Tax and Social Insurance Procedure Code

Promulgated, SG No. 105/29.12.2005, effective 1.01.2006, amended, SG No 30/11.04.2006, effective 12.07.2006, SG No. 33/21.04.2006, amended and supplemented, SG No. 34/25.04.2006, effective 1.01.2008 (*)(**), amended, SG No 59/21.07.2006, effective on the day of entry into force of the EU Treaty of Accession of the Republic of Bulgaria, amended and supplemented, SG No. 63/4.08.2006, effective 4.08.2006, supplemented, SG No. 73/5.09.2006, effective 1.01.2007, amended, SG No. 82/10.10.2006, amended and supplemented, SG No. 86/24.10.2006 effective 1.01.2007, amended, SG No. 95/24.11.2006, effective 1.01.2007, amended and supplemented, SG No. 105/22.12.2006, amended, SG No. 46/12.06.2007 effective 1.01.2008, SG No. 52/29.06.2007, effective 1.11.2007, SG No 57/13.07.2007, effective 13.07.2007, SG No. 59/20.07.2007, effective 1.03.2008, amended and supplemented, SG No. 108/19.12.2007, effective 19.12.2007, SG No 109/20.12.2007, effective 1.01.2008, amended, SG No. 36/4.04.2008, SG No 69/5.08.2008, supplemented, SG No. 98/14.11.2008, amended and supplemented, SG No. 12/13.02.2009, effective 1.05.2009, amended, SG No. 32/28.04.2009, supplemented, SG No. 41/2.06.2009, effectve 1.07.2009, amended, SG No 93/24.11.2009, effective 25.12.2009, supplemented, SG No. 15/23.02.2010, amended and supplemented, SG No. 94/30.11.2010, effective 1.01.2011, amended, SG No 98/14.12.2010, effective 1.01.2011, SG No. 100/21.12.2010, effective 1.07.2011, amended and supplemented, SG No. 101/28.12.2010, SG No. 14/15.02.2011, effective 15.02.2011, supplemented, SG No. 31/15.04.2011, effective 1.01.2011, amended, SG No. 77/4.10.2011, amended and supplemented, SG No. 99/16.12.2011, effective 1.01.2012, supplemented, SG No. 26/30.03.2012, effective 30.03.2012, amended, SG No. 38/18.05.2012, effective 19.11.2012, SG No. 40/29.05.2012, effective 29.05.2012, amended and supplemented, SG No. 82/26.10.2012, effective 1.01.2013, SG No 94/30.11.2012, effective 1.01.2013, amended, SG No. 99/14.12.2012, SG No 52/14.06.2013, effective 14.06.2013, amended and supplemented, SG No. 98/12.11.2013, effective 1.12.2013, amended, SG No. 106/10.12.2013, effective 1.01.2014, amended and supplemented, SG No. 109/20.12.2013, effective 1.01.2014, SG No. 1/3.01.2014, effective 1.01.2014; Judgment No. 2/4.02.2014 of the Constitutional Court of the Republic of Bulgaria - SG No. 14/18.02.2014; amended and supplemented, SG No. 18/4.03.2014, effective 4.03.2014, supplemented, SG No 40/13.05.2014, effective 1.07.2014, amended, SG No. 53/27.06.2014, amended and supplemented, SG No. 105/19.12.2014, effective 1.01.2015, SG No. 12/13.02.2015 amended, SG No. 14/20.02.2015, SG No. 60/7.08.2015, SG No. 61/11.08.2015 effective 15.08.2015, amended and supplemented, SG No. 94/4.12.2015, effective 1.01.2016, amended, SG No. 13/16.02.2016, effective 15.04.2016, supplemented, SG No. 42/3.06.2016, amended, SG No. 58/26.07.2016, supplemented, SG No 62/9.08.2016, effective 9.08.2016, amended and supplemented, SG No. 97/6.12.2016, effective 1.01.2017, SG No. 105/30.12.2016, effective 30.12.2016, amended, SG No 58/18.07.2017, effective 18.07.2017, amended and supplemented, SG No. 63/4.08.2017, effective 4.08.2017, supplemented, SG No. 85/24.10.2017, SG No 86/27.10.2017, amended and supplemented, SG No. 92/17.11.2017, effective 1.01.2018, supplemented, SG No. 103/28.12.2017, effective 1.01.2018, amended, SG No. 7/19.01.2018, SG No. 15/16.02.2018, effective 16.02.2018, amended and supplemented, SG No. 27/27.03.2018, SG No. 77/18.09.2018, effective 1.01.2019, SG No. 98/27.11.2018, effective 1.01.2019, amended, SG No. 17/26.02.2019, amended and supplemented, SG No. 64/13.08.2019, effective 13.08.2019, amended, SG No 83/22.10.2019, effective 22.10.2019, SG No. 96/6.12.2019, effective 1.01.2020, amended and supplemented, SG No. 102/31.12.2019, effective 1.01.2020, supplemented, SG No. 18/28.02.2020, effective 28.02.2020, amended, SG No 28/24.03.2020, effective 24.03.2020, SG No. 34/9.04.2020, effective 9.04.2020,

amended and supplemented, SG No. 69/4.08.2020, SG No. 104/8.12.2020, effective 1.01.2021, SG No. 105/11.12.2020, effective 1.01.2021

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(*) effective 1.07.2007 - amended, SG No. 80/3.10.2006, effective 3.10.2006

(**) effective 1.01.2008 - amended, SG No. 53/30.06.2007, effective 30.06.2007

Text in Bulgarian: Данъчно-осигурителен процесуален кодекс

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 claims, 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 Oficio 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 claims, 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) (Amended, SG No. 105/2020, effective 1.01.2021) If after the institution of the proceeding the authority finds that it does not fall within its competence, it shall forward the case file to the competent authority within three days, notifying the parties concerned thereof.

(3) (Supplemented, SG No. 105/2020, effective 1.01.2021) Where grounds for challenge or recusal exist, as well as in the cases of sustained inability to perform their official duties or inability arising from a change in the position of the revenue authority or the public enforcement agent resulting in the revocation of the competence thereof, a superior authority designated by law may take over the examination and resolution of a specific matter or 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) (Amended, SG No. 105/2020, effective 1.01.2021) In the event of change in the circumstances conditioning territorial competence, proceedings shall be completed by the authority that initiated them.

Competent Territorial Directorate

Article 8. 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 natural persons, including sole traders;

2. the territorial directorate exercising competence over the address of the place of management of unincorporated associations and contribution payment centres;

3. the territorial directorate exercising competence over the registered office of 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 non-resident persons;

5. the territorial directorate exercising competence over the place of conduct of the activity or of the management of non-resident persons falling outside the scope of Item 4, who or which conduct 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 persons who or which fall outside the cases referred to in Items 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 referred to in Item 2 of Paragraph (1) shall be evidenced through a notarised transcript of their memorandum of incorporation; 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. Where no memorandum of incorporation has been submitted, the competent territorial directorate shall be the one that first performs a procedural step for ascertainment of the obligations for taxes or compulsory social-insurance contributions.

(3) Where a non-resident person conducts 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 the event that 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 step for ascertainment of the obligations for taxes or compulsory social-insurance contributions.

(4) The Executive Director of the National Revenue Agency shall issue ar order designating the competent territorial directorate in respect of persons falling 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 steps.

Full Capacity and Representation

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

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

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

(4) Persons may be represented by authorised 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 steps

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 step, 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 not 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 steps that brook no delay in respect of a person lacking full capacity and/or lacking a legitimate representative, as well as in the event of 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 also apply.

(2) (New, SG No. 105/2020, effective 1.01.2021) Where the revenue authority or the public enforcement agent is to perform any procedural actions against a legal entity which has no legitimate representative for a period of over three months, the said authority or agent may motion the regional court exercising jurisdiction over the whereabouts of such legal entity to appoint a provisional or a special representative, as the case may be.

(3) (Renumbered from Paragraph (2), SG No. 105/2020, effective 1.01.2021) 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. The said ruling shall not be subject to appeal.

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 a 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. (supplemented, SG No. 105/2020, effective 1.01.2021) require from the persons controlled to declare their bank accounts as well as the accounts from other payment service providers in the country and abroad;
9. establish the properties, financial resources and tangible assets owned, claims and securities held;
10. perform the steps provided for in this Code to perpetuate 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 secrecy according to a procedure established by 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 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 law.

(2) (New, SG No. 109/2013, effective 1.01.2014) Revenue authorities authorised to exercise fiscal control of the movement of goods of high fiscal risk shall, in addition to the powers under Paragraph (1), have the following powers, subject to the provisions of this Code:

1. to halt transport vehicles at fiscal checkpoints;

2. (supplemented, SG No. 105/2020, effective 1.01.2021) to require and check the documents accompanying the goods, including for available unique number of the transport;

3. (supplemented, SG No. 105/2020, effective 1.01.2021) to check and inspect the transported goods in the transport vehicle and at the place of receipt/unloading thereof, including for compliance with the pre-declared particulars;

4. to require an identity document from the driver of the transport vehicle;

5. (amended, SG No. 94/2015, effective 1.01.2016, amended and supplemented, SG No. 105/2020, effective 1.01.2021) to require that the driver of the transport vehicle states particulars of the type and quantity of the goods, the consignor and the consignee, the date and place of receipt of the goods and the expected time of unloading/receipt, where no documents are available or the documents available do not contain such particulars;

6. to install and dismount control devices onto/from transport vehicles transporting goods;

7. to access the location where the goods are to be received/unloaded (any site, warehouse, room, facility, tank or other storage facility) and attend the unloading of the goods;

8. to demand attendance by the buyer/consignee or an authorised representative thereof during the inspection and examination of the goods at the location where they are received/unloaded;

9. to demand security subject to the provisions of this Code.

(3) (New, SG No. 109/2013, effective 1.01.2014) Transport vehicles may only be halted by revenue authorities having clearly identifiable and visible, including during the dark hours of the day, signs and uniforms as approved by an order by the Executive Director of the National Revenue Agency and promulgated in the State Gazette.

(4) (Renumbered from Paragraph 2, SG No. 109/2013, effective 1.01.2014) Observing the provisions of this Code, public enforcement agents shall:

1. impose measures for securing public claims and perform steps for the collection thereof;

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

3. (supplemented, SG No. 105/2020, effective 1.01.2021) require from the persons controlled to declare their bank accounts as well as the accounts from other payment service providers in the country and abroad;

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

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;

(5) (Renumbered from Paragraph 3 and amended, SG No. 109/2013, effective 1.01.2014) Control under Paragraphs (1) to (4) 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.

(6) (New, SG No. 109/2013, effective 1.01.2014, supplemented, SG No 105/2020, effective 1.01.2021) The rules under Article 7, Paragraph (1) and Article 8 shall not apply to revenue authorities or public enforcement agents designated by the executive director of the National Revenue Agency or a deputy executive director authorised thereby. The powers of the revenue authorities under Paragraph (2) shall be exercised in the entire territory of Bulgaria, regardless of the competence referred to in Article 8.

(7) (New, SG No. 109/2013, effective 1.01.2014) The location of the fiscal checkpoints shall be specified in an order by the Executive Director of the National Revenue Agency after co-ordination with the Road Infrastructure Agency, and such order shall be published on the website of The National Revenue Agency.

(8) (Renumbered from Paragraph 4 and amended, SG No. 109/2013, effective 1.01.2014) Upon exercise of the powers covered under Paragraphs (1) to (4) in respect of lawyers and notaries, the provisions of the Bar Act and the Notaries and Notarial Practice Act shall apply.

(9) (New, SG No. 27/2018) For the purposes of administrative cooperation and the exchange of information under Sections IIIa, IV, V and VI of Chapter Sixteen the revenue authority, in addition to the powers referred to in Paragraph (1), shall have the right of access to:

1. the information, documents and data collected according to the procedure established by Chapter Two of the Measures Against Money Laundering Act and stored according to the procedure established by Section I of Chapter Three of the same Act, including the information, documents and data on individual transactions and operations;

2. the information, mechanisms and procedures for the customer due diligence measures applied according to the procedure established by Chapter Two of the Measures Against Money Laundering Act, as well as the internal rules, policies and procedures for the control and prevention of money laundering under Section I of Chapter Eight of the said Act;

3. the information and data about the beneficial owners, which are available to the persons referred to in Article 61 (1) and Article 62 (1) of the Measures Against Money Laundering Act, as well as to the information and data referred to in Article 63 (4) of the said Act, entered in the commercial register and in the register of non-profit legal persons and in the BULSTAT Register.

Obligations of Participants in Proceedings

Article 13. (1) (Previous Article 13, amended, SG No. 109/2013, effective 1.01.2014) 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) to (4) herein.

(2) (New, SG No. 109/2013, effective 1.01.2014) When fiscal control is exerted on the movement of goods of high fiscal risk, the driver of the transport vehicle shall:

1. produce his/her identity document to the revenue authority;

2. present the documents accompanying the goods to the revenue authority;

3. (amended, SG No. 94/2015, effective 1.01.2016) state before the revenue authority details of the type and quantity of the goods, the consignor and the consignee, the place and date of receipt of the goods and the expected time of unloading/receipt, where no documents are available or the documents available do not contain such details;

4. notify the person indicated as consignee/buyer and/or consignor/seller in respect of the goods of the fiscal control exerted on the movement of the goods, of the control devices installed, and of the consignee's/buyer's obligation to be present at the location where the goods are to be received/unloaded;

5. protect the integrity and not damage the control devices installed by the revenue authority;

6. deliver the transported goods at the location where they are to be received/unloaded as input in the control devices;

7. deliver the transported goods at the location through which the transport vehicle is to leave the territory of Bulgaria in the cases of transit through the territory of the Republic of Bulgaria;

8. attend the dismounting of the control devices from the transport vehicle by the revenue authority.

(3) (New, SG No. 109/2013, effective 1.01.2014) When fiscal control is exerted on the movement of goods of high fiscal risk, the person which is the consignee/buyer of the goods shall:

1. (supplemented, SG No. 105/2020, effective 1.01.2021) immediately notify the revenue authority upon a change of the date, time and place of receipt/unloading of the goods by filing an electronic request in standard form; a request shall be furthermore filed where during transportation the means of transport needs to be changed, including in case of transhipment of the goods, indicating the registration number of the other means of transport, the data of the place of transshipment, the date, time and place of receipt/unloading of the goods;

2. appear at the place, date and time of receipt/unloading of the goods as notified to the revenue authority or ensure the attendance of an authorised representative;

3. attend the dismounting of the control devices, the unloading of the goods, and the inspection and examination of the goods at the location where they are received/unloaded, or ensure the attendance of an authorised representative;

4. not dispose of the goods prior to their receipt/unloading, unless the revenue authority is provided with security in the form of cash or an unconditional and irrevocable bank guarantee valid for at least 6 months and amounting to 30 percent of the market value of the goods.

(4) (New, SG No. 109/2013, effective 1.01.2014) The obligations under Paragraph (2) shall also apply to the persons accompanying the goods.

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) Amy 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 steps 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 steps 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 claims 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 steps 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 steps conforming to the instructions given shall not be due and the sanction provided for by the law shall not be imposed.

(4) (Amended, SG No. 12/2009, effective 1.05.2009) Instructions on the consistent application of legislation, which are mandatory for the revenue authorities and public enforcement agents, as well as all answers and opinions of a general methodological nature regarding taxes or compulsory social insurance contributions, 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 issued, steps performed or not performed 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 joint 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.

