

## Tax and Social Insurance Procedure Code

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\*Note: An update of the English text of this Act is being prepared

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### TITLE ONE

#### GENERAL RULES

##### Chapter One

#### SUBJECT MATTER AND FUNDAMENTAL PRINCIPLES

##### Subject Matter

Article 1. This Code shall set out proceedings for the ascertainment of obligations for taxes and compulsory social-insurance contributions, as well as for securing and collecting public receivables, assigned to the revenue authorities and public enforcement agents.

##### Legality

Article 2. (1) The revenue authorities and public enforcement agents shall act within their statutory powers and shall apply the laws accurately and equally in respect of all persons.

(2) Where an international treaty, which has been ratified by the Republic of Bulgaria, has been promulgated and has entered into force, contains any provisions that diverge from the provisions of this Code, the provisions of the respective treaty shall prevail.

##### Objectivity

Article 3. (1) Revenue authorities and public enforcement agents shall be obligated to establish impartially the facts and circumstances of relevance to the rights, obligations and liability of liable parties in proceedings under this Code.

(2) Administrative acts under this Code shall be based on the actual facts of relevance to the case.

(3) The truth regarding facts shall be established according to the procedure and by the means provided for in this Code.

##### Autonomy and Independence

Article 4. Revenue authorities and public enforcement agents shall conduct the proceeding autonomously. In the discharge of their powers, they shall be independent and shall act solely in pursuance of the law.

#### Ex Officio Principle

Article 5. Revenue authorities and public enforcement agents shall, where there is no request on behalf of the parties concerned, ex officio be liable to elucidate the facts and circumstances of relevance to the ascertainment and collection of public receivables, which also includes the application of the reliefs provided for in the law.

#### Good Faith and Right to Defence

Article 6. (1) Participants in the proceedings and their representatives shall be obligated to exercise their procedural rights in good faith and in compliance with good morals.

(2) All persons, who are interested in the outcome of the proceedings under this Code, shall have equal procedural opportunities to participate in the said proceedings for the defence of their rights and legitimate interests.

(3) Revenue authorities and public enforcement agents shall be obligated to afford participants in the proceedings an opportunity to exercise their procedural rights and their right to defence.

#### Chapter Two

### COMPETENCE

#### Competent Authority

Article 7. (1) The instruments under this Code shall be issued by a revenue authority or by a public enforcement agent, as the case may be, from the competent territorial directorate.

(2) If the authority that has initiated the proceeding ascertains that the proceedings do not fall within its competence, it shall forward the case file to the competent authority within three days, notifying the parties concerned thereof.

(3) In cases where there are grounds for challenge or recusal, as well as in the cases of sustained inability to perform their official duties, a superior authority designated by the law may take over the examination and resolution of a specific matter or a case file from the competent revenue authority or from the public enforcement agent, as the case may be, and assign the powers to examine and resolve the said matter to another authority or public enforcement agent of equal rank to the authority or agent wherefrom the case file or matter has been taken over.

(4) In case of change in the circumstances conditioning territorial competence, the proceeding shall be completed by the authority that initiated them.

#### Competent Territorial Directorate

Article 8. (1) The competent territorial directorate of the National Revenue Agency with regard to proceedings under this Code, unless otherwise provided for, shall be:

1. the territorial directorate exercising competence over the permanent address of any natural persons, including any sole traders;
2. the territorial directorate exercising competence over the address of the place of management of any unincorporated associations and contribution payment centres;
3. the territorial directorate exercising competence over the registered office of any resident legal persons;
4. the territorial directorate exercising competence over the registered office of a branch office or over the address of a representative office of any non-resident person;
5. the territorial directorate exercising competence over the place of conduct of the activity or of the management: applicable to any non-resident persons falling outside the scope of Item 4, who or which carry on business in the country, inter alia through a permanent establishment or a fixed base, or whose place of effective management is situated in Bulgaria;

6. the territorial directorate exercising competence over the location of the first corporeal immovable acquired: applicable to any persons who or which fall outside the cases referred to in Item 1 to 5;

7. the Sofia Territorial Directorate, where the competent territorial directorate cannot be established under the rules of Items 1 to 6;

8. (new, SG No. 105/2006) the territorial directorate exercising competence over the last permanent address of the antecessor or, respectively, over the registered office of the resident legal person, in the cases referred to in Article 126 herein.

(2) The address of the place of management of persons under Item 2 of Paragraph (2) shall be evidenced through a notarized transcript of their memorandum of incorporation; and where no address of the place of management is stated therein, the permanent address or, respectively, the address of the place of management of the first listed partner shall be presumed as such address of the place of management. In cases where no memorandum of incorporation has been submitted, the competent territorial directorate shall be the one that first performs a procedural action for ascertainment of the obligations for taxes or compulsory social-insurance contributions.

(3) Where a non-resident person carries on business in the country through more than one permanent establishment, the competent territorial directorate shall be the one exercising competence over the location of the permanent establishment that has emerged first. In case the non-resident person has failed to fulfil the obligation thereof to register in the BULSTAT Register, the competent territorial directorate shall be the one that first performs a procedural action for ascertainment of the obligations for taxes or compulsory social-insurance contributions.

(4) The Executive Director of the National Revenue Agency shall issue an order designating the competent territorial directorate in respect of any persons who or which fall within the territorial jurisdiction of more than one territorial directorate under the rules of Paragraph (1). The said order shall be promulgated in the State Gazette.

(5) Competence with regard to local taxes shall be determined according to the location of the municipality that is entitled to be credited with the relevant local tax in budget revenue according to the Local Taxes and Fees Act.

### Chapter Three

## PARTIES TO AND PARTICIPANTS IN PROCEEDING

### General Definitions

Article 9. (1) A party (subject) to an administrative process under this Code shall be:

1. the administrative authority;

2. any natural or legal person, on behalf of or against whom an administrative proceeding under this Code has been instituted.

(2) In the proceedings under this Code, unincorporated associations and contribution payment centres shall be treated as equivalent to legal persons. Coercive collection shall be levied against the participants in unincorporated associations and contribution payment centres according to their participation.

(3) Participants in an administrative proceeding shall be the subjects and all other persons who take part in the performance of procedural actions.

### Full Capacity and Representation

Article 10. (1) All procedural actions in an administrative proceeding may be performed in person by natural persons of full capacity.

(2) Any infants and minors and any interdicted natural persons shall be represented by their parents, tutors or curators, as the case may be.

(3) Any legal persons shall be represented by the persons who represent them by law.

(4) Persons may be represented by authorized representatives by virtue of a written power of attorney.

(5) The revenue authority or the relevant official shall satisfy himself as to the presence of full capacity and a representative power to perform the relevant actions and if any of these is found missing, the said authority or official shall give the persons concerned a time limit to cure the irregularity.

(6) Where an irregularity under Paragraph (5) affects the performance of a procedural action, which is not a condition for the admissibility of the proceeding, and has not been cured within the time limit set, the action shall be presumed performed. If the action is a condition for admissibility of the proceedings and the irregularity has not been cured, the proceeding shall be terminated.

#### Appointment of Provisional or Special Representative

Article 11. (1) Where the revenue authority or the public enforcement agent has to perform any procedural actions that brook no delay in respect of a person lacking full capacity and/or lacking a legitimate representative, as well as in a conflict of interest between a representative and the person represented, the said authority or agent may motion the regional court exercising jurisdiction over the whereabouts of such represented person to appoint a provisional or a special representative, as the case may be. With regard to any procedural actions in respect of infants and minors, the provisions of the Child Protection Act shall apply as well.

(2) The court, sitting in camera, shall pronounce on any such motion by a reasoned ruling within three days after the receipt of the said motion, appointing the provisional or special representative, as the case may be, and the period of the appointment thereof. Any such ruling shall be unappealable.

#### Powers of Revenue Authority and Public Enforcement Agent

Article 12. (1) Observing the provisions of this Code, the revenue authority shall:

1. conduct examinations and audits;
2. ascertain administrative violations;
3. impose administrative sanctions;
4. have right of access to the facilities subject to control;
5. check the accounts of the facilities controlled;
6. check accounting, business or other papers, documents and data mediums with a view to ascertaining obligations and liabilities for taxes and compulsory social-insurance contributions, as well as establishing any violations of the tax and social-insurance legislation;
7. require and collect original documents, data, information, papers, items of property, statements of account, information sheets and other data mediums for the purpose of ascertaining obligations and liabilities for taxes and compulsory social-insurance contributions, and establishing any violations of the tax and social-insurance legislation; require certified copies of written documents and certified printouts of data from machine-readable data mediums;
8. require that the persons control declare their bank accounts in the country and abroad;
9. establish the properties, financial resources and tangible assets owned, claims and securities held;
10. perform the actions provided for in this Code to secure evidence, including the sealing of safes, warehouses, workshops, office premises, shops and other facilities subject to control;
11. require from all persons, central-government and municipal authorities to provide data, information, documents, papers, materials, items of property, statements of account, information sheets and other data mediums as are necessary for the performance of control activities;

12. request the disclosure of official, bank or insurance secrets according to a procedure provided for by a law;

13. gain, at no charge, access to public registers and the issuance, at no charge, of officially certified abstracts of the records therein or of copies of the documents on the basis of which the said records have been made;

14. require written explanations;

15. assign expert examinations and use the services of experts;

16. require the declaring of certain facts and circumstances, where this is provided for by a law.

(2) Observing the provisions of this Code, public enforcement agents shall:

1. impose measures for securing public receivables and perform actions for the collection thereof;

2. have a right of access to the facilities subject to control;

3. require that the persons controlled declare their bank accounts in the country and abroad;

4. establish the properties, financial resources and tangible assets owned, claims and securities held;

5. require from all persons, central-government and municipal authorities to provide data, information, documents, papers, materials, items of property, statements of account, information sheets and other data mediums as are necessary for the securing or collection of public receivables;

6. request the disclosure of official, bank or insurance secrecy according to a procedure established by a law;

7. gain, at no charge, access to public registers and the issuance, at no charge, of officially certified abstracts of the records therein or of copies of the documents on the basis of which the said records have been made;

8. require written explanations;

9. assign expert examinations and use the services of experts;

10. require the declaring of certain facts and circumstances, where this is provided for by a law;

11. ascertain administrative violations;

12. impose administrative sanctions;

(3) Control under Paragraphs (1) and (2) shall be conducted at facilities wherein economic activity or management of economic activity is carried out: production premises, shops, warehouses, means of transport, bureaux, chambers and other such, as well as at premises and locations where tangible assets, cash and accounting, business or other documents or data mediums, related to the activity of the persons controlled, are stored.

(4) Upon exercise of the powers covered under Paragraphs (1) and (2) in respect of lawyers and notaries, the provisions of the Bar Act and the Notaries and Notarial Practice Act shall apply.

#### Obligations of Participants in Proceedings

Article 13. (1) Participants in the proceedings shall be obligated to cooperate and to provide information under the terms and according to the provisions established by this Code, to a revenue authority and a public enforcement agent upon discharge of the powers thereof covered under Article 12 (1) and (2) herein.

#### Chapter Four

#### OBLIGATED PERSONS

## Types of Obligated persons

Article 14. Obligated persons shall be all natural and legal persons who or which:

1. are liable to taxes or compulsory social-insurance contribution;
2. are obligated to withhold and remit taxes or compulsory social-insurance contributions;
3. are liable for the obligation of any persons referred to in Items 1 and 2.

## Persons Obligated to Withhold and Remit Taxes or Compulsory

### Social-Insurance Contributions

Article 15. (1) Where a law provides that a specific person is obligated to withhold and remit any taxes or compulsory social-insurance contributions, the rules establishing the rights and obligations of a subject to proceedings under this Code shall apply to any such person.

(2) Any taxes or compulsory social-insurance contributions, which have been withheld and remitted by a person referred to in Paragraph (1) shall be considered as having been paid on behalf and for the account of the person from whose remuneration or payment the said taxes or contributions have been withheld, even where there was no obligation to withhold.

### Liable Third Party

Article 16. (1) Any person who, in the cases provided by law, is under an obligation to remit a tax or a compulsory social-insurance contribution of a person liable for the said tax or contribution or of a person obligated to withhold and remit taxes or compulsory social-insurance contributions, which have not been remitted in due time, shall be an obligated person referred to in Item 3 of Article 14 herein.

(2) The rules establishing the rights and obligations of a subject to the proceedings under this Code shall apply to the obligated persons referred to in Item 3 of Article 14 herein.

(3) The liability of the obligated person referred to in Item 3 of Article 14 herein shall comprehend the taxes and compulsory social-insurance contributions, the interest payable and the costs of the collection thereof.

### Obligated Persons' Rights

Article 17. (1) Obligated persons shall have the right to:

1. respect for their dignity and honour in the implementation of procedural actions under this Code;
2. be informed of their rights in the proceedings under this Code, including their right to defence in an administrative, enforcement and judicial proceeding, and to be warned of the consequences of a failure to fulfill their obligations under this Code;
3. safeguarding the secrecy of any data, facts and circumstances constituting tax and social-insurance information;
4. request from the revenue authorities and public enforcement agents to identify themselves upon discharge of their powers and to produce the instrument on the basis of which the relevant actions are undertaken;
5. be ensured and provided, at no charge, with:
  - (a) the acceptance of all documents submitted by obligated persons and third persons regarding their public obligations;
  - (b) information on their public obligations and the time limits wherewithin they have to pay the taxes, compulsory social-insurance contributions and other public obligations due therefrom;
  - (c) information on their health insurance status and their contributory income;

(d) tax returns and other declarations, containing instructions on their completion, blank forms and other documents which are required or issued in pursuance of a law, and which must furthermore be posted on the Internet site of the Agency;

(e) an opportunity for electronic exchange of data with the revenue authorities and public enforcement agents;

6. be informed of the consequences of the coercive enforcement of claims for taxes, other public receivables and compulsory social-insurance contributions;

7. require the issuance and to receive in due time any instruments or other documents certifying facts of legal relevance or recognizing or denying the existence of rights or obligations, where they have standing to do so;

8. appeal against all instruments and actions of the revenue authorities and public enforcement agents that affect their legitimate rights and interests, according to the procedure established by this Code.

(2) The revenue authorities shall be obligated to afford the parties an opportunity to express their opinion on the evidence collected, as well as on the claims made according to the procedure provided for in this Code. The parties may submit written requests and objections.

(3) Where an obligated person acts conforming to written instructions of the Minister of Finance, a revenue authority or a public enforcement agent which subsequently prove to be legally non-conforming, the interest charged as a result of the actions conforming to the instructions given shall not be due and the sanction provided for by the law shall not be imposed.

(4) Instructions on the consistent application of legislation regarding taxes or compulsory social-insurance contributions, which are mandatory for the revenue authorities and public enforcement agents, shall be published. Publication shall be effected on the Internet site of the relevant administration, and publication may also be effected in the press or in any other manner commonly accessible to the obligated persons.

(5) Where an obligated person pays the entire amount of the tax or compulsory social-insurance contribution due for the relevant period within the time limit established by the law for enjoyment of a rebate, upon ascertainment that the payment effect was correct, the said person shall enjoy the rebates of the amount of tax provided for in such cases if the relevant return has been submitted within the statutory time limit.

(6) Obligated persons shall have the right to compensation for any damage inflicted thereon by any unlawful instruments, actions or omissions by revenue authorities and public enforcement agents in the course of or in connection with the execution of their activity. Liability shall be incurred according to the procedure provided for in the Act on the Liability Incurred by the State for Damage Inflicted on Citizens.

#### Liability of Persons Obligated to Withhold and Remit Taxes

##### and Compulsory Social-Insurance Contributions

Article 18. (1) Any person obligated under a law to withhold and remit a tax or compulsory social-insurance contributions, who fails to withhold and to remit any such tax or contributions, shall incur solidary liability for the tax or social-insurance contributions which have not been withheld and remitted with the person liable for the said tax or contributions.

(2) In the cases where the person referred to in Paragraph (1) has withheld the tax or the compulsory social-insurance contributions but has failed to remit them, such person shall owe the unremitted tax or compulsory social-insurance contributions, while the liability of the person liable to the said tax or contributions shall be extinguished.

#### Liability of Third Party Who Is Member of Management Body

##### or Managing Director

Article 19. (1) Where any member of a management body or a managing director of an obligated person referred to in Items 1 and 2 of Article 14 herein conceals any facts and circumstances which the said member or director has been obligated to state to the revenue authority or the public enforcement agent and, as a result of such failure, any obligations for taxes or compulsory social-insurance contributions cannot be collected, the said member or director shall be liable for the

uncollected obligation.

(2) Any managing director or member of a management body, who effects in bad faith any payments in kind or in cash from the property of a liable legal person referred to in Item 1 or 2 of Article 14 herein, constituting a hidden profit or dividend distribution, or who alienates any property of the obligated person gratuitously or at prices substantially lower than the market prices, as a result of which the property of the obligated person diminishes and, for this reason, any taxes or compulsory social-insurance contributions are not paid, shall be liable for the obligation up to the extent of the payments effected or up to the extent of the diminution of the property, as the case may be.

#### Priority

Article 20. In the cases under Article 19 herein, the security interest and the coercive enforcement shall first be levied against the property of the obligated person whose tax or social-insurance obligation is the responsibility of the members of the management bodies or the managing directors thereof.

#### Incurrence of Liability

Article 21. (1) In the cases under Articles 16, 18, and 19 herein, the liability of third parties shall be ascertained by an audit instrument.

(2) Third party liability shall furthermore be incurred in the cases where the circumstances under Items 5, 6 and 7 of Article 168 herein exist in respect to the debtor.

(3) Third party liability shall lapse by the lapse of the obligation in respect of which the said liability has been ascertained by an effective instrument. In such case, amounts paid shall be refunded according to the procedure established by Section I of Chapter Sixteen herein.

#### Chapter Five

### TIME LIMITS

#### Establishment and Calculation of Time Limits

Article 22. (1) The time limit in an administrative proceeding shall be fourteen days, unless established by the law or set by the revenue authority or the public enforcement agent, as the case may be. The revenue authority and the public enforcement agent may not determine a time limit shorter than seven days.

(2) Time limits shall be calculated in years, months, weeks, and days.

(3) A time limit counted in years shall expire on the same day of the same month of the relevant year, and where there is no such day, it shall expire at the end of the relevant month.

(4) A time limit counted in months shall expire on the respective day of the last month, and if there is no such day in the said last month, the time limit shall expire on the last day of the said month.

(5) A time limit counted in weeks shall expire on the respective day of the last week.

(6) A time limit counted in days shall be reckoned from the day next succeeding the day on which the said time limit begins to run, and shall expire at the end of the last day thereof.

(7) Where a time limit expires on a non-business day, the said shall not count and the time limit shall expire on the next succeeding business day.

(8) The last day of a time limit shall continue until the end of the twenty-fourth hour, but if anything has to be done or presented in person to the revenue authority or the public enforcement agent, the time limit shall expire at the end of office hours.

#### Observance of Time Limit

Article 23. (1) A time limit shall be observed with where the action has been performed or where the documents have been submitted to the competent authority or have been received by the party before expiry of the time limit set according

to the procedure established by Article 22 herein.

(2) A time limit shall be furthermore be considered observed where the dispatch or receipt of the documents has been effected through a postal operator, express mail or by electronic means using a universal electronic signature of the sender, as well as where the said documents have been submitted to a competent authority under Article 5 herein, before expiry of the said time limit.

#### Ascertaining Observance of Time Limit

Article 24. (1) Observance of a time limit under Article 23 herein shall be ascertained by the presence of at least one of the following circumstances:

1. a postmark or an impression showing the date of posting;
2. a certification by a postal officer showing the date of posting;
3. a certification by an express mail service clerk showing the date of posting;
4. date of transmission of the electronic communication;
5. date of the incoming reference number assigned to the documents submitted.

(2) In case of discrepancy between the data covered under Items 1 to 3 of Paragraph (1) the postal operator shall issue a certificate confirming the date of posting.

#### Extension of Time Limit

Article 25. Any time limits set by a revenue authority or a public enforcement agent may be extended at the request of the person concerned, submitted before expiry of the time limit, if so required for valid reasons. The extension of the time limit may not exceed the duration of the relevant time limit established by the law.

#### Resumption of Time Limit

Article 26. The provisions of the Administrative Procedure Code shall apply regarding the resumption of time limits in an administrative proceeding under this Code.

#### Misestablished Time Limit

Article 27. (1) Where a revenue authority or a public collection agent sets a time limit longer than the one established by the law, the action performed after the expiry of the statutory period but before the expiry of the time limit set by the authority shall not be considered overdue.

(2) Where a revenue authority or a public enforcement agent sets a time limit shorter than the one established by the law, the statutory time limit shall apply.

#### Chapter Six

### COMMUNICATIONS

#### Mailing Address

Article 28. (1) The mailing address shall be:

1. (Amended, SG No. 34/2006) the permanent residence address: applicable to natural persons, unless another address has been named in writing, and, applicable to persons recorded in the BULSTAT Register, the mailing address entered in the register and, applicable to sole traders, the address of the place of management;

2. (Supplemented, SG No. 34/2006) the address of the place of management: applicable to resident legal persons, registered representative offices and branches of non-resident persons, unless another mailing address has been entered in the BULSTAT Register and, respectively, unless another address of the place of management has been entered in the Commercial Register;

3. the address of the place where the activity or the management is carried out, if there is no address under Item 2: applicable to non-resident persons carrying on business in the country through a permanent establishment or a fixed base; where the non-resident person implements business through more than one permanent establishment in this country, the mailing address shall be the address where the activity of the first emerged permanent establishment or fixed base is carried out;

4. the address of the first acquired corporeal immovable: applicable to non-resident persons who have acquired a corporeal immovable within the territory of the country and do not fall within the scope of Items 1, 2, 3 and 5;

5. the address of the place of management of unincorporated associations and contribution payment centres; where the memorandum does not state an address of the place of management, the mailing address shall be the permanent address or the address of the place of management, as the case may be, of the partner listed first in the memorandum; where no memorandum has been submitted, the mailing address shall be the permanent address or the address of the place of management of the partner in respect of whom a first procedural action has been performed for ascertainment of the obligations for taxes or compulsory social-insurance contributions.

(2) Any person shall have the right to name to the revenue authorities an electronic address for receipt of communications.

(3) In the cases where a proceeding under this Code has been initiated, of which the person has been duly notified, the person shall be obligated to notify in writing the revenue authority in charge of the proceedings within three days after actions have been undertaken for a change of the mailing address thereof. Otherwise, all instruments and documents in the said proceedings shall be attached to the case file and shall be considered validly served.

(4) Upon absence from the mailing address exceeding thirty days, the legitimate representatives of the legal persons and sole traders shall authorize a person whereon communications and other instruments are to be served.

(5) Any natural persons in respect to whom a proceeding has been initiated, of which they have been notified, and who stay abroad for more than thirty consecutive days, shall be obligated to designate a person within the territory of the country who shall represent them in dealings with the revenue authorities and whereon communications and other instruments are to be served.

#### Service of Communications

Article 29. (1) Communication in an administrative proceeding shall be served at the mailing address of the addressee.

(2) Service shall be effected by a revenue authority or by another official (server).

(3) Communications may be served by means of a dispatch of a letter with advice of delivery through a licensed postal operator, with the action performed being noted in the said advice.

(4) Communications may be served by means of a dispatch of a facsimile message or an electronic message using a universal electronic signature of the revenue authority.

(5) Service may be effected through the municipality or mayoralty if there is no revenue authority or server, as the case may be, in the nucleated settlement where service must be effected.

(6) Communications shall be served on the addressee, on a representative or authorized representative thereof, a member of a management body or an employee thereof designated to receive papers or communications.

(7) Except on the persons referred to in Paragraph (6) a communication addressed to a natural person, including a sole trader, may furthermore be served on a member of the household thereof, as well as on a person of full age who has the same permanent address, if the said person agrees to accept the communication with an obligation to transmit it.

(8) Communications addressed to natural persons may furthermore be served at their place of work, either in person or care of the person designated to take delivery of the communications addressed to the employer, if the said person agrees to accept the communication with an obligation to transmit it.

(9) A communication may furthermore be served at any other place, where it is received by the addressee in person or by a representative thereof.

(10) The official who has effected the service shall in due time return the advice of delivery that shall be attached to the case file.

#### Service, How Certified

Article 30. (1) Service of a communication shall be certified by the signature of the recipient or of another person care of service is effected, with the forename, patronymic and surname thereof and the Standard Public Registry Personal Number thereof and the capacity in which the person accepts the message being noted in the advice of delivery.

(2) The person who serves the communication shall certify by the signature thereof the date and the manner of service, as well as the names and official capacity thereof.

(3) (Amended, SG No. 63/2006) Any communication sent by mail with advice of delivery shall be considered served on the date on which the advice of delivery was signed by any of the persons referred to in Article 29 (6) (7) and (8) herein.

(4) A refusal to accept a communication shall be certified by the signature of the server or of the revenue authority, as the case may be, and by the signature of at least one witness who is not an employee of the administration, with the forename, patronymic and surname and the address of the said witness being noted and comment to this effect being included in the advice of delivery. Where service is effected through the municipality, mayoralty or a licensed postal operator, the relevant official shall certify a refusal by the signature thereof. In such cases, the communication shall be considered served on the date of the refusal.

(5) A communication by facsimile message shall be certified in writing by the official who has effected the transmission, as well as by the confirmation of receipt.

(6) An electronic message shall be considered served when the addressee sends a confirmation of receipt thereof by a return electronic message, activation of an electronic forward option or retrieval of the message from the information system of the competent authority. The content of the electronic notification shall be certified by means of a printout copy of the entry in the information system, certified by the revenue authority.

(7) Service of a communication on a natural person at the place of work thereof shall be certified by the signature of the addressee or of another person designated to take delivery of communications addressed to the employer.

#### Special Rules for Service

Article 31. (1) A communication shall be served on a person deprived of his or her liberty and on a person remanded in custody care of the administration of the relevant institutions.

(2) (Repealed, SG No. 46/2007).

(3) A communication shall be served on a foreigner resident in the country, outside the cases under Article 28 herein, at the address declared at the foreigners administrative control services.

#### Service by Attachment to Dossier

Article 32. (1) Service by means of attachment to the dossier shall be effected where the addressee, the representative or authorized representative thereof, a member of a management body or an employee designated to receive communications or papers, has not been found at the mailing address after at least two visits at intervals of seven days.

(2) The circumstances referred to in Paragraph (1) shall be certified by a memorandum on each visit at the mailing address.

(3) The requirements under Paragraph (2) shall not apply where irrefutable evidence exists that the mailing address referred to in Article 28 herein is non-existent.

(4) A communication of service shall be placed at an expressly designated place in the territorial directorate. The communication shall furthermore be posted in the Internet.

(5) Together with the placing of the communication, the revenue authority shall also send a letter with advice of delivery, as well as an electronic message, in case where the person has named an electronic address.

(6) In case the person concerned fails to present himself or herself within fourteen days after the placing of the communication, the relevant document or instrument shall be attached to the file and shall be considered validly served.

(7) The dates of placing and removal of the communication shall be noted by the revenue authority in the communication itself.

#### Applicability of Provisions

Article 33. All serviceable instruments, documents and papers issued by the revenue authorities and public enforcement agents, shall be served according to the procedure and within the time limits specified in this Chapter, with the exception of any written statements, documents and papers on incurrence of the administrative penalty liability, whereto the Administrative Violations and Sanctions Act shall apply.

#### Chapter Seven

### SUSPENSION, RESUMPTION AND TERMINATION OF PROCEEDING

#### Suspension of Proceeding

Article 34. (1) A proceeding shall be suspended in case of:

1. illness of a person whose participation is indispensable, after certification by a valid medical document;
2. institution of an administrative, criminal or judicial proceeding, which is of relevance to the outcome of the proceeding, after presentation of a certificate issued by the authority before which the said proceeding has been instituted;
3. death of a legitimate representative of the person concerned, until institution of tutorship or curatorship;
4. a request submitted by the subject: on a single occasion, for a specified period which may not exceed three months;
5. other circumstances provided for by a law.

(2) Where a reason to believe that a criminal offence relevant to the outcome of the proceeding is established in the course of the proceeding, the proceeding shall be suspended and the case records shall be transmitted to the competent prosecutor. After close of the criminal proceeding, the case records thereon shall be transmitted to the revenue authorities for a resumption of the suspended proceeding.

(3) If any grounds under Paragraph (1) or (2) exist, the discretion shall be given to the authority that has ordered the proceedings, and in cases of administrative appeal, to the decision-making authority. The proceeding shall be suspended by an order which shall be served on the persons concerned and shall be unappealable.

#### Resumption of Proceeding

Article 35. The proceeding shall be resumed where the grounds for the suspension thereof have lapsed. Immediately after learning of the circumstance that the grounds have lapsed, an order to resume the proceeding shall be issued, which order shall be served on the persons concerned and shall be unappealable.

#### Termination of Proceeding

Article 36. (1) Where a natural person who is a party to the proceeding dies or a legal person which is a party to the proceeding ceases to exist before the issuance of the administrative act, the proceeding shall be terminated.

(2) Instruments on termination of the proceeding under Paragraph (1) shall be served on the heirs and legal successors, and a communication shall furthermore be placed according to the procedure established by Article 32 (4) to (6) herein, these acts being considered tantamount to refusals to issue an administrative act, without prejudice to the rights of heirs and legal successors to request on their own behalf the issuance of the relevant act.

#### Chapter Eight

# EVIDENCE AND INSTRUMENTS OF EVIDENCE

## Section I

### General Provisions

#### Collection and Assessment of Evidence

Article 37. (1) Evidence in an administrative proceeding shall be collected ex officio by the revenue authority or on the initiative of the subject. All evidence collected shall be subject to objective assessment and analysis.

(2) A person shall be obligated to present all data, information, documents, papers, data mediums and other evidence concerning the rights and obligations thereof, the facts and circumstances establishable in the course of the relevant proceeding, and to indicate all persons, central-government or municipal authorities wherewith such evidence is available.

(3) The revenue authority shall have the right to require in writing from the person to present the evidence under Paragraph (2) within a time limit set by the revenue authority.

(4) In case the subject fails to present the evidence required according to the procedure established by Paragraph (3) the revenue authority may assume that such evidence does not exist and shall limit the assessment thereof to the evidence collected in the course of the proceeding. If the evidence requested is produced before issuance of the instrument or document or, in an audit proceeding, before expiry of the time limit referred to in Article 117 (5) herein, the revenue authority shall be obligated to consider the said evidence.

(5) All persons, central-government or municipal authorities shall be obligated to provide the data, information, documents, papers, data mediums and other evidence regarding the facts and circumstances stated in a request by the revenue authority in pursuance of Item 11 of Article 12 (1) herein within fourteen days after receipt of any such request.

(6) Upon request by the revenue authority in pursuance of Item 12 of Article 12 (1) herein, the persons referred to in Paragraph (5) shall be obligated to disclose the relevant official, bank or insurance secret. The relevant established procedure shall apply to disclosure of a bank or insurance secret.

(7) Acting ex officio or at the request of the person, the revenue authority may conduct an inspection of corporeal movables or immovables. Any such Inspection shall be admissible not only for verification of other evidence, but also as evidence in its own right.

#### Obligation to Store

Article 38. (1) (Amended, SG No. 57/2007) Accounting and commercial information, as well as all other data and documents of relevance to taxation and compulsory social-insurance contributions, shall be stored by the obligated person according to the procedure established by the National Archives Stock Act within the following periods:

1. payrolls: fifty years;
2. ledgers of accounts and financial statements: ten years;
3. tax and social-insurance control documents: five years after expiry of the period of prescription for extinguishment of the public obligation whereto they refer;
4. all other mediums: five years.

(2) (Amended, SG No. 57/2007) After expiry of the period for storage thereof, the data mediums covered under Paragraph (1) (whether paper-based or machine-readable) may be destroyed, unless subject to submission to the National Archival Fund.

(3) The obligations referred to in Paragraph (1) shall extend to the legal successors to the obligated persons.

#### Access to Accounting Information Stored on Machine-Readable Data Mediums

Article 39. Any auditees or examined persons shall be obligated to afford the revenue authorities access to their automated information systems, software or archives, where information under Article 38 herein is so collected, stored and processed.

#### Actions to Secure Evidence

Article 40. (1) Upon conduct of an audit or an examination, the revenue authority may undertake actions to secure evidence by making an inventory of, or seizure with an inventory of any securities, items of property, documents, papers and other data mediums, as well as by copying the information from and onto machine-readable data mediums making the said information retrievable, while taking all necessary technical precautions to preserve the authenticity of the said information.

(2) In case where the actions under Paragraph (1) cannot be performed promptly for the purposes of the audit or examination, the revenue authority may seal the facility or a part thereof, only where the evidence subject to securing is located, for a period that may not exceed forty-eight hours.

(3) A memorandum shall be drawn up on the actions referred to in Paragraphs (1) and (2) and a copy of the said memorandum shall be provided to the person.

(4) Before expiry of the time limit referred to in Paragraph (2) the revenue authority may motion the regional court exercising jurisdiction over the location of the facility for an extension of the period of the sealing. The court, sitting in camera, shall pronounce on the day of receipt of the request by a ruling, specifying a period for the sealing. This ruling shall be unappealable.

(5) If before expiry of the time limit referred to in Paragraph (2) the regional court has not authorized an extension of the period, the sealing shall be considered terminated. After expiry of the time limits referred to in Paragraphs (2) and (4) the sealing shall be considered terminated.

#### Contestation of Actions

Article 41. (1) (Supplemented, SG No. 105/2006) Any action to secure evidence shall be contestable within fourteen days after the performance of the said action before the territorial director exercising competence over the location of the facility, who shall pronounce by a reasoned decision within one day after receipt of the appeal. By the decision thereof, the territorial director may reject the contestation or grant the contestation and order cessation of the acts appealed. The contestant should be notified of the decision on the same day.

(2) The decision whereby cessation of the actions is ordered shall be implemented by the revenue authority that has undertaken the said acts within the time limit specified in the decision.

(3) (Amended, SG No. 30/2006, effective 1.03.2006) Upon non-pronouncement by the authority referred to in Paragraph (1) within the established time limit or upon rejection of the appeal, the actions to secure evidence shall be appealable as to the legal conformity thereof before the administrative court exercising jurisdiction over the location of the territorial directorate within seven days after expiry of the time limit referred to in Paragraph (1). The court shall pronounce within seven days by a ruling which shall be unappealable.

(4) An appeal shall not stay the actions to secure evidence.

#### Cooperation

Article 42. (1) In case an auditee or an examined person refuses to afford the revenue authority or the public enforcement agent access to a facility subject to control or refuses to present papers or other data mediums, the revenue authorities may request cooperation from the authorities of the Ministry of Interior, including for conduct a search or seizure according to the procedure established in the Criminal Procedure Code.

(2) Items of property, papers or other data mediums seized shall be delivered by the authorities of the Ministry of Interior to the revenue authorities accompanied by a memorandum and an inventory.

(3) Where any evidence of relevance to the ascertainment of obligations for taxes or compulsory social-insurance contributions has been collected according to the procedure established by the Criminal Procedure Code, the authorities of the Ministry of Interior, the prosecuting magistracy or the investigating authorities shall afford the revenue authorities access to the said evidence and provide shall provide them with authenticated copies of such evidence.

### Admissibility

Article 43. Search and seizure by the police authorities shall be admissible if during the conduct of an audit or examination data are available that any items of property, papers or other data mediums are located in a facility subject to control and where there are data that any facts and circumstances are concealed in relation to:

1. obligations and liabilities for taxes and compulsory social-insurance contributions;
2. violations of the tax and social-insurance legislation;
3. goods of unidentified origin.

### Return of Evidence

Article 44. (1) At any time, the person shall be entitled to receive copies of any documents and papers seized or surrendered, as well as of the information of any machine-readable data mediums seized or surrendered. The copying from and on machine-readable mediums shall be performed by a specialist technical assistant in presence of the person concerned or a representative thereof.

(2) All original documents or papers or machine-readable data mediums as seized or surrendered shall be subject to return within thirty days after a written request by the person, unless where they are subject to collection as evidence for another pending proceeding or where security interests have been created in respect of the securities and the items of property, or coercive enforcement has been levied according to the procedure established by this Code.

(3) Evidence referred to in Paragraph (2) shall not be returned if the person refuses to certify the copies made of papers and documents or printouts from a technical medium.

(4) A memorandum shall be drafted on the actions referred to in Paragraphs (1) and (2) and a copy of the said memorandum shall be provided to the person concerned.

(5) Items of property whereof the possession is prohibited shall not be returned. Any such items shall be dealt with according to the procedure provided for in the relevant statutory instruments.

(6) Any items of property unclaimed within twelve months after the entry of an instrument or a penalty decree into effect shall be deemed abandoned to the benefit of the State.

(7) Any refusal to return items of property shall be appealable according to the procedure established by Article 197 herein.

### Cross-check

Article 45. (1) Where a proceeding under this Code has been initiated, the revenue authority may cross-check to establish specific facts and circumstances related to a person who or which is not a party to the relevant proceeding. No obligations and liabilities for taxes and compulsory social-insurance contributions of the person examined shall be ascertained upon a cross-check. A copy of the memorandum shall be served on the auditee together with the audit report.

(2) The revenue authority may approach the following with a request for the conduct of a cross-check:

1. the competent territorial directorate;
2. the territorial directorate exercising competence over the location of a division, a facility or operation of the subject;
3. the territorial directorate exercising competence over the location of corporeal immovables or other properties of the subject, as well as to other circumstances of relevance to the conduct of such cross-check.

(3) Upon conduct of a cross-check, the revenue authorities may require written explanations from the subjects examined according to the procedure established by Article 56 herein.

### Examination by Delegation

Article 46. Where it is necessary to establish facts and circumstances related to the activity of the subject, of a division, facility, activity or property thereof within the area of competence of another territorial directorate, the revenue authority may approach the relevant territorial directorate with a written request for conduct of an examination by delegation.

#### Evidence Collected by Other Control Authorities

Article 47. Upon conduct of an audit or an examination, the revenue authority that conducts it out may approach other control authorities with a written request for the performance of actions with a view to collecting evidence for the ascertainment of obligations or administrative penalty liability.

#### Items of Property in Possession of Examined Persons

Article 48. (1) Any person who effects or offers the effecting of transactions in items of property or rights, or who holds items of property at a facility subject to control, including as a pledgee, shall be presumed to be the owner of the said items of property or rights, as the case may be, for the purposes of taxation in the respective proceeding, until otherwise proven.

(2) Where the price of the items of property or rights is fixed in a statutory instrument, the said price shall be considered as the market price thereof.

## Section II

### Written Evidence

#### Admissibility of Written Evidence

Article 49. Written evidence shall be admitted for the establishment of all facts and circumstances of relevance to the proceedings under this Code.

#### Memoranda

Article 50. (1) A memorandum, drafted according to the established procedure and form by a revenue authorities or an official in discharge of the powers thereof, shall be evidence of the actions performed and statements made thereby and therebefore and of the established facts and circumstances.

(2) A memorandum shall be drafted in writing and shall state:

1. the number and the date of drafting;
2. the name and position of the drafting authority and of the authorities who performed the actions;
3. the names, addresses and capacity of the persons other than revenue authorities, who participated in or attended upon performance of the actions;
4. particulars identifying the person examined;
5. the date and place of the actions;
6. the time when the actions commenced and ended;
7. the actions performed;
8. the facts and circumstances established;
9. the evidence collected;
10. the requests, remarks and objections made, if any;
11. the authority wherebefore the actions are appealable and the time limit for appeal, if admissible.

(3) The memorandum shall be signed by the drafting authority and by the person examined or, respectively, by the

representative or authorized representative, member of a management body, factory or office worker of the said person, noting the capacity in which the relevant person signs the memorandum, and a copy of the memorandum shall be provided thereto.

(4) The memorandum shall not be signed by the person examined in the case the said memorandum establishes facts and circumstances solely on the basis of documents available with the revenue authorities.

(5) In cases where the persons referred to in Paragraph (3) refuse to sign the memorandum, the said memorandum shall be signed by at least one uninterested witness who was present at the refusal, noting the name and address of the said witness. A copy of the memorandum shall be provided to the person examined.

#### Accounting Documents

Article 51. Entries into accountancy books shall be judged according to their validity in accordance with the requirements of the Accountancy Act and considering the other circumstances established in the course of the proceeding.

#### Documents Generated by Automated Devices or Systems

Article 52. Documents generated by automated devices or systems under terms and according to a procedure established by a statutory instrument shall be treated as a private document issued by the person in whose name the device or system is registered, and in case the said device or system is not registered, by the person in whose facility the said device or system is located.

#### Information Sheets

Article 53. At the request of a revenue authority, the subjects as well as the persons who represent them, shall prepare and provide information sheets signed thereby regarding facts and circumstances of significance to the outcome of the proceeding.

#### Data from Machine-Readable Data Mediums

Article 54. (1) Printouts of data submitted in pursuance of the law on machine-readable data mediums or by electronic means according to the established procedure, certified by a revenue authority, shall be admissible as evidence.

(2) Printouts of data from machine-readable data mediums, certified by the subject or by a third party, shall be admissible as evidence.

(3) A revenue authority shall have the right to collect as evidence printouts of data from machine-readable data, if it is established that the said data were generated or used by the subject or by a person who is or has been a counterpart thereof. The data shall be presumed to have been generated or used by the subject or by a counterpart thereof, as the case may be, if the data are contained in the computers or other machine-readable data mediums located in the places where such persons conduct the business thereof, where the accounts thereof are stored or kept or which solely the person can control.

(4) A refusal by the person or by the representative thereof to certify a printout from a machine-readable data medium under Paragraph (3) shall be evidenced by a memorandum, a copy whereof shall be provided to the said subject. In such case, the certification shall be effected by the revenue authority.

(5) Printouts of data, certified by the revenue authority, which have been received on machine-readable data mediums or by electronic means according to the procedure established by Article 37 (5) and (6) herein, as well as such received according to a procedure established by a statutory instrument for the collection and provision of information from other persons, central-government and municipal authorities, shall likewise be admissible as evidence.

#### Documents in Foreign Language

Article 55. (1) Upon request of a revenue authority, the subject shall be obligated to submit a document drafted in a foreign language accompanied by an accurate translation into the Bulgarian language executed by a sworn translator.

(2) In cases where the document is not submitted accompanied by an accurate translation within the prescribed time limit, the revenue authority may have the translation executed for the account of the subject.

(3) The time limit for completion of the relevant proceeding shall cease to run from the date of a written request

referred to in Paragraph (1) until the date of submission of the translation.

#### Written Explanations

Article 56. (1) (Amended, SG No. 59/2007) At the request of a revenue authority, the auditee or the person examined, as the case may be, as well as the persons who represent the said person, shall be obligated to provide written explanations regarding facts and circumstances of relevance to the relevant proceeding. The revenue authority shall warn the person in writing of the consequences under Paragraph (2) of a failure to fulfil this obligation, as well as that the said person may be summoned before the court under the terms established by Article 176 of the Code of Civil Procedure.

(2) In case the written explanations required according to the procedure established by Paragraph (1) are not submitted within the prescribed time limit, the revenue authority may assume that the facts and circumstances on which written explanations have not been provided are proven or not proven, as the case may be.

(3) Contributory income may not be proven by written explanations only.

#### Third-Party Written Explanations

Article 57. (1) Written explanations may serve to establish facts of relevance to an audit, which have been perceived by a third party.

(2) Written explanations by third parties shall be admissible solely for the establishment of:

1. the authenticity or authorship of any data from a machine-readable data medium or unsigned documents;

2. any circumstances for the proving of which the law requires a written document, if the said document has been lost or destroyed through no fault of the auditee or the third party, as well as for the establishment of any facts and circumstances for the proving of which the law does not require a written document;

3. any facts and circumstances on which no documents have been drafted, even though an obligation to do so existed, or on which documents which do not reflect actual facts and circumstances have been drafted.

(3) The revenue authority shall notify the person in writing of the right of the said person to refuse to provide written explanations under the terms established by Article 58 herein, as well as that the said person may be summoned to testify before the court under the terms established by Paragraph (2).

(4) The explanations of third parties shall be judged considering all other data and taking into account the interest of such parties in the result of the audit and, respectively, the capacity of the said parties as parties related to the subject audited.

(5) Written explanations shall be signed by the persons who provided them and by the authority referred to in Paragraph (1).

(6) Written explanations by persons who, on account of physical or mental deficiencies, are incapable of correctly perceiving the facts of relevance to the case, or of providing reliable explanations relating to the said facts, shall be inadmissible.

#### Refusal to Provide Explanations

Article 58. (1) No one shall have the right to refuse to provide written explanations, with the exception of:

1. the lineal relatives of the subject audited up to any degree of consanguinity, the spouse and the siblings thereof, and the affines up to the first degree of affinity;

2. the persons who, by the explanations thereof, would incur criminal prosecution for themselves or for any relatives thereof under Item 1.

(2) Persons may refuse to provide written explanations regarding any facts and circumstances whose professional secrecy they are obligated to protect by law.

## Protection of Person who Has Provided Written Explanations

Article 59. Upon request by a revenue authority, or at the request or with the assent of a third party who has provided written explanations, the authorities under the Criminal Procedure Act may take measures for the protection of the said person under the terms and according to the procedure for witness protection provided for in the Criminal Procedure Code.

## Section III

### Expert Examination

#### Grounds for Assignment

Article 60. (1) An expert examination shall be assigned on the initiative of the revenue authority or at the request of the subject where the elucidation of certain issues which have arisen in the course of the proceeding requires special expertise beyond the competence of the revenue authority.

(2) Where the object of investigation is complicated or composite, the expert examination may be assigned to multiple experts.

#### Persons Eligible for Assignment of Expert Examination

Article 61. (1) An expert examination shall be assigned to specialists possessing the requisite educational and practical experience in the relevant sphere, and who are entered on a list of experts endorsed by the Executive Director of the National Revenue Agency.

(2) If there is no expert in the relevant sphere on the list or if any such expert is unable or declines to participate in the expert examination, the said examination shall be assigned to other specialists of the relevant profession or sphere.

#### Persons Who May Not Perform Expert Examination

Article 62. (1) An expert examination may not be performed by any person who:

1. is spouse, a lineal relative, a collateral relative up to the fourth degree of consanguinity or an affine up to the first degree of affinity to the assigning authority or to the subject;
2. has participated in the same proceeding in another procedural capacity;
3. on account of other circumstances may be considered biased or interested in the outcome of the proceeding;
4. depends on the parties by reason of official status or by another reason;
5. has examined the subject in another capacity, and the results of such examination have served as grounds for institution of the proceeding;
6. has been convicted of a premeditated offence at public law.

(2) The expert shall be obligated to recuse himself or herself immediately after occurrence or learning of any circumstances covered under Paragraph (1). The parties may also demand a recusal.

(3) The expert shall be relieved from the task assigned by the assigning authority, where the said expert is unable to fulfil the said task by reason of illness, incompetence or insufficiency of the materials provided for the purposes of the expert examination.

#### Assignment of Expert Examination

Article 63. (1) An expert examination shall be assigned in writing by the revenue authority that has assigned the proceeding in connection with which the need to perform the said examination has arisen, and upon appeal, an expert examination shall be assigned by the decision-making authority.

(2) The object and the task of the expert examination, the materials which are provided to the expert, the name, Standard Public Registry Personal Number, address, speciality, place of work and position of the expert, and the time limit

for performance of the expert examination shall be specified upon assignment of an expert examination. The amount of the deposit set by the revenue authority for a fee of the expert and the time limit for remittance of the said amount shall be specified where an expert examination is performed at the request of the subject.

