the liable persons in groups depending on the desire and capacities of the persons to pay the debt, in view of the application of the most appropriate, effective and adequate methods and procedures for collection of public liabilities, as well as developing of single rules on the approaches for collection of overdue public liabilities depending on the</p>		<i>the 2018 plan</i>		<p>activities for collection of public receivables has been approved in accordance with the vision of the NRA in the period 2016 - 2020.</p> <p>A new functionality developed in NRA's Management Information System - profile of the debtor</p> <p>An increased share of liabilities paid on time</p> <p>An increase in the collection of public overdue liabilities</p>	<p>It is implemented.</p> <p>As a result of the new approaches to collecting public receivables, the proportion of liabilities repaid on time in 2017 increased by 1,4% compared to 2016.</p> <p>A 10,4% increase in the total collection of public tax overdue liabilities, mandatory social security contributions and fines / pecuniary sanctions imposed by the NRA authorities</p>

1	2	3	4	5	7	8	9
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		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		debtor's profile.					
		<p>2 Early implementation of methods encouraging voluntary payment of overdue liabilities, such as: sending notification and warning electronic messages to persons with a newly arisen debt and/or establishing telephone contact for assumption of a commitment for payment.</p> <p>The good practice of early notification of liable persons who have not repaid their liabilities under the annual tax returns under CITA and PITA for the financial year 2016 continued in 2017, but in 2017 instead of one three consecutive emails with different content were sent to those who have not paid their liabilities on time. Additionally, functionality was developed and implemented for sending automatic emails to all persons for whom information is available at the NRA for a declared e-mail address and who have not paid in due time their public obligations. The aim is to raise awareness of individuals about their obligations and to encourage individuals to repay their obligations within a short time.</p> <p>23 national telephone campaigns were carried out that were focused on selected persons with outstanding public debts.</p>	2015		2017	<p>Increased share of liabilities paid before an enforcement action is taken. Decrease of the public debt collection costs by a decrease in the number of persons for whom subsequent actions are to be taken for enforced collection.</p>	<p>E-mails were sent to more than 107 thousand persons with liabilities incurred under annual tax returns under the CITA and PITA (by 21% more persons than in 2016). The amounts received in the budget as a result of the measure amount to BGN 135,8 million. 41% of the persons have repaid their debt in full.</p> <p>Additionally, in the period 06.11 to 31.12.2017, a total of 410 thousand automated notification, reminder or warning e-mails were sent to 368 thousand liable persons. Results were reported for 40% of the persons - with a first notification in November, and a reminder in December. The effect from sending e-mails is a fourfold increase in the number of persons paying their debts within the first two to three months of their occurrence. The number of persons treated was reduced by 45%.</p> <p>Telephone contact was established with 80 thousand liable persons. Amounts received in the budget as a result of the measure amount to BGN 63,5 million.</p>

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		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
							17% of the persons with whom contact was established have paid in full their liabilities.
		<p>3. Constant monitoring of debtors having highest delayed tax and mandatory social security and health insurance overdue liabilities. The measure includes conducting personal meetings on the part of the directors of the Territorial Directorates of NRA all over the country with the persons, with the purpose of making explicit commitments, effective monitoring of the commitments made by the debtors and timely control for the treatment thereof on the part of the competent authorities. Additional monitoring was carried out in 2017 with respect to following groups of persons:</p> <ul style="list-style-type: none"> - liquid fuel traders who have provided security under Art. 176c of VATA; - licensed warehouse keepers under the EDTWA; - organizers of games of chance and activities within the meaning of Art. 4 of the GA. 	2015		2017	<p>Reduced number of incorrect debtors</p> <p>Reducing the amount of outstanding debt.</p>	<p>As a result of the monitoring performed, the debt of the persons subject to monitoring (at national and territorial level) in 2017 decreased by nearly BGN 307,8 million. The number of persons who repaid their public arrears is 965.</p> <p>During the period of monitoring carried out with regard to liquid fuel traders, licensed warehouse keepers and gambling organizers, payments to the budget partially or fully delayed of about BGN 16 mln have been repaid.</p>
		4. Enforcement of claims on debtors by budget spending units	2015		2017	Additional receipts to the state budget	<p>The total amount of the amounts received in the NRA for 2017 is BGN 230.2 million, which is BGN 69,7 million more than the amounts received in 2016.</p> <p>As a result of the measure, in 2017, BGN 1,85 million were transferred to the NRA from the execution on the</p>