Third party liability

(Heading amended, SG No. 94/2015, effective 1.01.2016, SG No. 63/2017 effective 4.08.2017)

Article 19. (Amended, SG No. 94/2015, effective 1.01.2016, SG No. 63/2017, effective 4.08.2017) (1) Any person who, in his/her capacity as managing director, member of a management body, procurator, commercial representative, commercial agent of an obligated legal person referred to in Article 14, items 1 and 2 herein conceals any facts and circumstances which he/she has been obligated to state to the revenue authority or the public enforcement agent and, as a result of this, any obligations for taxes and/or compulsory social-insurance contributions cannot be collected, shall be liable for the outstanding obligation.

(2) (Supplemented, SG No. 92/2017, effective 21.11.2017) A managing director, a member of a management body, a procurator, a commercial representative, a commercial agent of an obligated legal person under Items 1 and 2 of Article 14 herein shall be liable for the outstanding obligations of an obligated legal person under Items 1 and 2 of Article 14 herein should he/she perform in bad faith one of the following actions as a result of which the property of the obligated person is reduced, resulting in non-payment of obligations for taxes and/or compulsory social-insurance contributions:

1. makes in-kind payments or payments in cash from the property of the obligated person, constituting hidden profit or dividend distribution, or alienates property, including the enterprise of the obligated person gratuitously or at prices much lower than market ones;

2. performs actions involving encumbrance of the property of the obligated legal person to secure another person's debt and the said property is converted into cash in favour of the third party.

(3) (Supplemented, SG No. 92/2017, effective 21.11.2017) Liability under Paragraph (2) shall also be borne by majority partners or shareholders where the actions are performed in pursuance of their decision, except for non-voting or voting against persons.

(4) The liability for the outstanding obligations under Paragraphs (2) and (3) shall be up to the amount of the payments made or the reduction of the property respectively.

(5) (Amended, SG No. 92/2017, effective 21.11.2017) The majority owners of the capital, including majority partners and shareholders, having that capacity as of the day of occurrence of the obligations, who transfer in bad faith holdings or shares held thereby so that they cease to be partners or shareholders, shall be liable for the outstanding obligations for taxes and compulsory social-insurance contributions. The liability shall be proportionate to their participation in the alienated part of the capital. Bad faith shall be in place where the partner or shareholder was aware that the company is over-indebted or insolvent and the disposition was carried out before the earlier of the following two dates:

1. (new, SG No. 92/2017, effective 21.11.2017) the registration in the Commercial Register of the debtor's motion for institution of bankruptcy proceedings;

2. (new, SG No. 92/2017, effective 21.11.2017) the registration of the ruling of the insolvency court regarding the institution of bankruptcy proceedings with respect to the debtor.

(6) The liability under Paragraph (5) shall furthermore be borne by persons possessing minority holdings in the capital, where simultaneously or successively for a period not exceeding three months, they transfer in bad faith company holdings or shares whose total amount constitutes a majority holding in the capital. Sentence one shall not apply to companies whose shares are subject to public offering.

(7) (New, SG No. 92/2017, effective 21.11.2017) The liability under Paragraphs (5) and (6) shall cease when the insolvency court terminates the insolvency proceedings due to the approval of a rehabilitation plan or on the basis of

a contract for settling the payment of the monetary obligations under Article 740 of the Commerce Act.

(8) (Renumbered from Paragraph (7), SG No. 92/2017, effective 21.11.2017) The persons who have acted in hidden complicity shall be liable jointly with the obligated person for the outstanding obligations for taxes and compulsory social-insurance contributions as such obligations would arise for the insolvent legal person.

(9) (Renumbered from Paragraph (8), SG No. 92/2017, effective 21.11.2017) The owners of the capital, including partners and shareholders who have received a hidden profit distribution, shall be liable for the outstanding obligations for taxes and compulsory social-insurance contributions of the legal person for the period in which they had that capacity, up to the received amount, unless the hidden distribution has been declared.

(10) (Renumbered from Paragraph (9), SG No. 92/2017, effective 21.11.2017) Bad faith within the meaning of Paragraphs (2) and (3) is deemed to be in place when the action is performed after declaring or establishing the obligations within one year of the declaration and/or issuance of the act of establishment of the obligation.

(11) (Renumbered from Paragraph (10), SG No. 92/2017, effective 21.11.2017) Bad faith within the meaning of Paragraphs (2), (3) and (5) is deemed to be in place when the action is performed after proceedings have been initiated hereunder for control of compliance with the tax and/or social-insurance legislation within 6 months of the completion of the proceedings. When a check is performed, the time limit shall run from receipt of a request or memorandum under Paragraph (5) of Article 110.

(12) (Renumbered from Paragraph (11), SG No. 92/2017, effective 21.11.2017) A procurator shall furthermore be any person who is authorised to perform powers of the managing director. A commercial agent shall furthermore be any person meeting the conditions of Article 26 of the Commerce Act, excluding the requirement to receive remuneration, as well as any person who has acted under the terms of Article 301 of the Commerce Act.

Priority

Article 20. (Amended, SG No. 63/2017, effective 4.08.2017) 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 for whose tax or social-insurance obligation liability is borne.

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 hall expire at the end of office hours.

Observance of Time Limit

Article 23. (1) A time limit shall be observed with where the step 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) (Amended, SG No. 100/2010, effective 1.01.2011) 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 qualified 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 Limits

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 Limits

Article 25. Any time limit set by a revenue authority or a public enforcement agent may be extended at the request of the person concerned, submitted before the 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 law.

Resumption of Time Limits

Article 26. (Amended, SG No. 30/2006, effective 12.07.2006) The provisions of the Administrative Procedure Code shall apply with respect to the resumption of time limits in an administrative proceeding under this Code.

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 law, any step 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 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 step 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 steps 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) (Supplemented, SG No. 105/2020, effective 1.01.2021) Service shall be effected by a revenue authority or by another official (server) or automatically by the relevant administration.

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

(4) (Amended, SG No. 100/2010, effective 1.01.2011, SG No. 105/2020 effective 1.01.2021) Communications may be served by sending them by fax, by electronic means using a qualified electronic signature of the persons under Paragraph 2, an electronic stamp within the meaning of the Electronic Document and Electronic Certificatory Services Act or under Article 26 of the Electronic Governance Act.

(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.

Certifying the Service

Article 30. (1) Service of a communication shall be certified by the signature of the recipient or of another person through whom service is effected, with the forename, patronymic and surname thereof and the Personal Identification 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 his/her names and official capacity.

(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 Paragraphs (6), (7) and (8) of Article 29 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) (Supplemented, SG No. 105/2020, effective 1.01.2021) 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 message shall be certified by means of a printout copy of the entry in the information system, certified by the revenue authority or by an electronic document signed with a qualified electronic signature.

(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 authorised 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, if the person has specified an electronic address.

(6) In the event that 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 case 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 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 an 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. (amended, SG No. 105/2020, effective 1.01.2021) upon the death or absence of a legal representative of the natural person — until constitution of guardianship or trusteeship or appointment of a representative under Article 11;

4. (new, SG No. 105/2020, effective 1.01.2021) upon the death of the single representative or absence of a representative of the legal entity — until registration of a new representative or appointment of a representative under Article 11;

5. (renumbered from Item 4, SG No. 105/2020, effective 1.01.2021) a request submitted by the subject: on a single occasion, for a specified period which may not exceed three months;

6. (renumbered from Item 5, SG No. 105/2020, effective 1.01.2021) other circumstances established by 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 the criminal proceeding is closed, the case records thereon shall be transmitted to the revenue authorities for a resumption of the suspended proceeding.

(3) (Amended, SG No. 82/2012, effective 26.10.2012) 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 stayed by an order which shall be served on the persons concerned.

(4) (New, SG No. 82/2012, effective 26.10.2012) The lack of decision within 7 days from the date of the request for a stay of proceedings filed by the person concerned as is a party to the proceedings shall be considered a tacit refusal.

(5) (New, SG No. 82/2012, effective 26.10.2012, amended, SG No. 64/2019 effective 13.08.2019) The order and the refusal to stay proceedings may be appealed against - within 14 days from the date of serving the order or from the expiry of the time limit under paragraph 4, respectively - via the authority whose decision is being appealed. The appeal shall be brought before the administrative court that has jurisdiction over the appellant’s permanent address or domicile.

(6) (New, SG No. 82/2012, effective 26.10.2012) Within 14 days from the date when the appeal was lodged, the competent court shall pass a ruling rejecting the appeal or annulling the order or the refusal to stay proceedings.

(7) (New, SG No. 82/2012, effective 26.10.2012) The court ruling under paragraph 6 shall be definitive.

(8) (New, SG No. 82/2012, effective 26.10.2012) When proceedings have been stayed in connection with pending proceedings for exchange of information with another country, the period of stay may not exceed 8 months.

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 not be subject to appeal.

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 Paragraphs (4) to (6) of Article 32 herein; these instruments shall be 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

Taking and Assessment of Evidence

Article 37. (1) Evidence in an administrative proceeding shall be taken 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 the event that the subject fails to present the evidence required in accordance with the procedure established by Paragraph (3), the revenue authority may assume that such evidence does not exist and shall limit the assessment to the evidence collected in the course of the proceeding. If the evidence requested is produced before the issuance of the instrument or document or, in an audit proceeding, before the expiry of the time limit referred to in Article 117, Paragraph (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, Paragraph (1) herein within fourteen days of receiving any such request.

(6) Upon request by the revenue authority in pursuance of Item 12 of Article 12, Paragraph (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) (New, SG No. 14/2011, effective 15.02.2011) Upon a written request from the director of any territorial directorate of the National Revenue Agency, banks shall provide the revenue authorities specified in the request access to documents submitted by the auditee to the relevant bank which have served as grounds for the bank to extend credit to the auditee, excluding documents containing bank secrecy. The bank shall deliver certified copies of the documents requested by the revenue

authorities, excluding documents containing bank secrecy, documents available in public registers and documents issued or certified by any authority of the National Revenue Agency.

(8) (Renumbered from Paragraph (7), SG No. 14/2011, effective 15.02.2011) 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) (New, SG No. 94/2015, effective 1.01.2016) Obligated persons who in the course of developing and processing the information referred to in Paragraph (1) or part thereof use information systems, software or archives, shall store the developed data in electronic form throughout the period referred to in Paragraph (1), regardless of the fact that they might be stored on another medium.

(4) (Renumbered from Paragraph (3), supplemented, SG No. 94/2015, effective 1.01.2016) The obligations referred to in Paragraphs (1) and (3) shall extend to the legal successors to the obligated persons.

Access to Information Stored on Machine-Readable Data Mediums

(Heading amended, SG No. 94/2015, effective 1.01.2016)

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.

Steps to Perpetuate Evidence

Article 40. (1) Upon conduct of an audit or an examination, the revenue authority may undertake steps to perpetuate 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 the events where the steps 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 steps 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 issue a decision on the day of receipt of the request and shall specify a period for the sealing. The said ruling shall not be subject to appeal.

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

Contestation of Steps

Article 41. (1) (Supplemented, SG No. 105/2006) Any step to perpetuate 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 issue a reasoned decision within one day of the 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 against. The contestant shall be notified of the decision on the same day.

(2) The decision whereby cessation of the steps 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, SG No. 77/2018, effective 18.09.2018) Upon non-pronouncement by the authority referred to in Paragraph (1) within the established time limit or upon rejection of the appeal, the steps to perpetuate evidence shall be subject to appeal with regard to the legal conformity thereof before the administrative court exercising jurisdiction over the location of the territory of performing the actions within seven days of expiry of the time limit referred to in Paragraph (1) or of the receipt of the decision, as the case might be. Withing 7 days, the court shall issue a decision which cannot be appealed.

(4) An appeal shall not stay the steps to perpetuate evidence.

Assistance

Article 42. (1) In the event that 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 shall provide them with certified 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 all times, the person shall be entitled to receive copies of any documents and papers seized or surrendered, as well as of the information in 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 the presence of the person concerned or a representative thereof.

(2) All seized or surrendered original documents or papers or machine-readable data mediums shall be subject to return within thirty days of a written request by the person, unless where they are subject to being taken 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 of papers and documents or printouts from a technical medium.

(4) A memorandum shall be drafted on the steps 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 the possession whereof 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 of 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 subject to appeal 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, 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 over 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 and Documents Submitted on Machine-Readable Data Mediums or by Electronic Means
(Title amended, SG No. 105/2020, effective 1.01.2021)

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 authority or an official in discharge of the powers thereof, shall be evidence of the steps 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 steps;
3. the names, addresses and capacity of the persons other than revenue authorities, who participated in or attended upon performance of the steps;
4. particulars identifying the person examined;
5. the date and place of the steps
6. the time when the steps commenced and ended;
7. the steps performed;
8. the facts and circumstances established;
9. the evidence collected;
10. the requests, remarks and objections made, if any;
11. the authority before which the steps are subject to appeal and the time limit for appeal, if admissible.

(3) (Supplemented, SG No. 98/2013, effective 1.12.2013) The memorandum shall be signed by the drafting authority and by the person examined or, respectively, by the representative or authorised 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 immediately.

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

(5) 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) (Amended, SG No. 105/2020, effective 1.01.2021) The following shall be admissible as evidence:

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;

2. electronic documents certified by the revenue authority with a qualified electronic signature, containing data submitted in accordance with the law on machine-readable data mediums or by electronic means according to the established procedure;

3. printouts of data from machine-readable data mediums, certified by the subject or by a third party.

4. data sent by electronic means, where the electronic document in which they are contained is signed with a qualified electronic signature.

(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 Paragraphs (5) and (6) of Article 37 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.

Sending data by Electronic Means

Article 54a. (New, SG No. 105/2020, effective 1.01.2021) Where the revenue authority requires and/or sends data by electronic means, the electronic message shall be signed with a qualified electronic signature.

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.

(4) (New, SG No. 103/2017, effective 1.01.2018) The circumstance under Paragraph 1, item 6 shall be established ex officio by the revenue authority.

Assignment of Expert Examination

Article 63. (1) (Supplemented, SG No. 105/2020, effective 1.01.2021) The 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. The expert examination assigned in the course of an administrative proceeding may be used for the purposes of another proceeding if the same subject is subject to examination and upon a full match of the subject matter and the task of the study. In the other proceeding, the expert examination shall be joined in accordance with this Code.

(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 land 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) (Amended, SG No. 98/2013, effective 1.12.2013) The findings shall be signed by the expert and shall be provided to the revenue authority that has assigned the expert examination and to the subject within 7 days of the drafting of the said findings.

(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 steps to perpetuate, take 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 steps 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 steps.

(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 taken 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 Eight "a"
(New, SG No. 64/2019, effective 1.01.2020)
TRANSFER PRICING DOCUMENTATION

Subject Matter

Article 71a. (New, SG No. 64/2019, effective 1.01.2020) (1) This Chapter lays dowr the rules on drawing up documentation to prove that the conditions of related-party business and financial relationships comply with the conditions which would be created between persons operating independently (in arm’s length conditions) under comparable circumstances, including at arm's length prices. (This documentation is referred to as transfer pricing documentation).

(2) For the purposes of this Chapter, related-party transactions (related-party business and financial relationships) are referred to as controlled transactions.

(3) Transfer pricing documentation includes a Local File and a Master File.

(4) The Local File contains information general information about the activity of the person concerned and onwer(s) of its shares or shareholdings, as well as data about controlled transactions and methods applied to determine arm's length prices.