(3) A copy of the instrument on assignment of the expert examination shall be served on the expert and on the subject at the request whereof the expert examination has been assigned.

(4) The expert shall sign a declaration to the effect that he or she will provide an impartial conclusion, will respect the secrecy of tax and social-insurance information, and that no grounds for recusal exist.

(5) After the signing of the declaration referred to in Paragraph (4) the expert shall receive the materials specified for the performance of the expert examination from the authority that has assigned the said examination.

#### Performance of Expert Examination

Article 64. (1) An expert examination shall be performed on the basis of the materials provided to the expert by the revenue authority.

(2) The expert shall have the right to study the corporeal immovables, as well as all corporeal movables associated with the task of the examination which, due to their nature or intended use, cannot be detached from the place where they are located.

(3) All persons, central-government and municipal authorities, who or which have in their possession any items of property referred to in Paragraph (2) shall be obligated to afford the expert access to the said items, as well as to render the cooperation necessary for fulfilment of the task.

(4) Upon failure to fulfil the obligations referred to in Paragraph (3) the access for the expert shall be ensured by the authorities of the Ministry of Interior at the request of the revenue authority.

(5) The expert shall identify him or herself by a certificate issued by the revenue authority that has assigned the expert examination.

(6) In case the subject fails to remit a deposit for a fee of the expert within the time limit set by the revenue authority, or obstructs, or refuses to cooperate with the expert for the fulfilment of the task thereof, the revenue authority may suspend the proceeding in connection with which the expert examination has been assigned, acting according to the procedure established by Article 34 (3) herein.

#### Expert Findings

Article 65. (1) The expert shall be obligated to perform the expert examination within the time limit set by the revenue authority.

(2) The expert may not modify, supplement or expand the task assigned thereto without the consent of the revenue authority that has assigned the expert examination.

(3) After conducting the necessary checks and investigations, the expert shall draw up written findings, stating therein:

1. the name, the Standard Public Registry Personal Number, the address, the speciality, the place of work and the position thereof;

2. the grounds, the object and the task of the expert examination, and where the said examination has been performed;

3. the materials which have been used;

4. the investigations and by what scientific and technical means they have been conducted;

5. the results obtained, and the conclusions of the expert.

(4) The findings shall be signed by the expert and shall be submitted to the revenue authority that has assigned the

expert examination and to the subject.

(5) A supplementary expert examination shall be assigned according to the procedure and under the terms established by this Section where the expert's findings are insufficiently complete and clear, and a re-examination where the said finds are ill-founded and doubts arise as to their correctness. The expert re-examination shall be assigned to another expert.

#### Expert's Fee

Article 66. (Amended, SG No. 105/2006) The fee for performance of the expert examination shall be fixed by the instrument on assignment.

#### Probative Value of Expert's Findings

Article 67. (1) The revenue authority shall judge the expert's findings together with the other evidence collected in the course of the proceeding.

(2) If the revenue authority disagrees with the expert's findings, the said authority shall be obligated to state reasons.

#### Specialists

Article 68. (1) Where necessary, the revenue authority shall recruit a specialist technical assistant possessing the requisite knowledge and skills in the relevant sphere to take part in action to secure, collect and verify evidence and to prepare instruments of physical evidence.

(2) In the cases where participation of an official of the National Revenue Agency is impossible, a person who is not an official of the Agency and who satisfies the requirements for the appointment of an expert may participate, in a specialist capacity, upon performance in the actions referred to in Paragraph (1).

(3) In the cases referred to in Paragraph (2) the specialist shall sign the declaration referred to in Article 63 (4) herein and shall be entitled to receive a fee on the basis of a contract concluded with the territorial director or, respectively, with an official designated by the Executive Director of the National Revenue Agency, acting on a written proposal from the revenue authority who has requested the participation of the said person in the relevant actions.

(4) It shall be inadmissible to deploy special intelligence means for ascertainment of obligations for taxes and compulsory social-insurance contributions.

#### Section IV

#### Physical Evidence and Instruments of Evidence

#### Physical Evidence

Article 69. (1) Items of property, which may serve to elucidate any facts and circumstances in the relevant proceeding, shall be collected and verified as physical evidence.

(2) Physical evidence must be described in detail in a memorandum.

(3) Physical evidence shall be attached to the case file, taking precautions against its damage or alteration.

(4) Where the case file is transferred from one revenue authority to another, the physical evidence shall be transferred together with the said file.

(5) Any physical evidence which cannot be attached to the case file because of its size or for other reasons, must be sealed, if practicable, and left for safe-keeping in the places designated by the revenue authority.

(6) The securities and other valuables shall be delivered for safe-keeping to a commercial bank, where the revenue authority cannot make arrangements for their safe custody.

#### Return of Physical Evidence

Article 70. Physical evidence shall be returned under the terms and according to the procedure established by Article 44 herein.

## Instruments of Physical Evidence

Article 71. Machine-readable data mediums may be attached as physical evidence.

## Chapter Nine

## TAX AND SOCIAL-INSURANCE INFORMATION

### Scope

Article 72. (1) Tax and social-insurance information shall be specific identifying data about the obligated persons and subjects regarding:

1. any bank accounts;
2. any amount of income;
3. the amount of taxes and compulsory social-insurance contributions as charged, assessed or paid, the rebates enjoyed, tax exemptions and tax retentions, the amount of the tax credit and the tax withheld at the source of income, with the exception of the amounts of the assessed value and the tax due under the Local Taxes and Fees Act;
4. the data on commercial activity, the value and type of the various assets and liabilities or properties, constituting a commercial secret;
5. all other data received, certified, prepared or collected by a revenue authority or an official of the National Revenue Agency in the discharge of the powers thereof, containing the information covered under Items 1 to 4.

(2) Tax and social-insurance information shall be processed, stored and destroyed according to a procedure established by the Executive Director of the National Revenue Agency, and shall be provided according to the procedure established by this Code.

### Duty to Protect Tax and Social-Insurance Information

Article 73. (1) The authorities and officials of the National Revenue Agency, the experts and specialists and all other persons, who have been provided or have become familiar with tax and social-insurance information, shall be obligated to respect the confidentiality of the said information and not to use it for any other purposes other than the direct discharge of their official duties.

(2) The following shall not constitute a breach of the obligations referred to in Paragraph (1):

1. provision of any tax and social-insurance information contained in public registers, and in court proceedings;
2. public announcement of information according to the procedure established by Article 182 (3) herein;
3. (supplemented, SG No. 105/2006, effective 1.01.2007) provision of data upon the exchange of information with other States by virtue of effective international treaties whereto the Republic of Bulgaria is a party, or under the terms established by Sections IV, V and VI of Chapter Sixteen and Chapter Twenty-Seven A.

### Disclosure of Tax and Social-Insurance Information

Article 74. (1) Data constituting tax and social-insurance information may be disclosed solely at:

1. a written request by the President of the Republic of Bulgaria in connection with the powers vested therein under Item 12 of Article 98 of the Constitution of the Republic of Bulgaria;
2. a request by an authority of the National Revenue Agency in connection with the discharge of the powers thereof under terms and according to a procedure established by the Executive Director;
3. (Amended, SG No. 33/2006, supplemented, SG No. 73/2006) a written request by the Prosecutor General, the Governor of the National Social Security Institute or the director of the competent local division of the National Social

Security Institute, the Director of the National Customs Agency or the director the relevant territorial division of the National Customs Agency, the Director or the competent public enforcement agent of the State Receivables Collection Agency, the heads of the Financial Intelligence Agency, the Public Financial Inspection Agency, the Criminal Assets Identification Commission, the President of the National Audit Office: where necessary in connection with the exercise of the powers vested therein by the law;

4. at a written request by court enforcement agents: in connection with a case instituted thereby.

(2) Outside the cases covered under Paragraph (1) tax and social-insurance information may be provided solely:

1. with the written consent of the person, or

2. on the basis of a judicial act, or

3. on the initiative of an authority of the National Revenue Agency: in the cases where this is provided for in a law.

(3) (New, SG No. 105/2006) The officials of the Inspectorate under the Minister of Finance shall have a right of access to all information and documents in the revenue administration in connection with the examinations conducted by the said officials. The said officials shall be obligated to safeguard the secrecy of any data constituting tax and social-insurance information which have come to the knowledge thereof in connection with discharge of the official duties thereof, even after termination of the legal relations thereof with the Ministry.

#### Disclosure of Tax and Social-Insurance Information by Court

Article 75. (1) Except in the cases referred to in Item 2 of Article 74 (2) herein, the court may decree a disclosure of tax and social-insurance information acting on a justified and reasoned motion by:

1. (supplemented, SG No. 105/2006) a prosecutor, a police investigator or an investigating magistrate: in connection with a preliminary enquiry or criminal proceeding instituted;

2. (amended, SG No. 82/2006) the Minister of Interior, the Chief Secretary of the Ministry of Interior, the Director of the National Security Service, the Director of the National Police Service, the director of a regional police directorate: where necessary in connection with the exercise of the powers vested therein by the law.

(2) (Amended, SG No. 30/2006, effective 1.03.2006) The administrative court exercising jurisdiction over the location of the competent revenue authority, sitting in camera, shall pronounce on the motion for disclosure of tax and social-insurance information by a reasoned ruling within twenty-four hours after the receipt of any such motion, specifying the person in respect of whom the tax and social-insurance information is to be disclosed, the scope of the specific identifying data about the said person according to Article 72 (1) herein and the time limit for disclosure of the information. The said ruling shall be unappealable.

#### Chapter Ten

### MISCELLANEOUS PROVISIONS

#### Challenge and Recusal

Article 76. (1) A revenue authority, an official or a public enforcement agent who is a related party to the subject or is interested in the outcome of an administrative proceeding, or who has relations with any of the other participants which give rise to reasonable doubts as to the objectivity and impartiality thereof, may not participate in any such administrative proceeding.

(2) Acting on his or her own initiative or at a reasoned request by another participant in the proceeding, any such authority, official or agent may be recused or challenged. A request for a challenge must be submitted immediately after occurrence or learning of the grounds therefor. Challenge shall be effected by the authority that has assigned the proceeding, and in the cases where the proceeding is not assigned by an express instrument, challenge shall be effected by the Territorial Director of by the Executive Director of the National Revenue Agency, as the case may be.

(3) The official in respect of whom grounds for a challenge have occurred shall undertake only actions that book no

delay, so that important state or public interests would be protected, a risk of frustration or serious impediment to the enforcement of the instrument would be prevented, or a particularly important interest of the persons concerned would be protected.

#### Notification upon Dissolution, Transfer and Transformation of Enterprise

Article 77. (1) (Amended, SG No. 34/2006) In cases of expungement of a sole trader in the Commercial Register, as well as upon dissolution of a legal-person merchant, transfer of an enterprise under Article 15 of the Commerce Act or upon transformation according to the procedure established by Chapter Sixteen of the Commerce Act, the merchant shall notify the National Revenue Agency territorial directorate exercising competence over the registered office of the merchant not later than seven days prior to submission of the relevant application for recording of the recordable circumstance. The National Revenue Agency territorial directorate shall issue the merchant a certificate of the notification and shall transmit ex officio a communication to the Registry Agency on the existence or lack of obligations for taxes and compulsory social-insurance contributions under the terms and within the time limit established by Article 87 (6) herein. The certificate and the communication shall not include any obligations that are secured according to the procedure established by this Act. The certificate referred to in sentence two shall be attached to the application for recording.

(2) The evidence of notifying the territorial directorate exercising competence of the location of the district court effecting the recording under Paragraph (1) shall be attached to the motion submitted to court and shall be a precondition for consideration of the said motion.

#### Notification upon Adjudication in Bankruptcy

Article 78. (1) In the cases of a motion for institution of bankruptcy proceedings made by the debtor or by a creditor thereof, the National Revenue Agency and the State Receivables Collection Agency shall be notified before the motion is submitted to the court.

(2) Attaching the evidence of notification under Paragraph (1) to the motion submitted to the court shall be a precondition for consideration of the said motion and for institution of the bankruptcy case.

#### Dossier

Article 79. (1) The National Revenue Agency shall open and keep a dossier which shall contain all documents, information and data about the person under the registration, the returns submitted and all other data mediums, the correspondence with the authorities of the National Revenue Agency, the instruments and documents in connection with actions performed and other information available at the Agency.

(2) The terms and procedure for the opening, keeping, using, storing and destroying the dossier shall be established by the Executive Director of the National Revenue Agency by an instruction endorsed by the Management Board.

## TITLE TWO

### PARTICULAR ADMINISTRATIVE PROCEEDINGS

#### Chapter Eleven

### REGISTRATION

#### Register and Databases

Article 80. (1) The National Revenue Agency shall create and maintain a register and databases on the obligated persons.

(2) Resident natural persons and non-resident natural and legal persons shall not be subject to recording in the register in respect of any income subject to levy of a final tax withheld at source.

(3) The keeping of special registers as part of the register referred to in Paragraph (1) may be provided for by a law.

#### Content of Register

Article 81. (1) The register shall contain data regarding:

1. the competent territorial directorate;

2. the name or the designation (business firm) of the registered person, as the case may be;
3. (Amended, SG No. 34/2006) the single identification code, as assigned by the Registry Agency, or the BULSTAT single identification code or, respectively, the Standard Public Registry Persona Number of the Foreigner Personal Number;
4. the addresses referred to in Articles 8 and 28 herein;
5. the name and the identification number referred to in Item 3 of the persons who represent the registered person by law;
6. the type and status of the registered person;
7. the core economic activity;
8. the dates of establishment, commencement of the legal existence, transformation, legal successions, dissolution and expungement;
9. the date of registration;
10. the date of termination of registration;
11. the dates of the special registration;
12. the dates of termination of the special registration;
13. the dates of transfer to another competent territorial directorate.

(2) The type, content, procedure for the creation, maintenance and access to the databases shall be established by an order of the Executive Director of the National Revenue Agency.

#### Recording in Register

Article 82. (1) The registration shall be effected by means of an ex officio recording of data in the register.

(2) (Amended, SG No. 34/2006) Data about resident and non-resident natural persons, with the exception of any persons referred to in Article 80 (2) herein, as well as about any persons subject to registration in the BULSTAT Register, shall be recorded in the register by the relevant territorial directorate on the basis of the first return submitted in connection with taxation or compulsory social-insurance contributions.

(3) (Amended, SG No. 34/2006) The data covered under Article 81 (1) herein on any persons recorded in the Commercial Register and on any persons recorded in the BULSTAT Register shall be recorded ex officio by the relevant competent territorial directorate on the basis of the data in the Commercial Register or the BULSTAT Register, as the case may be.

(4) (Amended, SG No. 34/2006) The ex officio recording in the register of any data other than the data subject to recording from the Commercial Register and from the BULSTAT Register, as the case may be, shall be effected by means of a memorandum under Article 50 herein on the basis of records in other official (public) registers or on the basis of findings after an examination by a revenue authority. In such case, if the person does not have a Standard Public Registry Personal Number of a Foreigner Personal Number, the said person shall be assigned a service number.

#### Special Registers

Article 83. (1) The recording and termination of a registration in special registers shall be effected on the grounds and within the time limits provided for in a statutory instrument.

(2) Recording in the Special Registers shall be effected by the revenue authority either ex officio or at the request of the person after conduct of an examination as to the existence of grounds for recording.

(3) Where the recording is effected ex officio, it shall take effect as from the date of service of the instrument on registration or deregistration (termination of registration).

(4) Instruments and refusals of registration or deregistration (termination of the registration) in the special registers shall be appealable according to the procedure provided for an appeal of audit acts.

(5) Non-pronouncement in due time on the effecting of a registration or deregistration in a special register shall be presumed as a refusal which shall be appealable according to the procedure applicable to the appeal of audit instruments within fourteen days after expiry of the time limit for pronouncement.

#### Identification of Registered Persons

Article 84. (1) (Amended, SG No. 34/2006, SG No. 105/2006, effective 1.07.2007) Any registered persons shall be identified by means of the data covered under Item 2 to 4 of Article 81 (1) herein, with the identification of any persons recorded in the BULSTAT Register being effected by means of a BULSTAT single identification code, while the identification of any persons registered according to the procedure established by the Commercial Register Act being effected by means of a single identification code determined by the Registry Agency. Any sole traders shall be identified by means of a Standard Public Registry Personal Number or, respectively, a Foreigner Personal Number, and by means of a single identification code determined according to the procedure established by the Commercial Register Act.

(2) (Amended, SG No. 34/2006) Any natural persons who are not recorded in the Commercial Register or, respectively, in the BULSTAT Register, shall be identified by means of a Single Public Registry Personal Number or by a Foreigner Personal Number.

(3) Any persons who do not fall under the cases referred to in Paragraph (1) or (2) shall be identified by means of a service number.

#### Duty to Indicate

Article 85. Any registered person shall be obligated to indicate the identification and the mailing address thereof in the returns submitted thereby, in the entire correspondence exchanged with the National Revenue Agency, as well as where this is required in a statutory instrument.

#### Termination of Registration

Article 86. (1) The registration under Article 82 herein shall be terminated:

1. by the death of the natural person;
2. by the lapse of the grounds for effecting of the said registration in the rest of the cases.

(2) An archive of persons whose registration has been terminated shall be maintained and stored in the register.

(3) The periods and manners for storage of the archive shall be determined by the Executive Director of the National Revenue Agency by the order referred to in Article 81 (2) herein.

#### Tax and Social-Insurance Account

Article 87. (1) A tax and social-insurance account shall be opened to each registered person.

(2) The tax and social-insurance account shall show:

1. the amount of the taxes and the interest payable thereon, as well as the budget whereto the said taxes and interest must be credited;

2. the amount of the compulsory social-insurance contributions and the interest payable thereon, and, respectively, the fund whereto the said contributions must be credited;

3. the amount of the contributions to the Factory and Office Workers' Guaranteed Claims Fund, the interest payable thereon, as well as the budget whereto the said contributions must be credited;

4. the payments received from the registered person, from the garnishee or from any third party in favour of the subject;
5. the amounts received as a result of coercive enforcement actions;
6. any offsetting and refunds of amounts and the grounds for this;
7. other circumstances related to the incurrence, modification and extinguishment of obligations for taxes and compulsory social-insurance contributions, including obligations and payments for the debt of another;
8. data from the returns as submitted, related to taxation and compulsory social-insurance contributions, any audit instruments issued, any offsetting and refund instruments, any penalty decrees and the judgments of court thereon.

(3) The Executive Director of the National Revenue Agency shall endorse the form and the elements of the tax and social-insurance account by the order referred to in Article 81 (2) herein.

(4) The account shall be kept after termination of registration and shall be closed after extinguishment of all obligations showed therein. The information of the account shall be archived and stored for a period and in a manner determined by the order referred to in Article 81 (2) herein.

(5) At the request of the registered person, the revenue authority shall provide information about all circumstances shown in the account.

(6) The revenue authority shall issue a certificate on the existence or lack of obligations upon request by the obligated person or on the basis of a judicial act within seven days after receipt of any such request or act. Any liability for the debts of others shall also be noted in the certificate. Obligations under instruments which are not effective, as well as any rescheduled, deferred or secured obligations, shall not be noted in the certificate.

(7) Except in cases where provided on the basis of a judicial act, the information covered under Paragraph (5) or the certificate referred to in Paragraph (6) on the existence of obligations shall be received by the subject in person, by a person authorized by a notarized power of attorney, or by electronic means.

(8) The socially insured persons must receive information on the contributory income thereof not later than the 1st day of July of the relevant year.

## Chapter Twelve

### ADMINISTRATIVE SERVICES

#### General Provisions

Article 88. Services, within the meaning given by this Chapter, shall be provided by means of issuance of documents relevant to the recognition, exercise or extinguishment of rights or obligations.

#### Request to Issue Document

Article 89. (1) The document referred to in Article 88 herein shall be issued acting on a request by the person concerned, submitted to the competent territorial directorate.

(2) The request may be submitted care of any territorial directorate. The request may be submitted to the competent directorate by electronic means or may be dispatched through a licensed or registered postal operator.

(3) The evidence necessary for the issuance of the document shall be attached to the request, if so provided for in a statutory instrument. A request shall be left without consideration unless such evidence is presented within seven days after receipt of a communication on curing the non-conformity.

(4) Where the issuance of the document is not within the competence of the revenue authority, the proceeding shall be terminated. The submitter of the request shall be notified and shall be given directions as to the authority of organization which is competent to issue the document.

## Issuance

Article 90. (1) The document shall be issued within seven days after receipt of the request, unless a shorter time limit is provided for. Where the request is submitted care of another territorial directorate, the document shall be issued within fourteen days after the submission thereof.

(2) The document shall be received at the territorial directorate where the request has been submitted. The person concerned may indicate an alternative way of receiving the document, stating an exact address in case of receipt by mail or by electronic means.

## Refusal

Article 91. (1) A refusal to issue the document requested shall be communication within seven days after the issuance of the said refusal.

(2) Non-pronouncement in due time on a request to issue the document shall be presumed as a tacit refusal.

## Administrative Appeal

Article 92. (1) Any refusal to issue a document shall be appealable before the territorial director within fourteen days after communication of the said refusal.

(2) Any tacit refusal shall be appealable before the authority referred to in Paragraph (1) within fourteen days after expiry of the time limit referred to in Article 90 (1) herein.

(3) The content of a document which establishes any facts of legal relevance or which recognizes or denies the existence of rights or obligations shall be contestable as well before the authority and within the time limit referred to in Paragraph (1).

(4) The content of the document referred to in Paragraph (3) shall furthermore be contestable before the authority referred to in Paragraph (1) by any person concerned within fourteen days after learning of the said content.

## Right to Reaction

Article 93. The appeal shall be lodged care of the revenue authority that has issued or has refused to issue the document. Within seven days, the said authority shall:

1. issue the document requested, or
2. issue a document of new content, or
3. transmit the appeal together with the case file to the territorial director.

## Decision on Appeal

Article 94. (1) The territorial director shall pronounce within seven days after receipt of the appeal.

(2) The said territorial director may order the issuance of the document requested or dismiss the appeal, of which the appellant shall be notified within seven days.

## Judicial Appeal

Article 95. (1) (Amended, SG No. 30/2006, effective 1.03.2006) A refusal to issue a document shall be appealable before the administrative court exercising jurisdiction over the location of the territorial directorate within seven days after the communication referred to in Article 91 (1) herein or after expiry of the time limit referred to in Article 91 (2) herein or after the communication referred to in Article 94 (2) herein, as the case may be.

(2) The content of a document shall be incontestable before a court.

(3) An appeal may be lodged with the court after administrative appealability has been exhausted or the time limit for administrative appeal has expired.

## Consideration of Appeal

Article 96. Where the appeal is justified, the court shall obligate the relevant revenue authority to issue the document without giving prescriptions as to the content of the said document.

## Unappealability

Article 97. (Amended, SG No. 30/2006, effective 1.03.2006) The judgment of the administrative court shall be final.  
Chapter Thirteen

## RETURNS

### Declaring

Article 98. The provisions of this Chapter shall apply to the submission of any returns, documents or data to the revenue authorities, unless otherwise provided for by the law.

### Submission and Acceptance of Returns

Article 99. (1) A return and the other submittable documents or data shall be submitted to the competent territorial directorate, unless otherwise provided for by a statutory instrument. A return may furthermore be submitted through a licensed postal operator or by electronic means.

(2) A return shall be submitted in writing by means of completion of the endorsed standard forms on a paper-based data medium, on a machine-readable data medium in an endorsed format of the entry, and by electronic means.

(3) The officials who perform acceptance of the returns shall be obligated, on request, to render assistance on any matters concerning the completion of the return, as well as to point out the necessity to remove any omissions in a completed return.

(4) Where the return is submitted in person or through an authorized representative, the submitter of the return must certify the identity and/or the representative power thereof.

(5) Acceptance of a return may be refused solely if the said return is not signed or is not submitted by an authorized person or does not contain the identification data referred to in Items 2 and 3 of Article 81 (1) herein.

### Certifying Submission of Return

Article 100. (1) The submission of a return shall be recorded in an incoming register, and the incoming reference number and the date of the declaration as submitted shall be communicated in writing to the submitter.

(2) Any return submitted through a licensed postal operator shall be filed with the date referred to in Article 23 (2) herein and the manner of receipt of the said return shall be noted.

### Submission and Acceptance of Returns and Documents or Data on

#### Machine-Readable Data Mediums

Article 101. (1) The types of returns and the other documents or data submittable on a machine-readable data medium as well or on a machine-readable data medium only shall be specifying by the applicable statutory instrument.

(2) A software application approved by the Executive Director of the National Revenue Agency or a revenue authority designated thereby shall be used for the returns and other documents or data submitted on a machine-readable data medium. The said software application shall be available from any territorial directorate or via the Internet.

(3) The submission of the return and the other documents or data shall be certified by a memorandum which shall be drafted and signed by the official accepting the said return, documents or data.

(4) Any return and other documents or data, which do not state a proper identification of the submitter, a Single Public Registry Personal Number of a socially insured person, the period whereto the information refers, or submitted on a machine-readable data medium which does not conform to the requirements, shall not be accepted and the machine-readable data medium shall be returned to the submitter. The latter shall be obligated to present the required data

or to submit a machine-readable data medium conforming to the requirements, as the case may be, within seven days.

(5) Where the new return and other documents or data referred to in Paragraph (4) have been submitted within the established time limit of seven days, the statutory time limit for the submission thereof shall be considered observed.

#### Submission and Acceptance of Documents by Electronic Means

Article 102. (1) The submission of any returns, documents or data by electronic means shall be effected by the subject or a representative thereof with a universal electronic signature.

(2) Upon acceptance of any returns, documents or data submitted by electronic means, an incoming reference number shall be assigned automatically, and the said number and date shall be sent to the submitter by means of an electronic message.

(3) Any returns, documents or data, which do not bear a proper electronic signature, do not identify the submitter, do not state a Single Public Registry Personal Number of the socially insured person or the period whereto he information refers, or which do not conform to the requirements for a format of the entry and completion of the respective type of document, shall be not accepted and a communication on refusal shall be sent to the submitted within three days after the receipt of the said returns, documents or data.

(4) The submitter shall be obligated to submit a return, document or data conforming to the requirements within seven days after receipt of a refusal. Article 101 (5) herein shall apply in this case.

#### Post-Acceptance Actions

Article 103. (1) Upon ascertainment of any non-conformity of the content of the return as submitted with the requirements for completion of the said return or any discrepancies between the data in the return and the data obtained by the revenue authorities from third parties or administrations according to the requirements of tax or social-insurance legislation for the submission of returns or information, outside the cases referred to in Article 101 (4) and Article 102 (4) herein, the submitted shall be invited to cure the non-conformities within fourteen days after receipt of the communication.

(2) The non-conformities shall be cured by means of submission of a new return. The submission of the new return, effected within the time limit referred to in Paragraph (1) shall benefit the sender notwithstanding Article 104 (3) herein.

(3) In the cases where the non-conformities affect any data contained in the register referred to in Article 81 (1) herein, they shall be cured by an official of the competent territorial directorate, on which a notification shall be sent to the person within fourteen days after the curing of the non-conformity.

#### Modifications of Returns and Other Data or Documents Submitted

Article 104. (1) After submission of a return, but before expiry of the statutory time limit for submission thereof, the submitter shall have the right to modify the data and circumstances declared, the taxable amount and the obligations ascertained.

(2) A return as submitted shall be modified by means of a new return.

(3) Any modified return which has been submitted after expiry of the time limit referred to in Paragraph (1) shall be considered as unsubmitted and shall not give rise to legal consequences for the purposes of taxation.

(4) Adjusting returns on compulsory social-insurance contributions may be submitted even after expiry of the statutory time limit for submission.

#### Chapter Fourteen

### ASSESSMENT OF TAXES AND COMPULSORY SOCIAL-INSURANCE CONTRIBUTIONS

#### Section I

#### Preliminary Assessment

#### Calculation by Obligated person and Obligation to Remit

Article 105. The obligations under a return, under which the obligated person calculates on his or her own the taxable amount and the tax and/or the compulsory social-insurance contributions due, shall be remitted within the time limits established in the applicable law.

#### Corrections Ex Officio

Article 106. (1) Where any non-conformities which affect the base for taxation or the base for calculation of the compulsory social-insurance contributions or the amount of the obligation are ascertained in any return referred to in Article 105 herein, and the said non-conformities have not been cured according to the procedure established by Article 103 herein, the revenue authority shall issue an instrument on ascertainment of the obligation whereby the return shall be adjusted. The said act shall be communicated to the obligated person within the time limit referred to in Article 109 herein.

(2) The instrument shall be appealable before the territorial director within fourteen days after the receipt of the said statement. Article 154 herein shall not apply in such cases.

(3) Notwithstanding the issuance of the instrument referred to in Paragraph (1) even where appealed, the obligations for the tax or for the compulsory social-insurance contributions shall be ascertained by means of the conduct of an audit.

#### Assessment on Basis of Data from Return

Article 107. (1) Where the revenue authority assesses the amount of tax or social-insurance contribution due on the basis of a return submitted by the obligated person, the said obligation shall be remittable within the time limit provided for in the applicable law.

(2) The obligated person shall have the right, upon request, to receive an information sheet on the manner in which the obligation has been calculated, stating data about the obligated person, the type, grounds, total and outstanding amount.

(3) The amount of the obligation referred to in Paragraph (1) shall be communicated to the obligated person. Upon request by the obligated person, the revenue authority shall issue an instrument on ascertainment of the obligation within thirty days after the said request. An act may furthermore be issued ex officio, where the obligation has not been paid in due time and an audit has not been conducted.

(4) The instrument shall be appealable within fourteen days after the receipt thereof before the Director of the Territorial Directorate. Article 154 herein shall not apply in such cases.

## Section II

### Ascertainment

#### Ascertainment of Obligations for Taxes and Compulsory

#### Social-Insurance Contributions

Article 108. (1) Tax obligations and obligations for compulsory social-insurance contributions shall be ascertained by an audit instrument under Article 118 herein.

(2) Where an audit instrument has not been issued and the time limit for commencement of an audit under Article 109 herein has expired, the obligations ascertained under Section I shall be ascertained conclusively.

#### Time Limit for Ascertainment

Article 109. (1) A proceeding for ascertainment of obligations for taxes under this Code shall not be instituted where five years have elapsed since the end of the year in which a return was submitted or a return should have been submitted.

(2) The time limit referred to in Paragraph (1) shall not run where a criminal proceeding on whose outcome the ascertainment of the tax obligations depends has been instituted.

## Chapter Fifteen

# TAX AND SOCIAL-INSURANCE CONTROL

## Audits and Examinations

Article 110. (1) The revenue authorities shall exercise tax and social-insurance control by means of conduct of audits and examinations.

(2) An audit shall be a totality of actions by the revenue authorities intended to ascertain obligations for taxes and compulsory social-insurance contributions.

(3) An examination shall be a totality of actions by the revenue authorities regarding the observance of tax and social-insurance legislation. Certain facts and circumstances of relevance to the ascertainment of obligations for taxes and compulsory social-insurance contributions may be established by means of an examination. Obligations for taxes and compulsory social-insurance contributions may not be established by means of an examination.

(4) An examination shall be conducted by the revenue authorities without the need of an express written assignment. The rules under Article 8 herein shall not apply where there is assignment by the Executive Director or a person authorized thereby. A memorandum on the result of the examination shall be drafted where the instrument whereby the examination must be completed is not provided for by a law.

## Empowerment upon Securing of Evidence

Article 111. Upon conduct of an audit or examination, the actions covered under Article 40 herein shall be performed by revenue authorities empowered by an order of the Territorial Director of the National Revenue Agency or a person authorized thereby, who shall identify themselves by an identity card and shall present a copy of the order certifying the conferment of the said powers.

## Institution of Audit Proceeding

Article 112. (1) An audit proceeding shall be instituted by the issuance of an audit assignment order.

(2) The audit may be assigned by:

1. the revenue authority designated by the Territorial Director of the competent Territorial Directorate;
2. the Executive Director of the National Revenue Agency or a Deputy Executive Director designated thereby: in respect of each person and in respect of all types of obligations and liabilities for taxes and compulsory social-insurance contributions.

## Content, Service and Modification of Audit Assignment Order

Article 113. (1) The audit assignment order shall specify:

1. the data about the auditee covered under Items 2 to 5 of Article 81 (1) herein;
2. the auditing revenue authorities;
3. the time limit for conduct of the audit;
4. the period audited;
5. the types of audited obligations for taxes and/or compulsory social-insurance contributions;
6. other circumstances of relevance to the audit.

(2) The order referred to in Paragraph (1) shall be served on the auditee.

(3) The order referred to in Paragraph (1) may be modified by the authority that has assigned the audit by a new assignment order, which shall be served on the auditee. The modification shall be considered effected as from the date of issuance of the new order.

(4) An audit assignment order shall not be appealable separately from the audit instrument.

(5) An order on termination of the audit proceeding shall be appealable according to the procedure for appeal of audit instruments.

#### Time Limit for Conduct of Audit

Article 114. (1) The time limit for conduct of an audit shall not exceed three months and shall begin to run as from the date of service of the assignment order.

(2) (Amended, SG No. 105/2006) If the time limit referred to in Paragraph (1) proves insufficient, the said time limit may be extended by up to one month by an order on extension of the time limit by the authority that had assigned the audit.

(3) (Amended, SG No. 105/2006) Where the time limits referred to in Paragraphs (1) and (2) prove insufficient owing to a particular factual complexity of the specific case, the time limit may be extended by an aggregate not exceeding than three years by an order on extension of the time limit by the Executive Director, issued acting on a reasoned motion by the Territorial Director.

#### Place of Performance of Audit

Article 115. (1) The auditee shall ensure a suitable place and conditions for performance of the audit and shall designate persons for contact with the revenue authority and for rendering cooperation upon the conduct of the said audit.

(2) The auditing authorities shall be obligated to familiarize themselves on site with the documents and other evidence in the possession of the auditee, as well as to establish the facts and circumstances of relevance to the determination of the audit results.

(3) If it is impossible to conduct the audit at the auditee, the audit shall be conducted at the territorial directorate. In such case, a memorandum and an inventory of the documents shall be drafted and delivered to the revenue authority. A copy of the memorandum and inventory shall be provided to the person.

(4) The revenue authority shall be responsible for the safe-keeping of the documents delivered thereto according to an inventory and shall return the said documents to the person according to the procedure and within the time limits provided for in Article 44 herein.

(5) Should it be necessary to establish any facts and circumstances related to the activity of the person, of a division, facility, activity or property thereof outside the nucleated settlement where the audit is conducted, including within the area of competence of another territorial directorate, the auditing authorities may be seconded for establishment of any such circumstances.

#### Special Evidentiary Rules

Article 116. (1) In case ascertainment of the obligations of the auditee requires elucidation of any facts or circumstances outside the territory of the country, the auditee shall be under an obligation to present evidence for elucidation of the said facts or circumstances. Where the relationships or transactions are between related parties, as well as in the cases of transfers between a permanent establishment of a non-resident person in Bulgaria and other divisions of the same enterprise abroad, the auditee shall be presumed to have been able to provide evidence.

(2) Where the auditee effects a transaction with related parties, the said auditee shall be obligated to prove the correspondence of the said transaction with the market price and the reasons for a departure from the said price, inter alia by means of presenting all relevant evidence from abroad.

(3) Where transactions have been implemented with a non-resident person, the relationships shall be presumed to have been between related parties if:

1. the non-resident person is registered in a State which is not a Member State of the European Union and in which the income or corporation tax due on the income which has accrued or will accrue to the non-resident person as a result of the transactions is by more than 60 per cent lower than the income or corporation tax in the country, unless the auditee presents evidence that the non-resident person owes a tax which is not subject to a preferential treatment or that the non-resident person has sold the goods or has provided the services on the domestic market;

2. the State in which the non-resident person is registered refuses or is not in a position to exchange information

regarding the transactions or relationships implemented, where there is a concluded and effective international tax treaty.

(4) Where an auditee fails to fulfil the obligations thereof under Paragraphs (1) (2) and (3) the revenue authority shall have the right to determine the market prices on the basis of accessible information or evidence.

(5) Upon application of the methods for determination of market prices, the revenue authorities shall furthermore use data about exchange market prices as stated in statistical reference books or other publications containing specialized price information.

(6) Upon establishment of the circumstances covered under Paragraph (3) the revenue authorities shall furthermore use data about related parties, the burden of taxation or the regime for operation on the local market, obtained from or published by other revenue administrations, international organizations, public registers and publications containing specialized information.

(7) Upon application of Paragraphs (5) and (6) the revenue authority shall be obligated to cite the exchange market, the publication, the administration, the international organization or the Internet site, as the case may be, which is the source of the information, attaching a copy or printout, certified thereby, containing the relevant data.

#### Audit Report

Article 117. (1) The audit report shall be drafted by the auditing revenue authority not later than fourteen days after expiry of the time limit for conduct of the audit.

(2) The audit report must state:

1. the names and positions of the drafting authorities;
2. the number and date of the report;
3. data about the auditee;
4. the scope of the audit and the other circumstances of relevance to the conduct thereof;
5. the procedural actions performed and the facts and circumstances established and the evidence thereon;
6. the factual and legal conclusions drawn and the grounds therefor;
7. the actions undertaken to secure the public receivables;
8. a proposal for ascertainment of the obligations;
9. an inventory of the evidence attached;
10. signatures of the revenue authorities who have drafted the report.

(3) The evidence attached to the audit report shall be an integral part thereof.

(4) The audit report together with the attachments shall be served on the auditee within three days after the drafting of the said report.

(5) The auditee may lodge a written objection and present evidence within fourteen days after service of the audit report before the authorities that have conducted the audit. Where the said time limit proves insufficient, it shall be extended upon request by the person but by not more than one month.

#### Audit Instrument

Article 118. (1) The audit instrument shall:

1. ascertain, modify and/or offset obligations for taxes and for compulsory social-insurance contributions;

2. refund refundable results for a particular tax period, where so provided for by a law;
3. refund amounts which have been unduly paid or collected.

(2) An audit instrument shall be issued by the revenue authorities specified in Item 4 of Article 7 (1) of the National Revenue Agency Act.

#### Issuance of Audit Instrument

Article 119. (1) Within three days after the drafting of the audit report, the authorities that conducted the audit shall notify in writing the authority that assigned the said audit.

(2) After receipt of the notification, the authority that assigned the audit shall issue an order designating the revenue authority that shall be competent to issue the audit instrument.

(3) The authority designated by the order shall request the case file from the authorities that conducted the audit and, within fourteen days after a lodgement of an objection or expiry of the time limit for lodgment of an objection, the said authority shall:

1. issue an audit instrument, or

2. terminate the proceeding by an order, where the ascertainment of obligations or liabilities in the specific proceeding is inadmissible.

(4) The audit instrument or the order on termination together with the order referred to in Paragraph (2) shall be served on the auditee within seven days after the issuance.

#### Content of Audit Instrument

Article 120. (1) The audit instrument shall be issued in writing and shall state:

1. the name and position of the issuing authority;

2. the number and date of the instrument;

3. data about the auditee;

4. the scope of the audit and the other circumstances of relevance to the conduct of the said audit;

5. reasoning for issuance of the instrument;

6. an operative part, determining the rights, obligations or liabilities and the procedure and time limit for compliance therewith;

7. the authority before whom the instrument is appealable and the time limit for appeal;

8. (new, SG No. 105/2006) signature of the revenue authority that issued the audit instrument.

(2) The audit report shall be attached to the audit instrument and shall be an integral part thereof. The revenue authority shall be obligated to discuss the objections lodged against the audit report and the evidence presented.

(3) The audit instrument shall be issued in a standard form endorsed by the Executive Director of the National Revenue Agency.

#### Precautionary Securing of Claims

Article 121. (1) In the course of the audit and upon issuance of the audit instrument, the revenue authority may approach the public enforcement agent with a reasoned request for imposition of preliminary precautionary measures for the purpose of preventing the effecting of transactions and actions involving the property of the person as result of which the

collection of the obligations for taxes and compulsory social-insurance contributions would be impossible or would be considerably impeded.

(2) Preliminary precautionary measures shall be imposed according to the procedure established by Article 195 herein by a warrant of the public enforcement agent and shall be appealable according to the procedure established by Article 197 herein.

(3) Preliminary precautionary measures shall be imposed on assets whereof the securing does not lead to a serious impediment to the business activity of the person. If this is not possible, the precautionary measures imposed should not suspend the business carried on by the auditee.

(4) (Amended, SG No. 30/2006, effective 1.03.2007) Where an audit instrument has not been issued within four months after the imposition of the first preliminary precautionary measure, the precautionary measures imposed shall be presumed terminated, unless the administrative court exercising jurisdiction over the location of the authority that has imposed the precautionary measure has been motioned for an extension of the said measures. Any such motion may be made by the public enforcement agent or by the auditee.

(5) The court shall satisfy itself as to the existence of the conditions referred to in Paragraph (1) for imposition of preliminary precautionary measures and the fulfilment of the requirements referred to in Paragraph (3) and shall pronounce by a ruling within fourteen days after receipt of the motion. If it grants the motion, the court shall set a period for extension of the measures which may not be not longer than the time limit for close of the audit proceeding. Any such ruling shall be unappealable.

(6) (New, SG No. 105/2006) The effect of the preliminary precautionary measures as imposed shall be extended by the precautionary measures of the same type and on the same property, imposed within one month after the issuance of the audit instrument, where the instrument has been issued within the four-month period referred to in Paragraph (4) or within the period set by the court according to the procedure established by Paragraph (5).

#### Audit in Special Cases

Article 122. (1) The revenue authority may apply the rate of tax as established by the applicable law to a taxable amount as ascertained by the said authority according to the procedure established by Paragraph (2) where at least one of the following circumstances exists:

1. a return has not been submitted until the commencement of the audit, where the obligation is ascertained according to a return;

2. there is reason to believe that any revenue or income has been concealed;

3. any false documents or documents making a false statement have been used in the accounts;

4. accounts are not kept or are not presented according to the Accountancy Act, or the accounts kept do not make it possible to determine the base for taxation, as well as where the documents necessary for determination of the base for levy of taxes or for determination of the compulsory social-insurance contributions have been destroyed according to a procedure other than the established one;

5. the documents necessary for determination of the base for levy of taxes are missing or are damaged to an extent that renders them unusable;

6. the data and information necessary for determination of the base for levy of taxes cannot be obtained because the auditee has not been found at the mailing address referred to in Article 28 herein;

7. the revenue, income, sources of owners' equity formation or of gratuitous financing of the economic activity of the auditee as declared and/or received do not correspond to the property and financial status of the auditee for the audit period.

(2) To determine the base for levy of taxes, the revenue authority shall take into consideration each circumstance of relevance to the person concerned:

1. the type and nature of the activity actually performed;
2. the paid taxes, customs duties, contributions and other public receivables;
3. the transaction activity and the balances on bank accounts;
4. the official documents and the documents containing true data;
5. the rental charge for the corporeal immovables in which the activity is practised in whole or in part;
6. the commercial significance of the place where the activity is performed;
7. the capital and the market price of acquired properties at the time of acquisition;
8. the gross revenue/income (turnover);
9. the number of persons employed for implementation of the activity;
10. the contracts concluded by the person in connection with the implementation of the activity thereof;
11. the difference between the raw and prime materials supplied and used in production;
12. the aggregated data on the realized profit or, respectively, the revenue or income by other persons practising the same or a similar activity under the same or similar conditions;
13. the pricing and the other conditions of the transactions concluded for the purposes of tax evasion, including data about such transactions between parties related to the auditee;
14. the usual amount of the costs of living, maintenance, education and medical treatment, as well as of the travel, per diem and accommodation expenses upon inland and international travel;
15. the supplies received or effected, as well as the right to credit for input tax exercised;
16. other evidence which may serve upon determination of the base.

(3) The circumstances covered under Paragraphs (1) and (2) shall be used to justify the audit report.

(4) In the cases under Paragraph (1) the revenue authority shall determine the base for levy of taxes applicable for the relevant period for which the circumstances have been established.

#### Detection of Undeclared Profits or Income

Article 123. (1) In cases under Article 122 (1) herein, upon determination of the base according to the procedure established by Article 122 (2) herein, a taxable profit or income shall be presumed to exist until otherwise proven where:

1. the value of the property of the person manifestly substantially exceeds the amount of declared revenue, income, sources of owners' equity formation or of gratuitous financing, as received thereby;
2. the expenses incurred by the person and by the parties related thereto under Item 3 (a) of § 1 of the Supplementary Provisions herein manifestly and substantially exceed the declared received resources.

(2) The properties of other persons shall be considered part of the property referred to in Paragraph (1) if an effective judicial act has established that the said properties have been acquired on funds of the person in respect of whom the circumstances under Paragraph (1) have been established.

#### Special Rules for Audits

Article 124. (1) Where the revenue authority ascertains existence of any circumstances covered under Article 122 (1)

herein, the said authority shall notify the auditee that the base for levy of taxes will be determined according to the procedure established by Article 122 herein and shall determine a time limit wherewithin the auditee must present evidence and express observations, which may not be shorted than fourteen days.

(2) In an appeal proceeding against the audit instrument upon conduct of an audit according to the procedure established by Article 122 herein, the factual findings in the said act shall be presumed true until the reverse is proven where the existence of the grounds covered under Article 122 (1) herein is supported by the evidence collected.

(3) Upon establishment of any circumstance covered under Article 122 (1) herein, the auditee shall be obligated to declare the property thereof, the type and amount of the expenses incurred, as well as all sources of income, revenue, sources of owners' equity formation or of gratuitous financing and the amount thereof by means of a return completed in a standard form endorsed by the Executive Director of the National Revenue Agency.

(4) Upon establishment of any circumstance covered under Article 122 (1) herein, the revenue authority may take precautionary measures to secure the claims according to the procedure established by Article 121 herein.

#### Audit upon Bankruptcy

Article 125. The obligations for taxes and compulsory social-insurance contributions shall be presumed presented in due time, regardless of whether the audit act is appealed, where the audit instrument has been served on the trustee in bankruptcy by the revenue authority within the time limit referred to in Article 685 or 688 of the Commerce Act.

#### Audit upon Legal Succession

Article 126. In the cases of legal succession or dissolution, where multiple legal successors or persons liable for the obligations exist and the obligations or liability of the said persons are ascertained in a single proceeding, before undertaking the relevant procedural actions the revenue authority shall notify the said persons in writing of this, inviting them to appoint in writing, within a time limit set by the said authority which may not be shorter than fourteen days, a representative in the proceeding until the close thereof by an effective instrument.

#### Enforcement of Audit Instrument

Article 127. (1) The obligation ascertained by an audit instrument shall be subject to voluntary payment within fourteen days after service of the act.

(2) After expiry of the time limit referred to in Paragraph (1) the audit instrument shall be subject to coercive enforcement, unless the enforcement has been suspended according to the procedure established by this Code.

#### Chapter Sixteen

### SPECIAL PROCEEDINGS

#### Section I

#### Offsetting and Refunding

#### Offsettable Amounts

Article 128. (1) Any unduly paid or collected amounts for taxes, compulsory social-insurance contributions, fines and pecuniary penalties imposed by the revenue authorities, as well as any amounts refundable by the National Revenue Agency according to the tax or social-insurance legislation, shall be offset by the revenue authorities to extinguish exigible public receivables collected by the National Revenue Agency. Offsetting by an obligation extinguished by prescription may be effected where the claim of the debtor has become exigible before the obligation of the said debtor is extinguished by prescription.