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		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
							receivables of debtors of State Fund "Agriculture". As of 31.12.2017 the total number of persons checked by the Fund for the existence of overdue public liabilities through the RMS 593 information system was 4 581.
2.6	Enhanced coordination between the bodies of NRA, CA, EA "Automobile Administration" in MTITC and the pre-trial authorities in cases of detected tax frauds during audit procedures and inspections	<p>1. Exchange of information between NRA, MoI, SANS and the Prosecutor's Office (PRB) on specific cases of avoiding the assessment and payment of tax liabilities;</p> <p>Pursuant to the provision of Article 205 of PPC, PRB is notified of any detected cases of offences against the tax and social security and health insurance system, established by NRA, SANS and MoI. In that context, the activity will be continued.</p>	2016	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Opened pre-trial proceedings for cases of avoidance of the assessment and payment of particularly large amounts of tax liabilities. Reduction of the number of tax abuses and tax evasion.	NRA sent 1,077 notifications to the prosecutor's office in 2017; 87 pre-trial proceedings are opened. As a result of the actions taken to date, the amount of fiscal damages was minimised and the future effects of the activity were stopped.
		<p>2. SANS actively and regularly interacts and exchanges information with international bodies, partner offices of EU member states and competent state bodies (Ministry of Interior, Prosecutor's Office of the Republic of Bulgaria, National Revenue Agency, Customs Agency, State Agency for Metrological and Technical Supervision and the Bulgarian Metrology Institute).</p> <p>In fulfillment of its information function, the SANS provides to the higher state bodies and to the competent authorities information about established risk processes related to the fiscal system as well as proposals for</p>				Information provided Pre-trial proceedings opened	<p>In 2017, under the economic and financial security SANS has provided a total of 187 informational products.</p> <p>In 2017, based on information notices from SANS 10 pre-trial proceedings and 2 prosecutorial inspections were initiated. In order to counteract the risks and threats under Art. 4, para 1, item 6 of the SANSA, in 2017, 56 prosecutorial inspections were further carried out and 25 competency</p>

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		legislative changes and measures for strengthening control and improving the interdepartmental coordination. Data on criminal offenses is transmitted to the prosecutor's office.				Specialized operations performed Damages to the budget prevented	proceedings in 25 pre-trial proceedings were performed. In 2017, on basis on information from SANS, 11 specialized informations has been carried out to counteract crimes with a negative effect on the fisc (including tax fraud, illegal import, storage and distribution of excisable goods and goods bearing trademarks). Prevented damages from tax fraud for 2017 are estimated at over BGN 18 million.
		3. A specialized unit for investigation of tax crimes involving organised criminal groups is operational at the Specialised Prosecutor's Office; An agreement between the Prosecutor's Office of the Republic of Bulgaria, MoI, SANS, NRA and the Customs Agency was signed.	2015		2017	Number of joint specialized operations performed Damages to the budget prevented	9 (nine) joint specialized operations were performed in 2017. Damages to the fisc sound amount to BGN 29,8 million and damages prevented – BGN 5 million.
		4. Setting up joint investigation teams including representatives of MoI, SANS, NRA, CA and PRB; In accordance with an Agreement between the Prosecutor's Office of the Republic of Bulgaria, the Ministry of Interior, the State Agency for National Security, the National Revenue Agency and the Customs Agency, experts have been appointed for the operation of the specialized inter-service unit created to provide expert assistance in the investigation of organized crime related to tax offenses.	2015		2017	Results from the activity of the joint investigation units	Investigation and analysis of tax information on pre-trial proceedings and other files for 7 cases were carried out. As a result, descriptions of tax fraud mechanisms involving 389 liable persons are prepared.

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		Pursuant to Article 194 (3) and (4) and Article 196 (1) of PPC, every supervising prosecutor shall assign investigation actions to the respective authorities with an order.					
		<p>5. Functioning continues of the Interinstitutional coordination centre for counteracting smuggling and controlling movement of risk goods and cargo (ICCCSCMRGC), established by Ordinance №89/16.04.2015. It aims at enhancing cooperation between NRA, CA, the MoI, SANS and Automotive Administration EA participate in identifying cases of smuggling and tax crime.</p> <p>Coordination mechanism establishment for counteracting corruption crimes, financial and tax frauds and smuggling;</p> <p>Validation of inter-agency interaction rules.</p> <p>The functioning of the Interinstitutional Coordination Center established is of a permanent nature. The Center operates under a continuous 24-hour regime, the involved departments participate in it with its representatives.</p> <p>SANS carries out the profiling of the companies detected and selecting of those with a risk profile, and the data are submitted to the ICCSCMRGC and the NRA for carrying out inspections.</p> <p>Using the powers of the state authorities, control procedures are initiated, monitoring of certain sites is requested, and in the case of detected infringements - imposition of subsequent sanctions too.</p>	2015		2017	Using a common approach to prevent and curb tax evasion and tax avoidance	<p>Number of joint inspections of fuel trading outlets under the coordination of ICCSCMRGC to CDCOC – 190.</p> <p>Number of inspections and audits carried out in relation to planned control at the simultaneous release for free circulation and end-use of goods which are subject to VAT exempt supplies to another Member State of the European Union - customs regime code 42:</p> <p>1.Operational inspections carried out - 629 / in 2017 /</p> <p>2.Other inspection proceedings – 8 /in 2017/</p>