(5) The Master File contains information about the organisation structure and activity of a group of multi-national enterprises (group of MNE), controlled transactions, functions of MNE members, and transfer pricing policy.

Obligations to Draw up Transfer Pricing Documentation

Article 71b. (New, SG No. 64/2019, effective 1.01.2020) (1) Local legal persons, foreign legal persons carrying out economic activities in the Republic of Bulgaria through a permanent establishment, and single traders determining their taxable income under Article 26 of the Income Taxes on Natural Persons Act are required to draw up a Local File when engaged in controlled transactions.

(2) Paragraph 1 shall not apply to:

1. persons exempt from corporate tax under Part Two, Chapter Twenty-Two, Section II of the Corporate Income Tax Act;

2. persons carrying out activities subject to alternative tax under Part Five of the Corporate Income Tax Act;

3. (amended, SG No. 96/2019, effective 1.01.2020) persons who have not exceeded at least two of the following indicators as at 31 December of the previous year:

a) book value of the assets – BGN 38,000,000;

b) net sales revenue – BGN 76,000,000;

(c) average number of employees for the reporting period – 250;

4. persons engaged in controlled transactions only in the country.

(3) Persons referred to in paragraph 2(1) and (2) who also carry out activities subject to corporate tax shall draw up transfer pricing documentation under the conditions and procedures set out in this Chapter only in relation to those activities.

(4) Local Files are not required for controlled transactions with natural persons other than sole traders.

(5) Persons referred to in paragraph 1 shall draw up Local Files for their controlled transactions, where - in a particular year:

1. the transaction value without value added tax and excise duty exceeds:

(a) BGN 400,000 in cases of transactions for the sale of goods;

(b) BGN 200,000 in all other types of transactions;

2. notwithstanding paragraph 1, the amount of a loan received or granted exceeds BGN 1,000,000, or the amount of interest charged and other loan-related profit or cost exceeds BGN 50,000.

(6) The threshold amounts referred to in paragraph 5 shall be calculated separately for every controlled transaction concerned.

(7) Where a person referred to in paragraph 1 undertakes two or more controlled transactions with one or more related parties - and the subject and conditions of these transactions are comparable to a degree that allows for aggregating the transactions and applying the same method to determine market prices for the aggregated transactions - the threshold amounts referred to in paragraph 5 shall be calculated for the total amount of the transactions concerned, or for the total amount of the loans received/extended, as applicable.

(8) For the purpose of calculating the threshold amounts referred to in paragraph 5, aggregation also applies to transactions with one and the same related party which have a different subject but are interlinked in such a way that the transactions cannot be separated and assessed separately in a reliable way. In such cases, the threshold amount for the transaction with the highest share in the total value of transactions shall factor in the calculation of the threshold amount referred to in paragraph 5; where the transaction with the highest share in the total value of transactions cannot be reliably determined, the threshold amount for the transaction of the highest importance to the parties concerned shall factor in said calculation.

(9) A Local File shall be drawn up only for a transaction or aggregated transactions for which the threshold amount referred to in paragraph 5 has been exceeded, regardless of whether the person concerned is a party to another transaction or aggregate transactions for which the applicable threshold amount has not been reached.

(10) Where the persons required to draw up a Local File are MNE members they must also have a Master File drawn up by the ultimate parent enterprise or another group member.

Local File

Article 71c. (New, SG No. 64/2019, effective 1.01.2020) (1) Local Files must contain the following information:

1. Information about the person referred to in Article 71b(1):

(a) description (organigram) of the management and organisation structure;

(b) identification data of shareholder(s) of the person concerned;

(c) names and job title/position of the natural persons to whom the management report,s as well as the jurisdiction(s) in which those persons carry out their obligations;

(d) a detailed description of the activity and business strategy (including any changes since the previous year); information whether the person concerned has been involved in or affected by restructuring or transactions in intangible assets, including an explanation of how these transactions affect the activity of the person referred to in Article 71b(1);

(e) key competitors;

2. Information about the controlled transactions subject to the Local File:

(a) a description of transactions, including their value, and the circumstances of undertaking the transactions;

(b) related parties' identification data and in what capacity the related parties are involved in the transactions referred to in 2(a);

(c) the value of amounts received and paid for transactions, codified by types and jurisdictions of payers and beneficiaries;

(d) copies of contracts on controlled transactions;

(d) a detailed comparability analysis, including characteristics of the object of the controlled transaction, contractual terms, economic terms, description of business strategies applied, functional analysis applicable to persons under Article 71b(1) and the relevant related parties (parties to the controlled transactions concerned), as well as an analysis of any changes in the comparability factors reported in previous years;

(e) a description of the method of choice to determine arm's length prices of the transaction(s) and the reasons for that choice;

(f) the related party chosen as tested party (the party to the controlled transaction in respect of which the method to determine arm's length prices is applied) and an explanation of the reasons for that choice;

(g) a summary of the important assumptions made in applying the method to determine arm's length prices;

(h) an explanation of the reasons for analysing a period longer that 1 year (in the case of multi-year analysis);

(i) a list and description of the selected (internal and external) comparable transactions between independent entities, if any, and information about the prices and/or financial indicators of the comparable entities or transactions relied on in the transfer pricing analysis, including a description of the comparable search methodology and the source of such information; financial indicators are identified on the basis of the selected method to determine arm's length prices;

(j) a description of any comparability adjustments performed and an explanation of whether it has made been made to the results of the tested party, the comparable independent entities, or both;

(k) a description of the allocation keys in the case of intra-group services and the reasons for choosing a particular allocation key;

(l) a description of the factors used to split the combined operating profit/loss when applying the profit split method, the reasons for choosing a particular factor, and the method to determine the relative weight of every factor where more than one factor is employed;

(m) a description of the reasons for concluding - upon applying the selected method to determine arm's length prices - that the result of the controlled transactions was determined in compliance with Article 15 of the Corporate Income Tax Act;

(n) a summary of the pricing data and/or financial indicators used when applying the selected method to determine arm's length prices;

(o) a copy of any existing unilateral, bilateral and multilateral advance pricing agreements and other tax rulings issued by a competent authority of another Member State or jurisdiction in relation to the controlled transactions addressed in the documentation;

3. financial information:

(a) an annual financial statement for the relevant year;

(b) information (datasheets and tables) showing how the financial data used in applying the method to determine arm's length prices is related to or results from the annual financial statement;

(c) a summary of pricing data or financial indicators of the selected independent comparable transactions or entities used in the analysis, as well as a reference to the source of that data.

(2) Local Files shall include the information referred to in paragraph 1 which applies to a particular person under Article 71b(1), that person's transactions, and the selected method to determine arm's length prices.

(3) Where a Master File lacks in information required under Article 71d, that information can be included in the Local File.

Master File

Article 71d. (New, SG No. 64/2019, effective 1.01.2020) Master Files must contain the following information:

1. A description and diagram/chart illustrating the group's legal and organisation structure, a list of related parties within the group, as well as the jurisdiction in which each of them is a tax resident; where a related party is not a tax resident in any jurisdiction, a reference to the jurisdiction under which the related party is incorporated;

2. A general description of the group's business, including:

(a) main drivers of business profit;

(b) a description, chart or a diagram of the supply chain for the group's five largest products, service offerings, and/or intangibles identified on the basis of the revenue they generate, as well as any other products, services and/or intangibles amounting to more than 5 percent of group's consolidated revenue;

3. A general description of controlled transactions, including:

(a) flows of products, services and/or intangibles;

(b) flows of invoices;

(c) value of products, services and/or intangibles referred to in subparagraph (a);

4. The group's transfer pricing policies or a description of the group's transfer pricing methodology underlying the arm's length nature of prices in controlled transactions;

5. A list and brief description of the most important service arrangements between related parties within the group, other than research and development (R&D) services, including a description of the capabilities of the principal locations providing important services and the group's transfer pricing policies for allocating services costs and determining prices to be paid for intra-group services;

6. A description of the main geographic markets for the group's products, services and/or intangibles referred to in paragraph 2;

7. A brief written functional analysis describing the principal contributions to value creation by individual related parties within the group, i.e. key functions performed, important risks assumed, and important assets used, including a description of any changes in the functions or risks, as compared to the previous fiscal year, if any;

8. A description of important business restructuring transactions, acquisitions and divestitures occurring during the fiscal year;

9. A description of business strategies, as well as of any changes that may

have occurred, as compared to the previous fiscal year;

10. Information about intangibles:

(a) a general description of the group's strategy for the development, ownership and exploitation of intangibles, including location of principal R&D facilities and location of R&D management;

(b) a list of intangibles (patents, trademarks, know-how, etc.) or groups of intangibles that are important for transfer pricing purposes, any interest and royalty payments charged in respect of them, and information about their owner;

(c) a list of agreements among the related parties laying down the provision or transfer of intangibles under subparagraph (b), including cost contribution arrangements and R&D service agreements;

(d) a general description of the group's transfer pricing policies related to R&D and intangibles;

(d) a general description of any transactions in intangibles under subparagraph (b) among the related parties during the fiscal year concerned, including the compensation and related parties involved and the jurisdiction in which each of them is a tax resident; where a related party is not a tax resident in any jurisdiction, a reference to the jurisdiction under which the related party is incorporated;

11. Information about the group's financial activities:

(a) a general description of the group 's sources of financing, including important financing arrangements with unrelated lenders;

(b) identification of any related parties that provide a central financing function for the group, including the jurisdiction in which each of them is a tax resident; where a related party is not a tax resident in any jurisdiction, a reference to the jurisdiction under which the related party is incorporated;

(c) a general description of the group's transfer pricing policies related to financing arrangements between related parties;

12. Group's financial and tax positions:

(a) annual consolidated financial statement for the fiscal year which the Master File concerns;

(b) a list and brief description of the group's existing unilateral advance pricing agreements and other tax rulings relating to transfer pricing which have been issued in respect of related parties within the group.

Time Limits on Transfer Pricing Documentation

Article 71e. (New, SG No. 64/2019, effective 1.01.2020) (1) (Amended, SG No 104/2020, effective 1.01.2021) Local Files shall be drawn up by 30 June of the year following that to which the Local File relates.

(2) Where a corrective annual tax return has been submitted under Article 75(3) of the Corporate Income Tax Act which requires changes to the data in the Local File, the latter shall be updated accordingly. Local Files shall be updates within 14 days from the date of submitting a corrective tax return, but no later than 30 September of the ongoing year.

(3) Persons referred to in Article 71b(10) shall have a Master File for the fiscal year of the ultimate parent enterprise of a MNE, starting on 1 January (or later in the year for which a Local File is drawn up under Article 71c), but no later than 12 months after the time limit set out in paragraph 1.

Storing and Updating Transfer Pricing Documentation

Article 71f. (New, SG No. 64/2019, effective 1.01.2020) (1) Transfer pricing documentation shall be stored by the persons referred to in Article 71b, paragraphs 1 and 10, and shall be made available to revenue authorities, upon request, during tax and social-insurance supervision.

(2) Local and Master Files shall be drawn up on an annual basis.

(3) If the comparability factors concerning controlled transactions have not

undergone substantial changes, the benchmarking of comparable independent transactions and/or entities shall be updated at least once every 3 years. Without prejudice to the preceding sentence, the financial data relating to transactions or entities determined as comparable as a result of the benchmarking must be updated on an annual basis.

Special Cases

Article 71g. (New, SG No. 64/2019, effective 1.01.2020) (1) The provisions of this Chapter shall furthermore apply, mutatis mutandis, to any transfers between a permanent establishment and other divisions of the enterprise of a non-resident person situated outside the country.

(2) For the purposes of this chapter, unincorporated associations shall be treated as equal to legal persons.

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.

(3) (New, SG No. 63/2017, effective 4.08.2017) Tax and social-security information shall furthermore include data received pursuant to mutual aid and administrative cooperation, including the exchange of information, with other countries under Chapter sixteen, sections IIIa, IV, V and section VI, Chapter twenty seven "a" and Chapter twenty seven "b" herein. The information under sentence one may be disclosed only in accordance with the terms and procedure set out in an international treaty to which the Republic of Bulgaria is a signatory, or in accordance with Chapter sixteen, sections IIIa, IV, V and section VI, Chapter twenty seven "a" and Chapter twenty seven "b" herein.

(4) (New, SG No. 64/2019, effective 13.08.2019) Tax and social-security information also encompass data obtained in the dispute settlement procedure under Chapter Sixteen, Section IIa, including data disclosing business, economic, industria or professional secrecy or a business process.

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, SG No. 94/2015 effective 1.01.2016, amended, SG No. 63/2017, effective 4.08.2017) the provision of data during the implementation of mutual aid and administrative cooperation, under Chapter sixteen, sections IIIa, IV, V and section VI, Chapter twenty seven "a" and Chapter twenty seven "b" herein as well as under regulations of the European Union;

4. (new, SG No. 105/2014, effective 1.01.2015) provision of any tax and social-insurance information, relevant to the receipt of state and minimu aid;

5. (new, SG No. 12/2015, supplemented, SG No. 94/2015, effective 1.01.2016) provision of any tax and social-insurance information relating to the implementation of support schemes and measures under the Common Agricultural Policy and the Common Fisheries Policy of the European Union;

6. (new, SG No. 63/2017, effective 4.08.2017) provision of any tax and social-insurance information of the obligated person regarding data declared thereby and therefor and included in its tax and social-insurance account via a telephone service, upon identification of the person carried out under a procedure set out by the Executive Director of the National Revenue Agency;

7. (new, SG No. 64/2019, effective 13.08.2019) provision of tax and social-insurance information in the dispute resolution procedure under Chapter Sixteen, Section IIa.

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, amended, SG No. 109/2007, supplemented, SG No. 98/2008, amended, SG No. 12/2009, effective 1.05.2009, amended, SG No. 32/2009, effective 1.01.2010, supplemented, SG No. 26/2012, effective 30.03.2012, amended, SG No. 38/2012, effective 19.11.2012, SG No. 94/2015, effective 1.01.2016, supplemented, SG No. 42/2016, SG No. 62/2016 effective 9.08.2016, amended, SG No. 7/2018, SG No. 27/2018, SG No. 98/2018 effective 7.01.2019, SG No. 69/2020, SG No. 105/2020, effective 1.01.2021) 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 Chairperson of the State Agency for National Security, the Director of the Financial Intelligence Directorate of the State Agency for National Security or other officials empowered by the Chairperson of the State Agency for National Security, the head of the Public Financial Inspection Agency, the Chairperson of the Commission for Protection of Competition or officials authorised thereby, the Chairperson of the Counter-Corruption and Unlawfully Acquired Assets Forfeiture Commission or other officials empowered thereby or the directors of the territorial directorates of the Counter-Corruption and Unlawfully Acquired Assets

Forfeiture Commission, the Executive Director of the Chief Labour Inspectorate Executive Agency, or the director of the relevant territorial directorate of Chief Labour Inspectorate, the Executive Director of the Employment Agency, the Executive Director of the Social Assistance Agency or the directors of the relevant territorial offices of the Social Assistance Agency, the President of the National Audit Office, the Financial Supervision Commission and its authorities, the President of the National Statistical Institute, the general inspector or an inspector from the Inspectorate to the Supreme Judicial Council: where necessary in connection with the exercise of the powers vested therein by law;

4. at a written request by enforcement agents: in connection with a case instituted before them;

5. (new, SG No. 94/2015, effective 1.01.2016, amended, SG No. 63/2017, effective 4.08.2017) a written request of the Director General of the European Anti-Fraud Office or a person designated thereby, and of the Director of Protection of the European Union Financial Interests Directorate of the Ministry of Interior in relation to the administrative investigation conducted;

6. (new, SG No. 94/2015, effective 1.01.2016) at a written request by a customs authority in connection with the discharge of the powers thereof under terms and according to a procedure established by the Executive Director of the National Revenue Agency;

7. (new, SG No. 94/2015, effective 1.01.2016) at a request by the Minister of Finance or another authority stipulated by law in connection with their powers under Article 31 of the Code of Civil Procedure and Article 3 of the International Commercial Arbitration Act;

8. (new, SG No. 18/2020, effective 28.02.2020) a request by the Minister of Finance concerning the amount of public liabilities of budgetary organisations within the meaning of § 1(5) of the Supplementary Provisions of the Public Finance Act in connection with said minister's powers under that Act.