(2) Any person, who receives a refund of any amounts under Paragraph (1) in non-conformity with the law, shall be obligated to restore the said amounts to the Exchequer. This obligation shall be considered as an obligation for tax, and where overremitted social-insurance contributions have been refunded, this obligation shall be considered as an obligation for a compulsory social-insurance contribution and shall become exigible on the day next succeeding the day of receipt of the instrument on the legally non-conforming payment.

(3) Any claims for refund of unduly paid or collected amounts for supplementary compulsory retirement insurance shall

be considered only up to the amount of the assets available on the individual account of the person at the pension insurance company. In all other cases, the relations shall be settled between the pension insurance company, the social-insurance contributor and the socially insured person.

#### Procedure

Article 129. (1) Offsetting or refunding may be effected on the initiative of a revenue authority or upon written request by the person. A request for offsetting or refunding shall be considered if submitted before the lapse of five years reckoned from the 1st day of January of the year next succeeding the year of occurrence of the grounds for refunding, unless otherwise provided for by a law.

(2) After receipt of a request referred to in Paragraph (1) conduct of the following may be assigned:

1. an audit;
2. an examination.

(3) The offsetting or refunding instrument shall be issued within thirty days after receipt of the request in the cases where no audit has been assigned within the same period.

(4) The balance after offsetting shall be restored to the person on a bank account named thereby. Any amounts related to the application of the Local Taxes and Fees Act to natural persons who are not merchants may alternatively be restored in cash.

(5) Within thirty days after presentation thereto of an effective judicial or administrative act, the revenue authority, acting according to the procedure established by Item 2 of Paragraph (2) shall be obligated to refund or to offset in full the amounts stated in the said act, together with the interest due under Paragraph (6) where the act has recognized the right of the obligated person to receive in his or her benefit:

1. any amounts for erroneously or unduly paid, remitted or collected amounts for taxes, compulsory social-insurance contributions, fees, fines, pecuniary penalties, assessed, collected or imposed by the revenue authorities, including such remitted pursuant to a written instruction or opinion;
2. any amounts whereof the refunding has been refused in non-conformity with the law;
3. any amounts, compensations and the costs incurred awarded by the court.

(6) Any unduly remitted or collected amounts, with the exception of compulsory social-insurance contributions, shall be refunded with the statutory interest for the period elapsed, where the said amounts have been remitted or collected on the basis of an instrument issued by a revenue authority. In the rest of the cases, the amounts shall be refunded with the statutory interest accrued as from the day on which they should have been refunded according to the procedure established by Paragraphs (1) to (4).

(7) The offsetting or refunding instruments shall be appealable according to the procedure for appeal of audit instruments.

#### Simplified Procedure

Article 130. (1) In the cases where a return related to levy of income tax or local tax has been submitted, stating an amount for refunding, as well as where a claim for refunding has been submitted on the basis of such return, or a claim for refunding of overremitted local taxes, the revenue authority may refund the full amount claimed for an overremitted tax on a bank account named by the person or by means of a postal order in the cases of refunding of local taxes to the address stated by the person, with the number and date of the return or of the claim for refunding, as the case may be, being mandatorily indicated in the payment order or postal order.

(2) The claim of the person for refunding of the overremitted amount shall be considered fully satisfied upon the crediting of the bank account named by the person with the full amount claimed or, respectively, upon receipt of the postal order advice.

## Tacit Refusal

Article 131. (1) Non-pronouncement in due time on a request for the issuance of an offsetting or refunding instrument shall be presumed as a tacit refusal.

(2) An appeal against a tacit refusal may be lodged within fourteen days after expiry of the time limit for pronouncement. The appeal shall follow the procedure for appeal of an audit instrument.

(3) Where the person has not appealed the tacit refusal within the time limit referred to in Paragraph (2) the said person may submit a new claim for offsetting or refunding.

(4) Where a tacit refusal is revoked according to an administrative or judicial procedure, any express refusal which has preceded the revocation decision shall likewise be considered revoked.

## Appeals over Undue Delay

Article 132. (1) A subject shall have the right to lodge an appeal where the offsetting or refunding procedure is delayed groundlessly and beyond the statutory periods.

(2) The appeal shall be lodged with the territorial director, who shall examine the circumstances thereunder and shall pronounce within three days. In case the appeal is justified, the director shall set a time limit for issuance of the instrument.

(3) A transcript of the decision shall be transmitted to the appellant.

## Section II

## Modification of Obligations for taxes and Compulsory Social-Insurance

### Contributions

### Initiative and Grounds

Article 133. (1) Any obligation for taxes or compulsory social-insurance contributions ascertained by an effective audit instrument which has not been appealed according to a judicial procedure may be modified on the initiative of the revenue authority or at the request of the auditee.

(2) The obligation shall be modified on the following grounds:

1. where new circumstances or new written evidence of material relevance to the ascertainment of the obligations for taxes or compulsory social-insurance contributions are discovered, which could not have been known to the person or, respectively, to the authority that issued the audit instrument before:

(a) the issuance of the audit instrument, where the said act has not been appealed;

(b) the entry into effect of the audit instrument, where the said act has been appealed;

2. where, following a due process of law, it is established that the written explanations of third parties, the findings of experts or the written statements on the basis of which the obligation for tax or compulsory social-insurance contributions has been ascertained are untrue, or a criminal act of the auditee, of a representative thereof, of a revenue authority who participated in the assessment of the taxes or the compulsory social-insurance contributions or who considered the appeal against the audit instrument is detected;

3. where the ascertainment of the obligation is based on a document which has been pronounced false, making a false statement or forged following a due process of law;

4. where the ascertainment of the obligation is based on an act of a court or of another institution of State which has subsequently been revoked;

5. where another effective audit instrument has been issued for the same obligations, for the same period and in respect of the same obligated person, which is in conflict with the previous audit instrument.

(3) Acting on its own initiative or at the request of the person concerned, the revenue authority may correct an apparent error of fact in the audit instrument. In this case, an audit instrument shall be issued without the need of an audit assignment order and an audit report. The audit instrument on any such correction shall be appealed either simultaneously with the corrected audit instrument or separately.

(4) The provision of Item 1 of Paragraph (2) shall not apply to any facts and circumstances on which an accommodation under Article 154 herein has been reached.

#### Powers in Connection with Modification

Article 134. (1) Any revenue authority who ascertains a ground for modification under Article 133 (2) herein shall be obligated to notify the territorial director, justifying the existence of the respective ground. After exercising discretion as to the existence of a ground for modification, the Territorial Director may assign an audit, whereby obligations for taxes or compulsory social-insurance contributions which are already ascertained may be modified.

(2) The person concerned may submit a written request to the Territorial Director, attaching thereto the evidence invoked thereby.

(3) Modification shall be admissible if the audit assignment order has been issued or if the request for modification has been submitted within three months after learning of the ground for modification and before expiry of the time limit referred to in Article 109 herein.

(4) Within thirty days after receipt of the request referred to in Paragraph (2) the Territorial Director shall order or shall refuse to assign, stating reasons, the assignment of an audit. A transcript of the refusal shall be sent to the person who has submitted the request within seven days after the said refusal is decreed but no later than fourteen days after expiry of the time limit referred to in sentence one.

(5) (Amended, SG No. 30/2006, effective 1.03.2006) The subject concerned may appeal the refusal within fourteen days after receipt of the decision and a tacit refusal within thirty days after expiry of the time limit for pronouncement, before the administrative court competent to consider the appeal against the audit instrument. Any such appeal shall be submitted care of the Territorial Director. The court shall pronounce on the appeal by a ruling which shall be unappealable.

(6) If it is established that an obligation for taxes or compulsory social-insurance contributions has been ascertained in a larger or smaller amount than the amount due, an audit instrument shall be issued on the difference. If an amount is overremitted, it shall be offset or refunded by the audit act.

#### Section III

#### Procedure for Application of Conventions for Avoidance of International

#### Double Taxation of Income and Capital Gains in Respect of Non-resident

#### Persons

#### General Principles

Article 135. (1) This Section shall regulate the procedure for the application of the tax reliefs for non-resident persons provided for in the effective conventions for the avoidance of double taxation (CADT).

(2) The conventions for the avoidance of double taxation shall be applied after certification of the grounds for such application.

#### Grounds for Application of CADT

Article 136. For the purposes of Article 135 (2) herein, after occurrence of a tax obligation for any income from a source inside the country, the non-resident person shall certify to the revenue authority that the said person:

1. is a resident of the other State within the meaning given by the relevant CADT;

2. is an owner of the income from a source inside the Republic of Bulgaria;

3. does not own a permanent establishment or a fixed base within the territory of the Republic of Bulgaria, whereto the income is effectively connected;

4. the special requirements for application of the CADT or separate provisions thereof are fulfilled in respect of persons specified in the CADT itself, where such special requirements are contained in the relevant CADT.

#### Certifying Grounds

Article 137. (1) The circumstances covered under Article 136 herein shall be indicated in a request in a standard form endorsed by the Executive Director of the National Revenue Agency.

(2) The circumstances referred to in Item 1 of Article 136 herein shall be certified by the foreign tax administration in the request referred to in Paragraph (1) conforming to the customary practice of the said administration.

(3) The circumstances referred to in Items 2 and 3 of Article 136 herein shall be declared by the non-resident person.

(4) The circumstances referred to in Item 4 of Article 136 herein shall be certified by means of official documents, including abstracts from public registers. Where such documents are not issued, other written evidence shall be admissible as well. The said circumstances may not be certified by means of a declaration.

#### Evidence

Article 138. (1) Written evidence regarding the type, the grounds for realization and the amount of the relevant income shall be attached to the request referred to in Article 137 (1) herein.

(2) The following may be evidence under Paragraph (1):

1. where the right to receive the particular income arises from a contractual relationship: a written contract, or, if there is no such contract, proof of the existence of a contractual relationship between the payer of the income and the non-resident person;

2. in the cases of income from dividends: the resolution of the General Meeting of the company; a coupon for dividend paid; an abstract of a Shareholder's Register certified by the company; a copy of a share certificate or interim certificate; a registered certificate of dematerialized shares; an abstract of the register of dematerialized shares or another document certifying the type and amount of the income, as well as the amount of the participating interest held by the non-resident person;

3. applicable to income from a share in any liquidation surplus: a document proving the amount of the investment made, a final liquidation balance after satisfying the creditors and a document determining the distribution of the liquidation surplus, or upon distribution of the liquidation surplus in kind, a decision of the members or shareholders and documents on the basis of which the market price of the liquidation surplus was determined;

4. applicable to income from interest on contributions referred to in Articles 134 and 190 of the Commerce Act: a resolution of the General Meeting specifying the rate of the interest or the way of determination of the interest on any such contributions;

5. applicable to income from government, municipal and other debt securities which are not exempt from taxation: a registered certificate of ownership, showing the interest and/or discounts; bond interest coupons or another document certifying the ownership and the rate or the manner of determination of the interest;

6. applicable to interest on a loan extended: a contract and evidence of the interest accrued;

7. applicable to income from the transfer of:

(a) shares, bonds, negotiable rights attaching to shares and other corporate rights and securities, where not exempt from taxation by virtue of a law: a document on transfer of the rights and a document proving the selling price and the cost of acquisition;

(b) participating interests: a certified transcript of the contract for the sale of corporate participating interest as recorded in the Commercial Register, as well as documents proving the cost of acquisition of the said participating interest;

(c) other movable and immovable property, where the income from the said property is not exempt from taxation: documents proving the cost of acquisition of the said property and the selling price.

(3) In addition to the documents specified in Paragraph (2) any other written evidence which would serve to elucidate and establish the grounds for application of the relevant CADT and the type, amount and grounds for realization of the relevant income may be presented attached to the request referred to in Article 137 (1) herein.

#### Submission of request

Article 139. (1) The request referred to in Article 137 (1) herein and the documents attached thereto shall be submitted to the territorial directorate exercising competence over the place of registration of the payer of the income or to the directorate exercising competence over the place where the payer is subject to registration.

(2) Where the payer is not subject to registration, the request referred to in Article 137 (1) herein and the documents attached thereto shall be submitted to the Sofia Territorial Directorate.

#### Continuing Contracts

Article 140. (1) Where the income is realized on the basis of continuing contracts or is realized by one and the same person on identical grounds, the request referred to in Article 137 (1) herein shall be submitted on a single occasion.

(2) Income from dividends shall not be considered income within the meaning given by Paragraph (1).

(3) (Amended, SG No. 63/2006) The non-resident person shall notify the territorial directorate of any change of the circumstances covered under Articles 136 and 138 herein within thirty days after the occurrence thereof.

#### Actions by Revenue Authorities

Article 141. (1) (Amended, SG No. 105/2006, effective 1.01.2007) The revenue authorities shall exercise control as to the application of CADT and, to this end, shall conduct an examination or an audit. Where an examination is conducted, an opinion on the existence or non-existence of grounds for application of the CADT shall be issued to the non-resident person within sixty days after submission of the request referred to in Article 137 (1) herein. A copy of the said opinion shall be sent to the payer of the income as well.

(2) (Amended and supplemented, SG No. 105/2006, effective 1.01.2007) The revenue authorities shall issue an opinion on non-existence of grounds for application of the CADT where the non-resident person has not fulfilled the requirements of Articles 136 to 138 herein and has not eliminated the deficiencies within fifteen days after the date of request by the revenue authority. Non-pronouncement within the time limit referred to in Paragraph (1) shall be presumed as an opinion on existence of grounds for application of the CADT.

(3) (Supplemented, SG No. 105/2006, effective 1.01.2007) As from the time of issuance of the opinion on existence of grounds for application of the CADT or non-pronouncement within the period under Paragraph (1) the requirements of Article 135 (2) herein shall be presumed fulfilled. Where, in connection with a request submitted under Article 137 (1) herein an audit is conducted and it is ascertained in the course of the said audit that grounds exist for application of the CADT, the requirements of Article 135 (2) herein shall be presumed fulfilled at the time of submission of the said request.

(4) (Amended, SG No. 105/2006, effective 1.01.2007) Any opinion on lack of grounds for application of the CADT under Paragraph (1) or (2) shall be appealable by the recipient of the income or by the payer, if authorized to do so by the recipient of the income. Any such appeal shall follow the procedure for appeal of audit acts, and the appeal shall be lodged care of the territorial directorate whereto the request has been submitted.

(5) (Amended, SG No. 105/2006, effective 1.01.2007) If there is an opinion on application of the CADT under Paragraph (1) or (2) the tax liabilities for the relevant income may be revised solely if there are grounds under Article 133 (2).

#### Special Cases

Article 142. (1) (Amended, SG No. 105/2006, effective 1.01.2007) Where a payer charges to a non-resident person any income from a source within the country to an aggregate amount not exceeding BGN 50,000 annually, the circumstances covered under Article 136 herein shall be certified to the payer of the income. A request referred to in Article 137 (1) herein shall not be submitted in this case.

(2) (Amended, SG No. 105/2006, effective 1.01.2007) In the cases referred to in Paragraph (1) where the aggregate amount of the income realized exceeds BGN 50,000 within the tax year, the grounds for application of the CADT in respect of the aggregate amount of income shall be certified according to the procedure established by Articles 137 to 139 herein.

(3) After remittance of a tax, the grounds for application of the CADT in respect of any income already taxed shall be proved according to the procedure established by Article 129 herein.

(4) Upon conduct of an examination according to the procedure established by Article 129 herein or of an audit, the circumstances covered under Article 136 herein shall be certified to the revenue authority without submitting a request in a standard form, and if such a request has been submitted, an opinion thereon shall not be issued.

#### Section IV

#### Procedure for Exchange of Information with other States

##### Competent Authority and Conditions for Exchange of Information

Article 143. (1) The Minister of Finance or a person authorized thereby may exchange information with other States necessary for the application of legislation in connection with taxation, according to the concluded international treaties whereto the Republic of Bulgaria is a party.

(2) Outside the cases referred to in Paragraph (1) the Minister of Finance or a person authorized thereby may furthermore exchange information necessary for the application of legislation in connection with taxation where the following conditions are fulfilled:

1. on a basis of reciprocity;

2. the State requesting information guarantees that the information received will be treated as confidential in the same way as the information received conforming to the domestic law of that State, and that the documents and information provided will be used solely for the purposes of taxation or in a criminal proceeding in connection with tax offences (including administrative and judicial proceedings) as well as that the said information and documents will be provided only to persons, authorities or courts which are competent to examine matters related to taxation or the prosecution of tax offences;

3. the State requesting information guarantees its readiness to eliminate any possible double taxation with respect to taxes on income, profits or capital gains, and if necessary this may be done by mutual agreement.

(3) The provisions of Paragraph (2) shall not be treated as impose an obligation to:

1. undertake administrative measures deviating from legislation or administrative practice;

2. provide information which cannot be received conforming to legislation and according to the customary administrative procedure;

3. provide information, which would disclose any commercial, business, industrial or professional secrecy or commercial process, or any information whereof the disclosure would be contrary to public order.

(4) (New, SG No. 63/2006, amended, SG No. 52/2007) Upon receipt of a request for exchange of information under Paragraph (1) from another country and on a basis of reciprocity, the Minister of Finance or a person authorized thereby may approach the court for disclosure of information constituting a bank secret within the meaning given by Article 62 of the Credit Institutions Act, a secret within the meaning given by Article 35 (1) of the Markets in Financial Instruments Act and Article 133 of the Public Offering of Securities Act or within the meaning given by another provision of Bulgarian

legislation on safeguarding the confidentiality of pecuniary funds, financial assets and other property, where the facts set forth in the request for exchange of information make clear that the said request is made in compliance with the requirements for exchange of information in the relevant international treaty.

## Section V

(New, SG No. 105/2006, effective 1.01.2007)

Procedure for Mutual Assistance and Exchange of Information with Member

States of European Union in Field of Taxes on Income and Capital and on

Insurance Premiums

### Scope

Article 143a. (New, SG No. 105/2006) (1) The Executive Director of the National Revenue Agency may grant mutual assistance to and exchange information with the competent authorities of the Member States of the European Union regarding the ascertainment of obligations for the following taxes in the Republic of Bulgaria:

1. income tax on natural persons;
2. final annual (licence) tax;
3. corporation tax;
4. withholding taxes;
5. alternative taxes;
6. taxes on capital.

(2) This Section shall furthermore apply to all taxes of a similar nature, imposed in addition to, or in place of, the taxes covered under Paragraph (1). The Executive Director of the National Revenue Agency shall notify the competent authorities of the Member States and the European Commission of the date of imposition of any such taxes.

### Types of Exchange of Information

Article 143b. (New, SG No. 105/2006) This Section shall regulate the following types of exchange of information:

1. exchange upon request;
2. automatic exchange;
3. spontaneous exchange.

### Exchange of Information upon Request

Article 143c. (New, SG No. 105/2006) (1) Upon request, the Executive Director of the National Revenue Agency shall exchange information which is relevant to the ascertainment of obligations for taxes on income and capital and on insurance premiums with the competent authorities of the Member States.

(2) For the purposes of Paragraph (1) the revenue authorities shall exercise the powers provided for in this Code for collection of information for ascertainment of obligations for taxes. Where necessary, the revenue authorities shall conduct audits or examinations.

### Automatic Exchange of Information

Article 143d. (New, SG No. 105/2006) The Executive Director of the National Revenue Agency, under a consultation procedure with the competent authorities of the Member States, shall determine the categories of cases and the conditions whereunder the said Executive Director shall regularly exchange the information referred to in Article 143c (1)

herein without prior request.

#### Spontaneous Exchange of Information

Article 143e. (New, SG No. 105/2006) (1) The Executive Director of the National Revenue Agency, acting on his or her own initiative, shall provide the competent authority of another Member State with information relevant to the ascertainment of obligations for taxes on income and capital and on insurance premiums where:

1. the said Executive Director has grounds for supposing that there may be a loss of revenue from tax in that other Member State;
2. the taxable person enjoys a reduction in or an exemption from tax in the Republic of Bulgaria, which would give rise to an increase in the tax due or to incurrance of an obligation for taxes in that other Member State;
3. the business dealings between a taxable person in the Republic of Bulgaria and a taxable person in another Member State are conducted within the territory of one or more States in such a way that a reduction in tax may result in the Republic of Bulgaria and/or that other Member State;
4. the said Executive Director has grounds for supposing that a reduction in or non-payment of tax may result from artificial transfers of profits within groups of enterprises;
5. information forwarded by the competent authority of that other Member State has enabled information to be obtained which may be relevant to the ascertainment of obligations for taxes on income and capital and on insurance premiums in that other Member State.

(2) The Executive Director of the National Revenue Agency may extend the exchange of information under Paragraph (1) with the competent authorities of the Member States to cases other than those specified therein.

#### Time Limit for Forwarding Information

Article 143f. (New, SG No. 105/2006) (1) The Executive Director of the National Revenue Agency shall forward the information under Article 143b herein to the competent authority of another Member State as swiftly as possible.

(2) If the Executive Director of the National Revenue Agency encounters obstacles in furnishing the information or refuses to furnish the information, the said Executive Director shall forthwith the competent authority of the other Member State indicating the nature of the obstacles or the reasons for the refusal.

#### Actions by Competent Authorities within Framework of Mutual Assistance

Article 143g. (New, SG No. 105/2006) For the purposes of the exchange of information under Article 143b herein, the Executive Director of the National Revenue Agency and the competent authority of another Member State, acting under a consultation procedure, may authorize the presence of officials of the tax administration of one Member State in the course of the proceeding for ascertainment of obligations for taxes on income and capital and on insurance premiums in the other Member State.

#### Simultaneous Controls

Article 143h. (New, SG No. 105/2006) Where the tax obligations of one or more taxable persons are of common interest to two or more Member States, the competent authorities of those States, acting under a consultation procedure, may agree to conduct simultaneous controls of the persons within their own competence with a view to exchanging the information thus obtained.

#### Notification Procedure

Article 143i. (New, SG No. 105/2006) (1) At the request of the competent authority of another Member State, the revenue authorities, acting according to the procedure established by this Code, shall serve the instruments and decisions issued by the tax authorities of that other Member State and concerning the application of the legislation of the said Member State on taxes on income and capital and on insurance premiums on the addressee.

(2) The Executive Director of the National Revenue Agency may send the competent authority of another Member State a request for service on the addressee of instruments and decisions issued by the revenue authorities in connection with the application of the legislation on the taxes covered under Article 143a herein.

(3) Any request referred to in Paragraph (2) shall specify the subject of the instrument or decision which must be served, the name, address and any other information which may facilitate identification of the addressee.

(4) The Executive Director of the National Revenue Agency shall inform the competent authority of the other Member State immediately of the date of service of the instrument or decision referred to in Paragraph (1) on the addressee.

#### Refusal to Provide Information

Article 143j. (New, SG No. 105/2006) The Executive Director of the National Revenue Agency need not provide information where:

1. the said Executive Director is unable to obtain such information according to the legislation or the customary administrative practice;
2. the said Executive Director has information that the competent authority of the other Member State has not exhausted the usual sources of information in its own State which it could have utilized to obtain the information requested;
3. the information discloses a commercial, industrial or professional secret or a commercial process;
4. the disclosure of the information would be contrary to public policy;
5. the competent authority of the other Member State is unable to provide similar information on a basis of reciprocity.

#### Confidentiality and Use of Information

Article 143k. (New, SG No. 105/2006) (1) The information transmitted by the competent authority of another Member State and containing specific identifying data on persons and subjects according to Article 72 (1) herein shall be treated as tax and social-insurance information within the meaning given by this Code.

(2) The information referred to in Paragraph (1) may be made available only:

1. to persons directly involved in ascertainment of obligations for the taxes covered under Article 143a herein or exercising administrative control over such ascertainment;
2. in the course of administrative and judicial proceedings in connection with ascertainment or review of obligations for the taxes covered under Article 143a herein to persons who are directly involved in such ascertainment or review.

(3) The information referred to in Paragraph (1) may be used only for the purposes of ascertainment of obligations for the taxes covered under Article 143a herein or in the course of administrative and judicial proceedings in connection with ascertainment or review of obligations for any such taxes.

(4) The information referred to in Paragraph (1) may furthermore be used for the purposes of ascertainment of obligations for value added tax, excise duties and customs duties.

(5) With the consent of the competent authority that provided the information, the Executive Director of the National Revenue Agency may forward the said information to the competent authority of another Member State. The Executive Director of the National Revenue Agency may authorize the forwarding of the information provided thereby to the competent authority of one Member State to the competent authority of another Member State.

#### Section VI

(New, SG No. 105/2006, effective 1.01.2007)

Procedure for Exchange of Information with Member States of European

Union Regarding Savings Income

General Principles

Article 143l. (New, SG No. 105/2006) (1) This Section shall regulate the procedure for provision of information concerning savings income:

1. paid by a resident paying agent to a natural person who is the beneficial owner and is resident in another Member State;
2. paid by a resident economic operator to a paying agent referred to in Article 143p herein.

(2) This Section shall furthermore regulate the procedure for exchange of information between the competent authorities of the Member States.

#### Information Reported by Paying Agents to Executive Director of National

##### Revenue Agency

Article 143m. (New, SG No. 105/2006) (1) Resident paying agents shall report to the Executive Director of the National Revenue Agency information concerning:

1. the name and address of the paying agent;
2. data on the identity of the owner of the income and the State of residence of the said owner;
3. the bank account number of the beneficial owner and, in case there is no account, identification of the debt claim giving rise to the savings income;
4. the amount of savings income paid.

(2) The information covered under Paragraph (1) shall be reported not later than the 30th day of April of the year next succeeding the year of payment of the income, in a standard form endorsed by an order of the Executive Director of the National Revenue Agency, and shall cover all savings income paid during the relevant calendar year.

(3) The Executive Director of the National Revenue Agency shall exercise control over the fulfilment of the obligations by the resident paying agents and the resident economic operators.

#### Identity of Beneficial Owner

Article 143n. (New, SG No. 105/2006) (1) The resident paying agent shall establish the identity of the beneficial owner in respect of contracts which have entered into force:

1. before the 1st day of January 2004: on the basis of name and address according to the information at the disposal of the said paying agent, including such gathered under the terms and according to the procedure provided for in the Measures against Money Laundering Act;
2. on or after the 1st day of January 2004: on the basis of name, address and tax identification number allocated by the Member State of residence of the person.

(2) In the cases referred to in Item 2 of Paragraph (1) the identity shall be established on the basis of the official identity document. Where an address does not appear on the official identity document, the said address shall be established on the basis of another official document. Where the tax identification number is not mentioned in an official document, does not exist, or information on the said number is not available, the identity shall be established by reference to date and place of birth established on the basis of the official identity document.

(3) Where a resident paying agent has information suggesting that the natural person whereto the said agent pays savings income is not the beneficial owner, the said agent shall take steps to establish the identity of the beneficial owner and the State of residence thereof. In case the paying agent is unable to establish the identity of the beneficial owner, the natural person shall be treated as the beneficial owner.

#### State of Residence of Beneficial Owner

Article 143o. (New, SG No. 105/2006) (1) For the purposes of this Section, the State where the beneficial owner

has a permanent address shall be considered to be the State of residence thereof. The said State shall be established by the resident paying agent for contracts which have entered into force:

1. before the 1st day of January 2004: on the basis of the information at the disposal of the said paying agent, including such gathered under the terms and according to the procedure provided for in the Measures against Money Laundering Act;

2. on or after the 1st day of January 2004: on the basis of the address mentioned in the official identity document; where an address does not appear on the official identity document, the said address shall be established on the basis of another official document.

(2) Notwithstanding Paragraph (1) a natural person shall be considered to be resident of a third country which is not a Member State if the said person presents a certificate issued by an authority of that third country competent to issue certificates of residence for tax purposes.

#### Specific Case of Paying Agent

Article 143p. (New, SG No. 105/2006) (1) Any unincorporated association whereto savings income is paid by an economic operator shall be considered a paying agent as from the time of receipt of the said income, unless evidence is presented to the economic operator that the said association:

1. is a legal person, with the exception of avoin yhtio (Ay) and kommandiittiyhtio (Ky)/oppet bolag or kommanditbolag in Finland and handelsbolag (HB) or kommanditbolag (KB) in Sweden, or
2. its profits are taxed according to the rules for taxation of profits, or
3. is a collective investment scheme licensed in a Member State, or
4. the income paid is not for the benefit of a beneficial owner.

(2) For the purposes of this Section, an unincorporated association referred to in Paragraph (1) may be treated as equivalent to a collective investment scheme within the meaning given by the Public Offering of Securities Act if the said association submits an application, completed in a standard form, to the Executive Director of the National Revenue Agency for the issuance of a certificate of equivalence to a collective investment scheme. Any such certificate shall be issued within two months after submission of the application and shall be valid for the relevant calendar year.

(3) The unincorporated association shall present the certificate of equivalence to a collective investment scheme, issued by the competent authority of the respective Member State, to the economic operator which has paid the savings income upon the first payment of savings income.

(4) The paying agent referred to in Paragraph (1) shall be considered to have paid the savings income to the beneficial owner at the time of receipt of the income from the economic operator.

#### Information Communicated by Resident Economic Operators to Executive

##### Director of National Revenue Agency

Article 143q. (New, SG No. 105/2006) (1) Any resident economic operator, which pays savings income to a paying agent referred to in Article 143p herein, shall communicate the name, address and total amount of the savings income paid to the paying agent to the Executive Director of the National Revenue Agency.

(2) The information covered under Paragraph (1) shall be communicated not later than the 30th day of April of the year next succeeding the year of payment of the income, in a standard form endorsed by an order of the Executive Director of the National Revenue Agency, and shall cover all savings income paid during the relevant calendar year.

#### Exchange of Information Concerning Savings Income between Competent

##### Authorities of Member States

Article 143r. (New, SG No. 106/2006) (1) Annually, on or before the 30th day of June, the Executive Director of the

National Revenue Agency shall forward the information covered under Articles 143m and 143q herein to the competent authorities of the Member States of residence of the owners of the income or, respectively, within the territory whereof the paying agents referred to in Article 143p herein carry out economic activity.

(2) The exchange of information referred to in Paragraph (1) shall follow the terms and the procedure established by Articles 143d and 143k herein.

#### Certificate of Exemption from Withholding Tax

Article 143s. (New, SG No. 105/2006) (1) At the request of the beneficial owner who is resident of the Republic of Bulgaria, the Executive Director of the National Revenue Agency shall issue a certificate of exemption from the special withholding tax levied in Austria, Belgium and Luxembourg. The said certificate shall be issued within two months after submission of the application and shall be valid for the relevant calendar year.

(2) The certificate referred to in Paragraph (1) shall indicate:

1. the name, address and Standard Public Registry Personal Number of the beneficial owner;
2. the name and address of the paying agent;
3. the bank account number of the beneficial owner and, in case there is no account, identification of the source of the savings income.

(3) The owners of the income shall promptly notify the Executive Director of the National Revenue Agency of any intervening change in respect of the data covered under Paragraph (2).

#### TITLE THREE

#### APPEAL

##### Chapter Seventeen

#### GENERAL PROVISIONS

##### Applicability

Article 144. (1) The other instruments issued by the revenue authorities shall be appealed according to the procedure established for appeal of an audit instrument, save insofar as otherwise provided for in this Code.

(2) The provisions of this Chapter shall apply to the appeal proceedings regulated in the other titles of this Code as well, unless otherwise provided for.

(3) Where the revenue authority or the public enforcement agent fails to discharge the duties thereof within the established time limits, the obligated person shall have the right to lodge an appeal over undue delay with the superior administrative authority. The said superior authority shall pronounce within three days, giving mandatory instructions to the revenue authority.

##### Content of and Attachments to Appeal in Administrative Appeal

Article 145. (1) The appeal must state:

1. the designation (the business name or the name) of the appellant or, respectively, of the appellant and the authorized representative, if the appeal is lodged by an authorized representative, and the mailing address;
2. an indication of the instrument or action against which the appeal is being lodged;
3. all evidence which the appellant wishes to be collected;
4. what is requested;
5. signature of the submitter.

(2) The following shall be attached to the appeal:

1. a power of attorney, where the appeal is submitted by an authorized representative;
2. the written evidence.

#### Transmittal of Case File upon Administrative Appeal

Article 146. The authority care of which the appeal is submitted shall be obligated to complete the case file and to transmit it to the competent decision-making authority within seven days.

#### Action upon Overdue or Non-conforming Appeal

Article 147. (1) Where the appeal is overdue, it shall be left without consideration by a decision of the decision-making authority competent to consider it.

(2) If the appeal as submitted is not signed, does not specify the instrument or action against which it is being lodged, or if a power of attorney is not attached, where the appeal is submitted by an authorized representative, the decision-making authority shall notify the appellant to cure the non-conformities within seven days after receipt of the communication. Where the defects of the appeal are not eliminated in due time, the proceeding shall be terminated by a decision of the decision-making authority competent to consider the appeal.

(3) (Amended, SG No. 30/2006, effective 1.03.2006) The decision referred to in Paragraphs (1) and (2) shall be appealable within seven days after service before the administrative court exercising jurisdiction over the location of the decision-making authority. The court shall pronounce by a ruling within thirty days.

#### Communication of Decision

Article 148. The decision of the administrative authority on the appeal shall be served on the appellant within seven days after the issuance of the said decision.

#### Content of and Attachments to Appeal to Court

Article 149. (1) The appeal to the court must satisfy the requirements covered under Article 145 (1) herein.

(2) The following shall be attached to the appeal:

1. a power of attorney, where the appeal is submitted by an authorized representative;
2. a transcript of the appeal for the revenue authority;
3. written evidence;
4. documentary proof of stamp duty paid, where such duty is due.

#### Transmittal of Appeal upon Judicial Appeal

Article 150. (1) Within seven days after receipt of the appeal, the authority care of which it was submitted shall be obligated to complete the case file and to transmit it to the court which is competent to consider the said appeal.

(2) If the case file is not transmitted to the court within the time limit referred to in Paragraph (1) the appellant may transmit a transcript of the appeal directly to the court. The court shall require the case file ex officio.

#### Check as to Admissibility of Appeal

Article 151. (1) Where the appeal is overdue, the court shall leave it without consideration.

(2) If the requirements under Article 149 (1) and (2) herein are not satisfied, the court shall notify the appellant to cure the non-conformities within seven days after receipt of the communication. When the defects of the appeal are not removed in due time, the proceeding shall be terminated.

(3) The act of the court referred to in Paragraphs (1) and (2) shall be appealable before the Supreme Administrative

Court. The Court shall pronounce on the appeal by a ruling.  
Chapter Eighteen

## ADMINISTRATIVE APPEAL OF AUDIT INSTRUMENT

### Administrative Appeal

Article 152. (1) The audit instrument shall be appealable, in whole or in particular parts thereof, within fourteen days after service.

(2) The decision-making authority shall be the relevant Director of the Appeal and Enforcement Management Directorate at the Head Office of the National Revenue Agency.

(3) The appeal shall be lodged care of the Territorial Directorate.

(4) The appeal may expressly cite the evidence for which an accommodation is proposed to be reached according to the procedure established by this Chapter.

(5) Within the time limit referred to in Article 146 herein, the revenue authority who has issued the instrument appealed may indicate in writing to the decision-making authority and the appellant the evidence for which the said revenue authority proposes that an accommodation be reached according to the procedure established by this Chapter, notwithstanding whether a proposal has been made under Paragraph (4) by the appeal.

### Stay of Enforcement

Article 153. (1) The appeal of an audit instrument shall not stay the enforcement thereof.

(2) Enforcement of the audit instrument may be suspended at the request of the appellant. A request for suspension of enforcement may only be made in respect of the part of the audit act appealed.

(3) The request shall be submitted to the authority that is competent to consider the appeal, attaching to the said request the evidence of the collateral security provided covering the amount of the principal and the interest as of the date of submission of the request, and in the cases where no security interest has been created, the request must state a proposal for furnishing security to the same amount.

(4) The decision-making authority shall stay the enforcement of the audit instrument if the collateral security provided is in cash, an unconditional and irrevocable bank guarantee or government securities and is at the amount under Paragraph (3).

(5) In the rest of the cases, the decision-making authority shall make a judgment depending on the collateral security provided or proposed, as the case may be, ordering the competent public enforcement agent to impose precautionary measures on the assets proposed as a security within a specified time limit. The stay of enforcement shall take effect as from the date of imposition of the precautionary measures by the public enforcement agent.

(6) The decision-making authority shall pronounce on the request for stay of enforcement within seven days after submission of the said request.

(7) (Amended, SG No. 30/2006, effective 1.03.2006) Any refusal to stay enforcement shall be appealable before the administrative court competent to consider the appeal on the merits within seven days after receipt of the decision referred to in Paragraph (6) or, respectively, within seven days after expiry of the time limit for pronouncement on the request by the decision-making authority. The court shall pronounce on the appeal against a refusal to stay enforcement by a ruling.

### Accommodation Regarding Evidence

Article 154. (1) Within the time limit for issuance of a decision on the appeal against the audit instrument, a written accommodation may be reached between the revenue authority who has issued the appealed act and the audited subject regarding the evidence which will be considered undisputed.

(2) The accommodation referred to in Paragraph (1) shall be approved by a written endorsement by the decision-making authority in respect of the appeal. The said authority may not pronounce on the said appeal before expiry

of fourteen days since the beginning of the time limit for pronouncement on the appeal, whereby a proposal to reach an accommodation has been made.

(3) In respect of the evidence on which an accommodation has been reached, no new evidence shall be admitted to refute or corroborate the said evidence in the administrative and judicial appeal proceeding.

#### Decision-Making Authority's Powers

Article 155. (1) The decision-making authority shall consider the appeal on the merits and shall pronounce by a reasoned decision within forty-five days after submission of the appeal under Article 152 (3) herein or, respectively, after curing of the non-conformities under Article 145 herein or after approval of the accommodation under Article 154 herein. Where the appeal has been submitted through a licensed postal operator, a certificate of the date of receipt of the said request under Article 152 (3) herein shall be issued at a written request of the appellant.

(2) The decision-making authority may uphold, modify or revoke the audit instrument in whole or in part in respect to the appealed part thereof.

(3) The decision-making authority may collect new evidence. If the new evidence is not presented by the appellant, copies of the said evidence shall be served thereon together with the decision.

(4) The audit instrument shall be revoked in whole or in part and the case file shall be returned to the authority who has issued the audit assignment order with mandatory instructions on the issuance of a new audit act, in the cases of:

1. incomplete evidence, where the decision-making authority cannot collect evidence in the course of the appeal proceeding, or

2. material breached of the procedural rules committed upon conduct of the audit, which cannot be cured in the appeal proceeding.

(5) A second referral of the case file for a new audit shall be inadmissible.

(6) In the cases covered under Paragraph (4) the proceeding for the issuance of a new instrument shall commence from the legally non-conforming action which has served as grounds for revocation of the instrument.

(7) Where before expiry of the time limit for pronouncement on the appeal before the same decision-making authority any appeals have furthermore been lodged against audit instruments concerning the liability of other persons for obligations ascertained by the audit act appealed, the same decision-making authority may join the case files for a common consideration and addressing.

(8) The audit instrument may not be modified to the detriment of the appellant by the decision.

(9) Article 133 (3) herein shall apply, *mutatis mutandis*, regarding the decision.

Chapter Nineteen

## JUDICIAL APPEAL OF AUDIT INSTRUMENT

### Judicial Appeal

Article 156. (1) (Amended, SG No. 30/2006, effective 1.03.2006) The audit instrument, in its part which has not been revoked by the decision referred to in Article 155 herein, shall be appealable care of the decision-making authority before the administrative court exercising jurisdiction over the location of the said decision-making authority within fourteen days after receipt of the decision.

(2) The audit instrument may not be appealed according to a judicial procedure in its part in which it has not been appealed according to an administrative procedure.

(3) The audit instrument may not be appealed according to a judicial procedure in its part in which the appeal has been fully granted by the decision.

(4) Non-pronouncement by the decision-making authority within the time limit referred to in Article 155 (1) herein shall be presumed as a confirmation of the audit instrument in the appealed part thereof.

(5) In the cases referred to in Paragraph (4) an appeal against the audit instrument may be lodged within thirty days after expiry of the time limit for pronouncement, care of the decision-making authority with the district court exercising jurisdiction over the location of the said authority.

(6) The decision-making authority may not render a decision after expiry of the time limit for transmittal of the case file to the court.

(7) The time limit for pronouncement on the appeal may be extended by mutual agreement in writing between the appellant and the decision-making authority for a period of up to three months, in which agreement the period of extension shall be specified. Upon non-pronouncement within the said time limit, the provisions of Paragraphs (5) and (6) shall apply.

#### Stay of Enforcement by Court

Article 157. (1) An appeal of the audit instrument before the court shall not stay the enforcement of the said act.

(2) (Amended, SG No. 30/2006, effective 1.03.2006) Enforcement may be stayed by the administrative court on a motion by the appellant. A motion for stay of enforcement may be made solely in respect of the part of the audit instrument which is appealed before the court.

(3) (Amended, SG No. 63/2006) Evidence of a collateral security provided covering the amount of the principal and the interest shall be attached to the motion, and where no security interest has been created, the motion must state a proposal for furnishing security to the same amount. In such cases, the provisions of Articles 153 (3) to (5) herein shall apply, *mutatis mutandis*.

(4) Within fourteen days after submission of a motion for stay, the court shall pronounce by a ruling which shall be appealable before the Supreme Administrative Court.

#### Special Evidentiary Rules in Judicial Proceeding

Article 158. (1) (Amended, SG No. 105/2006) Testimony of witnesses shall be admissible solely in the cases referred to in Article 57 (2) herein.

(2) The court shall see *ex officio* to the observance of Article 154 (3) herein.

#### Consideration of Appeal against Audit Instrument

Article 159. (1) The court shall consider the appeal with the participation of the parties. The prosecutor may join the proceeding when he or she so deems necessary, in order to protect a State or public interest.

(2) The decision-making authority and the appellant shall be summoned upon consideration of the appeal.

(3) Where cases on appeals against audit instruments for the liability of other parties for obligations ascertained by the audit instrument appealed are instituted before the same court, the court, acting of its own motion or on a motion by any of the parties, may join the said cases a single proceeding for a common consideration and adjudication.

#### Adjudication in Case

Article 160. (1) The court shall adjudicate in the case on the merits, being competent to revoke the audit instrument in whole or in part, to modify the said act in the part appealed, or to reject the appeal.

(2) The court shall assess the legal conformity and justification of the audit instrument, assessing whether the said instrument has been issued by a competent authority and in due form, whether the rules of adjective and substantive law for the issuance thereof have been observed.

(3) Where the nature of the instrument precludes adjudication in the case on the merits, the court shall revoke the said act and shall refer the case file back to the competent revenue authority with mandatory instructions on the interpretation and application of the law.

(4) Paragraph (3) shall not apply to audit instruments.

(5) The judgement may not modify the instrument to the detriment of the appellant.

(6) (Amended, SG No. 30/2006, effective 1.03.2006) The judgement of the administrative court shall be appealable subject to cassation appeal according to the procedure established by the Administrative Procedure Code.

(7) A reversal of an effective judgement may be motioned according to the procedure established by the Administrative Procedure Code.

#### Court Costs

Article 161. (1) The appellant shall be awarded the costs of the case and the fee for one lawyer for each instance commensurate to the part of the appeal granted. The respondent shall be awarded costs and expenses in proportion to the amount of the appeal rejected. The administration, instead of a fee for a lawyer, shall be awarded a legal adviser fee up to the minimum amount of the fee for one lawyer.

(2) If the fee for a lawyer is excessive, without due regard to the actual legal and factual complexity of the case, the court may award a smaller amount of the costs in this part thereof which still may not be less than the minimum amount fixed conforming to Article 36 of the Bar Act.

(3) In the cases where evidence which could have been presented in the administrative proceeding is presented before the court, the presenting party shall pay the full costs of the proceeding regardless of the outcome thereof, except in the cases referred to in Article 155 (3) and (4) herein.

#### TITLE FOUR

#### COLLECTION OF PUBLIC RECEIVABLES

##### Chapter Twenty

#### BASIC PROVISIONS

#### Public and Private Claims

Article 162. (1) State and municipal receivables shall be public and private.

(2) The following State and municipal receivables shall be public:

1. for taxes, including excise duties, as well as customs duties, compulsory social-insurance contributions and other contributions to the budget;

2. for other contributions assessed by a law in terms of grounds and amount;

3. for stamp duty and municipal fees assessed by a law in terms of grounds;

4. for social-insurance expenditures effected in non-conformity with the law;

5. for the monetary equivalent of items of property, forfeited to the Exchequer, fines and pecuniary penalties, confiscation and forfeiture of cash to the Exchequer;

6. (Supplemented, SG No. 86/2006) under effective sentences, judgements and rulings of the courts for public receivables in favour of the State or the municipalities, as well as recovery injunctions on unlawful State aid adopted by the European Commission;

7. under effective penalty decrees;

8. the interest payable on any claims covered under Items 1 to 6.

(3) Public receivables shall be ascertained and collected in Bulgarian leva.

(4) Any State and municipal receivables other than those covered under Paragraph (2) shall be private.

#### Collection Procedure

Article 163. (1) Public receivables shall be collected according to the procedure established by this Code, unless otherwise provided for by a law.

(2) Private State and municipal receivables shall be collected according to the general procedure.

(3) Public receivables shall be collected by the public enforcement agents with the State Receivables Collection Agency, unless otherwise provided for in a law.

#### Special Cases upon Bankruptcy

Article 164. (1) Public receivables may alternatively be collected through participation in a proceeding or through joining a pending bankruptcy proceeding against a debtor.

(2) A copy of the instrument ascertaining the public receivable shall be provided to the State Receivables Collection Agency within seven days after the service thereof.

(3) Public receivables shall be presented by the State Receivables Collection Agency before the bankruptcy court, unless otherwise provided for in a law.

(4) In case a claim has been ascertained by means of an effective instrument, the trustee in bankruptcy shall immediately include the said claim in the list of claims allowed thereby, the way it is presented. Any such claim may not be contested according to the procedure established by Part Four of the Commerce Act nor by appeal of the ruling of the bankruptcy court on approval of the list of claims allowed by the trustee in bankruptcy.

(5) In case the claim has been ascertained but the instrument has not entered into effect, the said claim shall be included conditionally in the list of claims allowed by the trustee in bankruptcy and shall be satisfied according to the procedure established by Article 725 (1) of the Commerce Act, unless otherwise provided for in a law.

#### Enforcement Title

Article 165. State and municipal public receivables shall be collected acting on an effective instrument on ascertainment of the relevant public receivable, issued by a competent authority, unless otherwise provided for in a law.

#### Ascertainment

Article 166. (1) Public receivables shall be ascertained according to the procedure and by the authority specified in the applicable law.

(2) If the applicable law does not provide for a procedure for ascertainment of the public receivable, the said claim shall be ascertained in terms of grounds and amount by a public receivable instrument which shall be issued according to the procedure for issuance of an administrative act as provided for in the Administrative Procedure Code. If the applicable law does not specify the authority responsible for the issuance of the said act, the said authority shall be designated by the municipality mayor or by the head of the relevant administration, as the case may be.

(3) Any public municipal receivable instrument shall be appealable according to an administrative procedure before the municipality mayor, while any public State receivable act shall be appealable before the head of the relevant administration according to the procedure established by the Administrative Procedure Code. The head of the administration may authorize authorities superior to the issuing authorities to consider on the merits and to pronounce on the appeals against public receivable acts. The authorization order shall be promulgated in the State Gazette.