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		6. In 2017, 14 103 SAO were drawn up and 13 369 PP issued by Automotive Administration EA. A total of 16 721 violations were established with the SAO drawn up. In 2017, a total of 118 compulsory administrative measures (CAM) "Immobilisation of vehicle and removal of a front plate with a registration number for 6 months" for illegal transportation of passengers and goods, of which to 6 buses, 86 cars, 26 cargo vehicles. In 2017, joint inspections with other control bodies were carried out too.	2017		2017	Joint inspections carried out	1 755 inspections jointly with the MoI authorities, 198 inspections together with the staff of the Road Infrastructure Agency, 313 inspections with the NRA authorities and about 150 inspections jointly with branch organizations on compliance with the requirements for public transport of passengers and cargo.
2.7	Optimising and developing the business processes and information system within NRA's control activity	1. Expansion of the usage of database analysis software in the so-called e-audits conducted by the NRA;	2015	<i>The measure is in progress and is included in the 2018 plan</i>	2017	Number of control procedures using electronic data analysis software; Increased amount of established additional liabilities;	In 2017 the software was used in the course of 240 completed audit procedures and 384 completed inspections. In 2017 the specialized electronic audit teams in the TD of NRA assessed tax and social security and health liabilities in the total amount of BGN 18,82 million.
		2. Setting up specialised IT-Forensic teams for investigation and providing tools for securing electronic evidence; In 2017 EC published a call for proposals under the programme for which the NRA applied.	2017		2017		The project is not approved for funding by OLAF. A new application for funding or implementation of the internal financing measure is still pending.
		3. Intensification of the NRA's control activities based on the information received through the remote connection of the fiscal devices to the NRA and the deployed Fuel Control Information System.	2016		2017	Number of cases selected for inspections and	40 883 inspections of business premises were conducted in 2017. They resulted in the preparation of 6 398 statements of administrative offences.

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
						audits	
		4. Improvement of Control IS. Electronic reference services provide taxable persons with information about closed and ongoing audits or inspections and about the type and status of the documents sent to and from NRA by electronic means.	2015		2017	Enhanced electronic communication	In 2017, 384 262 documents were handed in or made available electronically in the framework of control procedures carried out.
2.8	Monitoring and effective control of electronic trade	In 2017, as a result of an analysis of external information, more than 1 600 control procedures were assigned against persons doing business on the Internet. More than 1 900 letters to voluntarily declare tax liabilities have been sent to individuals for whom data about doing business on the Internet has been established. In 2017, 220 audits were commissioned (in 2016 audits assigned were 60) of e-traders and as a result of the 123 audits completed additional liabilities amounting to more than BGN 13,2 million have been assessed.	2016	<i>The measure is in progress and is included in the 2018 plan.</i>	2017	Number of control procedures against persons performing e-trade	Over 1 600 control procedures assigned against persons doing business on the Internet. 220 audits were commissioned of e-traders and as a result of the 123 audits completed additional liabilities amounting to more than BGN 13,2 million have been assessed.
2.10	Alignment with EU legislation	Amendments to VATA (art.29, para.2) were adopted in order to achieve compliance with Directive 2006/112/EC Carriage of passengers is a taxable supply with a zero tax rate; carriage of goods and motor vehicles are also considered carriage of passengers when they are part of the passenger's luggage. Motor vehicles with which contracts for carriage of goods are executed are not part of the luggage of a passenger in respect of their drivers.	2015	<i>The measure is in progress and is included in the 2018 plan</i>	2017	AAS VATA adopted	AAS VATA, promulgated in SG, issue 97 of 05.12.2017, effective from 01.01.2018
		The following changes to the EDTWA have been adopted to harmonize excise legislation: - a legal opportunity created for exemption from excise duty also by recovering it for excisable goods where this				VATA amendments adopted	AAS VATA, promulgated in SG, issue 97 of 05.12.2017, effective from 01.01.2018