(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, amended, SG No. 60/2015) The officials of the Inspectorates of the National Revenue Agency and the National Customs Agency 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 has come to the knowledge thereof in connection with discharge of the official duties thereof, even after termination of the legal relations thereof with the respective agency.

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, amended, SG No. 69/2008) a prosecutor, an investigating police officer or an investigating magistrate: in connection with a preliminary enquiry or criminal proceeding instituted;

2. (amended, SG No. 82/2006, SG No. 109/2007, effective 1.01.2008, SG No. 69/2008, SG No. 93/2009, effective 25.12.2009, SG No. 52/2013, effective 14.06.2013, SG No. 53/2014, SG No. 14/2015) the Minister of Interior, the Secretary General of the Ministry of Interior, the directors of the Combating Organised Crime Directorate General and the National Police Directorate General, the directors of the regional

directorates of the Ministry of Interior: 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, SG No. 64/2019, effective 13.08.2019) The administrative court exercising jurisdiction over the location of the authority under items 1 and 2 of Paragraph (1), sitting in camera, shall rule on the motion for disclosure of tax and social-insurance information by a reasoned decision within twenty-four hours of 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, Paragraph (1) herein and the time limit for disclosure of the information. The said ruling shall not be subject to appeal.

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 steps that brook 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. (Amended, SG No. 34/2006, SG No. 14/2011, effective 15.02.2011) (1) (Amended, SG No. 99/2012, SG No. 92/2017, effective 1.01.2018) In cases of dissolution of a legal person that is a trader, upon transfer of an enterprise under Article 15 of the Commerce Act, transformation according to the procedure established by Chapter Sixteen of the Commerce Act, as well when submitting an application for liquidation under § 5a, Item 1 of the transitional and final provisions of the Commercial Register Act, the trader or applicant shall notify the competent territorial directorate of the National Revenue Agency governing the registered office of the trader prior to the submission of the relevant application for recordation of the recordable circumstance. The territorial directorate of the National Revenue Agency shall issue a statement of completed notification to the trader or the applicant within 60 days of the notification receipt date.

(2) The statement of completed notification shall be attached to the application for recordation submitted to the Registry Agency and shall be a precondition to consider the application.

Notification in the Event of Initiation of Stabilisation Proceedings for a Merchant

Article 77a. (New, SG No. 105/2016) (1) In the cases of initiating stabilisation proceedings for a merchant, the National Revenue 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.

Notification upon Adjudication in Bankruptcy

Article 78. (1) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) In the cases of a motion for institution of bankruptcy proceedings made by the debtor or by a creditor thereof, the National Revenue 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 steps 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, supplemented, SG No. 94/2015, effective 1.01.2016) The data covered under Article 81, Paragraph (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 based on the data in the Commercial Register or the BULSTAT Register, as the case may be. Data covered under Article 81, Paragraph (1) herein on any non-resident natural persons with registered address for short-term and long-term stay shall be recorded ex officio by the relevant competent territorial directorate based on the data in the Single Register of Foreigners kept by the Ministry of Interior.

(4) (Amended, SG No. 34/2006, SG No. 94/2015, effective 1.01.2016) The ex officio recording in the register of any data other than the data subject to recording under Paragraph (3) shall be effected by means of a memorandum under Article 50 herein based on records in other official (public) registers or based on findings after an examination by a revenue authority. In such case, if the person does not have a Personal Identification Number of a Personal Number of a Foreigner, 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 of 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 steps;

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) (Supplemented, SG No. 94/2015, effective 1.01.2016) Except 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 an individual explicitly specified thereby before a revenue authority, by a person authorised by a notarised power of attorney, or by electronic means.

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

(9) (New, SG No. 94/2012, effective 1.01.2013) Registered persons shall have the right to electronic access to their tax and social-insurance accounts according to a procedure and in a manner set out in an order of the Executive Director of the National Revenue Agency.

(10) (New, SG No. 40/2014, effective 1.07.2014, amended, SG No. 13/2016 effective 15.04.2016, supplemented, SG No. 105/2020, effective 1.01.2021) Within five days from the receipt of a request from a contracting entity under Article 5 of the Public Procurement Act or from a person organizing a public procurement award procedure under the Public Procurement Act, the revenue authority shall provide information on the existence or lack of obligations of the person, with the exception of obligations under written statements which have not become enforceable, as well as rescheduled, deferred or secured obligations. The National Revenue Agency may offer contracting entities access by electronic means to information on the existence or lack of obligations of the parties. The contracting entities joined to the inter-registry exchange environment under Article 5 of the Public Procurement Act or persons organising public procurement award procedures under the Public Procurement Act shall require and receive the information through it.

(11) (New, SG No. 94/2015, effective 1.01.2016, amended, SG No. 63/2017 effective 1.01.2018, amended and supplemented, SG No. 92/2017, effective 1.01.2018, supplemented, SG No. 105/2020, effective 1.01.2021) For the purposes of integrated administrative services, competent authorities and other entitled persons may require and receive ex officio and electronically from the National Revenue Agency, the Customs Agency and municipalities information regarding the existence or absence of obligations of the persons, with the exception of obligations under instruments which have not entered into effect, as well as of obligations rescheduled, deferred or secured. The competent authorities and other designated persons in the relevant act, who are joined to the inter-registry exchange environment, shall require and receive the information through it.

(12) (New, SG No. 92/2017, effective 1.01.2018) The procedure for requiring and provision of the information referred to in Paragraph (11) shall be determined by:

1. the Mayor of the municipality – regarding the information exchanged with municipalities;

2. the Executive Director of the National Revenue Agency – regarding the

information exchanged with the Agency;

3. the Director of the Customs Agency – regarding the information exchanged with the Agency.

Chapter Twelve
ADMINISTRATIVE SERVICES

General Provisions

Article 88. (1) (Previous text of Article 88, SG No. 109/2007) 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.

(2) (New, SG No. 109/2007, amended, SG No. 105/2020, effective 1.01.2021) Certificates regarding the social security law applicable to the holders thereof shall also be issued under this Chapter.

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) (Amended, SG No. 109/2007) The evidence necessary for the issuance of the document shall be attached to the request referred to in Article 88 (1) herein, if so provided for in a statutory instrument, and the evidence of the existence of grounds for issuance of the certificate under the rules of coordination of the social security systems shall be attached to the request referred to in Article 88 (2) herein. 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) (Supplemented, SG No. 109/2007) Where the issuance of the document referred to in Article 88 (1) herein 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 referred to in Article 88 (1) herein.

Issuance

Article 90. (1) (Supplemented, SG No. 109/2007) The document referred to in Article 88 (1) herein 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 referred to in Article 88 (1) herein shall be issued within fourteen days after the submission thereof.

(2) (New, SG No. 109/2007) The document referred to in Article 88 (2) herein shall be issued within thirty days after receipt of the request. Where the request is submitted care of another territorial directorate, the document shall be issued within forty-five days after receipt thereof. A copy of the document shall be sent to the employer if the request for its issuance has been submitted by an employee thereof, and to the interested institutions and the other Member States.

(3) (Renumbered from Paragraph (2), SG No. 109/2007) 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.

Withdrawal

Article 91a. (New, SG No. 105/2020, effective 1.01.2021) (1) The certificate under Article 88, Paragraph 2 may be withdrawn by the revenue authority which has issued it at the request of a foreign competent institution or where new facts and circumstances or new written evidence of material importance for its issuance are found.

(2) The decision on the withdrawal shall be communicated within seven days of issuance thereof.

Administrative Appeal

Article 92. (1) (Amended, SG No. 105/2020, effective 1.01.2021) The refusal to issue a document and the decision on the withdrawal of the certificate under Article 88, Paragraph 2 may be appealed before the territorial director within 14 days of notification thereof.

(2) (Supplemented, SG No. 14/2011, effective 15.02.2011) 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) or (2) 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. (Supplemented, SG No. 105/2020, effective 1.01.2021) The appeal shall be lodged care of the revenue authority that has issued or has refused to issue the document or that withdrew the certificate under Article 88, Paragraph (2). 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) (Amended, SG No. 105/2020, effective 1.01.2021) The said territorial director may order the issuance of the document requested, revoke the withdrawal under Article 91a 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, SG No. 105/2020 effective 1.01.2021) A refusal to issue a document shall be subject to appeal before the administrative court exercising jurisdiction over the permanent address of the person within 7 days of the notification under Article 91, Paragraph (1) herein or of the expiry of the time limit referred to in Article 91, Paragraph (2) herein or the notification referred to in Article 94, Paragraph (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.

Judicial Appeal of Withdrawal

Article 95a. (New, SG No. 105/2020, effective 1.01.2021) The withdrawal under Article 91a may be appealed before the administrative court exercising jurisdiction over the permanent address or the seat of the person within 7 days of the notification under Article 94, Paragraph (2) herein. The withdrawal may not be appealed through the courts if it has not already been appealed through the administrative channels.

Consideration of Contestation

Article 96. (Supplemented, SG No. 105/2020, effective 1.01.2021) 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 or to revoke the withdrawal under Article 91a.

Unappealability

Article 97. (Amended, SG No. 30/2006, effective 1.03.2007) 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 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) (Amended, SG No. 100/2010, effective 1.01.2011, supplemented, SG No. 105/2014, effective 1.01.2015) The submission of any returns, documents or data by electronic means shall be effected by the subject or a representative thereof using a qualified electronic signature or a personal identification code, issued by the National Revenue Agency.

(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) (Amended, SG No. 105/2014, effective 1.01.2015) Any returns, documents or data, which 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.

(5) (New, SG No. 105/2014, effective 1.01.2015) The terms and procedure for issuance and usage of personal identification codes, as well as the types of returns, documents or data, which may be submitted by using them shall be prescribed by order of the Executive Director of the National Revenue Agency. Such order shall be published on the website of the National Revenue Agency.

Post-Acceptance Steps

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, Paragraph (4) and Article 102, Paragraph (4) herein, the submitter shall be invited to cure the non-conformities within fourteen

days of 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, Paragraph (3) herein.

(3) In the cases where the non-conformities affect any data contained in the register referred to in Article 81, Paragraph (1) herein, they shall be cured by an official of the competent territorial directorate, and a notification of this shall be sent to the person within fourteen days of 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 instrument shall be communicated to the taxable person within the time limit referred to in Article 109 herein.

(2) The instrument shall be subject to appeal before the territorial director within fourteen days of its receipt. 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 tax or for 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 taxable person, the said obligation shall be remittable within the time limit provided for in the applicable law.

(2) The taxable 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 taxable person, the type, grounds, total and outstanding amount.

(3) (Amended, SG No. 98/2010, effective 1.01.2011, supplemented, SG No 94/2015, effective 1.01.2016) The amount of the obligation referred to in Paragraph (1) shall be communicated to the taxable person. Upon request by the taxable person, the revenue authority shall issue an instrument on ascertainment of the obligation within thirty days of the said request. An instrument may furthermore be issued ex officio, upon ascertainment of differences between the data declared and the data received by third persons and organisations once the procedure under Article 103 has been exhausted, as well as where a return has not been submitted or the obligation has not been paid in due time and an audit has not been conducted. An instrument may furthermore be issued ex officio, based on data kept by the revenue authority, data obtained from third parties and organisations, where the law does not provide for the submission of a return, and the obligation has not been paid and no audit has been carried out.

(4) The instrument shall be subject to appeal within fourteen days of 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) (Supplemented, SG No. 94/2015, effective 1.01.2016) 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 since the end of the year in which data, received from third parties or organisations, were received, where the submission of a return is not provided for in herein.

(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.

(3) (New, SG No. 64/2019, effective 13.08.2019) The time limit referred to in paragraph 1 shall not apply in cases of a final decision under Article 134f or 134p which is subject to enforcement. In such cases, proceedings to assess tax liabilities under this Code can be launched within one year from the date of coming into force of the decision.

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 steps by the revenue authorities intended to ascertain obligations for taxes and compulsory social-insurance contributions.

(3) An examination shall be a totality of steps 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.

(5) (New, SG No. 94/2015, effective 1.01.2016) When the law does not provide otherwise, the deadline for carrying out the examinations may not be longer than six months of the date of the first procedural step, which is certified by a memorandum or a request served under Article 37, Paragraph (3). If the six-month period proves insufficient, it may be extended by up to six months with a resolution of the authority that assigned the examination. Where a memorandum is drawn up on the results from the examination, such memorandum shall be provided to the person within seven days of the completion of the examination.

(6) (New, SG No. 105/2020, effective 1.01.2021) When making an examination, Article 116 shall apply mutatis mutandis.

Empowerment upon Perpetuating Evidence

Article 111. Upon conduct of an audit or examination, the steps to perpetuate evidence 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.

(3) (New, SG No. 14/2011, effective 15.02.2011) Article 8 shall not apply when assigning an audit as per the procedure laid down in Paragraph 2(2).

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. (supplemented, SG No. 82/2012, effective 1.01.2013) the auditing revenue authorities and the audit leader;

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.

(6) (New, SG No. 97/2016, effective 1.01.2017) The audit leader is a revenue authority as specified in Article 7, Paragraph 1, Item 4 of National Revenue Agency Act.

Time Limit for Conduct of Audit

Article 114. (1) (Supplemented, SG No. 14/2011, effective 15.02.2011, amended, SG No. 82/2012, effective 1.01.2013, amended and supplemented, SG No. 63/2017, effective 4.08.2017) The time limit to conduct an audit shall not exceed three months and shall commence from the date of service of the assignment order. When the audit assignment order is served as per the procedure laid down in Article 143n, Paragraph (1) and Article 269y Paragraph (3) herein, the time limit to conduct the audit shall commence from the date of receipt of a notification that an instrument has been served by the competent authority of the other country.

(2) (Amended, SG No. 105/2006, SG No. 99/2011, effective 1.01.2012) If the time limit referred to in Paragraph (1) proves insufficient, the said time limit may be extended by up to two months by an order on extension of the time limit by the authority that had assigned the audit.

(3) (New, SG No. 108/2007, repealed, SG No. 99/2011, effective 1.01.2012).

(4) (Amended, SG No. 105/2006, renumbered from Paragraph (3), SG No 108/2007) 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 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) (Repealed, SG No. 1/2014, effective 1.01.2014).

(4) (Amended, SG No. 1/2014, effective 1.01.2014) Where an auditee fails to fulfil the obligations thereof under Paragraphs (1) and (2), 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) (Amended, SG No. 1/2014, effective 1.01.2014) Upon establishment of the circumstances covered under § 1(3)(n) of the Additional Provisions, 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 steps performed and the facts and circumstances established and the evidence thereon;
6. the factual and legal conclusions drawn and the grounds therefor;
7. the steps undertaken to secure the public claims;
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) (Repealed, SG No. 97/2016, effective 1.01.2017).