#### Public Enforcement Agent

Article 167. (1) The public enforcement agent shall be a coercive enforcement authority and shall perform the actions for securing and coercive enforcement of public receivables according to the procedure established by this Code.

(2) Public enforcement agents shall be:

1. officials of the State Receivables Collection Agency;
2. authorities of the National Revenue Agency.

#### Extinguishment Methods

Article 168. (1) A public receivable shall be extinguished:

1. when paid;
2. through offsetting;
3. by prescription;
4. upon remission;
5. upon the death of a natural person: after depletion of the property thereof, except if the heirs or other persons are liable for the public obligation;
6. after distribution of the proceeds from the sale of the assets of a bankrupt legal person, except if other persons are liable for the public debt;
7. upon expungement of a legal person after termination of a liquidation proceeding, unless other persons are liable for the public obligation.

#### Order of Extinguishment

Article 169. (1) Public receivables shall be extinguished in the following order: principal, interest, costs.

(2) Rescheduled and deferred public receivables shall be extinguished in the following order: principal, interest, costs.

(3) If there are several public receivables which the debtor is not in a position to extinguish simultaneously before commencement of the coercive collection thereof, the said debtor may state to the relevant competent authority the specific claim that the said debtor extinguishes. If the debtor has not made such a statement, the claims shall be extinguished on a pro rata basis.

(4) Obligations for taxes shall be extinguished according to the procedure of the occurrence thereof, and where the said obligations refer to one and the same year, the person shall have the right to state the specific claim that the said person extinguishes.

(5) After institution of an enforcement case, Paragraphs (3) and (4) shall cease to apply.

#### Offsetting before Commencement of Proceeding for Coercive Enforcement

##### and Creation of Security Interest

Article 170. (1) In cases other than those referred to in Articles 128 to 130 herein, before institution of a proceeding for coercive enforcement of the public receivable, the authority competent to ascertain the public receivables shall offset the said claim according to the procedure established by Article 166 (1) and (2) herein, where there are grounds for extinguishment of the said claim against an exigible claim of the debtor for overremitted amounts or amounts refundable from public receivables, and under instruments issued by the same authority competent to assess such amounts. The debtor shall be notified of the offsetting performed.

(2) The debtor, too, may request offsetting under the terms established by Paragraph (1). Any refusal to perform offsetting shall be appealable by the debtor according to the procedure established by the Administrative Procedure Code. Any such refusal shall be appealable before the authorities referred to in Article 166 (3) herein within seven days after the communication thereof.

(3) Offsetting shall be possible against any public obligation extinguished by prescription, where the claim of the debtor

has become exigible, before extinguishment by prescription of the obligation of the said debtor.

#### Prescription

Article 171. (1) Public receivables shall be extinguished upon the lapse of a five-year period of prescription, reckoned from the 1st day of January of the year next succeeding the year during which the public obligation became payable, unless a shorter period is provided for in a law.

(2) All public receivables shall be extinguished upon the expiry of a ten-year period of prescription, reckoned from the 1st day of January of the year next succeeding the year during which the public obligation became payable, regardless of any suspension or interruption of the prescription, except in the cases where the obligation has been deferred or rescheduled.

#### Suspension and Interruption of Prescription

Article 172. (1) The prescription shall be suspended:

1. when a proceeding for ascertainment of the public receivable has been initiated: until issuance of the instrument, but for not more than one year;
2. when enforcement of the instrument whereby the claim has been ascertained is stayed: for the period of the stay;
3. when a rescheduling or deferral of the payment has been authorized: for the period of the rescheduling or deferral;
4. when the instrument whereby the obligation has been ascertained is appealed;
5. by the imposition of precautionary measures;
6. when a criminal proceeding has been instituted and the ascertainment or collection of the public obligation is contingent on the outcome of the said proceeding.

(2) The prescription shall be interrupted by the issuance of the instrument ascertaining the public receivable or by the undertaking of coercive enforcement actions. If the ascertaining act is revoked, the prescription shall not be considered interrupted.

(4) A new prescription shall begin to run as from the interruption of the prescription.

#### Write-off of Claims

Article 173. Claims shall be written off where extinguished by prescription, as well as in the cases provided for by a law.

#### Voluntary Payment after Expiry of Prescription Periods

Article 174. Any voluntarily paid public obligations, complied with after expiry of the prescription period, including such written off according to the procedure established by Article 173 herein, shall be non-refundable.

#### Interest

Article 175. (1) Interest at a rate determined in the applicable law shall be due on any public obligations which are not paid within the statutory time limits.

(2) Interest shall furthermore be due:

1. on any misrefunded or misoffset public receivables, including any payments received on the basis of a claim for refunding according to the tax and social-insurance legislation;
2. on any tax prepayment unremitted within the time limit provided for in the law: until the 31st day of December of the relevant year;
3. on any obligations of a non-resident person for taxes withholdable at source: from the date of expiry of the time limit for remittance of the said taxes according to Bulgarian legislation until the day when the non-resident person proves the

existence of a ground for application of a CADT where to the Republic of Bulgaria is a party, including in the cases where tax is not due or is due at a lower amount according to the convention.

(3) No interest shall be due on interest or on fines.

#### Garnishees

Article 176. (1) Where, by virtue of a law, a public receivable is withheld and remitted by a third party other than the debtor, the rules of this Code in respect of the debtor shall apply to the third party as well.

(2) If the garnishee referred to in Paragraph (1) has failed to withhold or to remit the public obligation, the said garnishee shall incur solidary liability for the said obligation.

#### Coercive Enforcement by Public Enforcement Agents

##### of National Revenue Agency

Article 177. (1) Any obligations for taxes and compulsory social-insurance contributions, fines and pecuniary penalties, whereof the ascertainment is assigned to the National Revenue Agency, which have not been paid within the time limit for voluntary compliance, shall be collected through enforcement against the cash of the debtor, including such resources held at banks, and the monetary claims of the said debtor from third parties. Collection shall be performed by the public enforcement agents of the National Revenue Agency within six months after expiry of the time limit for voluntary compliance under Article 182 (1) herein.

(2) If payments on the part of the debtor are received, the public enforcement agents of the National Revenue Agency may proceed with the actions thereof until extinguishment of the obligation under the terms and according to the procedure established by Article 229 herein even after expiry of the time limit referred to in Paragraph (1).

(3) If the claim is not collected in full within the time limit referred to in Paragraph (1) and the terms referred to in Paragraph (2) do not exist, the enforcement case shall be referred to the public enforcement agent of the State Receivables Collection Agency.

(4) Security interest in the claims referred to in Paragraph (1) may be created by the public enforcement agents of the National Revenue Agency until referral of the enforcement case to the public enforcement agent with the State Receivables Collection Agency for coercive enforcement of the said claim.

(5) In respect of any public receivables ascertained by the National Revenue Agency, the public enforcement agent of the National Revenue Agency shall exercise the rights of the public obligation execution creditor under this Code.

#### Chapter Twenty-One

#### ENFORCEMENT

##### Voluntary Compliance

Article 178. (1) Public obligations shall be voluntarily complied with through payment in cash or by a non-cash method through crediting the respective account. Public obligations which are ascertained or collected by the National Revenue Agency, with the exception of any obligations under the Local Taxes and Fees Act, shall be paid by a non-cash method.

(2) The National Revenue Agency shall assume the costs of non-cash payment, where:

1. (Amended, SG No. 95/2006) the originator is a natural person who is not a sole trader, applicable to taxes under the Income Taxes on Natural Persons Act; and

2. such payments are effected at the offices of the banks servicing the National Revenue Agency, opened at the relevant Territorial Directorate.

(3) Any penalty decrees under which the sanctions are due to be credited in revenue to the executive budget, shall be transmitted by the relevant administrative sanctioning authority to the public enforcement agent within seven days after expiry of the time limit for voluntary payment, and Article 182 (1) herein shall not apply in this case.

(4) The numbers of the accounts for non-cash payment shall be stated by the authorities that have ascertained the obligations in the instruments and communications issued thereby. The said accounts shall also be published through appropriate announcement at banks and post offices.

(5) Non-cash payment through a bank shall be effected by means of a transfer order (deposit slip) for budget payments in a standard form endorsed by the Minister of Finance or a person authorized thereby, in consultation with the Bulgarian National Bank.

(6) Non-cash payment through a licensed postal operator shall be effected by means of a postal money order for budget payments in a standard form endorsed by the Minister of Finance or a person authorized thereby, in consultation with the relevant licensed postal operator.

(7) Cash payment may alternatively be effected to authorized persons. The procedure for the collection of and accounting for amounts shall be established by an order of the head of the relevant administration or organization.

#### Rules for Collection and Allocation of Compulsory

##### Social-Insurance Contributions

Article 179. (1) The contributions remitted to the National Revenue Agency shall be transferred to the relevant accounts of public social insurance at the National Social Security Institute and to the fund-raising account of the National Health Insurance Fund and the Factory and Office Workers' Guaranteed Claims Fund before the end of each business day.

(2) The National Revenue Agency shall transfer the contributions for supplementary compulsory retirement insurance within thirty days after the receipt thereof from the specialized account to an account of the respective pension fund as stated by the retirement insurance company which manages the said fund.

(3) (Effective 29.12.2005) The procedure for remittance and allocation of compulsory social-insurance contributions shall be regulated by an ordinance to be adopted by the Council of Ministers.

##### Compliance with Public Obligations by Third Parties

Article 180. (1) A person who complies with a public obligation of another, ascertained by an effective instrument and not complied with within the time limits for voluntary compliance, shall accede to the rights of a public execution creditor in respect of the security interests created and the order of claims in the bankruptcy proceeding or enforcement proceeding against the debtor according to the procedure established by the Code of Civil Procedure or by this Code where:

1. payment was effected with a validly dated express written consent of the obligated person, or
2. the person who complied with the obligation is a creditor of the obligated person, if the public execution creditor, on the strength of the security interests or privileges held thereby, is a creditor entitled to preferred satisfaction, or
3. the person who complied with the obligation is liable together with the obligated person for the compliance with the public obligation, or
4. the person who complied with the obligation is a buyer of a corporeal immovable and pays, up to the amount of the purchase price, the public obligation, to the benefit of the public execution creditor, for any properties whereon a preventive attachment has been imposed to secure the public obligation, or
5. the person who complied with the obligation is an heir, who has accepted the succession according to an inventory and has complied with the public obligations of the antecessor using his or her own resources.

(2) The person who has complied with the obligation shall accede to the rights covered under Paragraph (1) up to the extent of the claim thereof against the obligated person.

##### Recording of Security Interests and Issuance of Writ of Execution

Article 181. (1) The person who complied with the obligation under Article 180 herein may record the security interests on the strength of a certificate of compliance issued, as applicable, by the Executive Director of the National

Revenue Agency or the Executive Director of the State Receivables Collection Agency, or by a person authorized thereby.

(2) (Amended, SG No. 59/2007) The person who complied with the obligation may proceed with coercive enforcement according to the procedure established by the Code of Civil Procedure on the basis of the act ascertaining the public receivable and the certificate issued under Paragraph (1) in the cases referred to in Item 1 of Article 180 (1) herein, as well as where the person who complied with the obligation has acceded, as co-debtor, to the public obligation with a validly dated express written consent of the obligated person.

(3) If the public obligation was complied with only in part and the public execution creditor competes with the person who complied with the obligation in a bankruptcy proceeding or in an enforcement proceeding according to the procedure established by the Code of Civil Procedure or by this Code, the claims thereof shall be satisfied on a pro rata basis.

#### Invitation to Voluntary Compliance

Article 182. (1) If an obligation is not complied with within the statutory time limit, before actions for the coercive collection of the said obligation are undertaken, the authority who ascertained the claim or, respectively, the public enforcement agent at the National Revenue Agency, shall send an invitation to the debtor to pay the obligation thereof within seven days. The provisions of Chapter Six herein shall apply, mutatis mutandis, to the service of the invitation by the authority who ascertained the obligation.

(2) Simultaneously with or after the invitation referred to in Paragraph (1) the authority referred to in Paragraph (1) may:

1. notify the debtor by telephone and/or by a visit on site of the consequences and possible actions to collect the claim, in case the debtor fails to comply voluntarily with the obligations as ascertained;

2. if the obligation exceeds BGN 5,000 and collateral security covering the amount of principal and interest has not been provided, approach the authorities of the Ministry of Interior with a request:

(a) to bar the debtor or the members of the management or supervisory bodies thereof from leaving the country, as well as to refuse to issue or to withdraw the passports or substitute documents issued for crossing of the international border;

(b) to notify all authorities that, by virtue of statutory instruments, issue licences or permits for the performance of specific activities for which a certification of public obligations is required.

(3) In cases where the obligation is not complied with within the time limit for voluntary compliance, the authority referred to in Paragraph (1) may also:

1. post conspicuously at the relevant administration a notice to the debtors who have not paid the obligations thereof in due time;

2. publish, by means of a bulletin or through the mass communication media, lists of debtors with unsettled public obligations, including the amount of the said obligation, where the aggregate obligation exceeds BGN 5,000.

(4) At the discretion of the respective authority, the actions covered under Paragraph (2) may be taken simultaneously or separately, considering the amount of the obligation or the conduct of the debtor, until the final extinguishment of the obligation.

(5) In case the public obligation does not exist or is in a materially smaller amount than the amount published, the respective authority shall issue a denial according to the procedure established by Paragraph (3).

(6) Upon extinguishment of the obligation or upon provision of collateral security covering the amount of principal and interest, the authority referred to in Paragraph (1) shall be obligated to request ex officio a termination of the measures referred to in Item 2 (a) of Paragraph (2) from the authorities of the Ministry of Interior or at the request of the person concerned within three days after learning of the said extinguishment or provision.

# DEFERRAL AND RESCHEDULING

## Section I

### Deferral and Rescheduling of Public Obligations

#### Conditions for Deferral and Rescheduling

Article 183. (1) At the request of the debtor, submitted to the competent authority, authorization may be granted for payment of the amounts due to be effected in full, by a specified deadline (deferral) or to be effected in portions (rescheduling) according to an approved repayment schedule.

(2) Deferral and rescheduling shall be admitted if the following conditions are fulfilled:

1. the obligation for which deferral or rescheduling is requested cannot be extinguished in full with the cash at hand at the date of submission of the request and the current cash receipts for a period of three months after the said date, net of the current cash expenditures necessary for a period of three months reckoned from the said date and guaranteeing the continued economic activity, adding to the cash at hand the amounts which would be received upon:

(a) realization of the assets at book value at the date of submission of the request, with the exception of such that are essential for implementation of the economic activity performed;

(b) collection of the claims of the debtor from third parties, exigible at the date of submission of the request;

2. a negative accounting financial result from the activity of the enterprise has not been formed for the two years last preceding the year during which the request was submitted;

3. the profitability, efficiency and solvency ratios for the two years last preceding the year during which the request was submitted and, on the basis of evidence of future development, for the period for which deferral or rescheduling is requested are determined according to methods and are within a range of values established by the Ordinance referred to in Paragraph (9);

4. the minimum amount of the collateral security provided covers the amount of principal and interest of the obligation for the period of validity of the authorization.

(3) The debtor shall owe interest at a rate equivalent to the base interest rate for the period of the deferral or rescheduling if the said debtor complies with the obligations thereof according to the repayment schedule. Interest according to Article 113 of the Social Insurance Code shall be due for the period of rescheduling of compulsory social-insurance contributions.

(4) Upon failure to effect full payment or, respectively, two payments according to the repayment schedule, at maturity, the amounts due shall become immediately exigible with statutory interest as from the date of the authorization granted. Article 169 (2) herein shall not apply in this case.

(5) Deferral or rescheduling shall not be authorized:

1. to a legal person or sole trader in respect of which or whom a decision on dissolution with liquidation has been taken, a bankruptcy proceeding or a proceeding for rehabilitation of the enterprise has been initiated;

2. after determination of the method of sale under Article 238 herein;

3. for any obligations under the Value Added Tax Act and under the Excise Tax Act, with the exception of any obligations under an effective audit instrument;

4. to any obligated persons referred to in Article 18 herein for amounts withheld and unremitted in due time.

(6) The provision of Paragraph (5) shall not apply in the cases referred to in Articles 188 and 189 herein.

(7) Deferral of obligations for compulsory social-insurance contributions shall not be authorized, with the exception of the cases referred to in Article 186 herein.

(8) Evidence of the following shall be attached to the request referred to in Paragraph (1):

1. the financial position and economic situation of the debtor, as well as a programme for long-term development: applicable to a sole trader, a legal person or an entity treated as equivalent to legal person;

2. marital and property status of the status, declared in a standard form endorsed by the Minister of Finance: applicable to natural persons;

3. all other public obligations, including the interest thereon, as well as of all obligations to private creditors and the interest thereon;

4. the existence of circumstances referred to in Items 2 and 3 of Paragraph (2).

(9) (Effective 29.12.2005) The range of the profitability, efficiency and solvency ratios, the requirements to the evidence presented, the special cases, the methods and manners of determination of the said ratio and the net cash flow shall be established by an ordinance of the Council of Ministers.

(10) Outside the cases covered under Paragraph (2) deferral and rescheduling shall be authorized in special cases determined by the ordinance referred to in Paragraph (9) where the competent authority ascertains that cash resources and the current receipts of the debtor are not sufficient to extinguish the public obligations, but the difficulties are temporary and upon deferral or rescheduling of the obligation after grant of authorization according to the procedure established by the State Aids Act, the debtor will be able to pay the arrears and to pay the current public obligations.

(11) (Amended, SG No. 63/2006) A proposal for deferral or rescheduling of public obligations of registered agricultural and tobacco producers may alternatively be submitted care of the Minister of Agriculture and Forestry to the competent authority referred to in Article 184 (1) herein.

#### Authorization of Deferral and Rescheduling

Article 184. (1) Authorization of deferral or rescheduling shall be granted by:

1. the Territorial Director: applicable to any obligations for taxes, with the exception of excise duty, and compulsory social-insurance contributions to an aggregate amount not exceeding BGN 100,000 and provided that the deferral or rescheduling is requested [for a period of] up to one year after the date of grant of the authorization; any authorization of rescheduling of claims for compulsory social-insurance contributions not exceeding BGN 10,000 shall be granted after obtaining a written consent from the head of the competent local division of National Social Security Institute, and a rescheduling of any such claims of BGN 10,001 or exceeding this amount but not exceeding BGN 100,000 shall require a written consent from the Governor of the National Social Security Institute;

2. the Executive Director of the National Revenue Agency: applicable to any obligations for taxes, with the exception of excise duty, or compulsory social-insurance contributions to an aggregate amount of BGN 100,001 or exceeding this amount but not exceeding BGN 300,000, or where deferral or rescheduling is requested for a period of up to two years after the date of grant of the authorization; any authorization of rescheduling of claims for compulsory social-insurance contributions shall be granted after obtaining a written consent from the Supervisory Board of the National Social Security Institute;

3. the Minister of Finance: applicable to any obligations for taxes or compulsory social-insurance contributions to an aggregate amount exceeding BGN 300,000, or where deferral or rescheduling is requested for a period of more than two years from the date of grant of the authorization; any authorization of rescheduling of claims for compulsory social-insurance contributions shall be granted after obtaining a written consent from the Supervisory Board of the National Social Security Institute.

(2) Outside the cases covered under Paragraph (1) an authorization of deferral or rescheduling shall be granted by the head of the relevant administration whose authority has ascertained the obligation: applicable to obligations not exceeding BGN 30,000 and provided that rescheduling or deferral is requested [for a period of] up to one year after the date of grant

of the authorization. In the rest of the cases, the authorization shall be granted by the Minister of Finance.

(3) In cases where the competent authority of the National Social Security Institute refuses to grant consent to a rescheduling of obligations for compulsory social-insurance contribution, an authorization of rescheduling shall be granted if the Management Board of the National Revenue Agency makes such a decision.

(4) Where the Minister of Finance or the Executive Director of the National Revenue Agency, as the case may be, is competent to authorize the rescheduling or deferral, the request and the evidence attached thereto shall be submitted care of the Territorial Director, applicable to obligations for taxes or for compulsory social-insurance contributions, and, applicable to other public obligations, care of the authority who ascertained the obligation, who shall present a reasoned opinion within thirty days.

#### Grant of Authorization

Article 185. (1) The competent authority shall pronounce on any request for deferral or rescheduling, giving consideration to:

1. the evidence presented;
2. the consent of the National Social Security Institute.

(2) No authorization shall be granted where the evidence presented under Article 183 (8) herein contains any data which do not show the actual facts and circumstances or do not correspond to the market prices and conditions. Authorization shall be granted solely in respect of the portion of the obligation which may not be extinguished under the terms established by Item 1 of Article 183 (2) herein.

(3) The authorization period shall be set, assuming that extinguishment of the obligations shall occur through payments at the amount of not less than 50 per cent of the net cash flow without taking into consideration the principal and interest of the deferred or rescheduled obligations, determined for each year separately on the basis of the evidence of future development and by a method provided for in the ordinance referred to in Article 183 (9) herein.

(4) An authorization of deferral or rescheduling shall be granted within three months, and in cases referred to in Item 3 of Article 184 (1) herein, within four months after receipt of the request with the requisite evidence and the consent of the National Social Security Institute. The authorization shall be communicated to the debtor within seven days after the grant thereof. Enforcement of the obligation shall be suspended until pronouncement by the competent authority, if precautionary measures have been imposed.

(5) A refusal to grant an authorization of deferral or rescheduling shall require a reasoned decision, which shall be communicated to the debtor within seven days after the issuance thereof. The said decision shall specify the time limit within, and the authority before, the said decision is appealable.

(6) Non-pronouncement in due time on a request for the grant of an authorization of deferral or rescheduling shall be presumed as a tacit refusal.

#### Interest-Free Deferral and Rescheduling

Article 186. (1) Upon natural disasters (fire, earthquake, hailstorm, catastrophe and other such) or major industrial accidents, whereupon substantial damage to property has been inflicted on the debtor, the authorities referred to in Article 184 (1) herein, acting at the request of the said debtor, may authorize a deferral or rescheduling of the obligation.

(2) In the cases referred to in Paragraph (1) interest on the deferred or rescheduled obligations shall not be due from the day of occurrence of the disaster or accident, as the case may be, and until expiry of the term of validity period of the deferral or rescheduling. In the cases of major industrial accidents, where risk is covered by insurance, the base interest rate shall be due for the period.

(3) (Amended, SG No. 86/2006) Where a deferral or rescheduling constitutes State aid according to the State Aids Act, any such deferral or rescheduling shall be authorized after a permissibility decision by the European Commission.

(4) Evidence of the circumstances covered under Paragraph (1) specified by the ordinance referred to in Article 183

(9) herein, shall be attached to the request or, where this is not possible, the authority shall collect the requisite evidence.

(5) The deferral or rescheduling shall be authorized, applying Articles 183 to 185 herein.

#### Appeal of Refusal

Article 187. (1) A refusal shall be appealable within fourteen days after the service thereof care of the authority that issued the said refusal before:

1. (Amended, SG No. 30/2006, effective 1.03.2006) the administrative court exercising jurisdiction over the location of the authority referred to in Items 1 and 2 of Article 184 (1) herein;

2. the Supreme Administrative Court in the cases where the refusal is issued by a government minister or a head of an administration directly reporting to the Council of Ministers;

3. (Amended, SG No. 30/2006, effective 1.03.2006) the administrative court exercising jurisdiction over the location of the authority referred to in Article 184, (2) outside the cases referred to in Item 2.

(2) A tacit refusal shall be appealable within fourteen days after expiry of the time limit referred to in sentence one of Article 185 (4) herein.

(3) The authority whereof the refusal is appealed may review the matter within seven days after receipt of the appeal and may grant the authorization of deferral or rescheduling as requested.

(4) The authority whereof the refusal is appealed and the appellant shall be summoned upon consideration of the appeal.

(5) The court shall reject the appeal or shall order the authority concerned to grant the authorization of deferral or rescheduling as requested. The judgment of the court shall be appealable according to the procedure established by the Administrative Procedure Code.

#### Section II

#### Special Cases

#### Consolidation of Public Obligations

Article 188. (1) (Amended, SG No. 86/2006) In particularly important cases, defined by the ordinance referred to in Article 183 (9) herein, the authorities referred to in Items 1 and 2 of Article 184 (1) herein may propose to the Minister of Finance to consolidate all public obligations of the debtor and to reduce, defer or reschedule the said obligations after advance pronouncement by the European Commission on the permissibility and compatibility of the said proposal with the principles of free competition.

(2) The Minister of Finance, after obtaining the consent of the relevant authority referred to in Article 184 (1) herein regarding the rescheduling of obligations for compulsory social-insurance contributions, shall lay the matter for resolution before the Council of Ministers.

(3) The Council of Ministers shall have the right to reduce, defer and/or reschedule the consolidated public obligation referred to in Paragraph (1) including future interest. In such case, the public obligation creditors shall be satisfied on a pro rata basis according to the manner and within the time limits established by the Council of Ministers.

(4) (Amended, SG No. 86/2006) No reduction, deferral or rescheduling of a consolidated public obligation under Paragraph (1) shall be authorized if there is an effective decision of the European Commission on the impermissibility of the State aid.

(5) The decision of the Council of Ministers, whereby a deferral or rescheduling of a consolidated public obligation is authorized, shall be unappealable.

#### Rescheduling and Deferral in Bankruptcy Proceedings

(Heading amended, SG No. 63/2006)

Article 189. (1) A rehabilitation plan or an out-of-court settlement in the bankruptcy proceedings may not provide for any reduction, deferral and/or rescheduling of public obligations without the prior consent of the Minister of Finance, who shall take into consideration the opinion of the authorities referred to in Article 184 (1) herein on the rescheduling and deferral of obligations for compulsory social-insurance contributions. A conversion of public obligations into shares and interests in the capital of the debtor company shall be inadmissible.

(2) The Minister of Finance shall withhold consent under Paragraph (1) if the plan or the out-of-court settlement sets less favourable conditions in respect of the reduction, deferral or rescheduling of the public obligations than in respect of the obligations to the rest of the creditors.

(3) Reduction of the principal of public State and municipal receivables shall be inadmissible.

(4) Reduction of the interest payable on public obligations shall be admitted only if an obligation is assumed that the principal be repaid within the time limits established by the Minister of Finance.

(5) If the conditions covered under Paragraphs (1) to (4) are not fulfilled, the court shall not allow the rehabilitation plan to be considered at the creditors' meeting. If the rehabilitation plan or the out-of-court settlement is not implemented, the court shall resume the bankruptcy proceedings on a motion by the Minister of Finance or by a person authorized thereby, and the requirement that the public obligations represent not less than 15 per cent of the total amount of the claims according to Article 709 (1) of the Commerce Act shall not apply in this case.

(6) The authority who has ascertained the claim shall be notified of any reduction, deferral or rescheduling.

#### Cession of Public Obligations Prohibited

Article 190. (1) The cession of public obligations shall be prohibited.

(2) The cession of claims of obligated persons under Article 128 (1) herein and of other claims from overremitted public obligations shall be prohibited.

Chapter Thirty-Three

## COMPETITION

### Competition between Public Proceeding and Enforcement

#### Proceeding under Procedure Established by Code of Civil Procedure

Article 191. (1) Any property, whereon measures to secure public receivables have been imposed or whereagainst a coercive enforcement for the collection of public receivables has commenced prior to the institution of an enforcement proceeding according to the procedure established by the Code of Civil Procedure, shall be realized by the public enforcement agents under the terms and according to the procedure established by this Title.

(2) Where coercive enforcement actions have commenced against the property of the debtor according to the procedure established by the Code of Civil Procedure, the State shall always be considered as a joint execution creditor for the public obligations owed thereto by the debtor, the amount of which has been communicated to a bailiff until performance of the distribution. To this end, the bailiff shall transmit a communication to the National Revenue Agency and the State Receivables Collection Agency on each enforcement commenced by the said bailiff and on each distribution.

(3) Not later than fourteen days after the receipt of the communication referred to in Paragraph (2) the National Revenue Agency and the State Receivables Collection Agency shall issue certificates which contain information on the amount of public obligations of the debtor, on the measures imposed on the property of the said debtor to secure the said obligations, if any, as well as on the property whereagainst coercive enforcement has commenced.

(4) The bailiff shall have no right to continue the proceeding prior to the expiry of the time limit referred to in Paragraph (3).

#### Actions after Close of Enforcement Proceeding

Article 192. In the cases referred to in Article 191 (1) herein, if any cash are left after realization of the property of the debtor and extinguishment of the obligations and the costs of the enforcement, the State Receivables Collection Agency shall transfer the said resources to the account of the bailiff.

#### Coercive Enforcement upon Bankruptcy

Article 193. (1) Any property, whereon measures to secure public receivables have been imposed or whereagainst coercive enforcement for the collection of public obligations has commenced even before the initiation of bankruptcy proceedings, shall be realized by the public enforcement agent under the terms and according to the procedure established by this Code.

(2) Where the proceeds from the realization of the property under Paragraph (1) do not fully cover the claim and the interest accrued and the costs of the public enforcement, the State or the municipality shall be satisfied for the balance according to the general procedure.

(3) Where the proceeds from the realization of the property under Paragraph (1) exceed the claim and the interest accrued and the costs of the public enforcement, the public enforcement agent shall transfer the balance to the account of the bankruptcy estate.

#### Joinder of Secured Creditors

Article 194. (1) A creditor, in whose favour a pledge or mortgage have been instituted or who has exercised a right of retention according to the general procedure in respect to any property whereagainst enforcement actions have commenced or security interests have been created under this Code, shall be considered as having joined the proceeding before the public enforcement agent.

(2) The public enforcement agent shall notify the secured creditor of the enforcement proceeding instituted by the said agent.

(3) The secured creditor shall be satisfied before the other creditors from the property securing the claim thereof. The amount appertaining to the secured creditors shall be kept on the account of the State Receivables Collection Agency and shall be delivered thereto after the said creditor presents a writ of execution, or shall be incorporated into the bankruptcy estate, provided that the claim has been allowed and the list has been conclusively approved by the court.

(4) If the security interest is revoked, the amount referred to in Paragraph (3) shall be distributed among the rest of the execution creditors or shall remain in the bankruptcy estate.

(5) If the amount collected is insufficient to satisfy all execution creditors, the public enforcement agent shall effect a distribution, allocating first amounts for payment of the claims which enjoy the right to preferred satisfaction. The balance shall be distributed among the other claims on a pro rata basis.

#### Chapter Twenty-Four

### SECURITY INTERESTS

#### Section I

#### Securing Public Obligations

#### Public Obligations Subject to Securing

Article 195. (1) The ascertained and exigible public obligations shall be subject to securing.

(2) Security interest shall be created where the collection of the public obligation would be impossible or impeded without it, including where the said obligation is rescheduled or deferred.

(3) Security interest shall be created by a warrant of the public enforcement agent:

1. at the request of the authority who has issued the public receivable ascertainment instrument;

2. where security interest has not been created or the security interest created is insufficient, after receipt of the enforcement title.

(4) The debtor shall not be notified of the request for creation of security interest.

(5) In cases of notifications according to the procedure established by Article 78 (1) herein, where the tax and social-insurance account of the person, the business and accounting documents thereof and other available data invite the conclusion that the said person owes taxes or compulsory social-insurance contributions, the public enforcement agent with the National Revenue Agency may impose precautionary measures on the property of the said person, acting on a reasoned request by a revenue authority.

(6) Security interests shall be created at the book value of the assets, or where there is no such value, in the following order:

1. at the assessed value;
2. at the insured value;
3. at the acquisition value of the items of property owned by natural persons.

(7) Security interests must correspond to the claims of the State and the municipalities, ascertained or ascertainable according to the procedure established by Paragraph (5).

(8) The security interests referred to in Paragraph (5) shall be created by a warrant of the public enforcement agent.

#### Content of Warrant

Article 196. (1) A warrant shall be issued in writing and shall state:

1. the name and position of the authority who issues the said warrant;
2. the title of the instrument, the number and date of issuance;
3. the grounds of fact and law for the issuance thereof;
4. the designation, identification number, mailing address and permanent address or, respectively, the registered office and address of the place of management of the debtor;
5. the amount of the public obligation and the interest;
6. the type of the precautionary measure and the property whereon the said measure is imposed;
7. an injunction on disposition of the property whereon the precautionary measure is imposed;
8. the authority before whom the warrant is appealable and the time limit for appeal;
9. the date of issuance of the warrant and the signature of the issuing authority, with an indication of the position thereof.

(2) A copy of the warrant shall be transmitted to the debtor and to the third parties, affected by the actions.

#### Appeal

Article 197. (1) The warrant on imposition of precautionary measures shall be appealable within seven days after the service thereof before the Executive Director of the State Receivables Collection Agency or, respectively, before the director of a National Revenue Agency territorial directorate exercising competence over the location of the public enforcement agent, who shall pronounce by a reasoned decision within fourteen days, and in the cases of imposition of preliminary precautionary measures under Article 121 herein, the said authority shall pronounce within seven days after receipt of the appeal.

(2) (Amended, SG No. 30/2006, effective 1.03.2006) The decision of the authority referred to in Paragraph (1) shall be appealable before the administrative court exercising jurisdiction over the location of the public enforcement agent or, respectively, over the territorial directorate whereof the director issued the said decision, within seven days after service of the said decision on the appellant and on the public execution creditor. Non-pronouncement by the decision-making authority within the time limits referred to in Paragraph (1) shall be presumed as a confirmation of the warrant, which shall be appealable within fourteen days after expiry of the time limit for pronouncement.

(3) The court shall revoke the precautionary measure if the debtor provides security in the form of cash, an irrevocable and unconditional bank guarantee or government securities, if an enforcement title does not exist or if the requirements for imposition of preliminary precautionary measures under Article 121 (1) and Article 195 (5) herein are not satisfied.

(4) (Amended, SG No. 30/2006, effective 1.03.2006) The judgment of the administrative court shall be unappealable.

(5) Third parties may appeal the precautionary measure imposed by the public enforcement agent solely where the said agent has imposed the said measure on any items of property which are in the possession of these parties on the day of the garnishment or preventive attachment. The appeal shall not be granted if it is established that the debtor owned the item of property upon the imposition of the garnishment or attachment.

(6) Execution of the warrant whereby security interest is created may not be stayed by reason of the appeal thereof.

## Section II

### Precautionary Measures

#### Types of Precautionary Measures

Article 198. (1) Security interest shall be created:

1. by means of a preventive attachment of a corporeal immovable or a ship;
2. by means of a garnishment of corporeal movables and claims of the debtor;
3. by means of a garnishment of the bank accounts of the debtor;
4. by means of a garnishment of goods of the debtor in circulation.

(2) The public enforcement agent may create several types of security interests of an aggregate amount up to the extent of the claim.

(3) A garnishment and preventive attachment may not be imposed on the properties covered under Article 213 herein.

#### Replacement of Precautionary Measures

Article 199. (1) The public enforcement agent or the court, having considered the objections of the public execution creditor, may, acting at the request of the debtor, admit the replacement of one type of security interest by another equivalent security interest.

(2) Without the consent of the public execution creditor, the debtor may at any time replace the security interest created by money, an irrevocable and unconditional bank guarantee or government securities. A money guarantee shall be credited to the account of the public enforcement agent.

(3) In the rest of the cases, the security interest created may be replaced with the consent of the public execution creditor and the public enforcement agent by means of imposition of a preventive attachment on a corporeal immovable or of a garnishment on corporeal movables or bank accounts stated by the debtor.

(4) In the cases referred to in Paragraphs (1) (2) and (3) the garnishment and the preventive attachment shall be revoked.

(5) The refusal of a public enforcement agent to grant consent to a replacement of the security interest created, including the precautionary measures referred to in Article 121 (1) and Article 195 (5) herein, shall be appealable according to the procedure established by Article 197 herein.

#### Imposition of Garnishment

Article 200. A garnishment shall be imposed by the public enforcement agent by means of a security interest warrant.

#### Garnishment of Corporeal Movable

Article 201. (1) Upon garnishment of a corporeal movable, the public enforcement agent shall draw up an inventory, shall value and shall deliver the item of property for safe-keeping to the debtor or to a third party, or shall impound and store the items of property, and a garnishment mark (sticker) may be placed on the item of property.

(2) The inventorying, valuation and delivery of the item of property for safe-keeping, or the impoundment and storage thereof shall follow the procedure established by this Code.

(3) In the cases where a motor vehicle is garnished, a notice of the garnishment imposed shall be transmitted to the authorities of the Ministry of Interior. A change of registration shall not be admitted before the lifting of the garnishment.

(4) In the cases where a civil aircraft is garnished, a notice of the garnishment imposed shall be transmitted to the Directorate General of Civil Aviation Administration for entry into the civil aircraft register. The transfer of the right of ownership, the creation and transfer of rights in rem and the creation of encumbrances in respect of the aircraft, effected after receipt of the notice of the garnishment imposed, shall have no effect in respect of the public execution creditor.

(5) In the cases where the garnishment is imposed on agricultural or forestry machinery subject to registration according to the procedure established by Article 11 of the Agricultural and Forestry Machinery Registration and Control Act, a notice of the garnishment imposed shall be sent to the municipality in whose register the garnished agricultural or forestry machinery is subject to registration. The transfer of the right of ownership, the creation and transfer of rights in rem and the creation of encumbrances of agricultural or forestry machinery, effected after receipt of the communication on a garnishment imposed, shall have no effect in respect of the public execution creditor.

#### Garnishment of Debtor's Claims

Article 202. (1) (Amended, SG No. 63/2006) Claims of the debtor to banks shall be garnished by means of service on the banks of a garnishment notice, and the garnishment shall be considered imposed as from the time on the day of service on the bank of the garnishment notice. All types of bank accounts, deposit accounts, as well as items of property deposited in safe-deposit vaults, including the content of safe-deposit boxes and amounts delivered by the debtor for trust management, shall be subject to garnishment.

(2) Garnishment of a liquid or exigible claim of the debtor to a third party shall be imposed by means of a garnishment notice which shall be transmitted to the debtor, to the garnishee and to the banks wherewith the garnishee holds accounts.

(3) Garnishment shall be considered imposed in respect of the garnishee and the banks as from the day and time of receipt of the garnishment notice.

(4) Claims under writs of execution shall be garnished by means of drawing up an inventory and impounding by the public enforcement agent, who shall deliver the said writs for safe-keeping at a bank. A memorandum shall be drawn up on the impoundment and delivery of the writs of execution to a bank.

(5) If a garnished claim is secured by a pledge, the pledgee shall be ordered not to deliver the item of property pledged to the debtor and to surrender the said item to the public enforcement agent.

(6) If the garnished claim is secured by a mortgage, the garnishment shall be noted in the relevant book at the Recording Service.

#### Garnishment of Securities and Participating Interests

Article 203. (1) Physical securities shall be garnished by means of drawing up an inventory and impounding by the public enforcement agent, who shall deliver the said securities for safe-keeping at a bank. A memorandum shall be drawn up on the impoundment and delivery of the physical securities at a bank.

(2) Upon garnishment of physical registered shares or bonds, the public enforcement agent shall notify the company of this. The garnishment shall have effect in respect of the company as from the receipt of the garnishment notice.

(3) Garnishment of dematerialized securities shall be imposed by means of dispatch of a garnishment notice to the Central Depository, simultaneously notifying the company. The Central Depository shall forthwith notify the relevant regulated market of the garnishment imposed.

(4) Garnishment of government securities shall be imposed by means of dispatch of a garnishment notice to the person keeping a register of government securities.

(5) Garnishment under Paragraphs (3) and (4) shall take effect as from the time of service of the garnishment notice.

(6) Within three days after receipt of the garnishment notice, the Central Depository and the person keeping a register of government securities shall be obligated to inform the public enforcement agent as to the securities owned by the debtor, whether other garnishments have been imposed, and on what claims.

(7) As from the receipt of the garnishment notice, the dematerialized securities shall pass to the disposition of the public enforcement agent.

(8) Garnishment of an equity interest in a commercial corporation shall be imposed by means of dispatch of a garnishment notice to the company and shall take effect as from the date of receipt of the garnishment notice. At the request of a public enforcement agent, the garnishment shall be recorded according to the procedure applicable to the recording of a registered pledge of interests in a commercial corporation in the Commercial Register.

(9) The garnishment of securities shall cover all property rights attaching to the securities.

#### Garnishment of Cash

Article 204. Cash held by the debtor in national or foreign currency shall be garnished under Article 215 (2) herein by means of drawing up an inventory, impounding and depositing the cash on the account of the public enforcement agent. The exchange rate of the bank wherethrough the currency deposit transaction is effected shall be applied upon translation of the exchange rate of the foreign currency.

#### Preventive Attachment

Article 205. (1) A corporeal immovable or a ship shall be attached by means of recording the warrant at the order of the competent recording magistrate according to the procedure for recording. The recordation judge shall send a notification to the debtor of the fact of recordation. A notice of the preventive attachment shall be transmitted to the Central Pledge Register. Any registered pledge recorded after such notice may not be invoked against the public receivable.

(2) A preventive attachment imposed on a ship shall be notified to the Maritime Administration Executive Agency for recording in the relevant ship registers. The transfer of the right of ownership, the creation and transfer of rights in rem and the creation of encumbrances in respect of the ship, effected after receipt of the notice of the garnishment imposed, shall have no effect in respect of the public execution creditor.

#### Effect of Garnishment and Preventive Attachment

Article 206. (1) (Amended, SG No. 59/2007) Save insofar as otherwise provided for in this Code, a garnishment and preventive attachment imposed to secure a claim shall have the effects provided for in Articles 451, 452 and 453, Article 459 (1), Articles 508, 509, 512, 513 and 514 of the Code of Civil Procedure. The authority that created the security interest may bring an action against the garnishee for the amounts or items of property which the said garnishee refuses to surrender voluntarily.

(2) As from the date of receipt of the garnishment notice, the garnishee may not deliver the amounts or items of property due thereby to the debtor, and shall be under an obligation of a safe-keeper in respect of the said amounts or items. Execution of payment after receipt of the garnishment notice shall be void in respect of the State. The garnishee shall incur solidary liability with the debtor for the claim up to the extent of the obligation of the garnishee.

(3) The court exercising jurisdiction over the place of registration shall refuse to record any changes of circumstances

resulting from the transfer of participating interests after garnishment. The management bodies of joint-stock companies shall refuse to record transfers of registered shares by the debtor after garnishment.

(4) Any transfer of participating interests and shares, including registered shares, occurring after the garnishment notice shall have no effect in respect of the public execution creditor.

#### Garnishment of Goods in Circulation

Article 207. (1) Goods in circulation shall be garnished by means of drawing up an inventory. The goods in circulation shall be delivered for safe-keeping to the debtor and to the financially accountable executive officers who dispose of the said goods.

(2) The accounts of the debtor under Article 202 herein may be garnished simultaneously with the imposition of a garnishment on the goods in circulation.

(3) The sale of goods in circulation and the purchase of the necessary raw and prime materials, as well as the payment of the costs of production and distribution, may be effected only after a prior written consent of the public enforcement agent who has created the security interest and under conditions determined thereby.

#### Revocation of Security Interest

Article 208. (1) The security interest shall be revoked by the public enforcement agent ex officio or at the request of the debtor within fourteen days after receipt after extinguishment of the public obligation, as well as in cases referred to in Items 2 and 5 of Article 225 (1) herein. If there is material incommensurability of the precautionary measures imposed with the amount of the public obligation, the security interest shall be revoked by the public enforcement agent ex officio.

(2) A refusal to revoke the security interest shall be appealable according to the procedure established by Article 197 herein within seven days after communication of the said refusal. A tacit refusal to revoke the security interest shall be appealable within fourteen days after expiry of the time limit for pronouncement under Paragraph (1).

(3) The decision-making authority or the court, as the case may be, shall revoke the security interest where it is ascertained that the requirements referred to in sentence one of Paragraph (1) are complied with or that the conditions covered under Article 199 (2) herein are fulfilled. The debtor may request again the revocation of the security interest if there are new grounds for such revocation.

#### Chapter Twenty-Five

### COERCIVE ENFORCEMENT

#### Section I

#### General Provisions

#### Enforcement Titles

Article 209. (1) Coercive enforcement of public receivables shall be admitted acting on an instrument on ascertainment of the receivable concerned, as provided for in the applicable law.

(2) Coercive enforcement shall be undertaken acting on:

1. an audit instrument, regardless of whether appealed or not;
2. a return submitted by the obligated person, with the obligations for taxes and compulsory social-insurance contributions calculated by the said person;
3. the instruments referred to in Articles 106 and 107 herein, regardless of whether appealed or not;
4. a coercive collection warrant, issued by the customs authorities, regardless of whether appealed or not;
5. an effective penalty decree;

6. (Supplemented, SG No. 86/2006) effective judgements, sentences and rulings of the courts, as well as decisions of the European Commission;

7. amounts collection orders under a deficit instrument, issued by the authorities of the National Social Security Institute, regardless of whether appealed or not;

8. an order referred to in Article 211 (3) herein, regardless of whether appealed or not.

#### Parties to Coercive Enforcement Proceeding

Article 210. (1) The following shall be parties to the coercive enforcement proceeding shall be:

1. the public execution creditor;

2. the debtors or the heirs and successors thereof, as well as the third parties responsible for payment of the obligations of the debtor;

3. the third parties holding rights of their own to property subject to the enforcement;

4. the secured creditors.

(2) Public obligations shall be secured and coercively enforced by the public enforcement agent.

(3) In the coercive enforcement proceeding, the parties may use expert witnesses, appraisers, safe-keepers and translators.

#### Solidary Liability

Article 211. (1) Any person who pays the debtor any obligations or delivers thereto any items of property despite a garnishment imposed according to the relevant procedure shall incur solidary liability with the said debtor for the amount paid or for the property delivery up to the extent of the obligation with interest after the payment.

(2) Where a payment under Paragraph (1) is effected by a legal person or an unincorporated association, the manager or the members of the management body, or the managing partner, who have admitted the payment, shall liable jointly with the said person or association.

(3) In the cases referred to in Paragraphs (1) and (2) an order on enforcement shall be issued by the public enforcement agent who may apply the precautionary measures and enforcement actions provided for in this Code.

#### Obligation to Provide Information

Article 212. (1) All persons, central-government and municipal authorities in possession of any information about any income, property or assets of the debtor shall be obligated, when requested to do so in writing by the public enforcement agent, to provide the information or data in their possession within seven days after receipt of the request.

(2) The persons or authorities referred to in Paragraph (1) shall be obligated to declare any obligations to the debtor which can be assigned a monetary value and any property of the debtor, in their possession or disposition.

(3) (Amended, SG No. 59/2006) According to the procedure established by Paragraph (1) any banks, financial institutions, insurance companies and cooperatives shall be obligated to provide information on any trust management contracts concluded, any safe-deposit boxes provided, as well as on any other transactions concluded thereby with the debtor, which are related to movable and immovable property or participating interests owned by the debtor.

## Section II

### Object of Enforcement

#### Coercively Enforceable Property

Article 213. (1) Coercive enforcement shall be levied on the entire property of the debtor with the exception of:

1. any items of property for everyday use by the debtor and the family thereof, the essential food, heating fuel, draft animals and tools for the practice of a skilled craft or occupation according to a list approved by the Council of Ministers;
2. the sole residence of the debtor, and if the living floorspace exceeds 30 square metres for the debtor and for each of the family members thereof individually, the excess shall be sold if the residence is actually divisible under these conditions;
3. the assets on bank accounts up to an amount of BGN 250 for each family member;
4. agricultural land: up to one-fourth of the land tracts owned, but not less than 0.3 hectares, farmed directly by the debtor or by a family member thereof, as well as the implements required for the farming of the said land tracts;
5. the labour remuneration, the benefit under an employment relationship, the pension or the study grant: up to an amount of BGN 250 monthly.