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>is provided for in an international treaty ratified, promulgated and entered into force accordingly. The order for that is determined by the regulations for implementation of the act (EDTWA).</p> <p>- a supplementary provision for avoiding double taxation in the case of electricity generation for own use, excise duty being charged only on the raw materials for the production of electricity, in accordance with Art. Article 21 (5) of Council Directive 2003/96 / EC of 27 October 2003 on restructuring the Community framework for the taxation of energy products and electricity.</p> <p>- a supplementary provision aimed at regulating the cases where deficiencies are found on the territory of the country when completing the movement of excisable goods under a deferred excise duty payment regime. In the light of the judgment of the Court of Justice of the European Union, it is necessary to ensure uniform application by the Member States of the provisions of Directive 2008/118 / EC as regards determining the Member State responsible for collecting excise duty in the various situations, in relation to which a regulation is established in the national law. The amendment is in connection with the judgment of the Court of Justice of the European Union of 28 January 2016 (Case C-64/15) for a preliminary ruling on the interpretation of Council Directive 2008/118 / EC of 16 December 2008 on the general system of taxation with excise duty, whereby the Court has held that Article 10 (4) of Directive 2008/118 / EC should be interpreted as applying not only when the total quantity of goods moving under a deferred excise duty payment regime is not arriving at its destination but also in cases where only a part of these goods has not</p>					

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		arrived at destination.					
		Refining the definition of "net sales revenue" to align with the definition of "net turnover" given in Directive 2013/34 / EC (Accounting Directive).	2017		2017	Amendments adopted to the Accountancy Act	AAS VATA, promulgated in SG issue 97 of 05.12.2017 г., effective from 01.01.2018.
		2. An entirely new Payment Services and Payment Systems Act for the purpose of introducing in the national legislation the requirements of Directive (EU) 2015/2366 of the European Parliament and of the Council of 25 November 2015 on payment services in the internal market (the so called Second Payment Services Directive). The directive sets forth aligned requirements at an EU level in the field of provision of payment services and partially repeals, as from 13 January 2018, Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market.	2016		13 th of January 2018	A new Payment Services and Payment Systems Act adopted by the Parliament	A new PSPSA prepared and adopted at first reading by the Parliament on 07.12.2017
2.11	Regular analysis on the effect of the SO1 and SO3 measures on the collection of public liabilities	An analysis of the effect on the budget revenues of the implementation of a part of the SO1 and SO3 measures was carried out within the operational activity and in relation to the assessment of the discretionary measures	2015	<i>Мярката е изпълнена</i>	2017	Evaluation of effects included in preparing the 2018 SBRBA	
2.14	Participation of the Republic of Bulgaria in initiatives of the Organization for Economic Cooperation and	In 2017 Bulgaria participated actively in meetings of OECD working groups and initiatives in the field of tax policy such as: Inclusive Framework for Implementing Tax Measures Against Base Erosion and Profit Shifting (BEPS), Working Group 2 Tax Policy Analysis and Tax Statistics, Working Group 6 Taxation of Multinational	2016	<i>The measure is in progress and is included in the 2018 plan</i>	2017	Legislative amendments drafted and adopted.	AAS TSIPC, (promulgated SG issue 63 of 04.08.2017)

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
	Development (OECD) in the field of taxes and administrative cooperation	<p>Enterprises , Working Group 9 Taxes on Consumption, Working Group 11 Aggressive Tax Planning, Task Force Group on Digital Economy, Forum on Harmful Tax Practices.</p> <p>In 2016, the Republic of Bulgaria joined the Inclusive Framework for Implementing Tax Measures Against Base Erosion and Profit Shifting (BEPS) based on protocol DCM No. 23 of June 8, 2016, which allowed the country to participate in the activities related to the enforcement of standards in the field of tax arrangements and transfer pricing as well as to join the process of developing monitoring in connection with the implementation of the four standards and other elements of the BEPS package of measures that were already agreed upon by the OECD. The introduction of minimum standards is also related to the fulfilment of Bulgaria's obligations as a member state of the EU that is a member of the G20 and is also committed to introducing the standards into the European legislation. In this regard, in 2017 following amendments were introduced by the Amending Act of the Tax and Social Insurance Procedure Code (promulgated in State Gazette No. 63 of 04.08.2017):</p> <ul style="list-style-type: none"> - rules on the exchange of information on advance cross-border tax rulings and advance pricing agreements (Council Directive (EU) 2015/2376 of 8 December 2015). The main objective is to enhance the effectiveness of administrative cooperation between tax administrations by extending the scope of the automatic exchange of information. The rules introduced are essential to the strengthening of the fight against tax evasion and aggressive tax planning, which is a prerequisite for 					