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) (Amended, SG No. 82/2012, effective 1.01.2013) The audit instrument shall be issued by the authority which assigned the audit jointly with the audit leader within 14 days from the date of filing an objection or from the expiry of the time limit for filing one. When establishing liabilities or responsibilities in the proceedings concerned is not admissible, the proceedings shall be terminated by an order.

(3) (Amended, SG No. 82/2012, effective 1.01.2013) When the authorities under paragraph 2 are not able to reach an agreement, the audit instrument or the termination order, respectively, shall be issued by another revenue authority designated by the territorial director or a person authorised by the territorial director on the basis of a written notification from the authority which assigned the audit.

(4) (Amended, SG No. 82/2012, effective 1.01.2013) The audit instrument or the order on termination shall be served on the auditee within seven days from the date of issue.

Content of Audit Instrument

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

1. (amended, SG No. 82/2012, effective 1.01.2013) the name and position of the issuing authorities;

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, amended, SG No. 82/2012, effective 1.01.2013) signatures of the revenue authorities 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).

Preliminary Precautions in case of Fiscal Control

Article 121a. (New, SG No. 109/2013, effective 1.01.2014) (1) Upon exerting fiscal control on the movement of goods of high fiscal risk, the revenue authority may request that the public enforcement agent immediately imposes preliminary precautionary measures on the property of the consignee of the goods for the purpose of securing the tax claims that would arise, the amount of such measures being at least 30 percent of the market value of the goods, in the following cases:

1. the integrity of the control devices is broken;

2. the prohibition under Item 4 of Article 13(3) is violated;

3. the type and/or quantity of the goods as indicated in the documents differs from that found during the inspection;

4. the driver of the transport vehicle or the consignee/buyer of the goods fails to appear at the location where they are to be received/unloaded.

(2) (Supplemented, SG No. 63/2017, effective 4.08.2017) The measures under Paragraph (1) may also be imposed where the revenue authority finds that in case of subsequent disposal of the goods the collection of the taxes due is going to be impossible or significantly impeded. Where a security interest has been provided under Article 176c of the Value Added Tax Act, the amount of the security interest shall not be lower than 10 per cent of the market value of the goods.

(3) (Supplemented, SG No. 63/2017, effective 4.08.2017, SG No. 105/2020 effective 1.01.2021) In the cases referred to in Paragraphs (1) and (2) the revenue authority shall also take steps under Article 40 to perpetuate evidence for a period of validity of up to 72 hours without a court authorisation and shall determine the

amount of the security interest, in which case the goods and the documents pertaining thereto shall be seized. In such case the disposal prohibition under Item 4 of Article 13, Paragraph (3) shall remain valid, and the goods shall be released after security is provided in the form of cash or an unconditional and irrevocable bank guarantee valid for at least 6 months and amounting to 30 per cent of the market value of the goods, 10 per cent of the market value of the goods respectively, and after the cost of seizure and storage of such goods is reimbursed. The security interest submitted in cash or unconditional and irrevocable bank guarantee shall be released by the competent territorial directorate under Article 8.

(4) Where the security under Paragraph (3) is not provided within 72 hours of seizure, or, in the case of perishable goods, within 24 hours, the goods shall be deemed abandoned in favour of the State. Such fact shall be recorded in a report on the type and quantity of the goods abandoned in favour of the state and in the Fiscal Control Register.

(5) (Amended, SG No. 105/2020, effective 1.01.2021) The preliminary precautionary measures under Paragraph (1) shall be imposed according to the procedure established by Article 195 herein by a warrant of the public enforcement agent and shall be subject to appeal according to the procedure established by Article 197 herein.

(6) The preliminary precautionary measures imposed shall be in effect for 6 months. Within such period their effect may be extended by precautionary measures of the same type and on the same property, imposed in accordance with the procedure provided for in Article 121 or Article 195.

(7) Where the consignee/buyer of the goods violates the prohibition under the second sentence of Paragraph (3) and under Item 4 of Article 13(3), such warrant shall be null and void in respect of the state.

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;

8. (new, SG No. 14/2011, effective 15.02.2011) when the auditee or checked person fails to provide access to a facility which falls within the scope of control or to production relevant accounting and/or business data stored electronically.

(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 claims;
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 shorter 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.

Ascertainment of liabilities for compulsory social-insurance contributions in special cases.

Article 124a. (New, SG No. 14/2011, effective 15.02.2011) The provisions of Articles 122 - 124 shall also apply accordingly in order to ascertain compulsory social-insurance contributions.

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 steps 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 instrument.

(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 Fifteen "a"
(New, SG No. 109/2013, effective 1.01.2014)
FISCAL CONTROL ON THE MOVEMENT OF GOODS OF HIGH FISCAL RISK

Fiscal Control on the Movement of Goods

Article 127a. (New, SG No. 109/2013, effective 1.01.2014) (1) Revenue authorities authorised by an order by the Executive Director of the National Revenue Agency may exert fiscal control on the movement of goods of high fiscal risk within the territory of the Republic of Bulgaria, for which no explicit written assignment shall be required.

(2) The movement of all goods of high fiscal risk shall be subject to fiscal

control, regardless of the location where the goods are to be received/unloaded - be it in the territory of Bulgaria, the territory of another Member State of the European Union, or the territory of a third country.

(3) (Supplemented, SG No. 63/2017, effective 4.08.2017) Paragraph (2) shall not apply for goods under a customs procedure within the meaning of the applicable customs legislation.

(4) Fiscal control on the movement of goods of high fiscal risk shall be a pool of actions by revenue authorities aimed at preventing tax evasion and tax fraud and performed in relation to the movement of goods of high fiscal risk within the territory of the Republic of Bulgaria.

(5) The fiscal control on the movement of goods of high fiscal risk shall not establish tax liabilities but may establish certain facts and circumstances relevant to tax liabilities.

(6) Each action during the performance of fiscal control on the movement of goods shall be recorded in a report.

(7) The list of goods of high fiscal risk shall be approved by an order by the Minister of Finance based on a substantiated proposal by the Executive Director of the National Revenue Agency. The order and the list of goods of high fiscal risk shall be published on the websites of the Ministry of Finance and the National Revenue Agency.

(8) The details referred to in Item 3 of Article 13(2), the information on the movement of goods of high fiscal risk and the fiscal control actions by the revenue authorities shall be entered into the Fiscal Control Electronic Register.

Actions related to the Fiscal Control on the Movement of Goods

Article 127b. (New, SG No. 109/2013, effective 1.01.2014) (1) Fiscal control on the movement of goods of high fiscal risk shall be exerted through halting transport vehicles transporting goods within the territory of the Republic of Bulgaria, checking whether the goods transported are goods of high fiscal risk, inspecting the documents accompanying the goods in terms of their type and quantity, identifying the supplier/seller and/or the consignee/buyer of the goods and the location where the goods are to be received/unloaded.

(2) (Amended, SG No. 105/2020, effective 1.01.2021) When exerting the control under Paragraph (1), revenue authorities shall have the right to halt transport vehicles with a load capacity of more than 3.5 tonnes.

(3) Where the goods transported are included on the list of goods of high fiscal risk, the revenue authority may install control devices onto the transport vehicle and affix a seal/stamp reading "High fiscal risk" on the transport document. The actions performed shall be recorded in a fiscal control report, a copy whereof shall be provided to the vehicle driver.

(4) (Amended, SG No. 105/2020, effective 1.01.2021) Where it is suspected that means of transport with a load capacity of less than 3.5 tonnes are used to transport goods of high fiscal risk for the purpose of evading control under Paragraph (1), Paragraphs (2) and (3) shall apply.

(5) For the purpose of identifying transport vehicles transporting goods of high fiscal risk, the revenue authorities shall co-operate with the authorities of the Ministry of Interior in accordance with a procedure laid down in a joint co-operation instruction.

Fiscal Control in Case of Intra-Community Acquisition and Call-off Stock Arrangement of Goods of High Fiscal Risk

(Title amended, SG No. 105/2020, effective 1.01.2021)

Article 127c. (New, SG No. 109/2013, effective 1.01.2014) (1) (Amended and supplemented, SG No. 105/2020, effective 1.01.2021) In the cases of intra-Community acquisition and in case of call-off stock arrangements of goods of high fiscal risk upon the transport vehicle’s entry into the territory of Bulgaria, the revenue

authority may, at the relevant fiscal checkpoint, install control devices onto the transport vehicle and affix a seal/stamp reading "high fiscal risk" on the transport document.

(2) The control devices shall be dismounted by a revenue authority at the location where the goods are unloaded.

(3) The control devices shall be dismounted within 4 hours of the time stated by the driver under Item 3 of Article 13(2). Where a change notification has been submitted under Item 1 of Article 13(3), the control devices shall be dismounted within no more than 24 hours of the submission of such notification.

Fiscal Control in Case of Intra-Community Supply and Call-off Stock Arrangements o Goods of High Fiscal Risk

(Title amended, SG No. 105/2020, effective 1.01.2021)

Article 127d. (New, SG No. 109/2013, effective 1.01.2014) (1) (Supplemented, SG No 105/2020, effective 1.01.2021) In the cases of intra-Community supply of goods and in case of call-off stock arrangements of goods of high fiscal risk, prior to the transport vehicle's exit from the territory of Bulgaria the revenue authority may, at the relevant fiscal checkpoint, inspect and examine the goods transported and the documents accompanying the goods.

(2) The inspection under Paragraph (1) shall also include a system verification of the validity of the supplier's/seller's VAT number stated in the invoice.

Fiscal Control on Goods of High Fiscal Risk Transited from One European Unio Member State to Another through the Territory of the Republic of Bulgaria

Article 127e. (New, SG No. 109/2013, effective 1.01.2014) (1) (Amended, SG No 105/2020, effective 1.01.2021) Where goods of high fiscal risk are transited from one European Union Member State to another through the territory of the Republic of Bulgaria, upon the transport vehicle's entry into the territory of Bulgaria the revenue authority may, at the relevant fiscal checkpoint, install control devices onto the transport vehicle and affix a seal/stamp reading "high fiscal risk" on the transport document.

(2) The control devices installed under Paragraph (1) shall be dismounted by a revenue authority prior to the transport vehicle's exit from the territory of Bulgaria.

Fiscal Control on the Movement of Goods of High Fiscal Risk within Bulgaria

Article 127f. (New, SG No. 109/2013, effective 1.01.2014) (1) Fiscal control on the movement of goods of high fiscal risk shall also be exerted within Bulgaria.

(2) (Amended, SG No. 105/2020, effective 1.01.2021) Revenue authorities may install control devices onto transport vehicles transporting goods of high fiscal risk across Bulgaria and affix a seal/stamp reading "high fiscal risk" on the transport document.

(3) The control devices installed under Paragraph (2) shall be dismounted by a revenue authority at the location where the goods are unloaded in accordance with the procedure provided for in Article 127c.

Appealing against Actions related to the Fiscal Control on the Movement of Goods o High Fiscal Risk

Article 127g. (New, SG No. 109/2013, effective 1.01.2014) (1) The actions by revenue authorities performed in the exertion of fiscal control on the movement of goods of high fiscal risk may be appealed against in accordance with the procedure provided for in Article 41.

(2) No appeal shall halt the actions.

Terms and Procedure of Exertion of Fiscal Control

Article 127h. (New, SG No. 109/2013, effective 1.01.2014) The Minister of Finance

shall, in an ordinance, lay down the terms and procedure for the exertion of fiscal control on the movement of goods of high fiscal risk within the territory of the Republic of Bulgaria and the requirements applicable to fiscal checkpoints.

Voluntary Declaration of Goods of High Fiscal Risk

Article 127i. (New, SG No. 105/2020, effective 1.01.2021) (1) When transporting goods of high fiscal risk, starting from the territory of another EU Member State and ending the territory of Bulgaria, the consignee/acquirer in a triangular transaction or the end recipient in a chain of consecutive supplies of goods may declare in advance details about each individual shipment until the entry of the transport vehicle into the territory of Bulgaria.

(2) When transporting goods of high fiscal risk, starting from the territory of Bul;garia and ending in the territory of another EU Member State and ending the territory of Bulgaria, the consignee/acquirer in a triangular transaction or the first supplier in a chain of consecutive supplies of goods may declare in advance details about each individual shipment before the loading of transport vehicle begins.

(3) Paragraphs (1) and (2) shall apply only in the cases where the transport is carried out by a transport vehicle with a load capacity of more than 3.5 tonnes.

(4) After prior declaration of data about transportation of goods of high fiscal risk a unique number shall be assigned by the National Revenue Agency for the shipment of the goods by means of an electronic service for declaring data of the transportation of goods of high fiscal risk. The validity of the unique number of the transport shall be 14 days of assignment thereof.

(5) The persons under Paragraphs (1) and (2) shall communicate the unique number of the transport to the driver of the transport vehicle/the person accompanying the goods/the carrier or the person organising the transport. When the unique number of the transport is communicated to the carrier or the person organising the transport, they shall forward it to the driver of the transport vehicle.

(6) For the purposes of Paragraphs (1) and (2), when exercising fiscal control, the unique number of the transport shall be forwarded to the driver together with the documents under Article 13, Paragraph (2).

(7) Where the persons under Paragraph (1) have declared prior data about transport of goods of high fiscal risk, they shall notify the revenue authority thereof. Where goods of high fiscal risk are to be stored by a recipient in call-off stock arrangements but the goods have not been received in the warehouse of a taxable person established in the territory of Bulgaria for whom the goods are intended, the latter shall notify the revenue authority thereof.

(8) The scope and the procedure for the prior declaration of particulars, their correction or cancellation in case of insignificant transport and the terms and procedure for notification under Paragraph (7) shall be set out in the ordinance under Article 127h. The prior declaration shall not relieve the persons from the obligation to draw up relevant transport, accounting and other documents in connection with the transport and delivery.

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 claims 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) (Amended, SG No. 61/2015, effective 15.08.2015) 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 or up to the amount of the assets in the State Fund for Guaranteeing the Stability of the State Pension System 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) (Supplemented, SG No. 108/2007) 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. Regardless of the offsetting or refunding performed, including where the instrument referred to in the first sentence has been appealed against, the obligation for tax or compulsory social-insurance contributions shall be subject to ascertainment by means of the conduct of an audit. If the instrument has been appealed against according to a judicial procedure, the issuance of an audit instrument shall be admissible until the entry into effect of the judgment.

(4) (Supplemented, SG No. 105/2020, effective 1.01.2021) The balance after offsetting shall be refunded to the person into a bank account or into another payment 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. (repealed, SG No. 94/2015, effective 1.01.2016).

(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) (Amended, SG No. 94/2015, effective 1.01.2016, supplemented, SG No. 105/2020, effective 1.01.2021) In the cases where a return has been submitted, stating an amount for refunding, as well as where a claim for refunding has been submitted on the grounds of Article 129, the revenue authority may refund the full amount claimed into a bank account or into another payment account named by the person or by means of a postal order in the cases of refunding 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) (Supplemented, SG No. 105/2020, effective 1.01.2021) The claim of the person for refunding of the excess amount shall be considered fully satisfied upon the crediting of the bank account or another payment account named by the person with the full amount claimed or, respectively, upon receipt of the postal order advice.