(2) Coercive enforcement shall be inadmissible in respect of:

1. any social-insurance benefits, including unemployment benefits;
2. any social assistance allowances provided by the State budget or the municipal budget;
3. any amounts donated by natural and legal persons and received by permanently disabled persons with working capacity reduced by more than 50 per cent and other categories of socially disadvantaged persons;
4. any claims for alimony and child support set by the court.

#### Debtor's Option

Article 214. (1) The debtor may, after declaring the entire property thereof, propose that enforcement be levied against another corporeal movable or immovable or that enforcement be performed only according to some of the methods demanded by the public enforcement agent.

(2) The debtor's proposal shall not be granted if the enforcement method proposed cannot fully satisfy the public execution creditor.

(3) The public enforcement agent shall pronounce on the debtor's proposal within seven days after receipt of the said proposal. A refusal by the public enforcement agent to accept the enforcement method proposed by the debtor shall be appealable according to the procedure established by Article 197 herein.

#### Section III

#### Methods

##### Coercive Enforcement Methods

Article 215. (1) The coercive enforcement of claims according to the procedure established by this Code shall be performed by means of:

1. enforcement against claims and cash held at banks;
2. enforcement against cash and claims of the debtor;
3. enforcement against corporeal movables and immovables and securities.

(2) Corporeal movables and cash found in the possession of the debtor and such found on the person thereof, at the residence thereof or in other premises, means of transport, offices, safes or safe-deposit boxes owned or rented thereby, shall likewise qualify as corporeal movables and cash of the debtor within the meaning given by Paragraph (1) until otherwise proven.

(3) The public enforcement agent may employ any of the methods covered under Paragraph (1) whether in combination or separately.

#### Nullity of Actions and Transaction

Article 216. (1) The following shall be void in respect of the State or the municipalities, as the case may be, where concluded after the date of ascertainment of a public obligation or, respectively, after service of an audit assignment order, if the audit has resulted in ascertainment of public obligations:

1. any gratuitous transactions in property rights of the debtor;
2. any onerous transactions in property rights of the debtor, where the benefit conferred materially exceeds in value the benefit received;
3. any non-cash contributions of property rights of the debtor;
4. any transactions or actions intended to inflict a detriment on the public execution creditors;
5. extinguishment of any monetary obligations by means of transfer of ownership, if repossession of the said property would result in an increase of the amount which the public execution creditors would have received upon distribution of the realized property of the debtor;
6. any transactions effected to the detriment of the public execution creditors, whereto a party related to the debtor is a party.

(2) The nullity under Paragraph (1) shall be declared on an action brought by the relevant public execution creditor or by the public enforcement agent according to the procedure established by the Code of Civil Procedure.

(3) Outside the cases covered under Paragraph (1) the rights of the creditors under Articles 134 and 135 of the Obligations and Contracts Act may be exercised by the relevant public execution creditor or by the public enforcement agent. In such cases, until otherwise proven, the person wherewith the debtor negotiated shall be presumed to have known about the detriment referred to in Article 135 (1) of the Obligations and Contracts Act, if the third party and the debtor are related parties.

#### Joinder of Creditors

Article 217. (1) Public execution creditors, as well as creditors whose claim is secured by a mortgage, a pledge or a registered pledge, as well as such who have exercised their right of retention, may join the proceedings under this Title.

(2) Joinder shall be admitted by means of an order of the public enforcement agent before preparation of the distribution of the amounts collected. The public execution creditors shall join the proceedings by a statement in writing to the public enforcement agent, attaching the relevant enforcement title thereto.

(3) The joined execution creditor shall have the same rights in the enforcement proceeding as the original execution creditor.

(4) The joined execution creditor shall also benefit from the enforcement actions performed before the joinder.

(5) The provisions of Paragraph (1) shall not apply in the cases under Article 177 herein.

#### Enforceability of Security Interests

Article 218. The pledgee or the creditor who has exercised the right of retention, as the case may be, may enforce the claim thereof against the public execution creditor on the basis of validly dated written evidence.

#### Competition of Public Obligations

Article 219. (1) Where the proceeding is for collection of public obligations of different kinds and the property of the debtor is insufficient for the extinguishment of the said obligations regardless of the methods employed or of the order in which the said obligations are collected, the proceeds, until the depletion of the said obligations, shall be distributed in the following order:

1. for tax and customs obligations and the obligations for compulsory social-insurance contributions: on a pro rata basis;
2. for other public obligations which are credited directly in revenue to the executive budget and/or to the local budget: on a pro rata basis;
3. for other public obligations: on a pro rata basis.

(2) In case of a dispute between public execution creditors, the matter shall be resolved by the Minister of Finance or a person empowered thereby, whose decision shall be unappealable.

#### Section IV

#### Actions

##### Institution of Enforcement Case

Article 220. (1) Where a public obligation is not paid in due time, the enforcement title shall be transmitted to the public enforcement agent of the State Receivables Collection Agency exercising competence over the permanent address or seat of the debtor or, respectively, to the competent National Revenue Agency territorial directorate, for institution of an enforcement proceeding.

(2) If necessary, the public enforcement agent may forward the enforcement case to another public enforcement agent for performance of enforcement actions. In such case, the former public enforcement agent shall indicate the type of action and the time limit for its performance. After performance of the relevant action, the latter public enforcement agent shall send back the enforcement case.

##### Commencement of Proceeding

Article 221. (1) Where the obligation has not been paid within seven days after the receipt of the invitation referred to in Article 182 (1) herein, the public enforcement agent shall proceed with enforcement, being obligated to send the debtor a communication allowing the said debtor seven days for voluntary compliance.

(2) The communication must state the enforcement title, the number of the enforcement case and the public execution creditor, and must contain a warning to the debtor that coercive enforcement will be proceeded with unless the debtor discharges the obligation thereof within the period allowed thereto.

(3) Where there are several separate enforcement titles for various public obligations, only one enforcement case shall be instituted, ensuring accounting for the extinguishment of each of the obligations.

(4) In the cases where no precautionary measures have been imposed, the coercive enforcement against claims of the debtor and against corporeal movables and immovables thereof shall commence by the imposition of a garnishment or, respectively, by recording of a preventive attachment, acting on a warrant issued by the public enforcement agent.

(5) The garnishment and preventive attachment referred to in Paragraph (4) shall be imposed by the notice and shall have the effect provided for in this Code.

(6) In the cases where the measures referred to in Item 2 and Item 2 of Article 182 (2) herein have not been undertaken by the relevant authority, the public enforcement agent may, if the obligation exceeds BGN 5,000 and no security covering the amount of principal and interest has been provided:

1. approach the authorities of the Ministry of Interior with a request:

- (a) to bar the debtor or the members of the management or supervisory bodies thereof from leaving the country;

- (b) to refuse to issue or to withdraw the passports or substitute documents issued for crossing of the international border;

2. notify all authorities that, by virtue of statutory instruments, issue licences or permits for the performance of specific activities for which a certification of obligations to the State is required.

(7) Within three days after learning, the public enforcement agent shall be obligated to request the authorities of the Ministry of Interior to terminate the measures referred to in Item 1 (a) and (b) of Paragraph (6) upon extinguishment of the obligation or provision of collateral security covering the amount of principal and interest, either ex officio or at the request of the person concerned. This provision shall furthermore apply in the cases where the measures have been requested by the authority referred to in Article 182 (1) herein before dispatch of the enforcement case to the public enforcement agent.

(8) Coercive enforcement shall not be commenced for any claim in respect of which the costs of drawing up an inventory, valuation, safe-keeping and sale are incommensurate with the expected proceeds. The incommensurability of the costs with the expected proceeds shall be ascertained by a warrant of the public enforcement agent. The said warrant shall be appealable within seven days before the Executive Director of the State Receivables Collection Agency, whose decision shall be final.

#### Suspension, Adjournment and Resumption

Article 222. (1) A coercive enforcement proceeding shall be suspended by an order of the public enforcement agent, without charging interest for the period of suspension:

1. upon interdiction of the debtor: until appointment of a tutor or curator;
2. (amended, SG No. 46/2007) upon call-up by the debtor for reserve duty: until its end;
3. upon the death of the debtor: until acceptance of the succession;
4. in other cases provided for in a law.

(2) Suspension under Items 1 and 2 of Paragraph (1) shall require written evidence certifying the circumstances indicated.

(3) In the cases referred to in Item 3 of Paragraph (1) after the expiry of a six-month period since the opening of the succession and if the succession has not been accepted, the regional judge, acting on a motion by the public enforcement agent, shall set a time limit for acceptance or renunciation of the succession under the terms and according to the procedure established by Article 51 of the Succession Act. In such case, the suspension period shall be extended by the time limit set by the court. At the request of the heirs, the revenue authority shall issue a certificate of the taxes and compulsory social-insurance contributions due from the antecessor and of the interest charged thereon.

(4) In the cases referred to in Item 3 of Paragraph (1) the coercive enforcement proceeding shall be resumed as from the day of acceptance of the succession.

(5) The actions performed before the suspension shall retain the effect thereof. After the suspension, the public enforcement agent may not perform new enforcement actions but may perform actions to secure the claim.

(6) Resumption of the enforcement proceeding shall require an order of the public enforcement agent after the lapse of the circumstances which prompted the ordering of the suspension.

(7) The public enforcement agent may adjourn an enforcement action scheduled, and in such case the circumstances which prompted the adjournment of the action shall be indicated in the memorandum and another date for the performance of the said action shall be appointed. If the date cannot be specified in the memorandum, the authority shall notify the participants in the proceeding of this.

#### Offsetting

Article 223. (1) Where grounds for offsetting arise in the course of a coercive enforcement proceeding, the proceeding shall be suspended at the request of the debtor or by a decision of the public enforcement agent until completion of the offsetting actions but for no longer than three months, unless an audit is assigned. The public enforcement agent whereto the debtor has presented the written evidence certifying the grounds for offsetting, shall transmit the request, together with the evidence, to the relevant competent authority to perform the offsetting. If the obligation is extinguished in full or in part as a

result of the offsetting, the enforcement proceeding shall be terminated or shall continue in respect of the remainder of the obligation.

(2) Offsetting under Paragraph (1) may be performed before the date of conduct of the public sale. If the obligation is extinguished in full by such offsetting, including the costs of arranging the sale, the said public sale shall be cancelled and the enforcement proceeding shall be terminated.

(3) A refusal by the public enforcement agent to suspend the proceeding and to forward the case file for performance of an offsetting shall be appealable according to the procedure established by this Code provided for defence against coercive enforcement. In such case, the appeal shall stay the enforcement actions until the said appeal is finally resolved.

#### Coercive Enforcement Proceeding upon Debtor's Bankruptcy

Article 224. (1) In the cases where security interests have been created according to the procedure established by Article 195 (5) to (8) herein, the public enforcement agent shall initiate a proceeding for coercive collection of public receivables against a debtor in respect of whom bankruptcy proceedings have been instituted, after ascertainment of the said claims according to the procedure established by this Code.

(2) Where bankruptcy proceedings have been instituted but the debtor has not been adjudicated bankrupt, the public enforcement agent may not put any property up for a public sale which is subject to the security interests created according to the procedure established by Article 195 (5) to (8) herein before expiry of the time limit for proposing a rehabilitation plan.

(3) The provision of Paragraph (2) shall not apply in the cases where the debtor has been adjudicated bankrupt.

(4) If a rehabilitation plan or an out-of-court settlement has been proposed and the said proposals satisfy the requirements of Article 189 herein, and where the public receivables presented according to the procedure established by Article 125 herein or by the State Receivables Collection Agency have been included in the list of claims allowed by the trustee in bankruptcy and approved by the bankruptcy court, the Executive Director of the Public receivables Agency may suspend the coercive enforcement proceeding.

(5) If it is ascertained that the approved rehabilitation plan or the out-of-court settlement, as the case may be, is not implemented in respect of the satisfaction of the public receivables, the Executive Director of the State Receivables Collection Agency shall resume the suspended coercive collection proceeding.

(6) In the cases referred to in Paragraph (5) the provisions of Article 706 (1) and (3) of the Commerce Act shall not apply in respect of the public receivables.

(7) Upon resumption of a coercive collection proceeding according to the procedure established by Paragraph (5) the public enforcement agent shall effect the sale of the property of the debtor which is subject to the security interests created under Article 190 (5) to (8) herein.

#### Termination of Proceeding

Article 225. (1) A proceeding for coercive enforcement of public receivables shall be terminated by means of an order issued by the public enforcement agent:

1. where the obligation and the costs incurred before the date of conduct of an open-bidding auction or, respectively, before the expiry of the time limit for submission of bids for a sealed-bid auction, are extinguished in full, where the payment has been effected by a non-cash method, the payment shall be considered effective upon the receipt of the amount on the account named by the public enforcement agent;

2. where the instrument whereby the public receivable has been ascertained is declared void, has been invalidated or revoked according to the established procedure;

3. where the deceased debtor is heirless or all heirs have renounced the succession;

4. where the public enforcement agent has determined that the claim is uncollectible, after all enforcement methods have been exhausted;

5. where the instrument on ascertainment of the obligation is modified by a decision of a superior authority or by the court, and the coercive enforcement undertaken has resulted in the collection of an amount equal to or exceeding the amount of the obligation as modified, in such case the public enforcement agent shall order a refunding of the overremitted amount up to the extent determined in the decision on modification, after which the said agent shall terminate the proceeding;

6. at a written request by the public execution creditor;

7. in other cases provided for in a law.

(2) In the cases covered under Paragraph (1) the public enforcement agent shall lift ex officio the garnishments and preventive attachments imposed.

(3) The order referred to in Paragraph (1) shall be issued within seven days after:

1. receipt of the payment and its entry into the relevant account: in the cases referred to in Item 1 of Paragraph (1);

2. notification of the public enforcement agent by an attached certified copy of the decision declaring the nullity, invalidation, revocation or modification of the instrument;

3. receipt of an official information sheet on heirlessness or a notification, accompanied by a certificate of heirship and a document verifying the renunciation of the succession by all heirs;

4. occurrence of the conditions and prerequisites referred to in Item 4 of Paragraph (1);

5. receipt of the written request from the public execution creditor.

#### Instruments Issued by Public Enforcement Agent

Article 226. (1) In discharge of the powers thereof, the public enforcement agent shall issue warrants and orders.

(2) The public enforcement agent shall draw up a memorandum on each action undertaken and performed, indicating the date and place of the drawing up of the said memorandum, the actions undertaken, the requests made, the amounts received and the costs incurred.

(3) All memoranda on the actions undertaken by the authority under Paragraph (1) as well as the warrants and orders issued, the other documents certifying the enforcement, and statements of the tax and social-insurance account, shall be attached to the enforcement case as instituted.

#### Cooperation on Enforcement

Article 227. (1) Upon implementation of the powers thereof, the public enforcement agent may request from the competent authorities the opening and searching of items of property, residences, offices, warehouses and other premises of the debtor or places where possessions of the debtor are located.

(2) If necessary, the public enforcement agents may request the cooperation of police authorities, mayors or regional governors, within their statutory powers, to ensure access of the debtor's residences, offices, storehouses and other premises or places where items owned by the debtor are located, as well as in the cases of drawing up an inventory, delivery of items of property, entry into possession and other enforcement actions.

#### Enforcement of Debtor's Claims by Banks

(Heading amended, SG No. 63/2006)

Article 228. (1) The transfer of the amount owed by the debtor to the account of the public enforcement agent who has imposed the garnishment shall be performed by the bank immediately after receipt of the order.

(2) The bank shall be obligated, within seven days after receipt of the order, to notify the public enforcement agent who has imposed the garnishment, of the reasons for non-compliance with the said order.

(3) Where enforcement is levied against a foreign-currency bank account, the bank where the account is kept shall purchase such foreign currency at the exchange rate applicable for the day on which the order was received and shall transfer the lev equivalent to the account of the public enforcement agent who has ordered the enforcement.

#### Authorization of Urgent Payments

Article 229. (1) The public enforcement agent may authorize, by means of an order to the bank, that a portion of the amounts which have been received or are being received on the debtor's account, be left at temporary disposal to cover urgent payments in connection with the activity of the said activity.

(2) The judgment of the authority under Paragraph (1) shall be made on the basis of a written request by the debtor, where to evidence shall be attached.

(3) The authorization under Paragraph (1) shall be granted provided that:

1. the amounts are due under contracts in connection with the core activity of the debtor;

2. the delay or non-payment of such amounts may result in severe economic consequences for the debtor, such as termination or suspension of the core activity of the debtor for a long period of time, a rescission of commercial contracts or delayed performance of commercial contracts, non-performance of obligations under employment contracts and other such.

(4) Where the authority referred to in Paragraph (1) has granted such authorization, the said authority shall specify therein the payment where to the said authorization refers and the period where within the said payment may be effected.

(5) The bank shall be obligated to effect the payment in compliance with the conditions of the authorization and shall incur solidary liability with the debtor for the amount non-conforming to the authorization. The said liability shall be incurred according to the procedure established by Article 211 (3) herein.

(6) The authorization referred to in Paragraph (1) may be modified or revoked only by the authority who has issued the said authorization.

#### Coercive Enforcement against Third Parties which Are Not Banks

Article 230. (1) The coercive enforcement of claims shall be levied against the claims of the debtor to third parties, if such claim is liquid and exigible.

(2) The claim shall be liquid and exigible where the said claim is acknowledged before the public enforcement agent or where the said claim is ascertained by an effective judgment of court, by a notarized document or by a security issued by the third party.

(3) Regardless of whether the claim is exigible or liquid, if the third party pays, the said claim shall be considered as such, and if the third party pays the debtor, it shall become liable to the public enforcement agent for the same amount.

(4) The garnishee shall be obligated to remit the amount due to the account of the public enforcement agent or to surrender thereto the debtor's items of property within three days after receipt of an order for enforcement. If the obligation of the garnishee is for payment by installments, the said garnishee shall remit the amounts within three days after the maturity of each installment.

#### Enforcement against Participating Interests

Article 231. (1) If the enforcement is levied against a participating interest held by a general partner, the public enforcement agent, after ascertaining fulfilment of the requirements under Article 96 (1) of the Commerce Act, shall serve a statement on dissolution of the company on the company and the other general partners. After the lapse of six months, the public enforcement agent or the public execution creditor shall bring an action for dissolution of the company before the district court exercising jurisdiction over the registered office of the said company.

(2) The court shall dismiss the action if it is ascertained that the claim is satisfied. If it finds that the action is well-founded, the court shall dissolve the company, and this shall be recorded in the Commercial Register ex officio, whereafter liquidation shall be proceeded with by a liquidator appointed by the court.

(3) If the enforcement is levied against a participating interest held by a limited partner, the public enforcement agent shall serve a statement on termination of that partner's participation in the company on the company, which shall have the effect of a statement on withdrawal of a partner. After expiry of three months, the public enforcement agent or the public execution creditor shall bring an action for dissolution of the company before the district court exercising jurisdiction over the registered office of the said company.

(4) The court shall dismiss the action if it is ascertained that the company has paid the portion of the property, determined according to Article 125 (3) of the Commerce Act, appertaining to the debtor partner, to an account of the public enforcement agent or that the claim has been satisfied. If it finds that the action is well-founded, the court shall dissolve the company and this shall be recorded in the Commercial Register ex officio, whereafter liquidation shall be proceeded with by a liquidator appointed by the court.

#### Enforcement against Securities, Claims under Writs of Execution and Cash

Article 232. (1) Enforcement against physical securities shall be performed as the public enforcement agent shall issue a warrant subrogating himself or herself to the rights of the debtor in respect of the persons liable under the security or by means of the sale of the said securities.

(2) Physical securities shall be sold by the public enforcement agent conforming to the rules for public sale of a corporeal immovable under this Code, whether separately and/or in blocks. The public enforcement agent shall transfer each security in the due manner for the said security and shall deliver the said security to the buyer after the entry into effect of the award warrant. If the security is transferred by endorsement, the order of endorsements shall not be interrupted.

(3) Dematerialized securities shall be sold through a bank according to the procedure established for them, with the public enforcement agent acting on his or her own behalf and for the account of the debtor.

(4) In the cases referred to in Paragraphs (2) and (3) the public receivable shall be satisfied with the proceeds from the sale of the securities.

(5) Coercive enforcement against national and foreign currency shall be performed through an order of the public enforcement agent issuing for impoundment of the said currency to satisfy the public receivable.

(6) Claims under writs of execution shall be enforced as the public enforcement agent shall subrogate himself or herself to the rights of the debtor by a warrant. The receivables shall be enforced, applying the provision of Article 230 herein.

#### Enforcement against Items of Property

Article 233. (1) If the claim has not been secured or the items of property has not been inventoried in the garnishment or preventive attachment notice, enforcement shall be performed by means of drawing up an inventory. The public enforcement agent shall appoint a time for the drawing up of an inventory.

(2) The inventory must state:

1. the enforcement title;
2. the place where the inventory is drawn up;
3. a detailed description of the item of property;
4. valuation of the item of property;
5. the objections of the debtor and the rights claimed by third parties to the item of property inventoried;
6. the signatures of the public enforcement agent, the obligated person and the third parties where they have claimed rights to the item of property inventoried.

(3) An inventory of the corporeal immovable shall be drawn up only if the public enforcement agent satisfies himself or herself that the property is owned by the debtor on the day of imposition of the preventive attachment. Verification shall be carried out on the basis of an information sheet from the recording office. If there are no reliable data on ownership,

possession at the day of imposition of the preventive attachment shall be taken into account.

(4) The inventory shall indicate the location of the property, the boundaries thereof, the preventive attachments and mortgages recorded, the taxes due and other circumstances relevant to the property.

(5) If it is impossible to value the item of property at the time of the inventory, a temporary valuation shall be entered on the basis of data from the debtor about the purchase price of the said property, price information available to the authority referred to in Paragraph (1) and other information on the item of property.

#### Safe-keeping of Items of Property

Article 234. (1) An inventoried corporeal movable shall be left for safe-keeping with the debtor.

(2) If the public enforcement agent determines that the item of property should not be left with the debtor, the said item shall be delivered to a safe-keeper or shall be left for storage in a location designated by the public enforcement agent.

(3) The safe-keeper shall be appointed by the public enforcement agent, who shall also fix the remuneration. The safe-keeper shall be selected considering the person, the nature of the item of property and the location where the said item is located or where it will be stored, and the said item shall be delivered for safe-keeping upon signed acknowledgement.

(4) The safe-keeper shall be obligated to keep the item of property exercising the care of sound stewardship, to render account for any revenue from the said item and for the costs for the safe-keeping thereof. Upon non-fulfillment of the obligations, the public enforcement agent may appoint another safe-keeper.

(5) The corporeal immovable shall be left in possession of the debtor until conduct of the sale. As from the receipt of a notice of recording of the preventive attachment, the debtor shall be obligated to manage the said immovable exercising the care of sound stewardship. The public enforcement agent may appoint a remunerated administrator of the property, if the debtor obstructs viewing or fails to manage the property properly.

#### Valuation

Article 235. (1) An item of property as inventoried shall be valued at market value by the public enforcement agent. If necessary, an appraiser from the panel of the State Receivables Collection Agency may be recruited.

(2) The conclusion of the appraiser shall be submitted in writing and shall be presented to the public enforcement agent who shall assign a final value by a reasoned decision and shall communicate the said value to the debtor and to the execution creditor.

(3) The valuation of corporeal immovable may not be lower than the tax assessed value, and the valuation of motor vehicles may not be lower than the amount of insurance valuation.

#### Second-Opinion Valuation

Article 236. (1) If the debtor or the execution creditor is not satisfied with the valuation, either may request a new valuation from the Executive Director of the State Receivables Collection Agency within seven days. The Director or an official empowered thereby shall appoint an appraiser, whose valuation shall be final.

(2) If the debtor or the public execution creditor is not satisfied with the value assigned by the public enforcement agent to the corporeal immovables and to items of property of a unit price, as new, exceeding BGN 20,000, of works of art, objects made of precious metals, or antiques, either may request a second-opinion valuation within seven days.

(3) The second-opinion valuation referred to in Paragraph (2) shall be performed by three appraisers from the list of the State Receivables Collection Agency, possessing knowledge and experience in the relevant area, one of whom shall be designated by the debtor, and one each by the execution creditor and by the Director of the State Receivables Collection Agency.

(4) In the cases where no appraiser possessing knowledge in the relevant area is on the list or where such an appraiser cannot participate in the expert examination, the Executive Director of the State Receivables Collection Agency may assign the valuation to other experts of the relevant profession.

(5) The appraisers' findings shall be adopted by simple majority and may be contested by the debtor or by the execution creditor according to the procedure established by Article 268 herein.

(6) The remuneration of the appraisers shall be fixed by the Executive Director of the State Receivables Collection Agency and shall be for the account of the party which requested the second-opinion valuation.

#### Incommensurate Costs and Proceeds

Article 237. (1) Coercive enforcement shall not be commenced against any rights and items of property in respect of which the costs of inventorying, valuation, storage and sale are incommensurate with the expected proceeds.

(3) If coercive enforcement costs are expected to exceed the proceeds from the sale in respect of only some of the rights and items of property, enforcement shall be levied against the rest of the property of the debtor.

#### Chapter Twenty-Six

### PUBLIC SALE

#### Section I

#### General Rules

#### Method of Sale

Article 238. (1) The sale of corporeal movables shall be effected by means of a public sale at permanently designated venues or by auction. The method of sale shall be determined by the public enforcement agent.

(2) Sale by auction may be conducted by open bidding or sealed bids.

(3) Where the sale is effected by auction, the sale shall be deemed valid even upon entry of a single buyer, if the price offered thereby is not lower than the starting bid of the auction.

(4) The public enforcement agent may determine that the sale be effected:

1. separately for each corporeal movable or immovable of the debtor;
2. for groups of items of property, which are customarily sold together;
3. for self-contained parts of an enterprise;
4. for all assets of the merchant debtor, including corporeal movables and immovables and rights, which can be which can be assigned a monetary value.

(5) Where items of immovable property are sold separately or as part of a group of items of property, rights in rem to corporeal immovables, motor vehicles, ships and aircraft, as well as corporeal movables of a starting bid exceeding BGN 500, the sale shall be effected by auction.

(6) The debtor may propose a method covered under Paragraph (4) according to which the item of property or the property is to be sold. The public enforcement agent may agree to the proposed method if the said agent determines that the State will be satisfied.

(7) (Supplemented, SG No. 105/2006) The debtor, any representative thereof, the authorities conducting the auction and the expert witnesses who valued the items of property and the safe-keeper may not participate in the auction.

#### Effect of Public Sale

Article 239. (1) Ownership of any corporeal movables and rights in such movables, which can be assigned a monetary value, which are sold by public sale, shall pass to the buyer, even if the said movables and rights were not owned by the debtor.

(2) Ownership of any item of immovable property sold shall pass to the buyer even if the debtor did not own the said

item, unless an action for ownership is brought within one year after the promulgation of the award warrant in the State Gazette.

(3) If the action is brought within the time limit referred to in Paragraph (2) and it is established, by an effective decision, that the debtor did not own the item of immovable property sold, the buyer may claim back the price paid thereby if the said price has not yet been paid to the execution creditors, and if the said price has been paid, the buyer may claim back from each of the execution creditors and from the debtor whatever amount they have received. In both cases the buyer shall be entitled to receive the interest and costs resulting from the participation thereof in the sale. Notwithstanding, the buyer shall be entitled to claim back any and all fees paid thereby on the transfer.

#### Costs

Article 240. (1) All costs incidental to the securing and the coercive enforcement of public receivables shall be for the account of the debtor.

(2) All proceeds from the sale shall be credited to a designated account. After covering the costs, the interest and principal of the public receivable, the balance shall be restored to the debtor.

(3) Any costs incidental to the transfer of the item of property or to entry into possession shall be for the expense of the buyer.

#### Price and Condition of Item of Property

Article 241. (1) The starting bid for the item of property or for the corporeal immovable may not be lower than the valuation referred to in Articles 235 and 236 herein.

(2) The item of property or the corporeal immovable shall be sold as it is at the time of the sale thereof, and the buyers may not claim any defects of the item of property purchased.

#### Sale of Specific Items of Property

Article 242. (1) Perishable goods shall be sold with the authorization of the competent local authorities of the State Sanitary Control and the State Veterinary and Sanitary Control. Any such goods shall be sold through the commodity exchange, the wholesale commodity markets or the specialized shops.

(2) The sale of works of art, items of property of antiquarian or numismatic value, gold, silver and other precious metals and precious stones and artifacts made thereof shall be effected after an expert appraisal through the specialized shops, galleries and other such, approved by the Minister of Finance.

(3) The sale of goods traded on the commodity exchanges shall be effected through the commodity exchanges.

(4) The sale of foreign currency shall be effected through the commercial banks.

(5) Animals belonging to the national genetic pool, plant-variety seeds and planting stock of a guaranteed origin shall be sold with the authorization of the Minister of Agriculture and Forestry or a person empowered thereby only to other agricultural producers.

#### Notice of Sale

Article 243. (1) A notice of sale shall state:

1. the designation of the authority that issues the notice;
2. the number and date of the enforcement case;
3. the method of sale;
4. the time and place for viewing;
5. the time and venue of the sale;

6. a list of the items of property on sale and the starting bid;
7. other conditions related to the designated method of sale;
8. date, signature and seal of the authority.

(2) The notice shall be transmitted to the debtor along with instructions to the effect that until the date of conduct of the open-bidding auction or until the expiry of the time limit for submission of bids in a sealed-bid auction, as the case may be, the debtor may pay the obligation thereof together with the costs.

(3) The notice shall be placed at expressly designated places on the office premises of the authorities that have ascertained the public obligations.

(4) The notice shall also be published by posting at the place of the viewing or in the venue of the sale, and by insertion in at least one national daily newspaper. The agency shall ensure the dissemination of the notices of sale via the Internet as well.

(5) Where the debtor is a natural person, the notice, with the exception of the one that is transmitted to the debtor, may not contain data about the debtor.

## Section II

### Public Sale at Permanently Designated Venues

#### Conditions

Article 244. (1) Any corporeal movables whereof the starting bid does not exceed BGN 500 and which are located in the venue of the sale, may be sold by a public sale at permanently designated venues, whereupon the item of property shall be delivered to the buyer after payment of the price.

(2) The sale shall be conducted by commodity exchanges, commodity markets and shops which are assigned to do so by a contract.

(3) The sale through commodity exchanges, commodity markets and shops shall be conducted according to the rules established for the said venues, and the relations between them and the public enforcement agent shall be regulated under a contract with general conditions.

#### Price Reduction

Article 245. (1) If an item of property is not sold within one month after being put up for sale, the selling price shall be set at 90 per cent of the starting bid.

(2) If a buyer does not step forward within one month after a reduction of the price under Paragraph (1) the selling price shall be set at 80 per cent of the starting bid.

(3) In case the item of property is not sold within six months after being put up for sale, the said item shall be sold at 50 per cent of the starting bid.

(4) If the item of property is not sold after the lapse of nine months since being put up for sale, the debtor shall have the right to recover the said item back within one month. In such cases, the public enforcement agent shall issue a warrant on restitution, stating other enforcement methods for collection of the claim.

(5) Any items of property unclaimed within the one-month period referred to in Paragraph (4) shall be presumed abandoned to the Exchequer. In such cases, the public enforcement agent shall issue a warrant.

## Section III

### Sale by Auction

## General Rules

Article 246. (1) Sale by auction shall be conducted by open bidding or by sealed bids in a venue and a time determined by the public enforcement agent.

(2) Simultaneously with the notice announcing the public sale, the public enforcement agent shall also make public the rules of the sale, the amount of the deposit for entry, the manner of payment of the said deposit and the deadline for payment thereof.

(3) The deposit for entry in an auction shall be 10 per cent of the starting bid announced.

(4) Where the item of property is purchased by any person who was not qualified to bid, the award shall be void.

(5) In such case, the amount deposited by the buyer shall serve to satisfy the public receivables under the enforcement case and a new auction shall be announced, unless the auction is contested.

(6) After the proceeds from the sale are received on an account named by the public enforcement agent, the said agent shall issue an award warrant.

(7) The award warrant shall state:

1. the designation of the authority that issues the warrant;
2. the number, the date and the place of issuance;
3. a description of the item or items of property and the selling price;
4. the date of the auction;
5. data about the buyer, about the debtor and the price whereat the item of property was acquired;
6. the number and date of the enforcement case;
7. the signature and position of the issuer.

(8) Ownership shall pass to the buyer as from the date of the warrant. Notarization shall not be required.

(9) The buyer shall be obligated to remove the item of property forthwith. Where any special form is required for the sale of corporeal movables, the said form shall be considered complied with by the award warrant.

(10) The public enforcement agent shall enter the buyer into possession of the corporeal immovable within seven days on the strength of the warrant issued. Entry shall be effected against any person in possession of the corporeal immovable. An action for ownership according to the procedure established by Article 269 herein shall be the only defence available to any such person.

(11) The buyer shall be obligated to request recording of the award warrant on the corporeal immovable by the recording magistrate care of the recording office.

## Arrangements for Open-Bidding Auction

Article 247. (1) Each item of property or group of items of property shall be assigned a lot number. The number shall be marked on the items of property not later than by the appointed starting time for viewing.

(2) Entry in the auction shall alternatively be possible through an authorized representative, who shall present a notarized power of attorney for entry in the auction.

(3) The document certifying payment of the deposit shall be presented to the public enforcement agent not later than the announced starting time of the auction.

(4) On the basis of the identity documents presented, each participant shall receive a sign (tag) bearing a number of entrant in the auction.

#### Conduct of Open-Bidding Auction

Article 248. (1) The authority who conducts the auction shall open the auction at the announced day and time, shall verify the identity and the documents of the entrants and shall ascertain compliance with the conditions for conduct of the auction.

(2) Only the entrants admitted to the auction, the public enforcement agent and the officials who assist the said agent may be present at the venue where the auction is conducted.

(3) Upon commencement of the auction, the authority who conducts the said auction shall be obligated to announce again the rules for the sale and the entrants admitted to the auction, and the said authority may also set a bidding increment as a percentage of the starting bid.

(4) Bidding shall begin from the starting bid. Any offer of a price below the starting bid shall be void.

(5) Each entrant shall announce the price offered thereby by holding up the numbered sign.

(6) Minutes shall be taken of the conduct of the auction. All conditions of the auction, the number of entrants, the time of opening and closing, the bidding increment, if such is set, shall be noted in the minutes. Minutes shall be drawn up even where the auction announced does not take place.

(7) A bidding record shall be kept on the bids made, and the lot number of the item of property on sale, the numbers of the entrants who bid for the said item and the prices offered thereby shall be stated therein. The bidding record shall be an integral part of the minutes of the conduct of the auction.

(8) After each bid made, the authority conducting the auction shall pronounce the last offered price three times in succession, and after the third time, if no new price is offered, the said authority shall say "sold," thereby announcing the sale of the item of property, the price and the number of the entrant who offered the said price.

(9) (Amended, SG No. 34/2006) The lot number of the item of property, the price and the number of the entrant who offered the highest price shall be entered in the minutes, applicable to natural persons: name and Standard Public Registry Personal Number, applicable to merchants: designation and single identification code assigned by the Registry Agency, applicable to persons, recorded in the BULSTAT Register: single identification code under BULSTAT, or the respective data about the authorized representative. The highest bidder shall be declared the buyer. The buyer shall be declared by the authority conducting the auction on the bidding record which shall be signed thereby.

(10) The data about the persons who offered a price ranking them second and third after the highest bidder shall also be entered in the minutes, as well as the data needed to notify the said persons.

(11) The buyer must remit the price offered thereby within five days after the completion of the auction, deducting the deposit paid.

(12) Within three days after receipt of the amount on the account indicated, the public enforcement agent shall issue a warrant awarding the item of property to the buyer.

#### Selecting Subsequent Buyer

Article 249. (1) If the price is not remitted by the declared buyer within the time limit referred to in Article 248 (11) herein to the account indicated, the deposit paid thereby shall be used to cover the costs of the auction, and the balance shall be used to reduce the public receivable in the following order: costs, interest, principal.

(2) The public enforcement agent shall draw up a memorandum, declaring thereby the second-highest bidder as a buyer, and shall transmit a communication on this to the said buyer. If the said bidder, too, fails to remit the price, deducting the deposit paid, within five days after receipt of the communication, the public enforcement agent shall declare as a buyer the next highest bidder and, if necessary, shall proceed in this way until depletion of all bidders, provided that the price offered thereby is not below the starting bid and the said bidders have not withdrawn the deposits thereof.

(3) Any bidder, who has been declared a buyer and who fails to remit the price offered within five days, deducting the deposit paid, shall be liable conforming to Paragraph (1).

(4) Where none of the bidders referred to in Paragraphs (2) and (3) remits the price offered thereby, a new auction shall be conducted.

#### New Auction

Article 250. (1) The new auction shall be conducted in accordance with the rules of the first auction, where:

1. no bidder steps forward, or the bidders who step forward offer a price below the starting bid;
2. none of the entrants remits the price offered thereby;
3. other conditions for conduct of the auction have been breached.

(2) The selling price of the item of property at the new auction shall be set at 80 per cent of the starting bid at the previous auction. At each subsequent auction, the selling price shall be reduced by 10 per cent of the starting bid, but may no fall below 50 per cent thereof.

(3) Where the item of property is still not sold after the last auction, at the request of the public execution creditor, the said item shall be awarded thereto at 50 per cent of the starting bid. Where the public receivables belong to different execution creditors, the item of property shall be awarded to the execution creditor with the largest claims. The accounts of the execution creditors shall be reconciled by the public enforcement agent upon subsequent enforcement actions against the property of the debtor.

(4) Where the item of property is not awarded in the cases referred to in Paragraph (3) the said item shall be released from enforcement.

#### Sealed-Bid Auction

Article 251. (1) The public enforcement agent may determine that the sale be effected by a sealed-bid auction, and the notice shall indicate the place for submission of the bids, the initial and final date for the submission thereof, the amount of the deposit and the time and venue of opening of the bids.

(2) The bids shall be submitted in a sealed envelope. On the envelope, the bidder shall indicate the number and date of the notice, the public enforcement agent who announced the sale, data on the bidder (designation, address, identification number) and shall sign and stamp the envelope where the bidder is obligated to have a seal.

(3) The bid must state:

1. (Amended, SG No. 34/2006, SG No. 63/2006) data about the bidder: name, Standard Public Registry Personal Number, (designation, single identification code assigned by the Registry Agency, BULSTAT single identification number) address and certificate of current status;

2. indication of the item of property for which the bid is made;

3. the price offered;

4. a document certifying payment of a deposit at the amount of 10 per cent of the starting bid;

5. signature of the bidder.

(4) Incoming bids for each sale announced shall be recorded separately in the order of receipt thereof, assigning the said bids a sequential number and date, furthermore expressly noting the date of the postmark, if the bids were received by post.

(5) Upon the expiry of the deadline for acceptance of bids, the public enforcement agent shall place at the end of the

list a certification inscription, wherein the said agent shall specify the number of bids received and the date and time of closing the list, and shall sign.

(6) A bid which has been received before the end of the business hours of the public enforcement agent on the day before the day appointed for opening of the bids shall likewise be considered valid, provided that the postmark of the sender's post office bears a date not later than the date indicated as a closing date for the submission of bids. Any bids which do not conform to these requirements shall be considered invalid, and the public enforcement agent shall make an additional note of any such incoming valid and invalid bids so received below the certifying signature on the list.

(7) Before expiry of the deadline for submission of bids, any bidder may withdraw the bid thereof by a written request which shall be attached to the minutes. The bid shall be returned in the sealed envelope. A stamp of the public enforcement agent, stating "Withdrawn by Letter No. ..., dated ..." shall be impressed on the envelope, which shall be signed and dated by the public enforcement agent. A new bid may be submitted after the first bid is withdrawn, provided that the deadline is observed.

#### Examination of Bids and Sale

Article 252. (1) The bids shall be examined at the venue and time as appointed, in the presence of the bidders, the legitimate or authorized representatives therefor.

(2) The public enforcement agent shall examine the bids made in the order of receipt thereof, announcing the sequential number and the date of receipt or date of the postmark, if the bid has been received by post.

(3) The public enforcement agent shall announce the bids and the validity thereof. Any bids, which do not satisfy the requirements referred to in Article 251 (2) and (3) herein, as well as such submitted by persons who have no right to participate in the sale, shall be invalid. The bidders who were not admitted to the auction and the grounds for this non-admission shall be entered in the minutes, and the documents submitted by such bidders shall be attached to the minutes.

(4) The bids made shall be entered in a bidding record in the order of opening. The number of the letter and the date of withdrawal shall be noted in the bidding record against the sequential number [of each bidder] who has withdrawn the bid thereof.

(5) After depletion of the full list of bids, the public enforcement agent shall announce the highest price offered.

(6) (Supplemented, SG No. 63/2006) If two or more attending bidders have offered the same highest price, the auction shall proceed only between the said bidders with an open bidding. In such case, the public enforcement agent shall announce the bidding increment. The increment and the bids made shall be entered on the bidding record.

(7) (Amended, SG No. 63/2006) If the highest price is offered by two or more bidders and at least one of the said bidders is not present at the examination of the bids, the public enforcement agent shall determine the winner of the auction by a draw of lots in the presence of the attending entrants.

(8) Outside the cases referred to in Paragraphs (6) and (7) the bidders shall be arrayed according to the higher price offered.

(9) The winner of the auction and the two next highest bids shall be announced by the authority referred to in Paragraph (2) and shall be recorded in the minutes. The data about the bidders shall be entered against each of the bids, and the result shall be announced at an appropriate place in the chambers of the public enforcement agent and in the State Receivables Collection Agency.

#### Payment and Award Warrant

Article 253. The public enforcement agent shall issue a warrant awarding the item of property to the buyer within three days after receipt of the amount on the account named.

#### Subsequent Buyer

Article 254. (1) In case the price is not received on the account named within five days after the date of the auction, the buyer shall be presumed to have decided against buying the item of property. The deposit paid by the buyer shall be

used to cover the costs of the auction and the balance shall serve for extinguishment of the public receivable. In the cases where the buyer was not present at the auction, the time limit for non-cash payment shall begin to run as from the date of notification of the buyer of the result of the auction.

(2) (Amended and supplemented, SG No. 63/2006) After expiry of the time limit referred to in Paragraph (1) the public enforcement agent shall notify in writing the second highest bidder. If the second highest price has been offered by two or more entrants, the public enforcement agent shall determine the succeeding buyer by a draw of lots. If this entrant does not pay within five days after the notification, the said entrants shall likewise be presumed to have decided against buying the item of property.

(3) After the refusal of the second buyer according to the procedure established by Paragraph (2) the third buyer shall be notified and, if necessary, it shall be so proceeded until depletion of all entrants, provided that the price offered thereby is not below the starting bid and they have not withdrawn the deposits thereof.

(4) An entrant who fails to pay within five days after the notification shall be presumed to have decided against buying the item of property and shall be liable conforming to Paragraph (1).

(5) If none pays the price, the public enforcement agent shall schedule a new auction for sale of the item of property.

(6) The selling price of the item of property at the new auction shall be set at 80 per cent of the starting bid at the preceding auction. At each subsequent auction, the selling price shall be reduced by 10 per cent of the starting bid, but may not fall below 50 per cent thereof.

(7) Where the item of property is still not sold after the last auction, at the request of the public execution creditor, the said item shall be awarded thereto at 50 per cent of the starting bid. Where the public receivables belong to different execution creditors, the item of property shall be awarded to the execution creditor with the largest claims. The accounts of the execution creditors shall be reconciled by the public enforcement agent upon subsequent enforcement actions against the property of the debtor.

(8) Where the item of property is not awarded in the cases referred to in Paragraph (7) the said item shall be released from enforcement.

#### Transfer of Amounts to Debtor

Article 255. (Amended, SG No. 63/2006) Within seven days after covering the costs of the coercive enforcement, the principal and the interest, the debtor shall be notified of the balance left after the distribution, which shall be transferred to an account named by the said debtor, or if no such account has been named, the said amount shall be retained by the State Receivables Collection Agency and shall serve for offsetting against other public receivables.

#### Contestation

Article 256. (1) Any sale effected by auction shall be contestable within three days after the announcement of the results by any entrant in the auction, who offered a higher price than the entrant who was declared a buyer, where the entrant declared a buyer did not have a right to enter the auction and the price offered by the contestant is the next highest price after the price offered by the winner.

(2) The contestation shall be lodged care of the public enforcement agent and shall be examined according to the procedure established by Articles 266 to 268 herein.

(3) If a contestation is lodged, the public enforcement agent shall not issue an award warrant.

(4) The contestant shall be obligated to remit in full the price offered thereby to the account of the public enforcement agent, which shall be a condition for the validity of the appeal. In the cases where the contestation is granted, the court shall declare the contestant a buyer.

(5) The judgment of the court shall be final, it shall be unappealable, and shall have the effect of an award warrant.

(6) A transcript of the judgment of the court shall be transmitted to the public enforcement agent within seven days after the rendition of the said judgment.

(7) If the contestation is dismissed, the public enforcement agent shall issue a warrant awarding the item of property to the buyer declared thereby within seven days after receipt of the transcript of the judgment of the court and shall release the price of the corporeal immovable deposited by the appellant.

(8) If the contestation is granted and the contestant is declared a buyer, the public enforcement agent shall release the price deposited by the buyer declared by the said agent, except in the cases where the entrant declared a buyer did not have a right to enter the auction. In such cases, the price deposited by the entrant declared as a buyer by the public enforcement agent shall serve for satisfaction of the claims under the enforcement case.

#### Sale of Items of Property Left for Safe-keeping with Debtor

##### or with Third Parties

Article 257. (1) Where the item of property is left for safe-keeping with the debtor or with third parties, the public enforcement agent shall be obligated to indicate in the notice the exact location of the item of property and to set a suitable time for viewing, agreed in advance with the safe-keeper of the item of property.

(2) If the debtor or the third party obstructs the viewing, the item of property shall be impounded and sold according to the procedure established by this Code.

(3) If the debtor refuses to surrender the item of property, the said item shall be impounded by the public enforcement agent, which shall furthermore apply in respect of any third party who holds the said item. In such cases, if necessary, the cooperation of the National Police shall be ensured as well.

#### Section IV

#### Special Cases of Sale

##### Sale of Co-owned Items of Property

Article 258. (1) Where the enforcement is levied for an obligation of any of the co-owners against any item of property which is co-owned, the said item shall be inventoried and valued according to the procedure established by Article 235 herein and shall be offered to the non-debtor co-owner for purchase within thirty days.

(2) If the non-debtor co-owner agrees to pay the portion of the debtor within the time limit referred to in Paragraph (1) the public enforcement agent shall set a thirty-day time limit for payment and after payment is effected, shall award the item of property to the said co-owner by a warrant.

(3) If the non-debtor co-owner refuses to pay the portion of the debtor or fails to pay within the time limit referred to in Paragraph (2) the public enforcement agent shall announce an auction:

1. only of the indivisible interest of the debtor: applicable to items of immovable property;
2. of the entire item of property: applicable to corporeal movables, and after the sale, the non-debtor co-owners shall be paid a portion of the proceeds on a pro rata basis, while the costs shall be entirely for the account of the debtor.

(4) The item of property may alternatively be sold in whole, if the rest of the co-owners express a written consent within the time limit referred to in Paragraph (1).