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Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicators	Effect / Value of the performance indicator as of 31 December 2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>improving collection and increasing revenue;</p> <ul style="list-style-type: none"> - rules for country-by-country reporting by multinational undertaking groups (Council Directive (EU) 2016/881 of 25 May 2016). The exchange of information included in the country by country reporting will allow tax administrations in different countries to take action against harmful tax practices and identify persons (undertakings) that artificially transfer a significant part of their profits to jurisdictions with more favourable tax regimes. 					

Strategic objective 3: Reducing compliance costs

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

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
3.1	Facilitating administrative regimes and procedures and shortening the time for provision of services by the CA	Amendments made in the Act for Amendment of the Act Restricting Administrative Regulation and Administrative Control over Economic Activity introduced the requirement for provision of an extract from the judicial record ex-officio in: Tax and Social Insurance Procedure Code, Insurance Code, Social Security Code, Excise Duties and Tax Warehouses Act, Corporate Income Tax Act, etc. Thus, in order to reduce the administrative burden in the licensing and registration regimes, it is envisaged that the administrative obligations of the persons to submit an extract from the judicial record of Bulgarian citizens to the customs administration will be abolished. This information is gathered by the Customs Agency ex-officio.	2015	<i>The measure is in progress and is included in the 2018 plan</i>	2017	AAS ARARACEA adopted	(promulgated SG issue 103 of 28.12.2017), effective from 1.01.2018
3.2	Facilitating the administrative procedures and requirements for NRA's clients	<p>Following legal amendments have been made to implement this measure:</p> <p>To reduce the administrative burden and compliance costs, a provision was added in the Corporate Income Tax Act in 2017, which in addition to the Annual Activity Report waives the obligation for filing an Annual Tax Return by taxable persons who during the tax period have not carried out activity within the meaning of the Accountancy Act.</p> <p>It is adopted, the declaration under Art. 55, para. 1 that is prepared and filed by income taxpayers obliged to withhold and pay taxes, to be submitted only electronically from 2018 on. The amendment unifies the procedure for submission of the declaration with the one regulated in relation to the declaration under Art. 201, para. 1 of CITA, which is to be submitted only</p>	2015	<i>The measure is in progress and is included in the 2018 plan</i>	2017	Amendments adopted to CITA and PITA	AAS VATA, promulgated SG issue 97 of 05.12.2017, effective from 01.01.2018

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned	Start date (year)	Current standing (as of 31 December 2017)	End date	Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		Activities for the implementation of the measure performed / started in 2017					
		<p>electronically.</p> <p>A possibility is provided for submission of a voluntary VAT registration (under art.100, para. 1 and 2) to the Registry Agency simultaneously with the application for an initial registration pursuant to Chapter Two of the Commercial Register Act and the Register of Non-Profit Legal Entities.</p> <p>The VAT return, the VIES declaration and the reporting registers shall be submitted only electronically under the terms and conditions of the TSIPC, except in the cases expressly provided for in the law.</p> <p>The provision of Art. 176c, para. 1 of the VAT Act is refined. When liquid fuels are for own consumption, following persons are exempted from the obligation to provide collateral in the cases of Art. 176c, para. 1, item 2 and item 3 of the VATA: registered agricultural producers - new par. 13 of Art. 176c of the act; budget organizations - new para. 13 of Art. 176c of the act; a person other than those specified when the fuels acquired or released for consumption are destined for own consumption and the person is entered in a public electronic register set up and maintained by NRA – new para 14 of Art. 176c of the act.</p> <p>An opinion on the application of the provision of Art. 132, para. 5 and 6 of the Value Added Tax Act (VATA) and § 46 of the Transitional and Final Provisions of the Act on Amendments to the Excise Duty and Tax Warehouses Act (AAS EDTWA) in respect of contracts for an unincorporated company concluded under a postponement condition.</p>				<p>Adopted amendment to VATA</p> <p>Adopted amendments to VATA</p> <p>Opinion issued by the Executive Director of NRA</p>	<p>AAS TSIPC promulgated SG issue. 92 of 17.11.2017, effective from 01.01.2019</p> <p>AAS VATA promulgated SG issue. 97 of 05.12.2017, effective from 01.01.2018</p> <p>Opinion of the Executive Director of NRA outgoing. № 26-B-26/01.08.2017.</p>
		Results have been reported in the following three areas:	2015		2017	Facilitated administrative	(a) Tax refunds is made within a shorter period of time without any