Use of Excess Amounts in Further Payments

Article 130a. (New, SG No. 104/2020, effective 1.01.2021) (1) Where a return is submitted with excess amount and the consignor has stated that he wishes the excess amount to serve for further payments under Article 169, Paragraph (4) and/or to be credited to the account for enforcement of public claims, the revenue authority shall, within 30 days of the submission thereof, record the claimed amount in the tax and insurance account in accordance with the stated type of liabilities and this shall be considered payment received on the date of the record.

(2) By recording the whole claimed amount it shall be deemed that the request of the person has been fully fulfilled

(3) Failing to implement the request under Paragraph (1), Article 129 shall apply and the time limit under Paragraph (3) of that provision shall start to run from the date of submitting the request under Paragraph (1).

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;

6. (new, SG No. 64/2019, effective 13.08.2019) where the obligations assessed an audit instrument are subject to a final decision under Article 134f or 134p.

(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) (Supplemented, SG No. 94/2015, effective 1.01.2016) Any revenue authority who ascertains a ground for modification under Article 133, Paragraph (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 or order that such audit is assigned, 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 1.03.2007) 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 IIa
(New, SG No. 64/2019, effective 13.08.2019)
Procedure to resolve disputes between EU Member States in respect of conventions on the elimination of double taxation or other similar international treaties

Subject Matter

Article 134a. (New, SG No. 64/2019, effective 13.08.2019) (1) This section lays dowr the rules on resolving disputes between the Republic of Bulgaria and other Member States (the Member States concerned) related to the interpretation and application of agreements on the avoidance of double taxation or other similar international treaties. For the purposes of this Section, the matter giving rise to disputes under the preceding sentence is referred to as a "question in dispute".

(2) This Section also lays down the rights and obligations of affected persons involved in disputes under paragraph 1.

General Provisions

Article 134b. (New, SG No. 64/2019, effective 13.08.2019) (1) Any affected persor shall be entitled to submit a complaint on a question in dispute under Article 134a(1) to the competent authority specified in this Section, requesting the resolution thereof.

(2) Affected person means any person who is a resident of the Republic of Bulgaria or another Member States for tax purposes, and whose taxation is directly affected by a question in dispute.

(3) The competent authority in the dispute resolution procedure under this Section is the Minister of Finance or an officer authorised by the Minister of Finance.

(4) The competent court to review complaints and claims under this section is the administrative court which has jurisdiction over the permanent address or domicile

of the affected person. Where the affected person does not have a permanent address or domicile in Bulgaria, disputes are reviewed by the Administrative Court of the City of Sofia.

(5) Within the meaning of this Section, double taxation means the imposition by two or more Member States of taxes covered by an agreement or another similar international treaty referred to in Article 134a(1) in respect of the same taxable income or capital when it gives rise to either: (i) an additional tax charge; (ii) an increase in tax liabilities; or (iii) the cancellation or reduction of losses that could be used to offset taxable profits.

(6) Unless this Section requires otherwise, any term in the dispute resolution procedure shall have the meaning that it has at that time under the agreements or treaties concerned that applies on the date of receipt of the first notification of the action that resulted in, or that will result in, a question in dispute, in the following order:

1. the agreement or another similar international treaty referred to in Article 134a(1);

2. the tax laws to which the agreement or another similar international treaty, as referred to in Article 134a(1), applies;

3. legal instruments other than those specified in subparagraph 2.

Submitting Complaints

Article 134c. (New, SG No. 64/2019, effective 13.08.2019) (1) The complaint shall be submitted, in the Bulgarian language, within 3 years from the receipt of the first notification of the action resulting in, or that will result in, the question in dispute, regardless of whether the affected person has recourse to the remedies available under Bulgarian law or the national law of any of the Member States concerned. The complaint can include an attached translation into the English language.

(2) The competent authority shall acknowledge receipt of the complaint within 2 months from the receipt of the complaint. Within the same time limit, the competent authority shall also inform the competent authorities of the other Member States concerned about the complaint and the language it intends to use during the relevant proceedings.

(3) In parallel with the submission under paragraph 1, the affected person shall submit a complaint with the same contents and enclosures to the competent authorities of the other Member States concerned in the relevant languages and shall also indicate the Member States affected by a question in dispute.

(4) The complaint may be submitted only to the competent authority referred to in Article 134b(3), where the affected person is a tax resident of the Republic of Bulgaria and is:

1. an individual; or

2. a micro-, small- or medium-sized enterprise which does not form part of a large group within the meaning of the Accountancy Act.

(5) In cases under paragraph 4, the competent authority shall simultaneously notify the competent authorities of the other Member States concerned, within two months from receiving a complaint. It shall be understood that a complaint has been submitted by the affected person to all Member States concerned as from the date of notification.

(6) It shall be understood that a complaint has been submitted to the competent authority referred to in Article 134b(3) when the latter is notified by a competent authority of another Member State concerned of a complaint by an affected person who is a tax resident of the [other] Member State concerned and is an individual or a micro-, small- or medium-sized enterprise which does not form part of a large group according to the applicable national legislation. A compliant shall be considered received on the date on which the competent authority receives a notification referred to in the preceding sentence.

(7) The rules set out in paragraphs 4 and 5 shall also apply to any replies to requests for additional information under Article 134d(2), withdrawals of complaints under Article 134e(7), and requests under Article 134g(1).

Contents of Complaints

Article 134d. (New, SG No. 64/2019, effective 13.08.2019) (1) Complaints must contain:

1. the name(s) of the affected persons submitting the complaint or their representatives (if submitted by a representative), the correspondence address(es), tax identification number(s) and any other information necessary for identification of the complainant and, where necessary, of any other person concerned;

2. a reference to the other Member States concerned;

3. the tax periods which a question in dispute relates to;

4. a detailed description of the relevant facts and circumstances of the case, with a copy of all supporting documents, including:

(a) information about the structure of the transaction and of the relationship between the affected person and the other parties to the relevant transactions;

(b) any facts determined in good faith in a mutual binding agreement between the affected person and the tax administration of the Member State concerned, where applicable;

(c) a description of the actions giving rise to the question in dispute and the date when the actions took place;

(d) information about the income received in another Member State and about the inclusion of such income in the taxable income in the other Member State, where applicable;

(e) information about the tax charged or that will be charged in relation to the income referred to in (d) above in the other Member State, where applicable;

(f) the related amounts attributable to the circumstances under (a) to (e), in the currencies of the Member States concerned;

5. reference to the applicable national rules and to the agreement or international treaty referred to in Article 134a(1); where more than one agreement or treaty is applicable, the affected person shall specify which agreement or treaty should be interpreted and applied in relation to the relevant question in dispute.

6. the following information provided by the applicant, together with copies of all supporting documents:

(a) an explanation of the reasons why the affected person considers that there is a question in dispute;

(b) the details of any appeals and litigation initiated regarding the relevant transactions and of any court decisions concerning the question in dispute;

(c) a commitment by the affected person to respond completely and quickly to all requests made by a competent authority in relation to the question in dispute and to provide any documentation at the request of the competent authorities;

(d) a copy of the tax assessment decision or any other equivalent document leading to the question in dispute and a copy of any other documents issued by the revenue or tax authorities of a Member State concerned with regard to the question in dispute where relevant;

(d) information on any complaint submitted by the affected person under another mutual agreement procedure or under another dispute resolution procedure (pursuant to an agreement on avoidance of double taxation or another similar international treaty) and an express commitment by the affected person that the latter will take the necessary action to terminate such procedures in accordance with Article 134s(7), where applicable;

7. other information that is considered necessary to undertake the substantive consideration of the particular question in dispute.

(2) The competent authority may request additional information that it

considers necessary to undertake the substantive consideration of the particular question in dispute, within 3 months from the receipt of the complaint. Requests for additional information may also be made during the mutual agreement procedure under Article 134f.

(3) An affected person who receives a request for additional information under paragraph 2 shall reply within 3 months of receiving the request. A copy of this reply shall also be sent simultaneously to the competent authorities of the other Member States concerned.

(4) Where a competent authority of another Member State concerned has further requested additional information, the affected person shall also transmit a copy of that information to the competent authority referred to in Article134b(3) at the same time.

(5) Where a complaint has been submitted pursuant to Article 134c(4), the competent authority shall send a copy of any additional information received under paragraph 3 to the competent authorities of the other Member States concerned. The additional information shall be deemed to have been provided to all Member States concerned as at the date of such receipt of information by the relevant competent authorities.

Action After Submitting a Complaint

Article 134e. (New, SG No. 64/2019, effective 13.08.2019) (1) The competent authority shall take a decision on the acceptance or rejection of a complaint within 6 months of the receipt thereof. Where additional information has been requested under Article 134d(2), or where such information has been provided by a competent authority of another Member State concerned in cases under Article 134c(6), the 6-month time limit shall commence from the date of receipt of the information by the competent authority.

(2) The competent authority shall reject a complaint where one of the following has occurred:

1. the complaint lacks information required under Article 134d(1), or any additional information requested was not submitted within the deadline specified in Article 134d(3);

2. there is no question in dispute;

3. the complaint was not submitted within the 3-year period set out in Article 134(1).

(3) The competent authority shall, without delay, communicate its decision under paragraph 1 to the affected person and the competent authorities of the other Member States concerned. Where the competent authority has rejected a complaint, it shall provide the general reasons for its rejection.

(4) Where the competent authority referred to in Article 134b(3) or a competent authority of another Member State concerned has not taken a decision on the complaint within the time limit provided for in paragraph 1 or in an equivalent provision of the legislation of the other Member State concerned, the complaint shall be deemed to be accepted by that competent authority.

(5) The affected person may appeal against the decision referred to in paragraph 1 before the competent administrative court, where the competent authorities of all Member States concerned have rejected the complaint. Appeals shall be submitted within 14 days from the date of receiving the last notification of rejection of the complaint by a competent authority of a Member State concerned. The judgment of the administrative court shall be final and not subject to appeal. Where a decision under paragraph 1 has been rescinded, the complaint shall be deemed to be accepted by the competent authority, which shall accordingly notify the competent authorities of the other Member States concerned.

(6) Within the time limit under paragraph 1, the competent authority may decide to resolve the question in dispute, without involving the other competent

authorities of the Member States concerned. In such cases, the relevant competent authority shall notify, without delay, the affected person and the competent authorities of the other Member States concerned, following which the dispute proceedings shall be terminated.

(7) An affected person may withdraw a complaint, at any time, by simultaneously submitting a written notification of withdrawal to the competent authority referred to in Article 134b(3) and to the competent authorities of the other Member States concerned of the Member States concerned. The dispute proceedings shall be terminated as from the date of such notification. The competent authority referred to in Article 134b(3) shall inform, without delay, the other Member States concerned of the termination of proceedings.

(8) In addition to the cases under paragraphs 6 and 7, dispute proceedings shall also be terminated when a question in dispute ceases to exist. Without delay, the competent authority shall inform the affected person of such termination and of the general reasons thereof.

(9) Proceedings related to a complaint shall also be terminated in one of the following cases:

1. the complaint was rejected by the competent authorities of all Member States concerned on the basis of paragraph 2 or an equivalent provision in the legislation of the Member State concerned, and no appeal was filed - within the appeal time limit set out in the legislation of the Member States - against the decision of the competent authority concerned, or a rejection has been confirmed in all Member States concerned by a final decision of a competent court;

2. in the case of an appeal against the decision of the competent court referred to in paragraph 5, the rejection of the appeal has been confirmed by the relevant administrative court through a final decision;

3. in another Member State concerned, the rejection of the appeal has been confirmed by a competent court through a final decision, which is binding under the national law of that Member State;

4. the affected person has withdrawn their complaint before a competent authority of another Member State concerned in the cases under Article 134c(6), and the competent authority referred to in Article 134b(3) has been notified accordingly.

Mutual Agreement

Article 134f. (New, SG No. 64/2019, effective 13.08.2019) (1) Where all Member States concerned accept a complaint, the competent authority referred to in Article 134b(3) shall endeavour to resolve the question in dispute by mutual agreement (jointly with the competent authorities of the other Member States concerned) within 2 years, starting from the last notification of a decision of one of the Member States on the acceptance of the complaint.

(2) The time limit referred to in paragraph 1 may be extended by up to 1 year at the request of a competent authority of a Member State concerned addressed to all of the other competent authorities of the Member States concerned, provided that the request is supported by a written justification.

(3) Where an agreement has been reached as to how to resolve the question in dispute within the time limit provided for in paragraph 1, the competent authority shall issue a decision based on this agreement and shall, without delay, notify the affected person accordingly.

(4) The agreement shall deliver a final resolution of the question in dispute, and the related decision shall be binding on all authorities and institutions and enforceable by the affected person, subject to the affected person:

1. accepting the decision;

2. acknowledging that the question in dispute is finally resolved by the agreement and renouncing the right to any other remedy in respect of that question in dispute; and

3. providing evidence - no later than 60 days from the date of receiving the notification referred to in paragraph 3 - that action has been taken to terminate any pending proceedings regarding such other remedies that already commenced.

(5) Upon having satisfied the conditions under paragraph 4 and under any equivalent provision of the legislation of the other Member States concerned, the decision referred to in paragraph 3 shall be implemented without delay as per the procedures of this Code, irrespective of any time limits prescribed. The decision shall not be subject to appeal.

(6) Where no agreement has been reached on how to resolve the question in dispute within the time limit provided for in paragraph 1, the competent authority shall inform the affected person indicating the general reasons for the failure to reach agreement.

Dispute Resolution by an Advisory Commission

Article 134g. (New, SG No. 64/2019, effective 13.08.2019) (1) Upon a request made by the affected person, an advisory commission (an 'Advisory Commission') shall be set up by the competent authorities of the Member States concerned, subject to one of the following conditions:

1. the complaint submitted by the affected person was rejected on the basis of Article 134e(2) or another equivalent provision of the legislation of another Member State concerned by at least one, but not all of the competent authorities of Member States concerned;

2. the competent authority referred to in Article 134b(3) and the competent authorities of the Member States concerned had accepted the complaint submitted by the affected person but failed to reach an agreement on how to resolve the question in dispute within the time limit provided for in Article 134f(1).

(2) Requests under paragraph 1(1) can only be made if there are no pending proceedings under Article 134e(5) or pending proceedings to appeal a complaint rejection decision in another Member State concerned, and only upon expiry of the time limits for appealing provided for in the legislation of all Member States concerned.

(3) Requests under paragraph 1 shall be submitted in writing, not later than 50 days from the date of receipt of the notification under Articles 134e(3) or 3(5) or Article 134f(6) or from the date of delivery of the decision rescinding the rejection of the appeal bin at least one of the Member States concerned, as the case may be. The affected person shall indicate all circumstances referred to in paragraph 2.

(4) The Advisory Commission shall be set up no later than 120 days from the receipt of a request under paragraph 1, and its chair shall inform the affected person thereof without delay.

(5) The competent authority may refuse to set up an Advisory Commission where a question in dispute does not involve double taxation and shall inform the affected person and the competent authorities of the other Member States concerned without delay.

(6) An Advisory Commission set up in on the basis of paragraph 1(1) shall adopt a decision on the admissibility of the complaint within 6 months from the date of its setting up. Within 30 days of the adoption of the decision, it shall be communicated to the competent authorities of the Member States concerned.

(7) Where the Advisory Commission has confirmed (in its decision under paragraph 6) that all of the requirements under Articles 134c and 134d have been satisfied, the mutual agreement procedure under Article 134f shall be initiated at the request of one of the competent authorities.