(5) The valuation of the item of property shall furthermore be communicated to the non-debtor co-owner, who may request a new valuation according to the procedure established by Article 236 (1) herein.

(6) The non-debtor co-owner may appeal the enforcement actions by reason of non-compliance with Paragraph (1) according to the procedure established by Articles 266 to 268 herein.

##### Enforcement against Items Constituting Matrimonial Community Property

Article 259. (1) Coercive enforcement of public receivables against one of the spouses may be levied against corporeal movables and immovables which constitute matrimonial community property solely in respect of the portion of the

claim which cannot be satisfied through enforcement against the personal property of the debtor-spouse. The public enforcement agent shall be obligated, simultaneously with the imposition of the garnishment or the preventive attachment, to notify the non-debtor spouse that the enforcement is levied against an item constituting matrimonial community property.

(2) The sale shall be effected by an open-bidding auction, unless the spouses propose in writing that the sale be conducted according to another procedure provided for by this Code.

(3) By the proposal thereof referred to in Paragraph (2) the spouses may furthermore specify the item of property whereagainst they would wish enforcement to be levied.

(4) If, before a buyer is determined, the non-debtor spouse pays the amount due, along with the costs incurred by the public enforcement agent until that point in time, enforcement shall be terminated.

(5) The provisions applicable to the sale of co-owned items of property shall apply, *mutatis mutandis*, to enforcement against items constituting matrimonial community property.

(6) The non-debtor spouse shall be declared a buyer if within fourteen days after the date of conduct of the auction the said spouse declares in writing to the public enforcement agent that the said spouse wishes to buy the portion at the highest offered price and pays the said price within thirty days after the conduct of the auction.

(7) Until expiry of the time limit referred to in Paragraph (6) the public enforcement agent shall not issue an award warrant. If the spouse declared a buyer has notwithstanding paid the price, the said price shall be restitutable within three days.

(8) If the item of property is sold, irrespective of the method of sale, half of the proceeds, before deduction of costs, shall be paid to the non-debtor spouse.

(9) An argument that, owing to his or her contribution to the acquisition of the item of property, the non-debtor spouse is entitled to a larger share than the debtor spouse shall not be a defence available to the non-debtor spouse against the public enforcement agent unless otherwise ascertained by an effective judgment of court predating the occurrence of the public obligation.

(10) As from the effective date of the warrant awarding the non-debtor spouse an item constituting matrimonial community property, the relevant item shall be excluded from the matrimonial community property.

#### Enforcement against Deposit Accounts Constituting Matrimonial

##### Community Property

Article 260. (1) Coercive enforcement for public obligations against one of the spouses may be levied against half of a monetary deposit account constituting matrimonial community property.

(2) At the request of the non-debtor spouse, the other half of the deposit account may be transformed into a personal deposit account of the said spouse upon presentation of the coercive collection warrant at the servicing bank. The provision of Article 259 (9) herein shall apply in this case as well, *mutatis mutandis*.

#### Contestation of Actions

Article 261. Each spouse may contest the actions of the public enforcement agent in cases where:

1. it is established, by means of an effective judgement of court predating the occurrence of the obligation, that the item of property whereagainst coercive enforcement is levied is personal property of the non-debtor spouse or, as the case may be, that the share of the item of property proposed for coercive enforcement is larger than the share of the debtor spouse as ascertained by the judgement of court;

2. the public enforcement agent ignores the proposal of the spouses to levy coercive enforcement against another item of property;

3. there are grounds whereunder the on-debtor co-owners or the third parties holding independent rights to the item of

property may appeal.

#### Enforcement against Valuables Deposited at Safe-Deposit Vaults

Article 262. (1) (Amended, SG No. 59/2006) The public enforcement agent may levy enforcement against the content of valuables deposited at public or private safe-deposit vaults, including against the content of safe-deposit boxes.

(2) If any national or foreign currency is found upon the opening [of a safe-deposit box], the procedure established by this Code shall apply.

(3) If any numismatic valuables or jewellery, or works of art are found, they shall be inventoried in the memorandum and shall be left for safe-keeping with the bank until the sale of the said items of property.

#### Enforcement against Cash and Other Valuables

Article 263. Enforcement against any national or foreign currency found in the residence or on the business premises of the debtor, as well as against any currency found in a safe-deposit vault, shall be performed by means of impounding, inventorying and depositing the said currency on the account of the public enforcement agent. The exchange rate of the bank wherethrough the currency sale transaction is effected shall be applied upon translation of the exchange rate of the foreign currency.

#### Certifying Obligations

Article 264. (1) The transfer or the creation of any rights in rem to corporeal immovables or any inheritance rights involving corporeal immovables, the inclusion of any corporeal immovables or rights in rem to corporeal immovables as non-cash contributions to the capital of commercial corporations, the recording of a mortgage or a registered pledge shall be admitted after the transferor or creator [of the rights], or the mortgagor or pledger, as the case may be, presents a written declaration to the effect that the said person does not incur any outstanding and coercively enforceable obligations for taxes, customs duties and compulsory social-insurance contributions. The existence or non-existence of outstanding public obligations on the corporeal immovable shall be certified in the tax valuation.

(2) A transfer of ownership of motor vehicles shall be effected after the transferor presents a written declaration to the effect that the said transferor does not incur any outstanding and coercively enforceable obligations for taxes, customs duties, compulsory social-insurance contributions or other public obligations associated with the motor vehicle.

(3) The standard forms of the written declarations referred to in Paragraphs (1) and (2) shall be endorsed by the Minister of Finance and the Minister of Justice.

(4) Where the transferor or creator [of the rights] declare that they incur any public State and municipal obligations, the actions referred to in Paragraphs (1) and (2) may be performed after payment of the said obligations or if the debtor declares in writing that the said debtor agrees to the extinguishment of the public State and municipal receivables from the proceeds from the transfer or creation of the right in rem and the buyer pays the amount due to the relevant budget.

#### Liability

Article 265. Any notary or recording magistrate, who draws up or, respectively, orders the recording of an act without presentation of a declaration or in non-compliance with the provision of Article 264 (4) herein, shall incur solidary liability for payment of the obligations due by the transferor or the creator [of rights in rem].

#### Chapter Twenty-Seven

### DEFENCE AGAINST COERCIVE ENFORCEMENT

#### Contestation

Article 266. (1) The actions of the public enforcement agent shall be contestable by the debtor or by the garnishee before the Executive Director of the State Receivables Collection Agency or before the Territorial Director of a National Revenue Agency Territorial Directorate care of the public enforcement agent who performed the said actions. Any such contestation shall be lodged within seven days after performance of the action if the person was present or was notified of the said performance, and in the rest of the cases, after the day of communication. In respect of third parties, the time limit shall begin to run as from learning of the action concerned.

(2) The debtor shall attach to the contestation thereof a transcript for the public enforcement agent, and the garnishee shall also attach a transcript for the debtor.

(3) The ascertained amount of the public obligation shall be uncontestable.

(4) The contestation shall not stay the coercive enforcement actions, unless the said contestation is lodged by a third person holding independent rights to the item of property whereagainst the coercive enforcement is levied. The said independent rights shall be certified by written evidence attached to the appeal.

#### Consideration of Contestation

Article 267. (1) The decision-making authority shall consider the contestation on the basis of the information in the file and the evidence presented by the parties.

(2) Within fourteen days after the receipt of a valid contestation, the decision-making authority shall pronounce by a decision whereby the said authority may:

1. terminate the proceeding, if the debtor pays the amount due, including the costs incurred, before pronouncement on the contestation;

2. suspend the enforcement, if there are grounds for suspension of the coercive enforcement under this Code, of which the execution creditor shall be notified as well;

3. revoke the action contested;

4. revoke or refuse to revoke the enforcement action, contested by the third party possessing independent rights to the item of the property whereagainst the coercive enforcement is levied; where the contestation is not granted, the third party may bring an action within thirty days after receipt of the transcript of the decision;

5. dismiss the contestation;

6. leave the contestation without consideration, where the contestant has no standing to contest the actions of the coercive enforcement authority or where the contestant withdraws the contestation.

(3) In the cases referred to in Item 3 of Paragraph (2) the enforcement case shall be returned to the authority who performed the action appealed, and the enforcement proceeding shall commence from the revoked action.

#### Judicial Appeal

Article 268. (1) (Amended, SG No. 30/2006, effective 1.03.2006) In cases referred to in Items 2, 4, 5 and 6 of Article 267 (2) herein, the debtor or the execution creditor may appeal the decision before the administrative court exercising jurisdiction over the location of the public enforcement agent whose action is appealed within seven days after the communication. The case file shall be transmitted to the administrative court within three days after the receipt of the appeal.

(2) (Amended, SG No. 30/2006, effective 1.03.2006) The judgment of the administrative court shall be final and unappealable.

#### Third Party Action

Article 269. (1) A third party, whose right has been affected by the enforcement, may bring an action to establish the right thereof.

(2) The action shall be brought against the debtor and the public execution creditor.

(3) The court shall notify the public enforcement agent if an action proceeding is instituted. In such case, the public enforcement agent may proceed with another coercive enforcement method or may suspend the proceeding.

#### Chapter Twenty-Seven A

(New, SG No. 105/2006, effective 1.01.2007)

# PROCEDURE FOR MUTUAL ASSISTANCE WITH MEMBER STATES OF EUROPEAN UNION FOR

## COLLECTION OF PUBLIC RECEIVABLES

### Section I

#### General Dispositions

##### Scope

Article 269a. (New, SG No. 105/2006) (1) The Minister of Finance or an official empowered thereby may grant mutual assistance to the competent authorities of the Member States of the European Union upon collection of public receivables for:

1. refunds, interventions and other measures forming part of the system of total or partial financing of the European Agricultural Guidance and Guarantee Fund, including sums to be collected in connection with these actions;
2. levies on sugar;
3. import and export customs duties;
4. value added tax;
5. excise duties on:
  - (a) tobacco products;
  - (b) alcohol and alcoholic beverages;
  - (c) energy products and electricity;
6. taxes on income and capital;
7. taxes on insurance premiums, as well as all identical receivables or receivables of a similar nature, imposed in addition to, or in place of, the said taxes;
8. pecuniary sanctions and administrative penalties: fines incidental to the receivables covered under Items 1 to 7;
9. interest and costs incidental to the receivables covered under Items 1 to 8.

(2) The receivables collected under a request for mutual assistance shall not benefit from the privileges accorded by Bulgarian legislation to similar receivables arising in the territory of the country.

(3) The actions to secure and collect the public receivables covered under Paragraph (1) upon grant of mutual assistance shall be performed by public enforcement agents with the State Receivables Collection Agency under the terms and according to the procedure established by this Code.

##### Terms and Procedure for Mutual Assistance

Article 269b. (New, SG No. 105/2006) (1) Mutual assistance for collection of the receivables covered under Article 269a (1) herein shall be granted by means of a request for:

1. information;
2. notification;
3. collection of a receivable;
4. precautionary measures.

(2) The request for mutual assistance may relate to:

1. the debtor;
2. any third party liable for compliance with the obligation;
3. any third party holding assets belonging to the persons referred to in Item 1 or 2.

(3) A request for mutual assistance may be made in respect of either a single receivable or several receivables where those are collectable from one and the same person.

(4) No request for mutual assistance may be made if the total amount of the receivable or receivables is less than the Bulgarian lev equivalent of EUR 1,500.

(5) A request for mutual assistance shall be drawn up in a standard form endorsed by an order of the Minister of Finance and, as far as possible, shall be transmitted by electronic means. Where the request cannot be transmitted by electronic means, the said request shall be signed by the person empowered by the requesting authority and shall be stamped.

(6) Requests for mutual assistance and the enclosures therewith shall be accompanied by a translation in the official language, or one of the official languages of the Member State of the requested authority, without prejudice to the latter authority's right to waive the translation.

(7) The requested authority shall acknowledge receipt of the request for mutual assistance in writing within seven days after the receipt thereof.

(8) The requested authority shall inform the requesting authority immediately of the action taken on the request for mutual assistance.

(9) Where the action on the request for mutual assistance cannot be taken within a reasonable time, the requested authority shall inform the requesting authority, indicating the reasons therefor.

(10) In any event, within six months after the acknowledgement referred to in Paragraph (7) the requested authority shall inform the requesting authority of the outcome of the action taken on the request for mutual assistance.

(11) Within two months after receipt of the notification from the requested authority of the outcome of the action on the request for mutual assistance, the requesting authority may send a request in writing for continuation of the said action. Any such request shall be treated as an integral part of the initial request and the same rules shall apply thereto.

(12) The requesting authority may at any time withdraw in writing the request for mutual assistance which it has sent.

(13) Powers provided for in the national legislation of the State of the requested authority for collection of similar receivables arising within the territory of that State shall be exercised for the grant of mutual assistance.

(14) The requested authority shall not be obliged to grant mutual assistance if the date of issuance of the enforcement title precedes the time of dispatch of the initial request by more than five years. In case the receivable or the enforcement title is contested, this time limit shall begin from the effective date of the said receivable or title.

(15) A refusal of the requested authority to grant mutual assistance shall be in writing and shall be reasoned and must be sent within three months after the date of receipt of the request. The requested authority shall also communicate the reasoned refusal thereof to the European Commission.

#### Exchange of Information

Article 269c. (New, SG No. 105/2006) (1) Information in connection with the grant of mutual assistance shall be exchanged in writing in the official language of the State of the requested authority or in another language agreed between the requested and requesting authorities. As far as possible, any such information shall be transmitted by electronic means,

except for:

1. notification and the instrument or decision which must be served;
2. collection or for precautionary measures and the enforcement title.

(2) The requesting and requested authorities may agree on exchange by electronic means of the documents referred to in Items 1 and 2 of Paragraph (1) as well.

(3) The information which the requesting authority receives from the requested authority of another Member State, containing specific identifying data on persons and subjects according to Article 72 (1) herein, shall be treated as tax and social-insurance information within the meaning given by this Code. Any such information may be used in connection with judicial or administrative proceedings instituted for the purpose of collection of the receivables referred to in Article 269a herein.

(4) The information may only be communicated by the competent authority to:

1. the person mentioned in the request for mutual assistance;
2. the persons and authorities responsible for the collection of the receivables, and solely for that purpose;
3. the judicial authorities dealing with matters concerning the collection of receivables.

(5) Annually, not later than the 15th day of March, the Minister of Finance or an official empowered thereby shall inform the European Commission, as far as possible by electronic means, of the number of requests under Items 1 to 3 of Article 269b (1) herein sent and received, the amount of the receivables involved and the amounts collected, using a standard form endorsed by the said Minister.

#### Extinctive Prescription

Article 269d. (New, SG No. 105/2006) (1) Questions concerning the extinctive prescription of the receivables shall be governed by the legislation of the State of the requesting authority.

(2) The actions for coercive enforcement, taken by the requested authority under a request for mutual assistance, which suspend or interrupt the prescription according to the legislation of the State of the requesting authority, shall be deemed to have been taken in the latter State.

#### Costs

Article 269e. (New, SG No. 105/2006) (1) The costs incurred by the requested authority under a request for mutual assistance shall not be recoverable from the State of the requesting authority.

(2) The State of the requesting authority shall reimburse to the State of the requested authority all costs incurred as a result of actions taken by the requested authority which are held to be unfounded by reason of non-existence of the receivable or invalidity of the enforcement title.

#### Section II

#### Requests for Mutual Assistance

#### Request for Information

Article 269f. (New, SG No. 105/2006) (1) The request for information shall concern facts and circumstances relevant to the collection of the receivables covered under Article 269a (1) herein.

(2) Immediately upon receipt of the request for information, the requested authority shall, where appropriate, ask the requesting authority to provide additional information.

(3) The requested authority shall transmit each item of information to the requesting authority as and when it is gathered.

(4) The requested authority shall not be obliged to supply information where:

1. the said authority would not be able to obtain such information for the purpose of collecting similar receivables arising within the territory of the country;
2. the information would disclose any commercial, industrial or professional secret;
3. the disclosure of the information would endanger national security or be contrary to public policy.

(5) A refusal by the requested authority to provide information must be in writing and be reasoned, specifying the relevant ground under Paragraph (4) and must be transmitted within three months after the date of acknowledgement of receipt of the request.

#### Request for Notification

Article 269g. (New, SG No. 105/2006) (1) The request for notification shall concern the service of all instruments and decisions, including judicial acts and judgments of court, related to a receivable covered under Article 269a (1) herein and/or the collection of any such receivable. The instruments and decisions shall be served on any natural or legal person specified in the legislation of the State of the requesting authority.

(2) The request for notification shall furthermore refer to the procedure for contestation of the receivable or for collection of the said receivable according to the legislation of the State of the requesting authority, insofar as such is not indicated in the instrument or decision.

(3) The request for notification shall be made out in duplicate, and two copies of the instrument or decision which must be served shall be attached thereto.

(4) The requested authority may request additional information provided that the final date for service of the decision or instrument indicated in the request is not jeopardized.

(5) The requested authority shall immediately inform the requesting authority of the date of service of the instrument or decision, by returning to it one of the copies of the request with the certificate on the reverse side duly completed.

(6) Article 269b (10) and (11) herein shall not apply in respect to the request for notification.

#### Request for Collection of Receivable

Article 269h. (New, SG No. 105/2006) (1) The request for collection of a receivable shall concern coercive enforcement of a receivable covered under Article 269a (1) herein, in respect of which an enforcement title is available. Where the enforcement title has been issued for several receivables from one and the same debtor, the said receivables shall be treated as a single receivable for the purposes of mutual assistance.

(2) The enforcement title issued in another Member State shall be treated as an enforcement title within the meaning given by this Code.

(3) A request for collection of a receivable shall be made out solely where the receivable and/or the enforcement title are not contested and the coercive enforcement procedure cannot lead to full collection of the receivable within the territory of the State of the requesting authority. A declaration certifying the fulfilment of these conditions shall be attached to the request.

#### Request for Precautionary Measures

Article 269i. (New, SG No. 105/2006) The request for precautionary measures shall be reasoned and shall concern the imposition of precautionary measures for a receivable shall concern coercive enforcement of a receivable covered under Article 269a (1) herein, in respect of which an enforcement title is available.

#### Terms and Procedure for Collection of Public Receivables and Imposition

#### of Precautionary Measures

Article 269j. (New, SG No. 105/2006) (1) In the requests referred to in Articles 269h and 269i herein, the Bulgarian requesting authority shall express the amount of the receivable in Bulgarian leva and in the currency of the State of the requested authority, applying the rate of exchange announced by the Bulgarian National Bank for the date of dispatch of the request.

(2) A transcript or a certified copy of the enforcement title and, where appropriate, an original or a certified copy of other documents as well, shall be attached to the requests.

(3) Within seven days after receipt of a request referred to in Articles 269h or 269i herein, the requested authority shall, in writing, ask the requesting authority to complete the request if it does not conform to the relevant requirements of Paragraphs (1) and (2) of Article 269b (5) herein and of Article 269h (3) herein.

(4) The information referred to in Article 269b (10) herein shall be provided at the end of each six-month period following the date of acknowledgement of the receipt of the request referred to in Articles 269h or 269i herein.

(5) The requesting authority shall immediately send the requested authority any new information which would be useful in the collection or securing of the receivable.

(6) The requested authority shall not be obliged to grant mutual assistance on a request referred to in Articles 269h or 269i herein in case the action for fulfilment of the request would, because of the situation of the debtor, create serious economic or social difficulties in the State of the requested authority, if the national legislation of that State provides for such measures in respect of similar receivables arising within the territory thereof. Article 269b (15) herein shall apply in respect of any such refusal.

(7) The requesting authority shall immediately notify in writing the requested authority where the receivable and/or the enforcement title are contested before the authorities and according to the legislation of the State of the requesting authority.

(8) In the cases referred to in Paragraph (7) the coercive enforcement proceeding shall be suspended pending a pronouncement of the relevant authority by a decision and precautionary measures may be imposed if the legislation of the State of the requested authority allows such action in respect of similar receivables arising within its territory.

(9) Paragraph (8) shall not apply where the requesting authority has expressly asked the requested authority to continue the coercive enforcement proceeding notwithstanding the contestation.

(10) When the receivable and/or the enforcement title is upheld, the coercive enforcement proceeding shall be resumed, with the decision being considered as an enforcement title.

(11) When the receivable and/or the enforcement title is not upheld, the coercive enforcement proceeding shall be terminated. In such case, the requesting authority shall reimburse any sums collected according to the legislation of the State of the requested authority within two months after receipt of a reasoned request from the requested authority.

(12) Where the amount of the receivable is adjusted, the requesting authority shall immediately inform the requested authority in writing. If the adjustment entails an increase in the amount of the receivable, the requesting authority shall as soon as possible address to the requested authority an additional request for collection or for imposition of precautionary measures. Any such additional request shall be treated as an integral part of the initial request. The adjusted amount of the receivable shall be converted into the currency of the State of the requesting authority applying the rate of exchange used in the original request.

(13) In case the action for coercive enforcement or for imposition of precautionary measures, as the case may be, under the initial request have been performed, the additional request referred to in Paragraph (12) shall be treated as a new request.

(14) Where the amount of the receivable has been reduced, the coercive enforcement or the imposition of precautionary measures, as the case may be, shall continue for the outstanding amount of the receivable. If an amount exceeding the amount of the receivable still outstanding has already been collected without being transferred to the requesting authority, the amount overpaid shall be repaid to the debtor.

(15) If the request referred to in Article 269h or 269i herein becomes devoid of purpose as a result of extinguishment of the receivable or for any other reason, the requesting authority shall immediately inform the requested authority in writing so that the latter may terminate the relevant proceeding.

#### Interest

Article 269k. (New, SG No. 105/2006) As from the date of acknowledgement of the receipt of the request for collection, interest shall be due according to the national legislation of the State of the requested authority.

#### Deferral and Rescheduling

Article 269l. (New, SG No. 105/2006) The receivable may be deferred or rescheduled under the terms and according to the procedure established by the legislation of the State of the requested authority with the consent of the requesting authority. Interest shall be due for the period of deferral or rescheduling.

#### Transfer of Sums

Article 269m. (New, SG No. 105/2006) (1) Within one month, any sum collected, including the interest collected according to the procedure established by this Chapter, shall be transferred by bank remittance to the requesting authority in the national currency of the State of the requested authority.

(2) The requesting and requested authorities may agree on different arrangements for the transfer of amounts below EUR 1,500.

(3) With the exception of interest, the receivable shall be deemed to have been collected in proportion to the collection of the amount expressed in the national currency of the Member State of the requested authority, on the basis of the rate of exchange indicated in the request.

#### Contestation

Article 269n. (New, SG No. 105/2006) The actions for coercive enforcement and imposition of precautionary measures shall be contestable before the relevant authority under the terms and according to the procedure established by the legislation of the State of the requested authority.

#### Costs

Article 269o. (New, SG No. 105/2006) (1) The costs incidental to collection or securing of the receivable shall be recovered from the debtor and shall be retained by the authority that incurred the said costs.

(2) Where the collection of a receivable poses a specific problem, entails very high costs or relates to the fight against organized crime, the requesting and requested authorities or persons empowered thereby may agree terms and a procedure for reimbursement of the costs specific to each particular case.

(3) In the cases referred to in Paragraph (2) the requested authority shall send a reasoned request in writing for reimbursement of the costs incurred.

(4) Within seven days after receipt of the request referred to in Paragraph (3) the requesting authority shall acknowledge the receipt of the said request in writing.

(5) Within two months after the date of acknowledgement referred to in Paragraph (4) the requesting authority shall inform the requested authority whether it agrees or disagrees with the reimbursement of the costs.

(6) If the requesting and requested authorities fail to reach agreement regarding the terms and procedure for reimbursement of the costs, the requested authority shall continue the proceeding for collection of the said costs.

## TITLE FIVE

### ADMINISTRATIVE PENALTY PROVISIONS

#### Chapter Twenty-Eight

### ADMINISTRATIVE VIOLATIONS AND SANCTIONS

#### Abuse of Tax and Social-Insurance Information

Article 270. Any persons covered under Articles 73 to 75 herein, as well as any persons having access to tax and social-insurance information under other laws, who disclose, provide, publish, use or otherwise disseminate any facts and circumstances constituting tax and social-insurance information, unless subject to a severer sanction, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 5,000, and in particularly grave cases to a fine of BGN 5,000 or exceeding this amount but not exceeding BGN 10,000. In addition to the fine referred to in Paragraph (1) the officials of the National Revenue Agency, the public enforcement agents and experts may be disqualified from occupying the relevant position for a period of one to three years.

#### Non-issuance of Certificate in Due Time

Article 271. (1) Any person who, being a revenue authority, fails to issue in due time a certificate of the existence or non-existence of an obligation at the request of the person concerned or on basis of a judicial act, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 300. In the event of a repeated violation, the revenue authority shall be liable to a fine of BGN 300 or exceeding this amount but not exceeding BGN 600.

(2) Any official of a central-government, municipal or judicial authority, who fails to issue in due time a certificate requested according to the procedure established by this Code, shall be liable to the fine referred to in Paragraph (1).

#### Non-acceptance of Return

Article 272. (1) Any official of the National Revenue Agency, who has been assigned to accept a return concerning taxation or compulsory social-insurance contributions and who refuses to accept a duly completed and signed return, including such submitted by an authorized representatives, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 300 and, in the event of a repeated violation, to a fine of BGN 300 or exceeding this amount but not exceeding BGN 600.

(2) The sanction referred to in Paragraph (1) shall also be imposed on any official of the National Revenue Agency who fails to record the submission of a return concerning taxation or compulsory social-insurance contributions in the incoming register at the relevant territorial directorate, or who fails to issue a document certifying the submission.

#### Obstruction

Article 273. Any person, who refuses to cooperate with a revenue authority or a public enforcement agent or who obstructs the discharge of the powers thereof, shall be liable to a fine of BGN 250 or exceeding this amount but not exceeding BGN 500, applicable to natural persons, and by a pecuniary penalty of the same amount, applicable to sole traders and legal persons. In the event of a repeated violation, the sanction shall be a fine or a pecuniary penalty of BGN 500 or exceeding this amount but not exceeding BGN 1,000.

#### Unlawful Audit

Article 274. Anyone who, being a revenue authority, conducts an audit without being assigned to do so, or who continues the conduct of an audit beyond the appointed time limit, unless the said time limit has been extended according to the established procedure, shall be liable to a fine of BGN 250 or exceeding this amount but not exceeding BGN 500 and, in the event of a repeated violation, to a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,000.

#### Non-submission of Declaration

Article 275. Any person, who fails to present the declaration referred to in Article 124 (3) herein within the established time limit, unless subject to a severer sanction, shall be liable to a fine, applicable to natural persons, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 500 or exceeding this amount but not exceeding BGN 5,000. In the event of a repeated violation, the sanction shall be a fine for natural persons or a pecuniary penalty for legal persons and sole traders amounting to BGN 1,000 or exceeding this amount but not exceeding BGN 10,000.

#### Unlawful Garnishment or Preventive Attachment

Article 276. Any person who, being a public enforcement agent, imposes a garnishment or preventive attachment on any property which is not subject to coercive enforcement, shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 1,000 and, in the event of a repeated violation, to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 3,000.

#### Non-provision of Information upon Coercive Enforcement

Article 277. Any person who, upon institution of an enforcement proceeding according to the procedure established by this Code, fails to fulfil, within the established time limits, the obligation thereof to provide information to the public

enforcement agent, shall be liable to a fine, applicable to natural persons, or to a pecuniary penalty, applicable to legal persons and sole traders, of BGN 50 or exceeding this amount but not exceeding BGN 250. In the event of a repeated violation, the sanction shall be a fine for natural persons or a pecuniary sanction for legal persons and sole traders amounting to BGN 100 or exceeding this amount but not exceeding BGN 500.

#### Other Violations

Article 278. Any person, who fails to fulfil any other obligation arising from this Code, shall be liable to a fine of BGN 50 or exceeding this amount but not exceeding BGN 500, unless subject to a severer sanction.

#### Non-fulfilment of Obligation to Provide Information

Article 278a. (New, SG No. 105/2006, effective 1.01.2007) (1) Any person, who or which fails to provide the information covered under Article 143m and/or Article 143q herein within the time limit provided for in Article 143m (2) and/or Article 143q (2) herein, respectively, shall be liable to a fine, applicable to natural persons, or to a pecuniary penalty, applicable to legal persons and sole traders, amounting to up to BGN 2,000.

(2) Any person, who or which fails to state or who misstates any data or circumstances in the information covered under Article 143m and/or Article 143q herein, shall be liable to a fine, applicable to natural persons, or to a pecuniary penalty, applicable to legal persons and sole traders, amounting to up to BGN 1,000.

(3) In the event of a repeated violation, the sanction shall be a fine for natural persons or a pecuniary penalty for legal persons and sole traders amounting to up to BGN 3,000 for a violation under Paragraph (1) and to up to BGN 2,000 for a violation under Paragraph (2).

(4) The fine or the pecuniary penalty under Paragraph (2) shall not be imposed for an unstated tax identification number, date and place of birth of the beneficial owner in respect of any contracts which have entered into force between the 1st day of January 2004 and the 31st day of December 2006 inclusive, provided that the paying agent has undertaken, in good faith, all action necessary to establish these data.

#### Chapter Twenty-Nine

### PROCEEDING FOR ASCERTAINMENT OF VIOLATIONS AND IMPOSITION OF SANCTIONS

#### Ascertainment of Violations and Imposition of Sanctions

Article 279. (1) The instruments on ascertainment of administrative violations shall be drawn up by the revenue authorities or by the public enforcement agents, as the case may be, and the penalty decrees shall be issued by the Executive Director of the National Revenue Agency or an official empowered thereby or, respectively, by the Executive Director of the State Receivables Collection Agency.

(2) In the cases where the violation was committed by an authority or an official of the National Revenue Agency or of the State Receivables Collection Agency, the instrument on ascertainment of the administrative violation shall be drawn up and the penalty decree shall be issued by officials designated by the Minister of Finance.

(3) The ascertainment of violations, the issuance, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

#### Unknown Offender

Article 280. (1) Upon ascertainment of an administrative violation by the authorities of the National Revenue Agency in the course of discharge of the control functions thereof, where the offender is unknown, the instrument on ascertainment of administrative violation shall be signed by the drafter and by at least one witness and shall not be served. In such case, a penalty decree shall be issued not earlier than the lapse of four months from the date of drawing up of the act, which shall enter into effect as from the date of the drawing up of the said act.

(2) The administrative penalty proceeding under Paragraph (1) shall be terminated if the offender is detected before the issuance of the penalty decree. In such case, the instrument on ascertainment of the administrative violation shall be drawn up against the said offender and the time limit for issuance of the penalty decree shall begin to run as from the drawing up of the said act.

(3) The provisions of Article 20 of the Administrative Violations and Sanctions Act shall apply, mutatis mutandis, even where the offender is unknown.

#### SUPPLEMENTARY PROVISIONS

§ 1. Within the meaning given by this Code:

1. "Repeated" violation shall be any violation committed within one year after the entry into effect of a penalty decree whereby the person was sanctioned for a violation of the same type.

2. "Household" shall include the spouses, the de facto cohabitantes, as well as their children and relatives, if the latter live with them.

3. "Related parties" shall be:

(a) spouses, lineal relatives, collateral relatives up to the third degree of consanguinity, and affines up to the second degree of affinity and, for the purposes of Item 2 of Article 123 (1) herein, where included in a common household;

(b) employer and employee;

(c) partners;

(d) any two persons, of whom one participates in the management of the other or of a subsidiary thereof;

(e) any persons in whose management or supervisory body one and the same natural or legal person is a member, including where the said natural person represents another person;

(f) a corporation and a person who holds more than 5 per cent of the issued voting participating interests or shares in the corporation;

(g) any two persons, of whom one exercises control over the other;

(h) any persons whose activity is controlled by a third party or by a subsidiary thereof;

(i) any persons who jointly control a third party or a subsidiary thereof;

(j) any two persons of whom one is a commercial representative of the other;

(k) any two persons of whom one has made a donation to the other;

(l) any persons who participate, whether directly or indirectly, in the management, control or capital of another person or persons and, therefore, they can agree on conditions other than the customary conditions.

4. "Control" shall be in effect where the controlling party:

(a) holds, either directly or indirectly or by virtue of an agreement with another person, more than one-half of the voting rights in the General Meeting of another person, or

(b) has a possibility to designate, whether directly or indirectly, more than one-half of the members of the management body or the supervisory body of another person, or

(c) has a possibility to manage the activity of another person, including through or together with a subsidiary, by virtue of articles of association or a contract, or

(d) as a shareholder or partner in one company, controls independently, by virtue of a transaction with other partners or shareholders in the same company, more than one-half of the number of voting rights in the General Meeting of the company, or

(e) may in any other way exercise a dominant influence over decision-making in connection with the activity of the

company.

5. "Permanent establishment" shall be:

(a) a fixed place (whether owned, rented or used on other grounds) wherethrough a non-resident carries on business inside the country, wholly or partly, such as: a place of management; a branch; a representative office registered in the country; an office; a bureau; a studio; a plant; a workshop (factory); a retail shop; a wholesale storage facility; an after-sales service establishment; an installation project; a building site; a mine; a quarry; a prospecting drill; an oil or gas well; a water spring or any other place of extraction of natural resources;

(b) conduct of business inside the country by persons authorized to contract on behalf of non-resident persons, with the exception of the business of agents of independent status covered under Chapter Six of the Commerce Act;

(c) sustained effecting of commercial transactions with a place of performance inside the country, even where the non-resident person has no permanent representative or fixed base.

6. "Transfer between a permanent establishment and another division of the same enterprise" shall be any transfer of items of property, ensuring the use of intangible goods, actual performance of services or provision of cash between a permanent establishment within the territory of the country and another division of the enterprise situated outside the territory of the country.

7. "Fixed base" shall be:

(a) a fixed place wherethrough which a non-resident natural person provides, wholly or partly, independent personal services or practises a liberal profession in this country, such as: an architectural studio, a dental consulting room, a law office or another consultant's office, an office of an independent auditor or accountant;

(b) sustained provision of independent personal services or practice of a liberal profession, even where the non-resident natural person does not have a fixed place.

8. "Market price" shall be the amount, net of value added tax and excise duties, which would be paid under the same conditions for identical or similar goods or services under a transaction between unrelated parties.

9. "Transfer prices" shall be in evidence where conditions which differ from those which would be made between independent parties and which affect the amount of the profit and income thereof are made or imposed in the commercial or financial relations between related parties.

10. "Methods for determination of market prices" shall be:

(a) the Comparable Uncontrolled Price method for arm's length trading;

(b) the Resale Price method, where the arm's length market price is determined by subtracting the costs of the trader and the normal margin of profit from the price used in the process of sale of goods and services in an unaltered state to an independent partner;

(c) the Cost Plus method, in which the arm's length market price is determined by adding the normal margin of profit to the production cost;

(d) the Transactional Net Margin method;

(e) the Profit Split method.

The procedure and manner for application of the methods shall be established by an ordinance of the Minister of Finance.

11. "Self-contained part" shall be an organizational structure which can carry on business independently (a retail shop, a repair establishment, a ship, a workshop, a restaurant, a hotel and other such).

12. (New, SG No. 105/2006, effective 1.01.2007) "Competent authority," within the meaning given by Section V of Chapter Sixteen of Title Two herein, shall be an authority empowered by a Member State of the European Union to grant mutual assistance and to exchange information concerning the ascertainment of obligations for taxes on income and capital and on insurance premiums. In the Republic of Bulgaria, the expression "competent authority" means the Executive Director of the National Revenue Agency.

13. (New, SG No. 105/2006, effective 1.01.2007) "Beneficial owner," within the meaning given by Section VI of Chapter Sixteen of Title Two herein, shall be any natural person who is paid savings income by a paying agent, unless, in respect of the income paid, the person:

1. acts as a paying agent within the meaning given by Item 15;

2. acts for the account of:

(a) a legal person, or

(b) an unincorporated association which is taxed on its profits according to the rules for taxation of profits under the legislation of the State of residence thereof, or

(c) a collective investment scheme licensed in a Member State, or

(d) a paying agent referred to in Article 143p herein, where the person discloses the name and address of the said paying agent to the economic operator, or

(e) the beneficial owner, where the person discloses the name and address of the said beneficial owner to the paying agent.

14. (New, SG No. 105/2006, effective 1.01.2007) "Economic operator," within the meaning given by Section VI of Chapter Sixteen of Title Two herein, shall be any person which pays savings income to a paying agent in the course of carrying out its economic activity. Any economic operator which carries out economic activity within the territory of the country shall be treated as a resident economic operator.

15. (New, SG No. 105/2006, effective 1.01.2007) "Paying agent," within the meaning given by Section VI of Chapter Sixteen of Title Two herein, shall be any economic operator which pays savings income for the immediate benefit of the beneficial owner, inter alia as an intermediary upon payment of the income. Any paying agent which is a resident person, a fixed base or a permanent establishment within the territory of the Republic of Bulgaria, shall be treated as a resident paying agent.

16. (New, SG No. 105/2006, effective 1.01.2007) "Savings income," within the meaning given by Section VI of Chapter Sixteen of Title Two herein, shall be:

(a) income paid or credited to an account, relating to debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, including interest on deposits, income from government securities, bonds, debentures, as well as premiums and prizes attaching to such securities; penalty charges for late payments shall not be regarded as savings income;

(b) income accrued or capitalized at the sale, refund or redemption of the debt claims referred to in Littera (a);

(c) income deriving from savings income either directly or through a paying agent referred to in Article 143p herein, distributed by:

(aa) a collective investment scheme licensed in a member State;

(bb) a paying agent referred to in Article 143p herein, which has exercised the option thereof to be treated as equivalent to a collective investment scheme;

(cc) an investment company established in a third country;

(d) income realized upon the sale, refund or redemption of shares or units in persons referred to in Littera (c) (aa) (bb) and (cc) provided that the said persons invest directly or indirectly, via other persons referred to in Littera (c) (aa) (bb) and (cc) more than 40 per cent of their assets in debt claims referred to in Item 1; the percentage of the assets shall be determined by reference to the investment policy as laid down in the prospectus of the investment company, failing which, by reference to the actual composition of the assets of the persons concerned.

In the cases referred to in Item 16 (c) and (d) when a paying agent has no information concerning the proportion of the income which is realized as savings income, the total amount of the income shall be considered savings income.

In the cases referred to in Item 16 (d) when a paying agent has no information concerning the percentage of the assets invested in debt claims or in shares or units, that percentage shall be considered to be above 40 per cent. When the paying agent cannot determine the amount of income realized by the beneficial owner, the income shall be deemed to correspond to the proceeds of the sale, refund or redemption of the shares or units.

When the paying agent is unable to calculate the income derived for lack of information on the price at which the debt claim referred to in Item 16 (b) or, respectively, a share or interest in the persons referred to Item 16 (d) has been acquired, the total amount of the proceeds shall be considered income.

The income referred to in Item 16 (c) and (d) shall be excluded from the definition of savings income where payers of such income invest less than 15 per cent of their assets in debt claims referred to in Item 16 (a).

17. (New, SG No. 105/2006, effective 1.01.2007) "Competent authority," within the meaning given by Section VI of Chapter Sixteen of Title Two herein, shall be an authority empowered by a Member State to exchange information concerning the savings income paid to beneficial owners who are resident in other Member States. In the Republic of Bulgaria, the expression "competent authority" means the Executive Director of the National Revenue Agency.

18. (New, SG No. 105/2006, effective 1.01.2007) "Requesting authority," within the meaning given by Chapter Twenty-Seven A of Title Four herein, shall be the competent authority of a Member State of the European Union which makes a request for mutual assistance upon collection of a receivable under Article 269a (1) herein.

19. (New, SG No. 105/2006, effective 1.01.2007) "Requested authority," within the meaning given by Chapter Twenty-Seven A of Title Four herein, shall be the competent authority of a Member State of the European Union which receives a request for mutual assistance upon collection of a receivable under Article 269a (1) herein.

20. (New, SG No. 105/2006, effective 1.01.2007) "Transmission by electronic means," within the meaning given by Chapter Twenty-Seven A of Title Four herein, shall be the transmission using electronic equipment for processing (including digital compression) of data and employing wires, radio transmission, optical technologies or other electromagnetic means.

§ 2. The provisions of the Administrative Procedure Code and of the Code of Civil Procedure shall apply to any cases unregulated by this Code.

§ 2a. (New, SG No. 34/2006) The branches of commercial corporations and the divisions may continue to report as social insurance contributors separately from the corporation and from other branches and divisions thereof, by identifying themselves through their single identification code under BULSTAT according to Article 6 (2) of the BULSTAT Register Act.

#### TRANSITIONAL AND FINAL PROVISIONS

§ 3. The Tax Procedure Code (promulgated in the State Gazette No. 103 of 1999; [modified by Constitutional Court Judgement No. 2 of 2000, [promulgated in] No. 29 of 2000; amended in No. 63 of 2000, No. 109 of 2001, Nos. 45 and 112 of 2002, Nos. 42, 112 and 114 of 2003, Nos. 36, 38, 53 and 89 of 2004, Nos. 19, 39, 43, 79 and 86 of 2005) shall be superseded.

§ 4. Any public obligations deferred or rescheduled under the Tax Procedure Code as superseded, the Social Insurance Code and the Health Insurance Act, whereof the time limit for payment expires after the entry of this Code into force, shall remain effective until final payment conforming to the authorization granted.

§ 5. (1) The provisions of this Code shall be applied by the authorities of the National Revenue Agency or by the authorities of the State Receivables Collection Agency, as the case may be, to the procedural actions under administrative and enforcement proceedings under Chapter Seven of the Social Insurance Code pending at the date of entry into force of the Tax and Social-Insurance Procedure Code.

(2) Any proceedings under Chapter Eight and under Articles 349 and 350 of the Social Insurance Code which have commenced at the date of entry into force of this Code shall be completed by the authorities of the National Social Security Institute according to the hitherto effective procedure. Any proceeding for the issuance of an order according to Article 110 (3) of the Social Insurance Code and any appeal of any such order shall be completed according to the hitherto effective procedure by the authorities of the National Social Security Institute, provided that a deficit instrument has been issued prior to the entry into force of the Tax and Social-Insurance Procedure Code.

(3) The provisions of this Code shall be applied by the authorities of the National Revenue Agency or by the authorities of the State Receivables Collection Agency, as the case may be, to the procedural actions under any administrative and enforcement proceedings pending at the date of entry into force of this Code.

(4) Any judicial proceedings pending at the date of entry into force of this Code under the Tax Procedure Code as superseded shall be completed according to the hitherto effective procedure, and the relevant authority of the National Revenue Agency or of the State Receivables Collection Agency, as the case may be, shall be party to the proceeding.

§ 6. (1) The National Revenue Agency shall be a legal successor to the assets, liabilities, rights, obligations and archives of the tax administration, reckoned from the 1st day of January 2006, with the exception of the corporeal immovables. Item 1 of Article 6a (1) of the Value Added Tax Act shall apply, *mutatis mutandis*, to the legal succession.

(2) Not later than the 1st day of April 2006, the Council of Ministers and, respectively, the Minister of Finance, shall allocate the corporeal immovables constituting public State property and used by the tax administration for use to the National Revenue Agency according to the procedure established by the State Property Act.

(3) The relations in connection with the transfer of the requisite information and archives from the National Social Security Institute to the National Revenue Agency shall be regulated by an agreement between the Governor of the National Social Security Institute and the Executive Director of the National Revenue Agency.

(4) The employment relationships of the employees of the tax administration and the Collection function of the National Social Security Institute shall be settled according to the procedure established by Article 123 of Labour Code. The employment service seniority acquired within the system of the Tax Administration and the National Social Security Institute by factory and office workers appointed under an employment relationship at to the National Revenue Agency before the 30th day of June 2006 shall count as work with the same employer in reference to Article 222 (3) of the Labour Code.

(5) Not later than the 30th day of June 2007, the employment relationships of the employees of the National Revenue Agency who perform functions in any position designated to be occupied by a civil servant, shall be transformed into civil-service relationship and, to this end:

1. the act of appointment of the civil servant shall assign the lowest rank for the position occupied under the Uniform Classifier of Positions in the Administration, unless the servant qualifies for assignment of a higher rank;

2. Article 12 of the Civil Servants Act shall not apply, except to employees whose employment relationships include a trial period;

3. any unused leaves under the employment relationships shall be retained and shall not be compensated in cash.

(6) Not later than the 31st day of December 2006, the Council of Ministers shall lay before the National Assembly the requisite legislative revisions arising from Paragraph (5).

(7) (New, SG No. 63/2006) Upon appointment to civil service at the National Customs Agency in a position whose functions are directly related to the administration and control of excise duties, Article 10 (1) of the Civil Servants Act shall not apply if the candidates are in employment relationships with the National Customs Agency and with the National Revenue Agency.

§ 7. The State Receivables Collection Act (promulgated in the State Gazette No. 26 of 1996; amended in No. 104 of 1996, No. 51 of 1997, No. 59 of 1998, No. 103 of 1999; [modified by] Constitutional Court Judgement No. 2 of 2000, [promulgated in] No. 29 of 2000; amended in No. 63 of 2000, No. 111 of 2001, Nos. 28 and 46 of 2002) shall be amended as follows:

1. In Article 85:

(a) in Paragraph (1) Item 1 shall be amended to read as follows:

"1. shall organize and direct the operations for the securing and coercive collection of public receivables, except in cases where the actions are performed by public enforcement agents of the National Revenue Agency according to the procedure established by the Tax and Social-Insurance Procedure Code;"

(b) in Paragraphs (2) and (3) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

2. In Article 88 (1) the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 8. The National Revenue Agency Act (promulgated in the State Gazette No. 112 of 2002; amended in No. 114 of 2003) shall be amended and supplemented as follows:

1. In Article 3 (1):

(a) Item 7 shall be amended to read as follows:

"7. keep a register of the persons subject to registration according to the procedure established by the Tax and Social-Insurance Procedure Code, of the persons who work under an employment relationship, create and maintain databases on the said persons as are necessary for the activity of the Agency for the needs of compulsory social insurance, to the Ministry of Finance and the municipalities;"

(b) in Item 8, the words "provide methodological guidance" shall be deleted;

2. In Article 5 (5):

(a) Item 5 shall be amended to read as follows:

"5. the territorial scope, the headquarters and the scope of operation of the territorial directorates;"

(b) in Item 6, the words "and the territorial services, as well as the staff size therein" shall be deleted;

(c) there shall be added the following new Item 9:

"9. decisions to write off claims collected by the National Revenue Agency for obligations of up to BGN 100, the collection costs whereof exceed the amount of the obligation."

3. In Article 6:

(a) in Paragraph (1) the words "local divisions" and "and territorial services" shall be deleted;

(b) in Paragraph (3) the conjunction "and" after the word "taxes" shall be replaced by a comma and after the words "compulsory social insurance contributions" there shall be placed a comma and there shall be added "as well as other public receivables entrusted to them by law";

(c) Paragraphs (4) and (8) shall be repealed;

(d) Paragraph (9) shall be amended to read as follows:

"(9) The staff size of the Agency shall be determined by the Council of Minister on a motion by the Minister of Finance after approval by the Management Board."