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Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>(a) Applying an automatic risk assessment and a simplified procedure for recovering VAT declared for reimbursement and overpaid amounts under the annual tax return under Article 50 of the PITA for natural persons.</p> <p>b) Introducing and developing a new approach to bona fide liable persons who made mistakes in declaring obligations and promoting voluntary performance.</p> <p>c) Reducing administrative burden for citizens and business.</p> <p>In relation to the present and future results for this purpose, following previous changes in the legal framework and in the organization of the NRA activity should be taken into account:</p> <ul style="list-style-type: none"> - application of a simplified procedure for refund of declared VAT for reimbursement and overpaid sums under the annual tax return under Article 50 of PITA; - enabling the LPs, in case an error is detected in the declared data and circumstances, to make changes by submitting a new declaration, once by 30 September of the year following the year of income acquisition; - providing the possibility to submit declarations of income of deceased persons by the heirs by law or by will; - enabling individuals to correct the data in declarations submitted by them in cases where after analysis of the data declared in the course of controlling actions and proceedings has been found that they have made mistakes in the performance of their tax and insurance obligations; - the requirement for attaching documents proving the justification for tax relief is waived when the full 				<p>procedures and requirements for NRA's clients</p>	<p>inspection or audit. Individuals do not need to visit a NRA office, submit or sign additional documents. This leads to increased satisfaction of the clients of the NRA.</p> <p>In 2017, the tax was reimbursed under the simplified procedure to 14 588 persons registered under VATA and overpaid tax was reimbursed to 15 272 individuals under the ATR under Article 50 of PITA.</p> <p>(b) The effect of the change is an improvement of tax revenues collection without the need for additional actions and costs to the revenue administration.</p> <p>In 2017:</p> <ul style="list-style-type: none"> - corrective declarations submitted until 30.09.17 on the grounds of art. 53, para 2 of PITA – 3 814; on the grounds of art. 75, para 3 of the CITA -3 179; - declarations made by descendants of deceased persons – 812; <p>c) The number of returns submitted by persons who have not carried out activity in 2016 is 195 837 out of a total of 517 977 ATR filed under Art. 92 of the CITA for that year. In 2017 over 2 500 persons have submitted notifications under Article</p>

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>amount of the relevant tax relief is used by the employer under the basic employment relationship.</p> <ul style="list-style-type: none"> - the requirement is waived to file a declaration under Art. 55 of the PITA for the final tax payable by local natural persons under Art. 46 of the same act on income from sources abroad. This tax is to be declared from now on only in the annual tax return under Art. 50 of PITA and to be paid within the term for payment of the annual tax (until 30 April of the year following the year of income acquisition) and not as at present in four installments (until the end of the month following the quarter of income acquisition) ; - the obligation is waived of the persons to submit an annual tax return under Art. 92 of the CITA and an annual activity report for the legal persons who have not carried out any activity within the meaning of the Accountancy Act; - the obligation to notify the NRA prior to the deletion of a sole trader from the commercial register is waived; - the obligation for the persons to compile and submit an inventory for the available assets during the initial and re-registration under the VAT Act is waived. 					<p>77 of the TSIPC of this type;</p> <p>In 2017, more than 2 800 persons submitted an inventory of assets under VAT registration.</p>
3.3	Increasing the share of the information exchanged officially with other government structures, including in relation to the application of complete administrative service. Provision of access to databases and information systems of other institutions	<p>1. Improvement and extension of the e-services for other administrations</p> <p>In 2017, another 5 new e-services were developed for other administrations in the exercise of their powers.</p> <p>During the year, the following activities were carried out in order to improve and extend e-services for other administrations:</p> <p>a) According to the changes in Art. 87, para. 11 of the TSIPC interaction with other administrations is simplified as persons are no longer bound to present certificates of presence or absence of liabilities under Art. 87, para. 11 of the TSIPC, but the same information</p>	2016	<i>The measure is in progress and is included in the 2018 plan</i>	2017	<p>Implemented complex administrative servicing</p> <p>New e-services developed for other administrations</p>	<p>10 new e-services developed</p> <p>5 new e-services were developed for other administrations</p> <p>Access provided to:: National Bureau for Legal Aid, Ministry of Economy, Ministry of Labor and Social Policy, Municipality of Dimitrovgrad, Directorate "Good Governance" to the Administration of the Council of Ministers, Employment Agency,</p>