(8) Where the request under paragraph 7 has been made by the competent authority referred to in Article 134b(3), the latter shall notify the Advisory Commission, the competent authorities of the other Member States concerned and the affected person of that request.

(9) Where a mutual agreement procedure has started pursuant to paragraph 7, the dispute resolution period under Article 134f (1) shall start from the date of the notification of the decision taken by the Advisory Commission on the admissibility of the complaint.

(10) Where no request has been made to initiate a mutual agreement procedure under paragraph 7 within 60 days of the date of the notification of the decision of the Advisory Commission under paragraph 6, the Commission shall provide an opinion on how to resolve the question in dispute as provided for in Article 134o(1). For the purposes of Article 134o(1), the Advisory Commission shall be deemed to have been set up on the date on which the time limit in the preceding sentence expired.

(11) An Advisory Commission set up on the basis of paragraph 1(2) shall deliver an opinion on how to resolve the question in dispute in accordance with Article 134o(1).

Composition of the Advisory Commission

Article 134h. (New, SG No. 64/2019, effective 13.08.2019) (1) The Advisory Commission tasked with the resolution of disputes under Article 134g shall have the following composition:

1. a chair;

2. one representative of each competent authority of the Member States concerned;

3. one independent expert, who shall be appointed by each competent authority of the Member States concerned from the list referred to in Article 134i.

(2) If the competent authorities of the Member States concerned agree, the number of representatives and independent experts referred to in paragraph 1(2) and (3), respectively, may be increased to two representatives and two independent experts for each competent authority.

(3) The rules for the appointment of the independent experts shall be agreed between the competent authorities of the Member States concerned. A substitute shall be appointed for each independent expert according to the rules set out in the preceding sentence, in cases where independent experts are prevented from carrying out their duties. Where no rules of appointment have been agreed upon, the appointment of independent experts shall be carried out by drawing lots.

(4) The representatives of the competent authorities and independent experts shall select a chair from the list of persons referred to in Article 134i. The chair shall be judge, unless the representatives of the competent authorities and independent experts have agreed otherwise.

(5) Except in cases under Article 134j, a competent authority may object to the appointment of any particular independent expert for any of the following reasons:

1. that person is employed by or is working for one of the revenue/tax administrations concerned or was in such a situation at any time during the previous 3 years;

2. that person has, or has had, a material holding in or voting right in any affected person concerned, or is or has been an employee of or adviser to any affected person concerned, at any time during the last 5 years prior to the date of the person’s appointment as an independent expert;

3. that person does not offer a sufficient guarantee of objectivity for the settlement of a question in dispute;

4. that person is an employee of another person that provides tax advice (including on a professional basis), or was in such a situation at any time during a period of 3 years prior to the date of the person’s appointment;

5. any other reason agreed in advance between the competent authorities of the Member States concerned.

(6) Any competent authority may request that a person who has been appointed an independent expert or a substitute shall disclose any interest, relationship or any other matter that is likely to affect that person's independence or that might cause a reasonable doubt in that person's impartiality in the proceedings.

(7) The limitations set out in paragraph 5 shall also apply to an independent expert who is part of the Advisory Commission, for a period of 12 months after the decision of the Advisory Commission was delivered, where a situation under paragraph 5 would give cause to a competent authority to object to that person's appointment to that Advisory Commission.

List of Independent Experts

Article 134i. (New, SG No. 64/2019, effective 13.08.2019) (1) The competent authority shall nominate at least three individuals who are competent and independent and who can act with impartiality and integrity, to be included on the list of independent experts maintained by the European Commission. The list of independent experts shall consist of all the independent experts nominated by the Member States.

(2) Independent experts need to be adults who have proper capacity and who: have not been convicted of any intentional offence prosecuted by public prosecution; have higher economic or legal education, with at least 8 years of professional or academic experience in direct taxation, double taxation avoidance agreements or transfer pricing; and demonstrate high integrity.

(3) The competent authority shall provide the European Commission with the names of the independent experts nominated by the competent authority, as well as with complete and up-to-date information regarding those persons' professional and academic background, their competence, their expertise and any conflicts of interest that they may have. The competent authority may specify one or more of the independent experts nominated by it who may be appointed as a chair of the Advisory Commission.

(4) The competent authority shall inform the European Commission of any changes to the list of independent persons without delay.

(5) The competent authority shall issue an order setting out the procedures for including independent experts on the list referred to in paragraph 1 and for removing them from the list if they cease to comply with the independence requirement.

(6) Where there are reasonable doubts in the independence of an independent expert, the competent authority may object to that person's remaining in the list maintained by the European Commission; the competent authority shall inform the Commission accordingly and provide appropriate evidence.

(7) Where the competent authority has been notified by the European Commission of an objection and evidence against an independent expert nominated by the competent authority to the list referred to in paragraph 1, the competent authority shall take the necessary action, within 6 months, to investigate the complaint and shall decide whether to retain or remove that person from the list. The competent authority shall notify the European Commission of its decision without delay.

Advisory Commission Nominated by the Court

Article 134j. (New, SG No. 64/2019, effective 13.08.2019) (1) The affected person may request that the competent administrative court appoint the members of the Advisory Commission under Article 134h, where the competent authority has failed to do so within the time limit set out in Article 134g(4). Such requests shall be submitted within 30 days after the expiry of the time limit set out in Article 134g(4).

(2) The court shall appoint one independent expert and a substitute from the list of independent experts, or two independent experts and their substitutes in cases

under Article 134h(2). When appointing the experts, the court must take into consideration their competence, as well as all circumstances that ensure the appointment of independent and impartial experts according to Article 134h.

(3) The court shall appoint one representative of the competent authority, or two representatives in cases under Article 134h(2), to take part in the Advisory Commission and shall require from the competent authority to provide a list of persons suitable for this position.

(4) In cases under paragraphs 2 and 3, the court shall issue a decision within 30 days from the request submission date. The court's decision shall be final. The court shall, without delay, communicate its decision to the affected person and the competent authority, which shall, in turn, notify the competent authorities of the other Member States concerned.

(5) Where the competent authorities of all Member States concerned have failed to appoint independent experts and their substitutes, and the affected person has requested that the competent courts or national appointing bodies do so, the independent experts nominated accordingly shall appoint the chair by drawing lots from the list maintained by the European Commission.

(6) Where more than one affected person is involved in the proceedings, each affected person shall submit their referral (seeking appointment of the independent experts and their substitutes) to the competent court or national appointing body in the country in which the affected person concerned is a tax resident.

Alternative Dispute Resolution Commission

Article 134k. (New, SG No. 64/2019, effective 13.08.2019) (1) The competent authorities of the Member States concerned may agree to set up an alternative dispute resolution commission, instead of an Advisory Commission, to deliver an opinion on how to resolve a question in dispute in accordance with Article 134o.

(2) The Alternative Dispute Resolution Commission referred to in paragraph 1 may also be a committee of a permanent nature (a "Standing Committee") set up by the competent authorities of the Member States for alternative dispute resolution.

(3) In terms of composition and structure, the Alternative Dispute Resolution Commission may differ from the Advisory Commission. The rules set out in Article 134h, paragraphs 5 - 7 shall also apply to the Alternative Dispute Resolution Commission.

(4) An Alternative Dispute Resolution Commission may apply any dispute resolution processes or technique - as applied in arbitration process - in order to solve a question in dispute in a binding manner.

(5) The competent authorities of the Member States concerned shall agree on the Rules of Functioning of the Alternative Dispute Resolution Commission in accordance with Article 134l. Unless otherwise agreed to in the Rules of Functioning, Articles 134m and 134n shall apply to the Alternative Dispute Resolution Commission.

Rules of Functioning

Article 134l. (New, SG No. 64/2019, effective 13.08.2019) (1) Within the time limit provided for in Article 134g(4) for the setting up of an Advisory Commission, the competent authority shall notify the affected person concerning the following:

1. the Rules of Functioning for the Advisory Commission or Alternative Dispute Resolution Commission;

2. the time limit within which the opinion on the resolution of the question in dispute shall be adopted;

3. references to any applicable legal provisions in national law of the Member States concerned, including any applicable agreements or similar international treaties.

(2) The Rules of Functioning shall be signed by the competent authorities of the Member States involved in the dispute.

(3) The Rules of Functioning shall contain:

1. a description of the question in dispute;

2. the rules under which the competent authorities of the Member States agree as regards the legal and factual questions to be resolved;

3. the structure of the dispute resolution body, which can be either an Advisory Commission or an Alternative Dispute Resolution Commission, as well as the type of process for any alternative dispute resolution, if the process differs from the independent opinion process applied by an Advisory Commission;

4. the time limits for the dispute resolution procedure;

5. the composition of the commission, including the number and names of the members, detailed information about their competence and qualifications, and disclosing any conflicts of interest of the members;

6. the rules governing the participation of the affected person and third parties in the proceedings, exchanges of memoranda, information and evidence, the costs, the type of dispute resolution process to be used, and any other relevant procedural or organisational matters;

7. the logistical arrangements for the Advisory Commission's proceedings and delivery of its opinion.

(4) Where an Advisory Commission is set up under Article 134g(1)(1), the Rules of Functioning shall only include only the information referred to in points 4 – 6 of paragraph 3(1).

(5) Where the Rules of Functioning are incomplete, or the affected person has not been notified in accordance with paragraph 1, the Advisory Commission shall operate on the basis of standard Rules of Functioning approved by the European Commission.

(6) Where the affected person has not been notified about the Rules of Functioning within the time limit set out in paragraph 1, the chair and the independent experts shall draw up the Rules of Functioning on the basis of the standard form provided for under paragraph 5 and shall send them to the affected person within two weeks from the date on which the Advisory Commission or Alternative Dispute Resolution Commission was set up, as the case may be. Where the chair and independent experts have not agreed on the Rules of Functioning or have not notified them to the affected person, the affected person may apply to the relevant administrative court or a competent court in another Member States concerned in order to obtain an order for the implementation of the Rules of Functioning.

Costs of Proceedings

Article 134m. (New, SG No. 64/2019, effective 13.08.2019) (1) Unless the competent authorities of the Member States concerned have agreed otherwise, the following costs of proceedings under this section shall be shared equally among the Member States:

1. the expenses of the independent experts, which are to be an amount equivalent to the average of the usual amount reimbursed to high ranking civil servants of the Member States concerned; and

2. the fees of the independent experts, where applicable, which are to be limited to EUR 1 000 (or its equivalent in BGN) per person per day for every day on which the Advisory Commission or Alternative Dispute Resolution Commission, as applicable, meets.

(2) Costs that are incurred by the affected person shall be borne by the affected person.

(3) All the costs referred to in paragraph 1(1) and (2) shall be borne by the affected person, where the competent authorities of the Member States concerned agree and where the affected person has made:

1. a notification of withdrawal of complaint under Article 134e(7); or

2. a request for setting up an Advisory Commission following a rejection made under Article 134e(2) or under an equivalent provision in the legislation of another Member State concerned, and the Advisory Commission has decided that the relevant competent authorities were correct in rejecting the complaint.

Information, Evidence and Hearings

Article 134n. (New, SG No. 64/2019, effective 13.08.2019) (1) Where the competent authorities of the Member States concerned agree, the affected person may provide any documents, information, and other evidence that may be relevant for the decision under Article 134g of the Advisory Commission or Alternative Dispute Resolution Commission, as the case may be.

(2) Upon request by the Advisory Commission or Alternative Dispute Resolution Commission, as the case may be, the affected person and the competent authorities of the Member States concerned shall provide all documents, information, and other evidence that may be relevant for the proceedings.

(3) The competent authority may refuse to provide information under paragraph 2 in any of the following cases:

1. obtaining the information requires carrying out administrative measures that do not conform with Bulgarian law;

2. the information cannot be obtained under Bulgarian law;

3. the information constitutes trade secret, business secret, industrial secret, professional secret, or trade processes;

4. the disclosure of the information would be contrary to public policy.

(4) Affected persons may, at their request and with the consent of the competent authorities of the Member States concerned, personally attend or be represented before an Advisory Commission or Alternative Dispute Resolution Commission.

(5) Upon request by the Commission, the affected person shall appear in person or be represented before it.

(6) Affected persons or their representatives shall make a declaration to the competent authorities undertaking to treat any information that they receive during dispute resolution proceedings as secret, when so requested during the proceedings.

The Opinion of the Advisory Commission or Alternative Dispute Resolution Commission

Article 134o. (New, SG No. 64/2019, effective 13.08.2019) (1) An Advisory Commission or Alternative Dispute Resolution Commission, as the case may be, shall deliver its opinion (in writing) to the competent authorities of the Member States concerned no later than 6 months after the date on which the Commission was set up. The time limit set out in the preceding sentence may be extended by 3 months, where the Commission considers that the question in dispute is such that it would need a longer period to deliver an opinion. The Commission shall inform the affected person and the competent authorities of the Member States concerned of any such extension.

(2) The Advisory Commission or Alternative Dispute Resolution Commission as the case may be, shall base its opinion on the provisions of the applicable agreement or another similar international treaty, as well as on any applicable national rules.

(3) The Advisory Commission or Alternative Dispute Resolution Commission as the case may be, shall adopt its opinion by a simple majority of its members. Where a majority cannot be reached, the vote of the chair shall determine the final opinion.

(4) The chair shall communicate the opinion of the Commission to the competent authorities of the Member States concerned.

Final Decision

Article 134p. (New, SG No. 64/2019, effective 13.08.2019) (1) The competent authorities of the Member States concerned shall agree on and adopt a final decision to resolve the question in dispute within 6 months of notification of the opinion of the Advisory Commission or Alternative Dispute Resolution Commission.

(2) The opinion of the Advisory Commission or Alternative Dispute Resolution Commission, as the case may be, shall be binding on the competent authorities when taking a final decision only when the competent authorities fail to reach an agreement as to how to resolve the question in dispute within the time limit set out in paragraph 1.

(3) The competent authority shall notify the affected person, without delay, about the final decision on the resolution of the question in dispute. In the absence of such notification to the affected person (a tax resident in the Republic of Bulgaria) within 30 days of the decision having been taken, the affected person may file a request with the competent administrative court seeking an order for the competent authority to provide the affected person with the final decision.

(4) The final decision shall be enforceable by the affected person, subject to the affected person accepting the final decision, acknowledging the final resolution of the question in dispute by the final decision, and renouncing the right to any other remedy or complying with the conditions of decision enforcement according to an equivalent provision in the legislation of any other Member State concerned; the affected person shall do so within 60 days from the date of receiving the notification under paragraph 3.

(5) The final decision shall not be subject to appeal and shall be immediately implemented pursuant to this Code, irrespective of any limitation periods prescribed by law; this rule shall not apply where a competent court of a Member State concerned upholds that an independent expert failed to meet the independence conditions under Article 134h(5) or a similar provision in the legislation of a Member State concerned.

(6) The final decision to resolve the dispute shall be binding on the competent authority, as well as on all authorities and institutions, in respect of the question in dispute.

(7) Where the final decision has not been implemented by the competent revenue authority, the affected person may apply to the competent administrative court seeking an order to enforce the implementation upon the competent authority.

Implementation of a Final Decision on Resolving a Dispute

Article 134q. (New, SG No. 64/2019, effective 13.08.2019) (1) Where no audit instrument has been issued in respect of the question in dispute, the affected person shall submit a statement or a corrective statement under Article 104 within 3 months from the entry into force of the decision referred to in Article 134f or 134p. Persons who are not required to submit tax returns under the Corporate Income Tax Act or the Income Taxes on Natural Persons Act shall not submit such a statement.