4. In Article 7:

(a) in Paragraph (1):

(aa) in the text before Item 1, the words "of the Agency" shall be replaced by "revenue";

(bb) in Item 2, the words "the chiefs of territorial services" shall be replaced by "the deputies thereof";

(cc) there shall be added the following new Item 3:

"3. the directors of directorate, the chiefs of department and sector;"

(dd) the existing Item 3 shall be renumbered to become Item 4 and shall be amended to read as follows:

"4. the employees at the head office and the territorial directorates of the Agency holding the position of "chief revenue expert", "senior revenue expert", "revenue expert", "chief revenue inspector", "senior revenue inspector" and "revenue inspector";

(ee) there shall be added the following new Item 5:

"5. the employees at the head office holding the position of "revenue State expert" and "revenue State inspector".

(b) There shall be added the following new Paragraph (2):

"(2) The employees holding the position of "State public enforcement agent", "chief public enforcement agent", "senior public enforcement agent" and "public enforcement agent" shall likewise be authorities of the Agency";

(c) the existing Paragraph (2) shall be renumbered to become Paragraph (3) and shall be amended to read as follows:

"(3) The Executive Director and the territorial director shall exercise the powers under Article 7 (3) of the Tax and Social-Insurance Procedure Code and may empower by an order the deputies thereof or designate other employees of the Agency to exercise any of the powers thereof.";

(d) Paragraph (3) shall be repealed;

(e) in Paragraph (4) the words "Item 3" shall be replaced by "Items 3 to 5 and Paragraph (2) as well as where the position of "expert";

(f) There shall be added the following new Paragraph (5):

"(5) The positions under Item 5 of Paragraph (1) and the position of "State public enforcement agent" shall be occupied under a service relationship."

5. In Article 8:

(a) in Paragraph (3) the words "the chiefs of territorial service" shall be deleted;

(b) Paragraph (4) shall be amended to read as follows:

"(4) The employees at the territorial directorates shall be appointed by the competent territorial director."

6. In Article 9:

(a) in Paragraph (1):

(aa) in the text before Item 1, after the words "which is" there shall be inserted "of full capacity";

(bb) in Item 2, the words "and social insurance" shall be replaced by "and/or compulsory social insurance";

(cc) in Item 6, the words "otherwise provided for by this Act" shall be replaced by "otherwise provided for by a law";

(dd) in Item 8, the words "otherwise provided for by this Act" shall be replaced by "otherwise provided for by a law";

(b) in Paragraph (4):

(aa) in the text before Item 1, the word "persons" shall be replaced by "Bulgarian nationals of full capacity";

(bb) Item 1 shall be amended to read as follows:

"1. which satisfy the requirements under Items 3, 4 and 7 of Paragraph (1) and the specific requirements for occupation of the respective position, as determined by an order of the Executive Director;"

(cc) in Item 2, the words "Items 3 to 8 of Paragraph (1)" shall be replaced by "Paragraph (5)";

(c) there shall be added the following new Paragraph (5):

"(5) Employees at the Agency may not:

1. be sole traders or partners in commercial corporations;

2. sit on management and supervisory bodies of commercial corporations, cooperatives and other organizations;

3. hold another salaried position or carry out another remunerative activity except research, teaching of an activity provided for in the Copyright and Neighbouring Rights Act.";

(d) the existing Paragraph (5) shall be renumbered to become Paragraph (6) and the words "Items 4 to 8 of Paragraph (1)" therein shall be replaced by "Items 4, 7 of Paragraph (1) and Paragraph (5)", and the words "the Executive Director" shall be replaced by "the employer";

(e) there shall be added the following new Paragraphs (7) and (8):

"(7) After entering service and annually on or before the 31st day of May, the employees of the Agency shall be obligated to declare the property thereof, including such constituting matrimonial community property, as well as the property of the underage children thereof, by means of a declaration completed in a standard form endorsed by the Executive Director.

(8) Incompatibility under Paragraph (5) as well as a non-submission in due time of a declaration under Paragraph (7) shall be grounds for unilateral termination of the employment relationships with the employee of the Agency without notice."

7. Articles 10 and 11 shall be amended to read as follows:

"Executive Director

Article 10. (1) The Executive Director shall:

1. organize, direct and control the overall activity of the Agency;

2. plan, allocate and control the cash and the resources for performance of the activity of the Agency;

3. analyze the implementation of the annual plan for revenues from public receivables;

4. give mandatory instructions to the authorities of the Agency on the uniform application of tax and social insurance legislation within the framework of the functions and powers of the Agency;

5. endorse methodological guidance and procedures for the performance of the activity of the Agency, which shall be mandatory for the employees of the Agency;

6. resolve competence disputes between authorities of the Agency;

7. endorse the mandatory standard forms and models of other documents related to the collection of revenues;
8. set the staff size of the head office and the territorial directorates within the framework of the overall staff size of the Agency;
9. implement overall direction for the management and qualification of employees;
10. organize the explanation of tax and social-insurance legislation within the functions and powers of the Agency;
11. prepare drafts of international tax treaties;
12. give opinions on drafts of international treaties containing tax provisions;
13. give opinions on revisions of the tax and social-insurance legislation within the functions and powers of the Agency;
14. exercise other powers as provided for by a law.

(2) The Executive Director may assign part of the powers and activities covered under Paragraph (1) to the deputy executive directors, the directors of the Contestation and Compliance Management Directorate, or to other employees of the head office. In the absence of the Executive Director, the powers thereof shall be exercised by a deputy executive director designated thereby.

(3) The Executive Director shall determine the location and territorial competence of the Contestation and Compliance Management Directorates at the head office by an order which shall be promulgated in the State Gazette.

(4) The Executive Director may assign to other persons, on the basis of a contract, the service of communications, the acceptance of returns, the processing thereof and the receipt of the payments thereunder, as well as other functions within the competence of the Agency.

(5) Instructions under Item 4 of Paragraph (1) which shall be mandatory for the authorities of the Agency, may also be issued by the Minister of Finance, and the Minister of Labour and Social Policy shall be consulted on any such instruction on matters related to compulsory social-insurance contributions.

#### Territorial Director

Article 11. (1) The territorial director shall organize and direct:

1. the territorial directorate;
2. the services and assistance to the obligated persons upon discharge of the obligations thereof under tax and social-insurance legislation;
3. the acceptance and processing of tax and social-insurance returns subject to submission or submitted at the relevant territorial directorate;
4. the assignment and performance of examinations and audits;
5. the securing, collection and reporting of tax claims and compulsory social-insurance contributions, as well as of the fines and the pecuniary penalties imposed by the authorities of the Agency.

(2) The territorial director shall:

1. issue the instruments provided for in the Tax and Social-Insurance Procedure Code;
2. examine and refer to the competent court the appeals against instruments and refusals to issue instruments by the authorities of the Agency, as well as against the actions or omissions by authorities and employees of the Agency within the territory of the region, according to the procedure established by a law;

3. issue penalty decrees in the cases provided for by the law;

4. exercise control over the activity of the authorities and employees of the Agency at the relevant territorial directorate;

5. account for the activity thereof to the Executive Director;

6. exercise other powers as well, provided for in a law.

(3) The territorial director may assign by an order the exercise of the powers referred to in Paragraphs (1) and (2) with the exception of such referred to in Item 2 of Paragraph (2) to designated revenue authorities and employees of the territorial directorate."

8. In Article 12:

(a) in Paragraph (1) the word "legal adviser" shall be replaced by "chief legal adviser", "senior legal adviser" and "legal adviser";

(b) Paragraph (2) shall be repealed;

(c) in Paragraph (3) Item 1 shall be amended to read as follows:

"1. who hold a university degree in Law and have passed an examination for attainment of licensed competence to practice law".

9. In Article 13:

(a) in Paragraph (1) the words "and the chiefs of territorial service" shall be deleted, and after the word "director" there shall be added "or by an employee of the Agency thereby authorized";

(b) Paragraph (2) shall be amended to read as follows:

"(2) Employment contracts with the employees at territorial directorates shall be concluded, modified and terminated by the respective director of a territorial directorate."

10. In Article 14:

(a) in Paragraph (1):

(aa) Item 2 shall be amended to read as follows:

"2. to respect the confidentiality of any data constituting tax and social-insurance information according to the Tax and Social-Insurance Procedure Code;"

(bb) there shall be added the following new Item 3:

"3. to comply with the established requirements regarding the creation, processing, storage and provision of access to any information constituting an official secret."

(b) Paragraph (2) shall be repealed;

(c) in Paragraph (3) the words "Paragraph (2)" shall be replaced by "Item 2 of Paragraph (1)";

(d) there shall be added the following new Paragraphs (4) and (5):

"(4) The following information shall constitute an official secret:

1. any information regarding the means of protection of tax and social-insurance information and of information constituting an official secret;
2. any information regarding the design, development and functioning of information systems and networks for the transmission of tax and social-insurance information;
3. any passwords, codes and means of cryptographic protection of devices that generate, process, store and transmit tax and social-insurance information;
4. any criteria for selection and analysis of the risk in connection with the performance of audits and examinations;
5. any information on the organization in connection with the exercise of tax and social-insurance control over persons manufacturing or trading in military or special-purpose products, as well as over such who pose a risk to the economic security of the State;
6. any information about any actions for the exercise of internal control and internal security.

(5) The information designated as an official secret according to Paragraph (4) shall be generated, obtained, processed, provided, stored and destroyed under the terms and according to the procedure established by the Classified Information Protection Act."

11. In Article 15, the words "the authorities under Article 7 (1)" shall be replaced by "the employees thereof".

12. In Article 17, Paragraph (1) shall be amended to read as follows:

"(1) The authorities and employees of the Agency shall be paid annually amounts for clothing under terms and according to a procedure established by the Management Board."

13. Article 18 shall be amended to read as follows:

#### "Additional Financing

Article 18. (1) Twenty-five per cent of the amounts collected under effective instruments issued by the authorities of the Agency on avoided and/or undeclared taxes, taxes disallowed for refunding and other refundable amounts, fines and pecuniary penalties and the interest due thereon shall be credited to the budget of the Agency as own revenue.

(2) The resources referred to in Paragraph (1) shall be spent only on:

1. capital investments for improvement of the facilities of the Agency, on maintenance, on upgrading of employee qualifications and on clothing under Article 17 (1) at an amount of 55 per cent of the resources referred to in Paragraph (1): under terms and according to a procedure established by the Management Board;
2. supplementary incentives for Agency employees at an amount of not less than 35 per cent of the resources referred to in Paragraph (1): under criteria, under terms and according to a procedure established by the Management Board;
3. incentives supplementary to the basic salary of the employees of the Ministry of Finance at an amount of up to 10 per cent of the resources referred to in Paragraph (1): under terms and according to a procedure established by the Minister of Finance."

14. Article 20 shall be amended to read as follows:

#### "Extent of Liability

Article 20. The employees of the Agency shall be liable to the Agency for any compensation paid by the Agency to obligated persons who have suffered detriment only where the actions or omissions of the said employees have been recognized as criminal offences according to a judicial procedure or the said detriment were willfully inflicted. The liability shall cover the full extent of the detriment."

15. There shall be added the following new Chapter Five:

## "Chapter Five

### EXCHANGE OF INFORMATION AND INTERACTION

#### Day-to-Day Provision of Information

Article 22. (1) Central-government and municipal authorities competent to register or issue authorizations for conduct of a specific type of commercial activity shall notify the Agency of the registered persons or establishments and of the authorizations issued, as well as of the terminated registration or withdrawn authorizations not later than the 15th day of the month succeeding the respective quarter.

(2) The authorities competent to register means of transport, including aircraft and navigation vessels, shall notify the Agency of the registered and deregistered means of transport and the means of transport suspended from operation monthly, on or before the 15th day of the next succeeding month.

(3) Recording magistrates shall notify the Agency of any transferred, created, modified or terminated rights in rem to corporeal immovables, as well as of any created, modified and expunged mortgages monthly, on or before the 15th day of the next succeeding month.

(4) Municipalities shall notify the Agency of any corporeal immovables, means of transport, opened successions, properties acquired onerously and gratuitously that have been declared under the Local Taxes and Fees Act, as well as of the registered distributive trade establishments, on or before the 15th day of the next succeeding month.

(5) The procedure for provision of information under Paragraphs (1) to (4) shall be established by instructions to be issued jointly by:

1. the Minister of Finance and the respective Minister;
2. the Executive Director and the head of the respective administration, where the information is not to be provided by a Ministry.

(6) The procedure for provision of information by municipalities shall be regulated by an instruction of the Minister of Finance issued in consultation with the National Association of Municipalities in the Republic of Bulgaria.

#### Day-to-Day Exchange of Information

Article 23. The procedure for ensuring the day-to-day exchange of information between the Agency, the ministries, the control authorities of the Ministry of Finance, the National Social Security Institute, the National Health Insurance Fund, the General Labour Inspectorate Executive Agency and the municipalities shall be established by instructions to be issued by:

1. the Minister of Finance and the respective Minister;
2. the Executive Director and the head of the respective administration, where the information is not exchanged with a Ministry;
3. the Minister of Finance in consultation with the National Association of Municipalities in the Republic of Bulgaria.

#### Collection and Provision of Data

Article 24. (1) The courts and the municipalities, the central-government and the municipal authorities and the National Statistical Institute shall provide the Agency with the information required for the performance of the functions and powers thereof at no charge.

(2) For the purposes of statistics, planning and the analysis of the application of tax and social-insurance legislation, the Executive Director shall designate the persons who will provide information in a standard form endorsed by an order which shall be promulgated in the State Gazette.

#### Information from Commercial Banks

Article 25. (1) Commercial banks and foreign bank branch offices shall notify the Agency within seven days of any

bank accounts opened or closed by the said banks and branches of:

1. sole traders, resident legal persons, including not-for-profit legal entities, and the branches of non-resident persons;
2. unincorporated associations and contribution payment centres;
3. non-resident legal persons which have registered a representative office;
4. non-resident legal persons which carry out economic activity in the country, including through a permanent establishment.

(2) Commercial banks and foreign bank branch offices shall provide information about the opened or closed bank accounts of any persons not mentioned in Paragraph (1) at a reasoned request by the territorial director within seven days after receipt of the said request.

#### Cooperation with Other Authorities

Article 26. (1) The Agency, the authorities of the Ministry of Interior and the prosecuting magistracy, the control authorities of the Ministry of Finance, as well as other control authorities, shall take joint actions in connection with the discharge of the functions thereof.

(2) The procedure and manner for pursuit of interaction shall be established by a joint instruction of:

1. the Minister of Finance and the head of the respective institution;
2. the Executive Director and the head of the respective administration."

§ 9. The Act on the Liability Incurred by the State for Detriment Inflicted on Citizens (promulgated in the State Gazette No. 60 of 1988; amended in No. 59 of 1993, No. 12 of 1996, No. 67 of 1999 and No. 92 of 2000) shall be amended as follows:

1. In Article 1 (1) after the word "citizen" there shall be inserted "and legal persons";
2. In Article 9 (2) the words "the authorities of the tax administration" shall be replaced by "the revenue authorities".

§ 10. The Social Insurance Code (promulgated in the State Gazette No. 110 from 1999; [modified by] Constitutional Court Judgement No. 5 of 2000, [promulgated in] No. 55 of 2000; amended in No. 64 of 2000, Nos. 1, 35 and 41 of 2001, Nos. 1, 10, 45, 74, 112, 119 and 120 of 2002, Nos. 8, 42, 67, 95, 112 and 114 of 2003, Nos. 12, 21, 38, 52, 53, 69, 70, 112 and 115 of 2004, Nos. 38 and 39, 76, 102 and 103 of 2005) shall be amended and supplemented as follows:

1. In Article 5:

- (a) in Paragraph (1) the words "its subdivision" shall be replaced by "unincorporated association";
- (b) Paragraph (3) shall be amended to read as follows:

"(3) The registration of social insurance contributors and self-insured persons with the National Social Security Institute shall be effected ex officio on the basis of the data in the register and databases of the National Revenue Agency under Article 80 (1) of the Tax and Social-Insurance Procedure Code."

(c) in Paragraph (4) the words "Social insurance contributors shall periodically provide the National Social Security Institute with data about" shall be replaced by "Social insurance contributors, insurance funds, self-insured persons and employers shall periodically provide the National Social Security Institute with data about";

(d) Paragraph (5) shall be repealed;

(e) (Effective 29.12.2005) Paragraph (6) shall be amended to read as follows:

"(6) The content, time limits, manner and procedure for the submission and storage of the returns referred to in Paragraph (4) shall be established by an ordinance issued by the Minister of Finance.";

(f) Paragraph (8) shall be amended to read as follows:

"(8) The National Revenue Agency shall provide the National Social Security Institute with the data under Paragraph (4) and with the data about any bank accounts of social insurance contributors and self-insured persons that have been opened or closed under Article 25 (1) of the National Revenue Agency Act. The procedure for provision of the said information shall be established by an instruction issued jointly by the Governor of the National Social Security Institute and the Executive Director of the National Revenue Agency.";

(g) Paragraph (9) shall be repealed.

2. Article 6a shall be repealed.

3. In Article 7, Paragraph (6) shall be amended to read as follows:

"(6) Employers, social insurance contributors, self-insured persons and contribution payment centres shall remit to the relevant account of the competent territorial directorate of the National Revenue Agency, through the respective banks, a licensed postal operator or the branch offices thereof, the compulsory social-insurance contributions, using the Standard Identification Code under the BULSTAT Register."

4. In Article 8:

(a) in sentence one of Paragraph (1) the words "the local division of the National Social Security Institute" shall be replaced by "the territorial directorate of the National Revenue Agency";

(b) in Item 1 of Paragraph (2) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency";

(c) (Effective 29.12.2005) in Paragraph (3) after the words "the National Social Security Institute", there shall be placed a comma and there shall be added "in consultation with the National Revenue Agency".

5. In Article 33:

(a) in Paragraph (3):

(aa) Item 2 shall be amended to read as follows:

"2. ascertain and collect the claims of public social insurance from misincurred social-insurance expenditures;"

(bb) Item 3 with Litterae (a) to (c) shall be repealed;

(cc) in Item 4, at the end there shall be added "in connection with the activities assigned thereto";

(dd) in Item 10, the words "create and" shall be deleted;

(b) Paragraphs (4) and (5) shall be repealed;

6. In Article 36:

(a) Item 6 shall be amended to read as follows:

"6. grant consent to a rescheduling of claims for compulsory social-insurance contributions to the public social insurance funds in the cases under Articles 184, 185 and 188 of the Tax and Social-Insurance Procedure Code";

(b) in Item 7, after the word "claims" there shall be added "under the claims collected by the National Social Security Institute".

7. In Article 37 (5):

(a) in Item 2 at the end, there shall be added "in connection with the activities assigned to the National Social Security Institute";

(b) Item 6 shall be amended to read as follows:

"6. grant consent to rescheduling of claims for compulsory social-insurance contributions to the public social insurance funds in the cases under Articles 184, 185 and 188 of the Tax and Social-Insurance Procedure Code".

8. In Article 54f (3) Article 54g (2) and in Article 98 (2) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

9. Article 107 shall be amended to read as follows:

"Control Authorities

Article 107. Control over compliance with the statutory instruments regulating public social insurance in connection with the activity assigned to the National Social Security Institute shall be exercised by the control authorities of the National Social Security Institute."

10. In Article 108:

(a) in Paragraph (1):

(aa) in Item 1, the words "the activity thereof for public social insurance and for the remittance of health insurance contributions and supplementary compulsory retirement insurance contributions" shall be replaced by "the activity assigned to the National Social Security Institute";

(bb) in Item 2, the words "remittance of health insurance contributions and supplementary compulsory retirement insurance contributions" shall be replaced by "the activity assigned to the National Social Security Institute";

(cc) in Item 3, the words "for the remittance of health insurance contributions and supplementary compulsory retirement insurance contributions" shall be replaced by "the activity assigned to the National Social Security Institute".

(b) Paragraph (2) shall be amended to read as follows:

"(2) The control authorities of the National Social Security Institute may carry out control and audit activities jointly with the authorities of the National Revenue Agency according to a plan coordinated in advance between the Governor of the National Social Security Institute and the Executive Director of the National Revenue Agency."

(c) in Paragraph (3) the words "with the performance of public social insurance, and the remittance of health insurance contributions and supplementary compulsory retirement insurance contributions" shall be replaced by "with compliance with social-insurance legislation in connection with the activity assigned to the National Social Security Institute";

(d) in Paragraph (5) the words "contrary to the statutory instruments regulating public social insurance, as well as to the statutory instruments regulating health insurance in the part thereof regarding the collection of social insurance contributions and the control over this activity" shall be replaced by "on compliance with social-insurance legislation in connection with the activity assigned to the National Social Security Institute".

11. In Article 108a, the words "for the purpose of avoiding the payment of social insurance contributions due for public social insurance, for health insurance and for supplementary compulsory retirement insurance in large amounts" shall be replaced by "in connection with social insurance payments made".

12. In Article 110:

(a) in Paragraph (1):

(aa) in Item 1, the words "arising from unremitted social insurance contributions" shall be deleted;

(bb) Items 2 and 4 shall be repealed;

(cc) in Item 5, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code";

(b) in Paragraph (3) the words "revenues and" shall be deleted;

(c) in Paragraph (5):

(aa) in the text before Item 1, the words "and returns on social insurance contributions due under Item 2 of Article 5 (4)" shall be deleted;

(bb) in Item 1, the words "health insurance and supplementary compulsory retirement insurance" shall be deleted;

(cc) in Item 3, the words "tax authority" shall be replaced by "authority of the National Revenue Agency";

(d) in sentence one of Paragraph (6) the words "and health insurance" shall be deleted;

(e) in Paragraph (9) after the words "public social insurance" there shall be added "from misincurred social insurance expenditures";

(f) In Paragraph (10) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code";

(g) Paragraph (12) shall be repealed.

13. In Article 111:

(a) there shall be inserted the following new Paragraph (3):

"(3) The pecuniary penalties under Paragraph (2) for any banks which have allowed withdrawal of cash for labour remunerations, including for advance payments, shall be imposed by the territorial director of the respective National Revenue Agency territorial directorate or a revenue authority designated thereby according to the procedure established by the Administrative Violations and Sanctions Act."

(b) the existing Paragraph (3) shall be renumbered to become Paragraph (4) and shall be amended to read as follows:

"(4) The pecuniary penalties under Paragraph (2) for any banks which have allowed withdrawal of cash for payment of labour remunerations, including for advance payments, shall be imposed by the territorial director of the respective National Revenue Agency territorial directorate or a revenue authority designated thereby according to the procedure established by the Administrative Violations and Sanctions Act."

14. In Article 112, the words "and for remittance of contributions for public social insurance, health insurance and for supplementary compulsory retirement insurance" shall be deleted.

15. In Article 113 (1) the words "of the National Social Security Institute" shall be deleted.

16. In Article 115 (1) the words "unremitted social insurance contributions" shall be deleted;

17. In Article 116:

(a) Paragraph (1) shall be amended to read as follows:

"(1) At the request of the debtor to public social insurance for claims ascertained and collected by the National Social Security Institute, a rescheduling of the payment of the amounts due may be authorized according to an approved

repayment schedule."

(b) Paragraph (11) shall be repealed.

18. In Article 117:

(a) in Item 2 of Paragraph (1) Littera (f) shall be repealed;

(b) in Paragraph (2) the words "Litterae (b) to (f)" shall be replaced by "Litterae (b) to (e)".

19. In Article 128:

(a) In Paragraph (2) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency";

(b) In Paragraph (3) the words "the Governor of the National Social Security Institute" shall be replaced by "the Executive Director of the National Revenue Agency".

20. In Article 137 (4) and Article 140 (4) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

21. In Article 159:

(a) in Paragraphs (1) (2) and (3) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency";

(b) In Paragraph (4) the words "the Public Social Insurance Budget Act" shall be replaced by "the Republic of Bulgaria State Budget Act", and the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency";

(c) In Paragraphs (5) (6) (7) and (8) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

22. In Article 349:

(a) in Paragraph (1) after the words "BGN 1,000" there shall be added "with the exception of cases of violation of the provisions of Article 5 (4) and";

(b) Paragraph (2) shall be repealed;

(c) Paragraph (3) shall be amended to read as follows:

"(3) Any person who draws up a document making a false statement for the purpose of groundless receipt of social insurance payments shall be liable to a fine of BGN 500 for each particular case, unless being subject to a severer sanction."

23. In Chapter Forty-One, there shall be added the following new Section III:

"Section III

Liability for Non-fulfilment of Obligations to Declare Data to National

Revenue Agency and to Remit Compulsory Social Insurance Contributions

Article 355. (1) Any person, who violates the provisions of Article 5 (4) Article 7 and Item 1 of Article 8 (2) herein, shall be liable to a fine of BGN 50 or exceeding this amount but not exceeding BGN 500, unless subject to a severer sanction.

(2) Any person, who draws up any document making a false statement or who provides untrue data under Article 5

(4) herein for the purpose of evading payment of compulsory social insurance contributions, shall be liable to a fine of BGN 500 for each particular case, unless subject to a severer sanction.

(3) Any official, who allows the payment of remuneration without remittance of the social insurance contributions due on the said remunerations, shall be liable to a fine equivalent to the unremitted social insurance contributions but not exceeding BGN 20,000.

(4) For a repeated violation under Paragraph (1) the blameworthy person shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 2,000, and for a repeated violation under Paragraph (2) the blameworthy person shall be liable to a fine of BGN 500 for each particular case but not exceeding BGN 10,000.

(5) The instruments ascertaining administrative violations shall be drawn up by the authorities of the National Revenue Agency, and the penalty decrees shall be issued by the Executive Director of the National Revenue Agency or an official designated thereby.

(6) The ascertainment of violations, the issuance, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act."

§ 11. The Labour Code (promulgated in the State Gazette Nos. 26 and 27 of 1986; amended in No. 6 of 1988, Nos. 21, 30 and 94 of 1990, Nos. 27, 32 and 104 of 1991, Nos. 23, 26, 88 and 100 of 1992; [modified by] Constitutional Court Judgement No. 12 of 1995, [promulgated in] No. 69 of 1995; amended in No. 87 of 1995, Nos. 2, 12 and 28 of 1996, No. 124 of 1997, No. 22 of 1998; [modified by] Constitutional Court Judgement No. 11 of 1998, [promulgated in] No. 52 of 1998; amended in Nos. 56, 83, 108 and 133 of 1998, Nos. 51, 67 and 110 of 1999, No. 25 of 2001, Nos. 1, 105 and 120 of 2002, Nos. 18, 86 and 95 of 2003, No. 52 of 2004, Nos. 19, 27, 46, 76 and 83 of 2005) shall be amended as follows:

1. In Article 62:

(a) Paragraph (3) shall be amended to read as follows:

"(3) Within three days after the conclusion or modification of an employment contract and within seven days after the termination of any such contract, the employer or a person authorized thereby shall be obligated to send a notification of this to the relevant National Revenue Agency territorial directorate.";

(b) in Paragraph (4) the words "the Governor of the National Social Security Institute" shall be replaced by "the Executive Director of the National Revenue Agency";

2. In Article 63 (1) the words "local division of the National Social Security Institute" shall be replaced by "National Revenue Agency territorial directorate".

§ 12. The Value Added Tax Act (promulgated in the State Gazette No. 153 of 1998; corrected in No. 1 of 1999; amended in Nos. 44, 62, 64, 103 and 111 of 1999, Nos. 63, 78 and 102 of 2000, Nos. 109 of 2001, Nos. 28, 45 and 117 of 2002, Nos. 37, 42, 86 and 109 of 2003, Nos. 53, 70 and 108 of 2004; Nos. 28, 43, 76, 94, 95, 100 and 103 of 2005) shall be amended and supplemented as follows:

1. In Article 5, the words "the tax authority" shall be replaced by "the revenue authority".

2. In Article 20:

(a) Item 3 shall be amended to read as follows:

"3. "Related parties" shall be the persons within the meaning given by Item 3 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code;"

(b) Item 5 shall be amended to read as follows:

"5. "Market price" shall be the price within the meaning given by Item 8 of § of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code;"

(c) in Item 17, the words "the tax administration" shall be replaced by "the National Revenue Agency";

(d) in Item 18, the words "the tax authorities" shall be replaced by "the revenue authorities", the words "tax address" shall be replaced by "mailing address", the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code";

(d) There shall be added the following new Item 28:

"28. "Methods for determination of market prices" shall be the methods for determination of market prices within the meaning given by Item 10 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code;"

3. In Article 65:

(a) in Paragraph (4):

(aa) in the text before Item 1, the words "The tax authority" shall be replaced by "The revenue authority";

(bb) in Item 1, the words "tax registration" shall be replaced by "registration at the National Revenue Agency";

(cc) in Item 4, the words "tax authority" shall be replaced by "revenue authority", and the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code";

(b) in Paragraph (6) the words "the tax authority" shall be replaced by "the revenue authority";

(c) in Paragraph (7) the words "the tax audit instrument" shall be replaced by "the audit instrument".

4. In Item 2 of Article 70 (2) the words "the tax authority" shall be replaced by "the revenue authority".

5. In Article 74 (1) and (2) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate".

6. In Article 75 (4) the words "the tax administration" shall be replaced by "the National Revenue Agency".

7. In Article 77:

(a) in Items 1 and 4 of Paragraph (1) the words "the tax authority" shall be replaced by "the revenue authority";

(b) in Paragraph (3) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate";

(c) in Paragraph (4) the words "the tax authority" shall be replaced by "the revenue authority".

8. In Article 78 (1):

(a) in Item 2, the words "the tax authority" shall be replaced by "the revenue authority";

(b) in Item 3, the words "tax authority" shall be replaced by "revenue authority";

(c) in Item 4, the words "the tax authority" shall be replaced by "the revenue authority";

(d) in Item 5, the words "tax authority" shall be replaced by "revenue authority";

(e) in Item 7, the word "tax" shall be deleted, and the words "within the time limit referred to in Article 68 (5) to (7) of the Tax Procedure Code" shall be replaced by "within the time limit referred to in Article 114 of the Tax and Social-Insurance Procedure Code".

9. In Article 91j (3) and Article 93 (9) the words "territorial tax directorate" shall be replaced by "National Revenue

Agency territorial directorate".

10. In Article 100:

(a) in Paragraph (3) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate";

(b) in Paragraph (5) the words "the tax authority" shall be replaced by "the revenue authority".

11. In Article 101 (1) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate".

12. In Article 107, Paragraph (1) shall be amended to read as follows:

"(1) Registration under this Act shall be a specific procedure which shall form an integral part of the registration under the Tax and Social-Insurance Procedure Code";

13. In Article 109:

(a) the heading shall be amended to read as follows: "Registration on Initiative of Revenue Authority";

(b) in sentence one, the words "tax authority" shall be replaced by "revenue authority", and the words "tax instrument" shall be replaced by "registration instrument";

(c) in sentence two, the words "the tax instrument" shall be replaced by "the registration instrument".

14. In Article 111 (1) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate".

15. In Article 113:

(a) in Paragraph (3) the words "the tax authority" shall be replaced by "the revenue authority";

(b) in Paragraph (4) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate".

16. In Article 115:

(a) in Paragraph (1) the words "the tax authority" shall be replaced by "the revenue authority";

(b) in Paragraph (2) the words "the tax authority" shall be replaced by "the revenue authority".

17. In Article 115a (2) the words "the tax administration" shall be replaced by "the National Revenue Agency".

18. In Item 2 of Article 116 (2):

(a) in the text before Littera (a) the words "the tax authority" shall be replaced by "the revenue authority";

(b) in Littera (b) the words "the tax authorities" shall be replaced by "the revenue authorities".

19. In Article 118 (2) and Article 119 (1) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate".

20. In Article 120:

(a) the heading shall be amended to read as follows: "Date of Deregistration and Revenue Authority's Duties";

(b) in sentence one of Paragraph (2) the words "the tax instrument" shall be replaced by "the instrument", and the words "the tax authority" shall be replaced by "the revenue authority";

(c) in sentence two of Paragraph (4) the words "the tax administration" shall be replaced by "the National Revenue Agency";

(d) in Paragraph (5) the words "under Article 33 (2) of the Tax Procedure Code" shall be deleted, and the words "tax authority" shall be replaced by "revenue authority".

21. In Article 121 (4) the words "the tax authority" shall be replaced by "the revenue authority".

22. Article 126 shall be amended as follows:

(a) the heading of Article 126 shall be amended to read as follows: "Recording Duty of Revenue Authority";

(b) in Paragraphs (1) (2) and (3) the words "the tax authority" shall be replaced by "the revenue authority".

23. In Article 127 (1) the words "The tax authority" shall be replaced by "The revenue authority".

24. In Article 128 (1) the words "The tax authority" shall be replaced by "The revenue authority".

25. The heading of Part Six shall be amended to read as follows: "Interaction between National Revenue Agency, National Customs Agency, Ministry of Interior, Prosecuting Magistracy and other State Bodies. Use of Information".

26. In Article 129:

(a) in Paragraph (1) the words "a tax administration authority" shall be replaced by "an authority of the National Revenue Agency";

(b) in Paragraph (2) the words "tax authority" shall be replaced by "revenue authority".

27. In Article 130, Paragraph (1) shall be amended to read as follows:

"(1) The National Revenue Agency and the customs administration shall have the right to use information received from the tax or customs administration of another country as a result of an official inquiry upon ascertainment of the obligations of the taxable persons under this Act, as well as to use any such information as evidence in administrative and judicial proceedings."

28. In Article 131 (2) the words "the tax authorities" shall be replaced by "the revenue authorities".

29. In Item 1 (a) of Article 137a (1) and Article 137a (2) and in Article 137b (2) the words "the tax authorities" shall be replaced by "the revenue authorities".

30. In Article 139 and in Article 141, the words "tax authority" shall be replaced by "revenue authority".

31. In Article 143:

(a) in Paragraph (1) the words "Tax authority" shall be replaced by "Revenue authority";

(b) in Paragraph (3) the words "Tax authority" shall be replaced by "Revenue authority", and the words "under Items 1 and 2 of Article 68 (1) of the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code";

(c) in Paragraph (4) the words "the tax authorities" shall be replaced by "the revenue authorities", the words "the tax administration" shall be replaced by "the National Revenue Agency", and the words "the General Tax Director" shall be replaced by "the Executive Director of the National Revenue Agency".

32. In Item 1 of § 16 (2) and § 16 (3) of the Transitional and Final Provisions of the Act to Amend and Supplement

the Value Added Tax Act (State Gazette No. 100 of 2005) the word "tax" shall be deleted.

§ 13. The Local Taxes and Fees Act (promulgated in the State Gazette No. 153 of 1999; corrected in No. 1 of 1999; amended in Nos. 44, 62, 64, 103 and 111 of 1999, Nos. 63, 78 and 102 of 2000, No. 109 of 2001, Nos. 28, 45 and 117 of 2002, Nos. 37, 42, 86 and 109 of 2003, Nos. 53, 70 and 108 of 2004, Nos. 28, 43, 76, 94, 95, 100 and 103 of 2005) shall be amended as follows:

1. In Article 4:

(a) in Paragraph (1) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code";

(b) in Paragraph (2) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code";

(c) in Paragraph (3) the words "tax authorities" shall be replaced by "revenue authorities";

(d) in Paragraph (5) the words "regional tax director" shall be replaced by "decision-making authority under Article 152 (2) of the Tax and Social-Insurance Procedure Code", and the words "territorial tax director" shall be replaced by "territorial director of the National Revenue Agency";

(e) in Paragraph (6) the words "The General Tax Director" shall be replaced by "The Executive Director of the National Revenue Agency";

(f) There shall be added the following new Paragraph (7):

"(7) The Municipal Council shall be the authority competent to grant a deferral and rescheduling of local taxes in the cases referred to in Item 2 of Article 184 (1) of the Tax and Social-Insurance Procedure Code."

2. Article 9b (4) shall be repealed.

3. In Article 37, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

4. Item 6 of § 1 of the Supplementary Provision shall be amended to read as follows:

"6. "Related parties" shall be the parties within the meaning given by Item 3 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code".

§ 14. The Personal Income Tax Act (promulgated in the State Gazette No. 118 of 1997; [modified by] Constitutional Court Judgement No. 6 of 1998, [promulgated in] No. 35 of 1998; amended in Nos. 71 and 153 of 1998, Nos. 50, 103 and 111 of 1999, No. 105 of 2000, No. 110 of 2001, Nos. 40, 45, 61 and 118 of 2002, Nos. 42, 67, 95 and 112 of 2003, Nos. 36, 37, 53, 70 and 108 of 2004, Nos. 43, 102 and 103 of 2005) shall be amended and supplemented as follows:

1. In Article 18, Paragraph (2) shall be repealed;

2. In Article 41 (4) and (5) the words "the territorial tax directorate" shall be replaced by "the National Revenue Agency territorial directorate".

3. In Article 43 (4) the words "the territorial tax directorate" shall be replaced by "the National Revenue Agency territorial directorate", and the words "tax registration" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration".

4. In Article 50 (2) Article 51 (2) Article 52 and in the heading of Chapter Eighteen, the words "the territorial tax directorate" shall be replaced by "the National Revenue Agency territorial directorate".

5. In Article 53 (4) the words "tax registration" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration", and the words "the territorial tax directorate" shall be

replaced by "the National Revenue Agency territorial directorate".

6. In Article 54 (1) the words "the territorial tax directorate" shall be replaced by "the National Revenue Agency territorial directorate".

7. In Article 55:

(a) in Paragraph (2) the word "tax" shall be deleted;

(b) in Paragraph (3) the words "The Tax Procedure Code" shall be replaced by "The Tax and Social-Insurance Procedure Code".

8. Article 56 shall be repealed.

9. In the heading of Chapter Eighteen, the words "the Territorial Tax Directorate" shall be replaced by "the National Revenue Agency Territorial Directorate".

10. In the heading of Chapter Nineteen, the words "Official Secret" shall be replaced by "Tax and Social-Insurance Information".

11. In Article 57 (1) the words "the General Tax Director" shall be replaced by "the Executive Director of the National Revenue Agency", and the words "the territorial tax directorate" shall be replaced by "the National Revenue Agency territorial directorate";

12. (Effective 29.12.2005) There shall be inserted the following new Article 57a:

"Article 57a. Employers shall periodically submit information on the income paid thereby under employment relationships and on the tax withheld from the said income to the National Revenue Agency. The Minister of Finance shall issue an ordinance on the time limits, contents, manner and procedure for provision and safe custody of the said information."

13. In Article 58, the words "territorial tax directorate" shall be replaced passim by "National Revenue Agency territorial directorate".

14. In Article 59:

(a) in Paragraph (1) the words "the tax authorities" shall be replaced by "the revenue authorities";

(b) in Paragraph (2) the words "territorial tax directorate", "territorial tax directorates" and "Ministry of Finance General Tax Directorate" shall be replaced, respectively, by "National Revenue Agency territorial directorate", "National Revenue Agency territorial directorates" and "head office of the National Revenue Agency";

(c) in Paragraph (3) the words "the tax administration" shall be replaced by "the National Revenue Agency".

15. In Art. 65:

(a) in Paragraph (1) the words "tax authority" shall be replaced by "revenue authority";

(b) in Paragraph (2) the words "the General Tax Director at the Ministry of Finance" shall be replaced by "the Executive Director of the National Revenue Agency".

16. In § 1 of the Supplementary Provision:

(a) Item 15 shall be amended to read as follows:

"15. "Market price" shall be the price within the meaning given by Item 8 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code;"

(b) Items 23 and 24 shall be amended to read as follows:

"23. "Permanent establishment" shall be permanent establishment within the meaning given by Item 5 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.

24. "Fixed base" shall be fixed base within the meaning given by Item 7 of § 1 of the Supplementary Provision of the Tax and Social-Insurance Procedure Code."

§ 15. The Corporate Income Tax Act (promulgated in the State Gazette No. 115 of 1997; corrected in No. 19 of 1998; amended in Nos. 21 and 153 of 1998, Nos. 12, 50, 51, 64, 81, 103, 110 and 111 of 1999, Nos. 105 and 108 of 2000, Nos. 34 and 110 of 2001, Nos. 45, 61, 62 and 119 of 2002, Nos. 42 and 109 of 2003, Nos. 18, 53 and 107 of 2004, Nos. 39, 88, 91, 102 and 103 of 2005) shall be amended as follows:

1. Article 2a shall be amended as follows:

(a) in Paragraph (2) the words "the territorial tax directorate exercising competence over the place of tax registration" and the words "the territorial tax directorate exercising competence over the place of tax registration thereof" shall be replaced, respectively, by "the National Revenue Agency territorial directorate exercising competence over the place of registration" and "the National Revenue Agency territorial directorate exercising competence over the place of registration thereof";

(b) in sentence two of Paragraph (3) the words "the territorial tax directorate exercising competence over the place of tax registration" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration".

2. In Article 2d (2) the words "territorial tax directorate exercising competence over the place of tax registration" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration", and the word "tax" shall be deleted.

3. In Article 5 (5) and Item 8 of Article 23 (3) the words "the tax administration" shall be replaced by "the National Revenue Agency".

4. In Article 51:

(a) in Paragraph (2) the words "at the territorial directorate exercising competence over the place of tax" shall be replaced by "at the National Revenue Agency territorial directorate exercising competence over the place of".

(b) in Paragraph (8) the words "the territorial tax directorate exercising competence over the place of tax registration thereof" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration thereof";

(c) in Paragraph (9) the words "the territorial tax directorate exercising competence over the place of tax registration thereof" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration thereof";

(d) in Paragraph (10) the words "at the territorial tax directorate exercising competence over the place of tax registration thereof" shall be replaced passim by "at the National Revenue Agency territorial directorate exercising competence over the place of registration thereof";

5. In Article 51a and Article 52 (1) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate".

6. In Article 55:

(a) in sentence three of Paragraph (1) the words "the territorial tax directorate exercising competence over the place of the tax registration" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration"; the words "tax registration" shall be replaced by "registration under the Tax and Social-Insurance

Procedure Code", and the word "tax" shall be deleted;

(b) in Paragraph (4) the words "the territorial tax directorate exercising competence over the place of tax registration" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration" and the word "tax" shall be deleted *passim*.

7. In Article 56 (6) and Article 57 (3) the words "the territorial tax directorate exercising competence over the place of tax registration thereof" shall be replaced by "the National Revenue Agency territorial directorate exercising competence over the place of registration thereof".

8. In Item 1 of Article 61e (1) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

9. In Article 67a (4) the words "tax authority of the territorial tax directorate exercising competence over the place of tax" shall be replaced by "the revenue authority of the relevant territorial directorate exercising competence over the place of".

10. In Article 67b (2) the words "the tax authorities" shall be replaced by "the revenue authorities".

11. In Article 67c (2) the words "the tax authority" shall be replaced by "the revenue authority".

12. In Article 68 (1) the words "the tax authorities at the territorial tax directorates" shall be replaced by "the revenue authorities at the National Revenue Agency territorial directorates" and the words "the General Tax Director" shall be replaced by "the Executive Director of the National Revenue Agency".

13. In § 1 of the Supplementary Provisions:

(a) Item 3 shall be amended to read as follows:

"3. "Related parties" shall be the parties within the meaning given by Item 3 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code;"

(b) Item 10 shall be amended as follows:

"10. "Market price" shall be the price within the meaning given by Item 8 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code;"

(c) Item 13 shall be amended to read as follows:

"13. "Permanent establishment" shall be permanent establishment within the meaning given by Item 5 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.";

(d) in Item 34, the words "tax registration" shall be replaced by "registration at the National Revenue Agency";

(e) Item 42 shall be amended to read as follows:

"42. "Transfer between a permanent establishment and another division of the same enterprise" shall be have the meaning given by Item 6 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code."

14. In § 2 (1) of the Transitional and Final Provisions, the words "the tax authorities" shall be replaced by "the revenue authorities".

§ 16. In the Banking Act (promulgated in the State Gazette No. 52 of 1997; supplemented in No. 15 of 1998; amended in Nos. 21, 52, 70 and 98 of 1998, Nos. 54, 103 and 114 of 1999, Nos. 1, 24, 63, 84 and 92 of 2000, No. 1 of 2001, Nos. 45, 91 and 92 of 2002, No. 31 of 2003, Nos. 19, 31 and 39 of 2005) Item 2 of Article 52 (5) shall be amended and supplemented as follows:

1. In the text before *Littera* (a) the word "tax" shall be deleted and after the word "directorate" there shall be added "of

the National Revenue Agency";

2. Littera (a) shall be amended to read as follows:

"(a) evidence is presented that the examined person has frustrated the conduct of an examination or audit or fails to keep accounts as required, as well as that the said accounts are incomplete or fraudulent;"

§ 17. In Article 94 of the Insurance Code (State Gazette No. 103 of 2005) there shall be added the following new Item 6:

"6. before a director of a National Revenue Agency territorial directorate, where:

(a) an instrument issued by a revenue authority has established that the examined person has frustrated the conduct of an examination or audit, or fails to keep accounts as required, as well as that the said accounts are incomplete or fraudulent;

(b) an instrument issued by a competent state body has established the occurrence of an accident, which has resulted in the destruction of reporting documentation belonging to the examined persons."

§ 18. The Customs Act (promulgated in the State Gazette No. 15 of 1998; amended in Nos. 89 and 153 of 1998, Nos. 30 and 83 of 1999, No. 63 of 2000, No. 110 of 2001, No. 76 of 2002, Nos. 37 and 95 of 2003, No. 38 of 2004, Nos. 45, 86 and 91 of 2005) shall be amended and supplemented as follows:

1. In Article 10 (6) the words "the tax authorities" shall be replaced by "the authorities of the National Revenue Agency".

2. Article 16 shall be amended as follows:

(a) in Paragraph (5) the words "the tax authorities" shall be replaced by "the authorities of the National Revenue Agency";

(b) Paragraph (6) shall be amended to read as follows:

"(6) The procedure and manner for electronic exchange of information between the customs administration and the National Revenue Agency shall be established by a joint instruction of the Director of the National Customs Agency and the Executive Director of the National Revenue Agency."

3. In Article 84a (5) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

4. In Article 84g, the words "Section III of Chapter Ten of the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

5. In Article 206a (4) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

6. In Article 206c, the words "Chapter Seventeen of the Tax Procedure Code" shall be replaced by "Chapter Twenty-Four of the Tax and Social-Insurance Procedure Code".

7. In Article 211b, the word "tax" shall be deleted, and after "directorate" there shall be added "of the National Revenue Agency".

8. In Article 211j:

(a) in Paragraph (1) the words "Articles 121 to 132 of the Tax Procedure Code" shall be replaced by "Chapters Seventeen and Nineteen of the Tax and Social-Insurance Procedure Code".

(b) in Paragraph (2) the words "the tax administration" shall be replaced by "the National Revenue Agency".

9. In Article 229c, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance

Procedure Code".

§ 19. The Health Insurance Act (promulgated in the State Gazette No. 70 of 1998; amended in Nos. 93 and 153 of 1998, Nos. 62, 65, 67, 69, 110 and 113 of 1999, No. 64 of 2000, No. 41 of 2001, Nos. 1, 54, 74, 107, 112, 119 and 120 of 2002, Nos. 8, 50, 107 and 114 of 2003, Nos. 28, 38, 49, 70, 85 and 111 of 2004, Nos. 39, 45, 76 and 99, 102 and 103 of 2005) shall be amended as follows:

1. In Article 3 (1) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

2. In Item 5 of Article 24, the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

3. In Article 39:

(a) in Paragraph (1) the words "the local divisions" shall be replaced by "the territorial directorates", and the words "the National Social Security Institute" shall be replaced passim by "the National Revenue Agency";

(b) in Paragraphs (2) and (3) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

4. In Article 40a (1) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

5. In Article 41:

(a) in Paragraph (1) the words "the local divisions" shall be replaced by "the territorial directorates", and the words "the National Social Security Institute" shall be replaced passim by "the National Revenue Agency";

(b) in Paragraph (2) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

6. In Article 42 (4) the words "the tax services" shall be deleted, and the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

7. In Article 69, the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

8. In Article 73a, the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency", and the words "the Social Insurance Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

9. In Article 77, the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

10. In Article 95 (2) Item 4 shall be amended to read as follows:

"4. certificate under Article 87 (6) of The Tax and Social-Insurance Procedure Code;"

11. In Article 105:

(a) in Paragraph (1) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency";

(b) in Paragraph (2) the words "the Governor or the head of the respective local division of the National Social Security Institute" shall be replaced by "the Executive Director of the National Revenue Agency or an official empowered thereby".