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>is received ex-officio by electronic means only.</p> <p>б) Existing e-services are improved and new ones are developed for other administrations.</p> <p>в) NRA has provided access to its following registers: "Register of Liable Persons" with "Reference on Presence/Absence of Liabilities" and "Register of Notifications for Signing, Amending or Termination of Employment Contracts and Notifications for a Change of Employer with "Reference on Signing, Amending or Termination of Employment Contracts and Notifications for a Change of Employer" in the register-to-register exchange environment (RegiX).</p> <p>Pursuant to Art. 8, para. 3 of OGRISREAS and in connection with Art. 17, para. 5 of the <i>General Conditions for access to the data of the state administration registers in the interregional exchange environment</i>, on the basis of submitted applications for inclusion in registers administered by the NRA and after inspection, the Agency has provided access to the National Bureau for Legal Aid, Ministry of Economy, Ministry of Labor and Social Policy, Municipality of Dimitrovgrad, Directorate "Good Governance" to the Administration of the Council of Ministers, Employment Agency, Ministry of Justice, Ministry of Energy, General Labour Inspectorate Executive Agency, Municipality of Glavinitsa, District Court Pernik, Municipality of Sevlievo and others.</p>					Ministry of Justice, Ministry of Energy, General Labour Inspectorate Executive Agency, Municipality of Glavinitsa, District Court Pernik, Municipality of Sevlievo and others.

1	2	3	4	5	7	8	9
Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
		<p>2. Electronic exchange of information and cooperation with other institutions is enhanced - additional agreements are concluded with institutions for use of e-services of the NRA</p> <p>Technical and information means were provided for the exchange of information and use of the e-services developed by the NRA for administrations / institutions Users of NRA's e-services were established at the National Employment Agency for checking target groups, employers, etc.</p>	2015		2017	<p>Electronic exchange of information with partners</p> <p>Instruction for interaction and exchange of information between EA and NRA</p>	<p>In 2017, eight new bilateral agreements were concluded for the exchange of information and interaction between administrations, and exclusion of obligations on individuals to provide information that could be obtained ex-officio.</p> <p>In 2017, four new bilateral agreements were signed with municipalities for access to e-services and 1 new bilateral agreement with the Central Depository. On the basis of the agreements, persons holding a PIC issued by the NRA may use it as an identifier for access to the electronic services of other state and municipal administrations.</p> <p>72 users from all the regional structures of the EA were established for checking in the NRA's registers</p>

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Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned				Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date		
3.4	Building differentiated service channels depending on clients' needs and with a focus on the use of advance technologies	<p>1. Electronic interaction with customers - providing data and documents, reminders, servicing of documents and statements, etc.</p> <p>2. Provision of detailed and timely information to citizens and business;</p> <p>3. NRA's website - a single point of contact for provision of information to persons about the presence or absence of outstanding payments for state or local taxes;</p> <p>4. Development and implementation of new e-services in the NRA in accordance with clients' needs.</p> <p>In 2017, activities were carried out for: Enhancing electronic interaction between clients and NRA; Improving and popularizing NRA's electronic services; Improving the servicing; Increasing the share of usability of e-services; Reducing the costs of liable persons.</p> <p>1.1. An e-service has been implemented, providing documents servicing to the liable persons by electronic means. 86 628 notifications for documents servicing were sent through the e-service.</p> <p>1.2. The system IS "Control" provides electronic services, enabling NRA's clients to electronically receive and provide documents, including references about audits or inspections and the status of electronic documents sent from and to the NRA. In the course of the control procedures carried out, 384 262 documents were serviced or provided to the liable persons through electronic means in 2017.</p> <p>2.1. In order to raise awareness and reduce the administrative burden for the clients of the NRA during</p>	2015	<i>The measure is in progress and is included in the 2018 plan</i>	2017	Increased communication by electronic means	<p>1.1. 86 628 notifications for documents servicing were sent through the e-service</p> <p>2.1. Themed reminders and emails sent to over 740 000 persons.</p>