12. In § 19 of the Transitional and Final Provisions, Paragraph (2) shall be repealed.

13. In § 19c (2) of the Transitional and Final Provisions, the words "the Governor of the National Social Security Institute" shall be replaced by "the Executive Director of the National Revenue Agency".

14. In § 19d (3) of the Transitional and Final Provisions, the words "the local divisions of the National Social Security Institute" shall be replaced by "the National Revenue Agency territorial directorates", and the words "the Governor of the National Social Security Institute" shall be replaced by "the Executive Director of the National Revenue Agency".

15. In § 20 of the Transitional and Final Provisions, the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

§ 20. The Code of Civil Procedure (promulgated in Transactions of the Presidium of the National Assembly No. 12 of 1952; amended in No. 92 of 1952, No. 89 of 1953, No. 90 of 1955, No. 90 of 1956, No. 90 of 1958, Nos. 50 and 90 of 1961; corrected in No. 99 of 1961; amended in the State Gazette No. 1 of 1963, No. 23 of 1968, No. 27 of 1973, No. 89 of 1976, No. 36 of 1979, No. 28 of 1983, No. 41 of 1985, No. 27 of 1986, No. 55 of 1987, No. 60 of 1988, Nos. 31 and 38 of 1989, No. 31 of 1990, No. 62 of 1991, No. 55 of 1992, Nos. 61 and 93 of 1993, No. 87 of 1995, Nos. 12, 26, 37, 44 and 104 of 1996, Nos. 43, 55 and 124 of 1997, Nos. 59, 70 and 73 of 1998, Nos. 64 and 103 of 1999, Nos. 36, 85 and 92 of 2000, No. 25 of 2001, Nos. 105 and 113 of 2002, Nos. 58 and 84 of 2003, Nos. 28 and 36 of 2004, Nos. 38, 42, 43, 79, 86 and 99 of 2005) shall be amended as follows:

1. In Article 353, the words "the tax administration" shall be replaced by "the National Revenue Agency and the State Receivables Collection Agency".

2. In Article 374, the words "tax service" shall be replaced by "National Revenue Agency directorate".

§ 21. The Commerce Act (promulgated in the State Gazette No. 48 of 1991, amended in No. 25 of 1992, Nos. 61 and No. 103 of 1993, No. 63 of 1994, No. 63 of 1995, Nos. 42, No. 59, 83, 86 and 104 of 1996, Nos. 58, 100 and 124 of 1997, Nos. 21, 39, 52 and No. 70 of 1998, Nos. 33, 42, 64, 81, 90, No. 103 and 114 of 1999, No. 84 of 2000, Nos. 28, 61 and 96 of 2002, Nos. 19, 31 and 58 of 2003, Nos. 31, 39, 42, 43 and 66 of 2005) shall be amended and supplemented as follows:

1. In Article 268 (3) the words "the tax administration" shall be replaced by "the National Revenue Agency".

2. In Article 628 (3) the words "documents under Article 20 (6) of the Tax Procedure Code" shall be replaced by "evidence under Article 78 (2) of the Tax and Social-Insurance Procedure Code".

3. In Article 638:

(a) in Paragraph (1) the words "Article 159 (1) of the Tax Procedure Code" shall be replaced by "Article 193 of the Tax and Social-Insurance Procedure Code";

(b) in Paragraph (4) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

4. In Item 1 of Article 722 (1) after the word "mortgage" there shall be placed a comma and there shall be added "or garnishment or preventive attachment, recorded according to the procedure established by the Registered Pledges Act".

§ 22. The Foreign Exchange Act (promulgated in the State Gazette No. 83 of 1999; amended in No. 45 of 2002, No. 60 of 2003 and No. 36 of 2004) shall be amended as follows:

1. In Article 11 (3) the words "the relevant tax subdivision" shall be replaced by "the relevant National Revenue Agency territorial directorate".

2. Article 16 (2) shall be amended as follows:

(a) in the text before Item 1, the words "The tax authorities" shall be replaced by "The authorities of the National Revenue Agency".

(b) in Item 6, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 23. The Bank Bankruptcy Act (promulgated in the State Gazette No. 92 of 2002; amended in No. 67 of 2003, No. 36 of 2004 and No. 31 of 2005) shall be amended as follows:

1. In Article 9 (4) the words "Article 20 of the Tax Procedure Code" shall be replaced by "Articles 77 and 78 of the Tax and Social-Insurance Procedure Code".

2. In Article 21 (2) the words "Article 159 (1) of the Tax Procedure Code" shall be replaced by "Article 193 of the Tax and Social-Insurance Procedure Code".

3. In Article 72, Paragraph (3) shall be amended to read as follows:

"(3) The provisions of Chapters Twenty-Six and Twenty-Seven of the Tax and Social-Insurance Procedure Code shall apply, *mutatis mutandis*, to any matters unregulated in this Chapter".

4. In Article 79 (4) the words "tax directorate" shall be replaced by "National Revenue Agency territorial directorate".

5. In Article 84 (3) the words "Article 206 (6) to (9) and Article 206 (10) sentence one and two, and Article 207 (1) and (2) of the Tax Procedure Code" shall be replaced by "Article 244 (2) and (3) and Article 245 (1) and (2) of the Tax and Social-Insurance Procedure Code".

6. In Article 85:

(a) in Paragraph (3) the words "Article 209, Article 210 (1) to (11) Item 2 of Article 211 (1) Item 3 of Article 212 (1) and Article 215 of the Tax Procedure Code" shall be replaced by "Article 247, Article 248, Article 249 (2) and (3) Item 3 of Article 250 (1) and Article 253 of the Tax and Social-Insurance Procedure Code";

(b) in Paragraph (4) the words "Article 211 of the Tax Procedure Code" shall be replaced by "Article 249 of the Tax and Social-Insurance Procedure Code";

(c) in Paragraph (5) the words "Articles 213 to 215 and Article 216 (1) to (4) of the Tax Procedure Code" shall be replaced by "Articles 251 to 253 of the Tax and Social-Insurance Procedure Code";

7. In Article 87 (1) the words "Article 220 (1) to (5) of the Tax Procedure Code" shall be replaced by "Article 258 (1) to (5) of the Tax and Social-Insurance Procedure Code".

§ 24. In the Safe Use of Nuclear Energy Act (promulgated in the State Gazette No. 63 of 2002; amended in No. 120 of 2002, No. 70 of 2004, Nos. 76 and 88 of 2005) in Article 49 (4) and in Article 94 (3) the words "the Tax Procedure Code by the tax administration" shall be replaced by "the Tax and Social-Insurance Procedure Code by the authorities of the National Revenue Agency".

§ 25. In the Biological Diversity Act (promulgated in the State Gazette No. 77 of 2002, amended in No. 88 of 2005) in Article 129 (2) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 26. The Bulgarian Identity Documents Act (promulgated in the State Gazette No. 93 of 1998; amended in Nos. 53, 67, 70 and 113 of 1999, No. 108 of 2000, No. 42 of 2001, Nos. 45 and 54 of 2002 and Nos. 29 and 63 of 2003, Nos. 96, 103 and 11 of 2004, Nos. 43, 71, 86 and 88 of 2005) shall be amended as follows:

1. In Item 2 of Article 27 (3) the word "tax" shall be replaced by "mailing address";

2. Item 5 of Article 75 shall be amended to read as follows:

"5. any persons in respect to whom a prohibition has been requested according to the procedure established by Item 2 (a) of Article 182 (2) and under Item 1 (a) and (b) of Article 221 (6) of the Tax and Social-Insurance Procedure Code;"

§ 27. The Wine and Spirit Drinks Act (promulgated in the State Gazette No. 86 of 1999; amended in No. 56 of 2002 and Nos. 16, 108 and 113 of 2004, No. 99 of 2005) shall be amended as follows:

1. In Item 3 of Article 23a (3) and Item 7 of Article 40 (4) the words "tax registration" shall be replaced by "registration under the Tax and Social-Insurance Procedure Code";

2. In Article 40c (2) to (4) (6) (7) (10) and (12) the words "tax directorate" shall be replaced by "National Revenue Agency directorate";

3. In Article 42:

(a) in Paragraph (4) the words "the tax service" shall be replaced by "the National Revenue Agency territorial directorate";

(b) in Paragraph (5) the words "tax service" shall be replaced by "territorial directorate".

4. In Article 77a (4) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

5. In § 78 of the Transitional and Final Provisions, the words "tax directorate" shall be replaced by "National Revenue Agency Directorate".

§ 28. The Act on Factory and Office Workers' Claims Guaranteed in the Event of their Employer's Bankruptcy (State Gazette No. 37 of 2004) shall be amended and supplemented as follows:

1. In Article 20:

(a) in Paragraph (2) the words "the local division of the National Social Security Institute" shall be replaced by "the relevant competent National Revenue Agency territorial directorate";

(b) there shall be inserted the following new Paragraph (4):

"(4) Contributions to the Factory and Office Workers' Guaranteed Claims Fund shall be remitted simultaneously with the payment of the remuneration due or of part thereof.";

(c) the existing Paragraph (4) shall be renumbered to become Paragraph (5);

(d) the existing Paragraph (5) shall be renumbered to become Paragraph (6) and shall be amended to read as follows:

"(6) The contribution to the Fund shall be remitted according to the procedure established by the ordinance referred to in Article 179 of the Tax and Social-Insurance Procedure Code.";

(e) the existing Paragraph (6) shall be renumbered to become Paragraph (7).

2. In Article 21:

(a) Paragraphs (1) and (2) shall be amended to read as follows:

"(1) Control over the remittance of contributions to the Fund shall be exercised by the authorities of the National Revenue Agency. Control over the payment of guaranteed claims shall be exercised by the control authorities of the National Social Security Institute.

(2) Any contributions due but unremitted shall be collected according to the procedure established by the Tax and Social-Insurance Procedure Code, applying the rules for the ascertainment and collection of compulsory social-insurance contributions.";

(b) Paragraphs (3) and (5) shall be repealed.

3. In Article 24 (1) the words "to the relevant accounts of the National Social Security Institute" shall be deleted.

4. In Article 27:

(a) the existing text shall be redesignated to become Paragraph (1) and shall be amended to read as follows:

"(1) The local divisions of the National Social Security Institute shall pay the guaranteed claims within seven days after receipt of an order from the Director of the Fund and transfer of the amounts from the Fund.";

(b) There shall be added the following new Paragraph (2):

"(2) Simultaneously with the payment of the guaranteed claim, the relevant local division of National Social Security Institute shall transfer the social-insurance contributions due for public social insurance, supplementary compulsory retirement insurance, health insurance, income tax and garnishments."

5. In Article 28 (3) the words "the Governor of the National Social Security Institute" shall be replaced by "the State Receivables Collection Agency".

6. In Article 32:

(a) in Paragraph (1) after the words "the National Social Security Institute" there shall be added "or the revenue authorities of the National Revenue Agency within their respective powers".

(b) in Paragraph (2) after the words "official" there shall be added "or from the revenue authorities of the National Revenue Agency within their respective powers".

§ 29. The Forests Act (promulgated in the State Gazette No. 125 of 1997; amended in Nos. 79, 133 of 1998, No. 26 of 1999, Nos. 29 and 78 of 2000, Nos. 77, 79 and 99 of 2002, Nos. 16 and 107 of 2003, No. 72 of 2005) shall be amended as follows:

1. In Item 4 of Article 68a (2) the words "document on tax registration" shall be deleted.

2. In Item 5 of Article 68b (2) the words "document on tax registration" shall be deleted.

3. In Article 112 (2) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 30. In the Road Traffic Act (promulgated in the State Gazette No. 20 of 1999; amended in No. 1 of 2000, Nos. 43 and 76 of 2002, Nos. 16 and 22 of 2003 and Nos. 6, 70, 85 and 115 of 2004, Nos. 79, 92, 99, 102 and 103 of 2005) Article 186 shall be amended as follows:

1. In sentence two of Paragraph (1) the conjunction "and" after the words "violated provisions" shall be replaced by a comma, and after the words "the amount of fine" there shall be added "and the account whereto it must be credited".

2. In Paragraph (4) the words "at the relevant tax subdivision" shall be deleted, and after the word "decree" there shall be added "and shall be sent for collection to the public enforcement agent".

§ 31. In the State Contingency Reserves and Wartime Stocks Act (promulgated in the State Gazette No. 9 of 2003; corrected in No. 37 of 2003; amended in Nos. 19 and 69 of 2005) in Article 34, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 32. The Public Internal Financial Control Act (promulgated in the State Gazette No. 92 of 2000; amended in Nos. 28 and 101 of 2002, No. 31 of 2003 and No. 38 of 2004) shall be amended as follows:

1. In Item 17 of Article 8 (1) the words "the tax and" shall be replaced by "The National Revenue Agency" and after them there shall be placed a comma.

2. In Article 44, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 33. In the Mandatory Stocks of Crude Oil and Petroleum Products Act (promulgated in the State Gazette No. 9 of 2003; amended in No. 107 of 2003, No. 95 of 2005) in Article 31 (2) the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 34. In the Skilled Crafts Act (promulgated in the State Gazette No. 42 of 2001; amended in No. 112 of 2001, No. 56 of 2002, No. 99 of 2005) in Item 2 of Article 24 (3) the words "and a copy of the tax registration certificate" shall be deleted.

§ 35. In the Protection of Competition Act (promulgated in the State Gazette No. 52 of 1998; [modified by] Constitutional Court Judgement No. 22 of 1998, [promulgated in] No. 112 of 1998; amended in No. 81 of 1999, No. 28

of 2002, Nos. 9 and 107 of 2003) in Article 45, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 36. In the Act on Information Regarding Non-performing Loans (State Gazette No. 95 of 1997) in Article 1 (2) and in Article 3 (3) the words "the tax authorities" shall be replaced by "the authorities of the National Revenue Agency".

§ 37. The Cadastre and Property Register Act (promulgated in the State Gazette No. 34 of 2000; amended in Nos. 45 and 99 of 2002, No. 36 of 2004 and No. 39 of 2005) shall be amended as follows:

1. In Article 37 (1) the words "the tax administration" shall be replaced by "the National Revenue Agency".

2. In Article 41 (2) Item 4 shall be repealed.

§ 38. The Financial Supervision Commission Act (promulgated in the State Gazette No. 8 of 2003; amended in Nos. 31, 67 and 112 of 2003, No. 85 of 2004 and Nos. 39 and 103 of 2005) shall be amended as follows:

1. In Article 18 (8) the words "the tax administration" shall be replaced by "the National Revenue Agency".

2. In Article 27 (7) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 39. The Explosives, Firearms and Ammunition Control Act (promulgated in the State Gazette No. 133 of 1998; amended in No. 85 of 2000, No. 99 of 2002, No. 71 of 2003 and No. 102 of 2005) shall be amended as follows:

1. In Article 12, Paragraph (1) shall be amended to read as follows:

"(1) Authorizations for the production, trade in and movement of explosives, firearms and ammunition shall not be granted, and any such authorizations granted shall be withdrawn from persons registered as sole traders:

1. who have been convicted of a premeditated offence at public law or who are subject to an initiated criminal prosecution in connection with a premeditated offence at public law;

2. in respect of whom a notification under Littera (b) of Article 182 (2) or under Item 2 of Article 221 (6) of the Tax and Social-Insurance Procedure Code has been received;

3. who suffer from a mental disease;

4. who have been coercively placed at medical-treatment facilities under Section II of Chapter Five of the Health Act during the last three years or have been treated for use of narcotic substances;

5. who have been admitted to a detoxification facility under Article 82 (1) of the Ministry of Interior Act on two or more occasions during the last three years;

6. who have breached the pace on three or more occasions during the last three years, for which administrative sanctions have been imposed thereon."

2. In Article 13, Item 1 shall be amended to read as follows:

"1. a notification under Littera (b) of Article 182 (2) or under Item 2 of Article 221 (6) of the Tax and Social-Insurance Procedure Code has been received;"

§ 40. In the Cooperatives Act (promulgated in the State Gazette No. 113 of 1999; amended in No. 92 of 2000, No. 98 of 2001, No. 13 of 2003 and No. 102 of 2005) in Article 43 (4) the words "tax administration" shall be replaced by "National Revenue Agency territorial directorate".

§ 41. In the Human Medicinal Drugs and Pharmacies Act (promulgated in the State Gazette No. 36 of 1995; [modified by] Constitutional Court Judgement No. 10 of 1996, [promulgated in] No. 61 of 1996; amended in No. 38 of 1998, No. 30 of 1999, No. 10 of 2000; [modified by] Constitutional Court Judgement No. 3 of 2000, [promulgated in] No. 37 of 2000; amended in No. 59 of 2000; [modified by] Constitutional Court Judgement No. 7 of 2000, [promulgated in] No. 78 of 2000; amended in No. 41 of 2001, Nos. 107 and 120 of 2002; corrected in No. 2 of 2003; amended in Nos. 56, 71 and 112 of 2003, Nos. 70 and 111 of 2004, Nos. 37, 76, 85, 87 and 99 of 2005) in Article 74 (6) Item 4 shall be amended to read as follows:

"4. BULSTAT registration certificate."

§ 42. The Medical-Treatment Facilities Act (promulgated in the State Gazette No. 62 of 1999; amended in Nos. 88 and 113 of 1999; corrected in No. 114 of 1999; amended in Nos. 36, 65 and 108 of 2000; [modified by] Constitutional Court Judgement No. 11 of 2001, [promulgated in] No. 51 of 2001; amended in Nos. 28 and 62 of 2002, Nos. 83, 102 and 114 of 2003, No. 70 of 2004, Nos. 46, 76, 85 and 88 of 2005) shall be amended as follows:

1. In Item 1 of Article 40 (1) the words "tax registration and" shall be deleted.

2. In Item 1 of Article 47, the words "tax registration" shall be replaced by "standard identification code".

3. In Item 1 of Article 51a (2) the words "tax registration and" shall be deleted.

4. In Article 56 (3) the words "the tax administration" shall be replaced by "the National Revenue Agency territorial directorate".

§ 43. The Measures against Money Laundering Act (promulgated in the State Gazette No. 85 of 1998; amended in No. 1 of 2001, No. 31 of 2003 and No. 103 of 2005) shall be amended as follows:

1. In Item 19 of Article 3 (2) the words "tax authorities" shall be replaced by "authorities of the National Revenue Agency".

2. In Article 6, Paragraph (2) shall be repealed.

§ 44. In the Environmental Protection Act (promulgated in the State Gazette No. 91 of 2002; corrected in No. 98 of 2002; amended in No. 86 of 2003, No. 70 of 2004, Nos. 74, 77, 88, 95 of 2005) in § 8 of the Transitional and Final Provisions, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 45. The Postal Services Act (promulgated in the State Gazette No. 64 of 2000; amended in No. 112 of 2001, Nos. 45 and 76 of 2002, No. 26 of 2003, Nos. 19, 88 and 99 of 2005) shall be amended as follows:

1. In Item 3 of Article 43 (2) the words "and tax registration certificate" shall be deleted;

2. In Article 106a (5) the words "the Tax" shall be replaced by "the Tax and Social-Insurance".

§ 46. In the Radio and Television Act (promulgated in the State Gazette No. 138 of 1998; [modified by] Constitutional Court Judgement No. 10 of 1999, [promulgated in] No. 60 of 1999; amended in No. 81 of 1999, No. 79 of 2000, Nos. 96 of 2001, Nos. 77 and 120 of 2002, Nos. 99 and 114 of 2003, Nos. 99 and 115 of 2004, Nos. 88 and 93 of 2005) in Article 111, Item 3 shall be amended to read as follows:

"3. a certificate under Article 87 (6) of the Tax and Social-Insurance Procedure Code;"

§ 47. The Grain Storage and Grain Trade Act (promulgated in the State Gazette No. 93 of 1998; amended in No. 101 of 2000, Nos. 9 and 58 of 2003, No. 69 of 2005) shall be amended as follows:

1. In Item 2 of Article 11a (2) the words "copy of a tax registration document and" shall be deleted;

2. In Item 2 of Article 24 (4) the words "tax registration document and" shall be deleted.

§ 48. The BULSTAT Register Act (promulgated in the State Gazette No. 39 of 2005) shall be amended as follows:

1. In Article 9 (5) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

2. In Item 1 (d) of Article 10 (1) the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

3. In Article 24 (1) the words "tax authority" shall be replaced by "revenue authority".

4. In Article 32:

(a) in Paragraphs (1) (3) (4) and (5) the words "the tax administration" shall be replaced by "the National Revenue Agency";

(b) in Paragraph (6) the words "the territorial tax directorates" shall be replaced by "the National Revenue Agency territorial directorates";

5. In Article 41 (1) the words "General Tax Directorate" shall be replaced by "the Head Office of the National Revenue Agency".

§ 49. The Privatization and Post-privatization Control Act (promulgated in the State Gazette No. 28 of 2002; amended in No. 78 of 2002, Nos. 20 and 31 of 2003; [modified by] Constitutional Court Judgement No. 5 of 2003, [promulgated in] No. 39 of 2003; amended in Nos. 46 and 84 of 2003, Nos. 55 and 115 of 2004, Nos. 28, 39, 88, 94 and 103 of 2005) shall be amended as follows:

1. In § 5 of the Supplementary Provisions, the words "the tax authority" and "the Tax Procedure Code" shall be replaced, respectively, by "the public enforcement agent" and "the Tax and Social-Insurance Procedure Code".

2. In § 17 (6) of the Transitional and Final Provisions, the words "in reference to Article 142 of the Tax Procedure Code" shall be deleted.

§ 50. The Public Offering of Securities Act (promulgated in the State Gazette No. 114 of 1999; amended in Nos. 63 and 92 of 2000, Nos. 28, 61, 93 and 101 of 2002, Nos. 8, 31, 67 and 71 of 2003, No. 37 of 2004, Nos. 19, 31, 39 and 103 of 2005) Item 2 of Article 71 (6) shall be amended as follows:

1. In the text before Littera (a) the words "the head of the territorial tax directorate" shall be replaced by "the director of the National Revenue Agency territorial directorate";

2. Littera (a) shall be amended to read as follows:

"(a) evidence is presented that the examined person has frustrated the conduct of an audit or examination or does not keep accounts as required, as well as that there are substantial deficiencies in the said accounts;"

§ 51. In the Family Allowances Act (promulgated in the State Gazette No. 32 of 2002; amended in No. 120 of 2002, No. 112 of 2003, No. 69 of 2004) in Article 11, the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 52. In the National Audit Office Act (promulgated in the State Gazette No. 109 of 2001; amended in No. 45 of 2002, No. 31 of 2003, No. 38 of 2004, No. 34 of 2005) in Item 2 of Article 7 (1) the words "the tax and" shall be replaced by "the National Revenue Agency" and a comma shall be placed.

§ 53. In the Accountancy Act (promulgated in the State Gazette No. 98 of 2001; amended in No. 91 of 2002, No. 96 of 2004, No. 102 of 2005) in Article 48 (1) the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 54. The Tobacco and Tobacco Products Act (promulgated in the State Gazette No. 101 of 1993; amended in No. 19 of 1994, No. 110 of 1996, No. 153 of 1998, No. 113 of 1999, Nos. 33 and 102 of 2000, No. 110 of 2001, No. 20 of 2003, Nos. 57 and 70 of 2004, Nos. 91, 95 and 99 of 2005) shall be amended and supplemented as follows:

1. In Article 37:

(a) in Paragraph (1):

(aa) Item 2 shall be repealed;

(bb) Item 4 shall be amended to read as follows:

"4. a certificate from the National Revenue Agency territorial directorate on taxes and compulsory social-insurance contributions due;"

(b) in Paragraph (5) Item 2 shall be repealed.

2. In Article 38, Item 1 shall be repealed.

3. In Article 41:

(a) in Paragraph (1) the word "tax" shall be deleted and after the word "directorate" there shall be added "of the

National Revenue Agency";

(b) Paragraph (2) shall be amended to read as follows:

"(2) The territorial directorate of the National Revenue Agency shall verify, sign and stamp the data and shall return one copy to the person, and the other copy shall be retained at the territorial directorate and shall be stored in the tax and social-insurance dossier until expungement of the person in the register of the National Revenue Agency."

4. In Article 42 (2) the word "tax" shall be replaced by "territorial", and after the word "directorate" there shall be added "of the National Revenue Agency".

5. In Annex 3 to Article 37 (1) the words "tax directorate" and "the tax directorate" shall be replaced passim, respectively, by "National Revenue Agency territorial directorate" and "the National Revenue Agency territorial directorate", and in Section 3, column two, the word "tax" before the words "audit instrument" shall be deleted.

§ 55. In the Spatial Development Act (promulgated in the State Gazette No. 1 of 2001; amended in Nos. 41 and 11 of 2001, No. 43 of 2002, Nos. 20, 65 and 107 of 2003, Nos. 36 and 65 of 2004, Nos. 28, 76, 77, 88, 94, 95 and 103 of 2005) in Article 167 (2) Item 2 shall be amended to read as follows:

"2. a certificate under Article 87 (6) of the Tax and Social-Insurance Procedure Code;".

§ 56. The Gambling Act (promulgated in the State Gazette No. 51 of 1999; amended in No. 103 of 1999, No. 53 of 2000, Nos. 1, 102 and 110 of 2001, No. 75 of 2002, No. 31 of 2003, No. 70 of 2004, Nos. 79, 94, 95 and 103 of 2005) shall be amended as follows:

1. In Item 3 of Article 5 (1) the word "tax" shall be deleted.

2. In Item 11 of Article 18 (1) Article 37 (7) Article 39 (5) and Article 80 (1) and (2) the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 57. In the Not-for-Profit Legal Entities Act (promulgated in the State Gazette No. 81 of 2000; amended in Nos. 41 and 98 of 2001, Nos. 25 and 120 of 2002, Nos. 42 and 102 of 2005) Article 45 shall be amended as follows:

1. In Paragraph (2) Item 3 shall be repealed.

2. In Paragraphs (6) and (8) the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 58. The Waste Management Act (promulgated in the State Gazette No. 86 of 2003, amended and supplemented in No. 70 of 2004, Nos. 77, 87, 88 and 95 of 2005) shall be amended as follows:

1. In Article 51 (1) Item 3 shall be amended to read as follows:

"3. a certificate under Article 87 (6) of the Tax and Social-Insurance Procedure Code;".

2. In Article 54 (4) Item 4 shall be amended to read as follows:

"4. a certificate under Article 87 (6) of the Tax and Social-Insurance Procedure Code;".

3. In Article 62 (4) Item 3 shall be amended to read as follows:

"3. a certificate under Article 87 (6) of the Tax and Social-Insurance Procedure Code;".

§ 59. In the Agricultural Producers Support Act (promulgated in the State Gazette No. 58 of 1998; amended in Nos. 79 and 153 of 1998, Nos. 12, 26, 86 and 113 of 1999, No. 24 of 2000, Nos. 34 and 41 of 2001, Nos. 46 and 96 of 2002, No. 18 of 2004 and No. 14 of 2005) in Item 1 of Article 10c (2) the words "tax registration" shall be replaced by "registration in the BULSTAT Register".

§ 60. The Tourism Act (promulgated in the State Gazette No. 56 of 2002; amended in Nos. 119 and 120 of 2002, No. 39 of 2004, Nos. 28, 39, 94 and 99 of 2005) shall be amended as follows:

1. In Article 18 (1) the words "tax registration number" shall be deleted.

2. In Item 5 of Article 21 (1) the words "tax registration number" shall be deleted.

3. In Item (3) (f) of Article 61 (1) the words "tax registration number" shall be deleted.

§ 61. In the Film Industry Act (promulgated in the State Gazette No. 105 of 2003; amended in Nos. 28 and 94 of 2005) in Article 20 (1) Item 4 shall be repealed.

§ 62. In the Municipal Debt Act (State Gazette No. 34 of 2005) in Item 3 of Article 20, the words "Article 13 (2) of the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 63. In the Public Procurement Act (promulgated in the State Gazette No. 28 of 2004; amended in No. 53 of 2004, Nos. 31 and 34 of 2005) in Item 2 of Article 47 (2) the words "Article 13 (2) of the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 64. In the Public Disclosure of Senior Public Officials' Financial Interests Act (promulgated in the State Gazette No. 38 of 2000; amended in Nos. 28 and 74 of 2002, No. 8 of 2003, No. 38 of 2004) in Article 2 (1) Item 26 shall be amended to read as follows:

"26. the Executive Director of the National Revenue Agency;"

§ 65. The Act on Administrative Regulation of the Manufacture and Trade in Optical Disks, Stampers and Other Storage Media Loaded with Subject Matter of Copyright and Neighbouring Rights (State Gazette No. 74 of 2005) shall be amended as follows:

1. In Item 1 of Article 8 (1) Item 3 of Article 8 (2) Item 5 of Article 9 (9) Item 1 of Article 15 (1) Item 4 of Article 17 (1) Item 1 of Article 20 (1) Item 2 of Article 22 (1) Item 1 of Article 24 (1) Item 1 of Article 25 (1) Item 2 of Article 27 (1) Item 2 of Article 28 (1) the words "tax registration" and "the tax registration" shall be replaced by "registration under the Tax and Social-Insurance Procedure Code".

2. In Item 2 of Article 30 (4) the words "tax registration" shall be replaced by "registration under the Tax and Social-Insurance Procedure Code", and the words "the territorial tax directorate" shall be replaced by "the respective territorial directorate of the National Revenue Agency".

3. In Item 1 of Article 41 (1) and Item 1 of Article 42 (1) the words "tax registration" shall be replaced by "registration under the Tax and Social-Insurance Procedure Code".

§ 66. In the Technical Requirements to Products Act (promulgated in the State Gazette No. 86 of 1999; amended in Nos. 63 and 93 of 2002, Nos. 18 and 107 of 2003, Nos. 45, 77, 88 and 95 of 2005) in Item 7 of Article 10 (1) the words "Article 13 (2) of the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 67. In the Foodstuffs Act (promulgated in the State Gazette No. 90 of 1999; amended in No. 102 of 2003, No. 70 of 2004, Nos. 87 and 99 of 2005) in Article 12 (3) and Article 22b (1) the words "tax registration number" shall be deleted.

§ 68. In the Protection against Discrimination Act (promulgated in the State Gazette No. 86 of 2003; amended in No. 70 of 2004) in Article 70 (2) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 69. In the Independent Financial Audit Act (promulgated in the State Gazette No. 101 of 2001; amended in No. 91 of 2002, No. 96 of 2004, No. 77 of 2005) in Article 16, the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 70. In the Act on Protection of Public Order upon Conduct of Sports Events (promulgated in the State Gazette No. 96 of 2004; amended in No. 103 of 2005) in Article 37, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 71. In the Carriage by Road Act (promulgated in the State Gazette No. 82 of 1999; amended in Nos. 11 and No. 45 of 2002, No. 99 of 2003, No. 70 of 2004, Nos. 88, 92, 95, 102 and 103 of 2005) in Article 7 (6) the words "the Tax Procedure Code or have been rescheduled according to the procedure established by the Social Insurance Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 72. The Excise Tax Act (promulgated in the State Gazette No. 19 of 1994; amended in Nos. 58 and 70 of 1995, Nos. 21, 56 and No. 107 of 1996, No. 51 of 1997, Nos. 15, 89 and 153 of 1998, No. 103 of 1999, No. 102 of 2000, No. 110 of 2001, Nos. 45 and 118 of 2002, Nos. 9, 37, 103 and 112 of 2003, Nos. 53 and 113 of 2004, Nos. 88, 92, 95 and 100 of 2005) shall be amended as follows:

1. In Article 3:

(a) in Paragraph (2) the words "territorial tax directorate" shall be replaced by "National Revenue Agency territorial directorate", and the word "tax" before the word "registration" shall be deleted;

(b) in Paragraph (3) the word "tax" shall be deleted;

(c) in Paragraph (4) the word "tax" shall be deleted;

(d) in Paragraph (5) the words "the tax certificate" shall be replaced by "the certificate";

(e) in Paragraph (6) the words "tax authority" shall be replaced by "revenue authority", the words "by a tax act" shall be deleted, and the words "the tax instrument" shall be replaced by "the instrument".

2. In Article 7:

(a) in Paragraph (6) the word "the tax" shall be replaced by "the revenue authorities";

(b) in Paragraph (8) the words "the tax administration" shall be replaced by "the National Revenue Agency";

(c) in Paragraph (9) the word "tax" shall be deleted;

(d) in Paragraph (10) the word "tax" shall be deleted passim;

3. In Article 8 (2) the words "General Tax Directorate" shall be replaced by "the Head Office of the National Revenue Agency".

4. In Article 10 (1) the word "tax" shall be deleted.

5. In Article 11:

(a) in Paragraph (3) the word "tax" shall be deleted;

(b) in Paragraph (4) the word "tax" shall be deleted;

(c) in Paragraph (6) the word "tax" shall be deleted;

(d) in Paragraph (7) the words "the tax authorities" shall be replaced by "the revenue authorities".

6. In Article 11a (2) the words "The tax authorities" shall be replaced by "The revenue authorities".

7. In Article 11d:

(a) in Paragraph (4) the words "tax authority" shall be replaced by "revenue authority", and the words "the tax authority" shall be replaced by "the revenue authority";

(b) in Paragraph (6) the words "the tax authority" shall be replaced by "the revenue authority";

8. In Article 12:

(a) in Paragraph (1) the word "tax" shall be deleted;

(b) in Paragraph (2) the word "tax" shall be deleted passim;

(c) in Paragraph (3) the word "tax" shall be deleted;

(d) in Paragraph (4) the words "the tax audit instrument" shall be replaced by "the audit instrument";

(e) in Paragraph (5) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code", the words "the tax authorities" shall be replaced by "the revenue authorities", the words "the tax authority" shall be replaced passim by "the revenue authority", and the words "at the tax address named thereby" shall be replaced by

"at the mailing address", and the words "the tax instrument" shall be replaced by "the instrument".

9. In Article 12e, the words "The customs and the tax authorities" shall be replaced by "the customs authorities and the revenue authorities".

10. In Article 12g (1) and (2) the words "the tax administration" shall be replaced passim by "the National Revenue Agency".

11. In Article 12h (1) the word "tax" shall be replaced passim by "revenue";

12. In Article 17a:

(a) in Paragraph (3) the words "the territorial tax directorate" shall be replaced by "the National Revenue Agency territorial directorate", and the words "tax" shall be deleted;

(b) in Paragraph (6) the words "tax authority" shall be replaced by "revenue authority".

13. In Article 17f, the words "tax authority" shall be replaced by "revenue authority".

14. In Article 17j:

(a) in Paragraph (1) in the text before Item 1, the words "tax subject who" shall be replaced by "obligated person who";

(b) in Paragraph (2) the words "the tax authorities" shall be replaced by "the revenue authorities", and the words "the tax subject" shall be replaced by "the obligated person";

(c) in Paragraph (5) the words "the tax subject" shall be replaced by "the obligated person".

15. In Article 17k:

(a) in Paragraph (1) the words "the tax subject" shall be replaced passim by "the obligated person";

(b) in Paragraph (2) the words "the tax authorities" shall be replaced by "the revenue authorities", and the words "the tax subject" shall be replaced passim by "the obligated person";

(c) in Paragraph (3) the words "the tax authority" shall be replaced by "the revenue authority", and the words "the tax subject" shall be replaced by "the obligated person";

(d) in Paragraph (4) the words "the tax authority" shall be replaced by "the revenue authority", and the words "the tax subject" shall be replaced by "the obligated person".

16. In Article 18 (2) the words "the tax authorities" shall be replaced by "the revenue authorities", and the words "the General Tax Director" shall be replaced by "the Executive Director of the National Revenue Agency".

17. In Article 21, the words "Tax authority" shall be replaced by "Revenue authority".

§ 73. The Excise Duties and Tax Warehouses Act (State Gazette No. 91 of 2005) shall be amended and supplemented as follows:

1. Article 104 shall be amended to read as follows:

"Article 104. (1) The Tax and Social-Insurance Procedure Code shall apply to any proceedings for the ascertaining, securing and collection of obligations for excise duty, save insofar as otherwise provided for in this Act. The customs authorities shall be vested with the powers of revenue authorities, and in the cases under Article 121 of the Tax and Social-Insurance Procedure Code they shall be vested with the powers of public enforcement agents as well.

(2) For the purposes of Paragraph (1) the customs offices specified in the Customs Act shall have the competences of

National Revenue Agency territorial directorates. The Director of the National Customs Agency shall have the powers of an Executive Director of the National Revenue Agency, and the chiefs of customs offices shall have the powers of a territorial director.

(3) The powers under Item 1 of Article 112 (2) of the Tax and Social-Insurance Procedure Code shall be exercised by the chief of the competent territorial customs directorate.

(4) The powers of a decision-making authority within the meaning given by Article 152 (2) of the Tax and Social-Insurance Procedure Code shall be exercised by the respective regional customs directorate."

2. In Article 106 (2) the word "the tax" shall be deleted, and the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

3. In § 2 (2) of the Transitional and Final Provisions, the words "the tax administration" shall be replaced by "the National Revenue Agency".

§ 74. § 74. The 2006 National Health Insurance Fund Budget Act (State Gazette No. 102 of 2005) shall be amended as follows:

1. Paragraph 4 shall be repealed.

2. In Paragraph 5 the words "Article 110 (11) of the Social Insurance Code" shall be replaced by "the Tax and Social-Insurance Procedure Code", and the words "the National Social Security Institute" shall be replaced passim by "the National Revenue Agency".

3. In Paragraph 9 the words "the National Social Security Institute" shall be replaced by "the National Revenue Agency".

§ 75. In the Copyright and Neighbouring Rights Act (promulgated in the State Gazette No. 56 of 1993; amended in No. 63 of 1994, No. 10 of 1998, No. 28 of 2000, No. 77 of 2002, Nos. 28, 43, 74 and 99 of 2005) in Article 98c (3) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 76. In the Accreditation by Bulgarian Accreditation Service Act (State Gazette No. 100 of 2005) in Item 3 of Article 23, the words "tax registration number" shall be deleted.

§ 77. In the Telecommunications Act (promulgated in the State Gazette No. 88 of 2003; amended in Nos. 19, 77, 88, 99 of 2005) in Article 88 (1) the words "tax registration" shall be deleted.

§ 78. The Animal Husbandry Act (promulgated in the State Gazette No. 65 of 2000; amended in No. 18 of 2004, No. 87 of 2005) shall be amended as follows:

1. In Item 1 of Article 14b (2) the words "tax registration certificate" shall be deleted.

2. In Item 3 of Article 15 (4) the words "tax registration certificate and" shall be deleted.

§ 79. In the Marks and Geographical Indications Act (promulgated in the State Gazette No. 81 of 1999; corrected, No. 82 of 1999; amended in Nos. 28, 43 and 94 of 2005) in Article 86 (2) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 80. In the Municipal Budgets Act (promulgated in the State Gazette No. 33 of 1998; amended in No. 69 of 1999; [modified by Constitutional Court Judgement No. 2 of 2001, [promulgated in] No. 9 of 2001; amended in Nos. 56 and 93 of 2002, No. 107 of 2003, No. 34 of 2005) in Article 11 (2) the words "The tax administration" shall be replaced by "The revenue administration".

§ 81. The Criminal Assets Forfeiture Act (promulgated in the State Gazette No. 19 of 2005; amended in No. 86 of 2005) shall be amended as follows:

1. In Article 16 (1) the words "the tax administration" shall be replaced by "the National Revenue Agency".

2. In Article 23 (6) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

3. In Article 31, the words "the General Tax Director" shall be replaced by "the Executive Director of the National Revenue Agency".

§ 82. The Legal Aid Act (State Gazette No. 79 of 2005) shall be amended as follows:

1. In Article 20 (3) the words "the tax authorities" shall be replaced by "the revenue authorities".

2. In Item 3 of Article 24, the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

3. In Article 27 (3) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 83. In the Industrial Designs Act (promulgated in the State Gazette No. 81 of 1999; amended in No. 17 of 2003, No. 43 of 2005) in Article 69 (3) the words "the Tax Procedure Code" shall be replaced by "the Tax and Social-Insurance Procedure Code".

§ 84. The Fisheries and Aquaculture Act (promulgated in the State Gazette No. 41 of 2001; amended in Nos. 88 and 94 of 2005) shall be amended as follows:

1. In Item 5 of Article 10 (3) the words "and tax registration" shall be deleted.

2. In Item 3 of Article 10c (4) the words "and tax registration" shall be deleted.

3. In Article 18 (3) Item 2 shall be repealed.

4. In Article 21d (3) Item 2 shall be repealed.

5. In Item 5 of Article 25a (2) the words "copy of the tax registration certificate" shall be deleted.

6. In Item 3 of Article 46a (3) the words "copy of the tax registration certificate" shall be deleted.

7. In Item 2 of Article 46e (3) the words "copy of the tax registration certificate" shall be deleted.

§ 85. In the State Budget Procedures Act (promulgated in the State Gazette No. 67 of 1996; amended in No. 46 of 1997, No. 154 of 1998, No. 74 of 2002, No. 87 of 2005; corrected in No. 89 of 2005) in Article 37 (2) the words "tax" shall be replaced by "revenue".

§ 86. In the Private Security Business Act (State Gazette No. 15 of 2004) Article 15 (2) shall be amended as follows:

1. In Item 2, the words "and a copy of the tax registration document" shall be deleted;

2. Item 3 shall be amended to read as follows:

"3. a certificate under Article 87 (6) of the Tax and Social-Insurance Procedure Code, to the effect that the merchant and general partners in a limited or general partnership do not incur obligations;"

§ 87. The implementation of this Code shall be entrusted to the Minister of Finance.

§ 88. This Code shall enter into force on the 1st day of January 2006, with the exception of Article 179 (3) Article 183 (9) Item 1 (e) and Item 4 (c) of § 10, Item 1 (c) of § 11 and Item 12 of § 14 of the Transitional and Final Provisions, which shall enter into force on the date of promulgation of the Code in the State Gazette.

This Code was passed by the 40th National Assembly on the 21st day of December 2005 and the Official Seal of the National Assembly was affixed thereto.

#### TRANSITIONAL AND FINAL PROVISIONS

of the Administrative Procedure Code

(SG, No. 30/2006, effective 12.07.2006)

.....

§ 9. The Tax and Social-Insurance Procedure Code ([promulgated in the] State Gazette No. 105 of 2005) shall be amended and supplemented as follows:

.....

3. The words "the Administrative Procedure Act" shall be replaced passim by "the Administrative Procedure Code".

.....  
§ 142. This Code shall enter into force three months after the promulgation thereof in the State Gazette with the exception of:

1. Title Three, Item 1 of § 2 and Item 2 of § 2 herein (in respect of the repeal of Chapter Three, Section II "Appeal Before the Court" [of the Administrative Procedure Act]) Items 1 and 2 of § 9, Items 1 and 2 of § 11, § 15, Items 1 and 2 of § 44, Item 1 of § 51, Item 1 of § 53, Item 1 of § 61, Item 3 of § 66, Items 1 to 3 of § 76, § 78, § 79, Item 1 of § 83, Items 1 and 2 of § 84, Items 1 to 4 of § 89, Item 1 of § 101, Item 1 of § 102, § 107, Items 1 and 2 of § 117, § 125, Items 1 and 2 of § 128, Item 2 of § 132 and Item 1 of § 136, as well as § 34, Item 2 of § 35, Item 2 of § 43, Item 1 of § 62, Items 2 and 4 of § 66, Item 2 of § 97, and Item 1 of § 125 herein (in respect of the replacement of the word "district" by "administrative" and the replacement of the words "the Sofia City Court" by "the Sofia City Administrative Court") which shall enter into force as from the 1st day of March 2007;

.....  
(\* Act to Amend the Commercial Register Act

(SG No. 80/2006, effective 3.10.2006)

§ 1. In § 56 of the Transitional and Final Provisions, the words "1st day of October 2006" shall be replaced by "1st day of July 2007".

.....  
Act to Amend and Supplement the Tax and Social-Insurance Procedure Code

(SG No. 105/2006)

#### TRANSITIONAL AND FINAL PROVISIONS

§ 18. (Effective 1.07.2007, SG No. 105/2006) The identification of any sole traders, who are recorded in the BULSTAT Register but who have not re-registered according to the procedure established by the Commercial Register Act, shall be effected by means of the Standard Public Registry Personal Number or, respectively, the Foreigner Personal Number, and the single identification code - BULSTAT Code, until recording of the trader according to the procedure established by the Commercial Register Act.

§ 19. (Effective 1.01.2007, SG No. 105/2006) Until the 31st day of December 2010 and provided that the special tax on savings income continues to be withheld at source in the Kingdom of Belgium, in the Republic of Austria or in the Grand Duchy of Luxembourg, the following issues of bonds and other debt securities shall not be considered as debt claims referred to in Item 16 (a) of § 1 of the Supplementary Provisions [of the Tax and Social-Insurance Procedure Code]:

1. all issues which have been first issued before the 1st day of March 2001 or for which the original prospectuses for initial public offering have been approved before the 1st day of March 2001 by the relevant authority in a Member State or in a third country, and provided that no further issues of such debt securities are made on or after the 1st day of March 2002;

2. the issues of securities other than government securities or issued by legal entities according to the Annex hereto before the 1st day of March 2002, where further issues are made after that date and such bonds and other debt securities have been first issued before the 1st day of March 2001 or the original prospectuses for initial public offering have been approved before the 1st day of March 2001 by the relevant authority in a Member State or in a third country.

(2) Provided that the special tax on savings income continues to be withheld at source in Kingdom of Belgium, in the Republic of Austria or in the Grand Duchy of Luxembourg beyond the 31st day of December 2010, until the time the said tax is revoked, bonds and other debt securities shall not be considered as debt claims referred to in Item 16 (a) of § 1 of the Supplementary Provisions [of the Tax and Social-Insurance Procedure Code] if they fulfil simultaneously the following

conditions:

1. they contain a gross-up and early redemption clause;

2. the paying agent is resident in the Kingdom of Belgium, the Republic of Austria or the Grand Duchy of Luxembourg and pays savings income for the immediate benefit of a beneficial owner resident in the Republic of Bulgaria.

§ 20. (Effective 1.01.2007, SG No. 105/2006) The first provision of information and the first exchange between the competent authorities of the Member States under the terms and according to the procedure established by Section VI of Chapter Sixteen [of the Tax and Social-Insurance Procedure Code] shall take place not later than the 30th day of April and, respectively, the 30th day of June 2008, in respect of the income paid in 2007.

.....

§ 26. The provisions of § 4, 12, 15, 16, 17, 19, 20, 21, 22 and 23 herein shall enter into force on the 1st day of January 2007, and the provisions of § 7 and 18 herein shall enter into force on the 1st day of July 2007.

Annex

to Item 2 of § 19 (1)

(New, SG No. 105/2006, effective 1.01.2007)