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		<p>the period, various information campaigns and activities were carried out by sending themed reminders and emails to over 740 000 persons.</p> <p>2.2. Since the beginning of September 2017, following a change of the regulatory provisions in TSIPC, a telephone service was provided to the NRA's clients for receiving a wide range of information and assistance after identification by the client. Clients identified by PIC on the NRA telephone number - 0700 18 700 can obtain detailed information about the data they have declared by them and for them to the NRA and data contained in their tax and social security accounts. For the period from the start of the service in September until 31.12.2017, the service was used by 1 085 clients of NRA.</p> <p>2.3. In 2017, 279 862 clients have received information and assistance through the NRA Information Center. 82 570 times the clients of the National Revenue Agency have used the automated services of the NRA telephone service operating 24/7. Phone negotiations were conducted with 74 480 persons with overdue liabilities in order to stimulate them for voluntary repayment of the same.</p> <p>3. Through the NRA's website, persons can see their liabilities to the NRA and to a number of municipalities and to submit electronically the returns under the LTFA.</p> <p>4. In 2017 the NRA has developed and implemented in real environment 12 new electronic services with QES and PIC:</p> <p>-Declaration under Art. 54, para. 4 of LTFA for car</p>					<p>2.2. From the start of the service in September until 31.12.2017, the service was used by 1 085 clients of NRA.</p> <p>2.3. In 2017, 279 862 clients have received information and assistance through the NRA Information Center. 82 570 times the clients of the National Revenue Agency have used the automated services of the NRA telephone service operating 24/7. Phone negotiations were conducted with 74 480 persons with arrears in order to stimulate them for voluntary repayment of the same.</p> <p>4. In 2017 the NRA has developed and implemented in real environment 12 new electronic services with QES and PIC.</p>

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Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned Activities for the implementation of the measure performed / started in 2017	Start date (year)	Current standing (as of 31 December 2017)	End date	Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
		<p>owned;</p> <ul style="list-style-type: none"> - Declaration under Art. 54, para. 4 of LTFA for a motor vehicle owned, cars excluded; -Automatic Exchange of Financial Information CRS / DAC2; -Documents servicing; -Reference for incomes paid / other than labor / to individuals; -Reference for sales declared by persons registered under VATA for a certain tax period; - Notification under Art. 143w of the TSIPC in relation to country-by-country reporting by a multinational group of enterprises (MGE); - Providing a country by country report under Art. 143x of the TSIPC by a multinational group of enterprises (MGE); - "Notification of service / repair of the FD / IATMS" under Art. 44a, para. 2 of Ordinance H-18/2006; - FD data from manufacturer / importer of FD; - Notification of FD / IATMS; - Notification of service and repair of measuring instruments, working in the composition of the ESFM "under Art. 44a, para. 1 of Ordinance 0-H-18/2006; <p>The NRA has enhanced existing e-services, according to a previously approved e-services development plan in</p>					

1	2	3	4	5	7	8	9
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		2017.					
		Upgrading NRA's website in order to make it a single point of contact for provision of information to persons about the presence or absence of outstanding payments for state or local taxes; an option for consultation via NRA's gate on outstanding LTF payable to municipalities with an option for payment has been included. Implementing a PIC issued by NRA for single e-entry to the services provided by the state administration.	2015		2017		In 2017, four new bilateral agreements were concluded with municipalities for access to e-services and 1 new bilateral agreement with the Central Depository. On the basis of the agreements, persons holding the a PIC issued by the NRA can use it as an identifier for access to the electronic services of other state and municipal administrations.
		Development and implementation of new e-services in NRA and CM according to the needs of the clients. In connection to changes in the TSIPC a possibility was created for card payments via physical and virtual POS terminals since February 2018.	2015		2017	Share of electronically serviced documents	The share of electronically serviced documents in NRA is as follows: VAT- 96,20% CITA - 67,61% PITA - 35,74% Ref. under art..73 of PITA - 84,21% form 6 - 91,35% form 1 - 97,51% form 3 - 99,92% Notifications under art.62 and art.123 of the LC - 96,04% 12 new e-services or NRA's customers and 5 new e-services for other administrations were developed, which enable their employees to receive the information they need to fulfill their direct duties.

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Number of the measure in the Action Plan	Title of the measure	Information about activities undertaken and planned			End date	Performance indicator	Effect/ Value of the performance indicator as of 31.12.2017
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3.5	Encouraging the use of e-invoicing	The measure includes following activities: Introduction of a single mandatory e-invoicing standard; Introduction of mandatory e-invoicing in the field of public procurement; Introduction of a possibility of declaring the principle and public consent of all persons registered under the VATA to receive electronic invoices and keeping information about this by the NRA in a public register; Introduction of the obligation to submit to the NRA the information from all issued electronic invoices in real time, as well as the creation of a capacity in the NRA for receiving it; Creating an electronic invoicing platform maintained by the NRA.		<i>Implementation of this measure is not planned until the end of 2018</i>	2017		

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

/signed/