(2) Where the affected person fails to submit a statement - or where the statement contradicts the decision (on the question in dispute) referred to in Article 134q or 134p - the revenue authority may issue an instrument under Article 107.

(3) Article 133(2)(6) shall apply to cases of an audit instrument issued in respect of the question in dispute which has not been appealed in a court of law.

(4) On the basis of a final decision on the question in dispute, the affected person may apply for offsetting or refunding within the time limit set out in paragraph 1 if this time limit expires after that set out in Article 129(1).

Publicity

Article 134r. (New, SG No. 64/2019, effective 13.08.2019) (1) The competent authorities may agree to publish the final decisions referred to in Article 134p (in their

entirety) in the central repository maintained by the European Commission, subject to obtaining consent of the affected person and the competent authorities of the other Member States concerned.

(2) Where a competent authority or affected person do not consent to publishing the final decision in its entirety, only an abstract of the final decision shall be published in the central repository. That abstract shall contain a general description of the question in dispute, the date, the tax periods involved, the legal basis, the industry sector, a short description of the final outcome, as well as a description of the method of arbitration used.

(3) The competent authority shall send the information under paragraph 2 to the affected person before its publication. No later than 60 days from the receipt of such information, the affected person may request the competent authorities not to publish information that concerns any trade, business, industrial or professional secret or trade process, or information that is contrary to public policy.

(4) The information under paragraphs 1 and 2 shall be published while using a standard form approved by the European Commission.

(5) The competent authority shall notify the European Commission, without delay, about the information to be published in accordance with paragraphs 2 and 3.

Competing Proceedings

Article 134s. (New, SG No. 64/2019, effective 13.08.2019) (1) Affected persons may use the procedures set out in this section, irrespective of any final decisions in respect of a question in dispute, except in cases of final court decisions which have entered into force.

(2) Reviewing a question in dispute in any procedure under this section shall not preclude the initiation or continuation of judicial, administrative or criminal proceedings relating to the question in dispute.

(3) Where a question in dispute is reviewed in judicial proceedings under paragraph 2, the complaint proceedings under Articles 134e and 134q shall be stayed until the court issues a final decision. Where litigation proceedings have been stayed or finalised by a decision other than a court decision, proceedings under this section shall be resumed, and the time limits set out in Article 134e(1) and (6) and Article 134f(1) and (2) shall commence from the date on which the decision has become final.

(4) Where judicial proceedings relating to the question in dispute referred to in paragraph 3 have been finalised by a final court decision, the competent authority shall notify the competent authorities of the other Member States concerned, and:

1. the mutual agreement procedure under Article 134f shall be terminated as from the date of notification to the competent authorities of the other Member States concerned, where the court decision is issued before an agreement has been reached on that question in dispute through the mutual agreement procedure under Article 134f;

2. the competent authority shall refuse to set up an Advisory Commission, where the court decision has been issued before the affected person has made a request for dispute resolution under Article 134g if the question in dispute had remained unresolved during the mutual agreement procedure under Article 134f;

3. the dispute resolution process administered by an Advisory Commission or Alternative Dispute Resolution Commission, as the case may be, shall be terminated, where the court decision was rendered after the submission of a request under Article 134g but before the Commission delivered its opinion to the competent authorities of the Member States concerned in accordance with Article 134o.

(5) Where criminal proceedings have commenced under paragraph 2 for any crime against the tax system pursuant to Articles 255 and 255a of the Criminal Code, the proceedings under this section shall be stayed until the criminal proceedings are finalised by a final decision. Where criminal proceedings have been finalised by a final

decision imposing a sanction for a crime under the preceding sentence, the competent authority shall notify the competent authorities of the other Member States concerned of that final decision, and the proceedings under this section shall be terminated; the competent authority shall hence refuse to set up an Advisory Commission.

(6) Any proceedings under this section shall also be terminated where the competent authority has been notified by a competent authority of another Member State concerned about the termination of the dispute resolution process on the basis of provisions in the legislation of that Member State concerned.

(7) The submission of a complaint under Article 134c shall put an end to any other ongoing dispute resolution proceedings under an agreement or another similar international treaty that is being interpreted or applied in relation to the relevant question in dispute; such other ongoing proceedings shall come to an end with effect from the date of the first receipt of the complaint by a competent authority of a Member States concerned.

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:

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

2. the said person is a beneficial owner of income from a source inside the Republic of Bulgaria;

3. the said person does not own a permanent establishment or a fixed base within the territory of the Republic of Bulgaria, to which 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.

Beneficial Owner of the Income

Article 136a. (New, SG No. 94/2010, effective 1.01.2011) (1) A non-resident persor shall be beneficial owner of the income in the cases when the said person:

1. has the right to dispose of the income and to decide on its use and to take up the whole risk, or a substantial part of it, resulting from the activity which generates the income, and

2. does not act as an income allocation company.

(2) An income allocation company is a company controlled by persons who would not be entitled to the same type and amount of reliefs if the income was realised by them directly and which does not engage in economic activities other than the ownership and/or administration of the rights or assets which generate the income; and the company:

1. does not have assets, capital or staff available to match its economic activities, or

2. has no control over the use of the rights and assets which generate the income

(3) [A company] is not a company for allocation of the income of a non-resident person where more than half of the voting shares thereof are traded on the regulated market.

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.

Steps 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 of the submission of the request referred to in Article 137, Paragraph (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, amended, SG No 108/2007) 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) (New, SG No. 108/2007) The opinion on lack of grounds for application of the CADT shall be appealable together with the audit instrument or the offsetting or refunding instrument referred to in Article 129 (2) herein, by means of which application of the CADT has been refused.

(6) (Amended, SG No. 105/2006, effective 1.01.2007, renumbered from Paragraph (5), amended, SG No. 108/2007) Regardless of the opinion referred to in Paragraph (1) and in the cases referred to in Article 142 herein, the lawful application of the CADT shall be subject to ex post control upon conduct of an audit, unless it has been appealed against separately.

Special Cases

Article 142. (1) (Amended, SG No. 105/2006, effective 1.01.2007, SG No. 108/2007 SG No. 14/2011, effective 15.02.2011) Where a payer charges to a non-resident person any income from a source within the country to an aggregate amount not exceeding BGN 500,000 annually, the circumstances covered under Article 136 herein shall be attested 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, SG No. 108/2007, SG No. 14/2011, effective 15.02.2011) In the cases referred to in Paragraph (1) where the aggregate amount of the income realized exceeds BGN 500,000 within the tax year, the grounds for application of the CADT in respect of the aggregate amount of income shall be attested 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.

(5) (New, SG No. 14/2011, effective 15.02.2011, supplemented, SG No 63/2017, effective 4.08.2017) When applying the special procedure under Paragraph 1 to certify the grounds for tax advantages under the CADT, the payer of income to foreign natural or legal persons, who is obliged to deduct and pay a final tax under the Income Taxes on Natural Persons Act or the Corporate Income Tax Act, shall disclose, by 31 March of the following year, the amount of income paid and tax advantages granted. The disclosure shall be made by submitting a return as per a template form approved by the executive director of the National Revenue Agency to the territorial directorate in which the payer of income has been registered, or is subject to registration. Where income is paid to more than five persons, the tax return shall be submitted only electronically in a format and under a procedure approved by an order of the Executive Director of the National Revenue Agency.

Section IIIa
(New, SG No. 94/2015, effective 1.01.2016)

Subsection I
(New, SG No. 94/2015, effective 1.01.2016)
General Provisions

Subject Matter

Article 142a. (New, SG No. 94/2015, effective 1.01.2016) (1) This section shall regulate the procedure for carrying out administrative cooperation through automatic exchange of financial information in the field of taxation with participating jurisdictions, the obligations of reporting financial institutions for the collection, the implementation of due diligence procedures, and the provision of the financial information.

(2) Automatic exchange of information shall mean systematic provision to a participating jurisdiction of the information specified in Article 142b, Paragraph (1) regarding persons, who are resident for tax purposes in that participating jurisdiction, without prior request, at pre-established intervals.

Scope of the Financial Information

Article 142b. (New, SG No. 94/2015, effective 1.01.2016) (1) Reporting financial institutions shall provide information regarding each account, satisfying the conditions of § 1a, Item 40 of the Supplementary Provisions, to the Executive Director of the National Revenue Agency. Such information shall include:

1. name / company name, address, participating jurisdiction of which the person is resident for tax purposes, taxpayer identification number, date and place of birth (if an individual) of each account holder who is a reportable person;

2. where the account holder is an entity which, after implementation of due diligence procedures, has been identified as a passive non-financial entity with one or more controlling persons, who are reportable persons: name, address, taxpayer identification number and participating jurisdiction or other jurisdiction of which the person is resident for tax purposes, as well as name, address, participating jurisdiction of which the person is resident for tax purposes, taxpayer identification number, date and place of birth of each controlling reportable person;

3. account number or, where there is no number, functional equivalent;

4. name and identification number of the reporting financial institution;

5. account balance or value, including, in the case of a cash value insurance contract or an annuity contract – the cash value or surrender value, as of the end of the calendar year or the date on which the account is closed;

6. in the event of a custodial account:

a) the total gross amount of interest, the total gross amount of dividends, and the total gross amount of other income generated with respect to the assets held in the account, in each case paid or credited to the account (or with respect to the account) during the calendar year, and

b) the total gross proceeds from the sale or redemption of financial assets paid or credited to the account during the calendar year, with respect to which the reporting financial institution acted as a custodian, broker, nominee, or otherwise as an agent for the account holder;

7. in the event of a deposit account: the total gross amount of interest paid or accrued (credited) into the account during the calendar year;

8. in the event of an account not specified in Item 6 or Item 7: the total gross amount paid or accrued into the account to the benefit of the account holder during the year, with regard to which amount the reporting financial institution has a liability, including the cumulative amount of amortisation payments to the account holder during the calendar year.

(2) Where a reportable person is resident for tax purposes in more than one participating jurisdiction, the information shall be provided separately with regard to each participating jurisdiction.

(3) The information provided shall contain the currency in which each amount is denominated.

(4) (Supplemented, SG No. 63/2017, effective 4.08.2017) Where the reporting financial institution does not have information on the identification number or the date of birth of a holder of a pre-existing account and was not obligated to collect such information hereunder or under another law, such information shall not be provided. If this is the case, the reporting financial institution shall obtain information regarding the taxpayer identification number or the date of birth of the account holder at the latest by the end of the second calendar year following the year in which the pre-existing account was identified as a reportable account.

(5) The provision of a taxpayer identification number shall not be required where no such number is issued by the jurisdiction of which a reportable person is resident for tax purposes.

(6) (Amended, SG No. 64/2019, effective 13.08.2019) The provision of information regarding the place of birth shall not be required if the reporting financial institution does not have such information and is not (or has not been) required to obtain it pursuant to other procedures.

(7) For the purposes of the Bulgaria – US Intergovernmental Agreement to improve international tax compliance and to implement the US Foreign Account Tax Compliance Act (FATCA), signed in Sofia on 5 December 2014, ratified with an Act of Parliament (SG No. 47/2015), hereinafter referred to as the "FATCA Agreement" where the reporting financial institution does not have information on the taxpayer identification number with respect to a pre-existing individual account, it shall be obligated to provide the date of birth of the account holder, and the information on the taxpayer identification number shall be obtained within the deadline stipulated in Paragraph (4).

(8) The reporting financial institution shall apply a due diligence procedure under the terms and according to the procedure established by this section in order to identify reportable accounts, as well as the non-participating financial institutions with regard to the payments to which information shall be provided.

(9) Reporting financial institutions (except for trusts), which are residents of two or more countries, shall apply due diligence procedures and shall submit information to the country in which the financial account is administered.

Deadline for Providing the Information

Article 142c. (New, SG No. 94/2015, effective 1.01.2016) (1) The information specified in Paragraph (1) of Article 142b shall be provided once a year, by electronic means, by 30 June in the year following the year to which it relates, according to a procedure and in a form approved by the Executive Director of the National Revenue Agency.

(2) Any reporting financial institution, which does not administer reportable accounts shall declare this within the time- limit specified in Paragraph (1).

(3) Reporting financial institutions shall provide the Executive Director of the National Revenue Agency with information about the names and the total amount of payments to each non-participating financial institution executed in 2015 and 2016. Such information shall be provided within the time- limit specified in Paragraph (1).

(4) Where a reporting financial institution executes to a non-participating financial institution a payment with a source in the United States of America, in connection with which a tax is withheld in accordance with Article 1, Paragraph 1, letter (dd) of the FATCA Agreement, or acts as a broker for such payment, the reporting financial institution shall notify the direct payer of the income of this circumstance.

(5) (Supplemented, SG No. 63/2017, effective 4.08.2017) The Executive Director of the National Revenue Agency shall perform automatic exchange of financial information with the competent authority of each participating jurisdiction with which there is an agreement. The information specified in Paragraph (1) of Article 142b shall be exchanged in a standardised electronic format no later than 30 September of the year following the year to which it relates.

List of Non-reporting Financial Institutions, Excluded Accounts and Participating Jurisdictions

Article 142d. (New, SG No. 94/2015, effective 1.01.2016) (1) The Executive Directo of the National Revenue Agency shall prepare a list of the entities that are considered non-reporting financial institutions under Item 12(c) of § 1a of the Supplementary Provisions and of the accounts that are considered excluded accounts under Item 39(g) of § 1a of the Supplementary Provisions.

(2) The list referred to in Paragraph (1) shall be approved by an order by the Executive Director of the National Revenue Agency, published on the website of the Agency and sent to the European Commission, which shall be notified of each subsequent change therein.

(3) The Executive Director of the National Revenue Agency shall publish a list of the participating jurisdictions in the website of the Agency.

Subsection II
(New, SG No. 94/2015, effective 1.01.2016)
Due Diligence Procedures

General Rules for Due Diligence

Article 142e. (New, SG No. 94/2015, effective 1.01.2016) (1) Reporting financial institutions shall consider each financial account as a reportable account from the date of its identification as such according to the due diligence procedures. Information about the account shall be provided on an annual basis during the calendar year succeeding the year to which such information relates, unless otherwise provided for in this Code.

(2) The account balance or value on the reportable account shall be determined as of the last day of the calendar year.

(3) The reporting financial institution can use a third party – supplier to discharge the obligations relating to the reporting and due diligence under this Section.

(4) In the cases referred to in Paragraph (3), the responsibility for the discharging of the obligations shall remain with the reporting financial institution, which shall have access to or have at its disposal the information and documentary evidence used for the due diligence.

(5) The reporting financial institution can apply the due diligence procedures for new accounts to pre-existing accounts, and the concessions applicable to pre-existing accounts shall continue to apply.

(6) The reporting financial institution can apply the due diligence procedures for high value accounts to lower value accounts.

Subsection III
(New, SG No. 94/2015, effective 1.01.2016)
Due Diligence for Individual Accounts

Due Diligence for Pre-existing Individual Accounts of Lower Value

Article 142f. (New, SG No. 94/2015, effective 1.01.2016) (1) The following procedures

shall be applied to identify a pre-existing individual account which is a lower value account:

1. (amended, SG No. 63/2017, effective 4.08.2017) reporting financial institutions which keep records of the last residence address of the account holder, collected on the basis of documentary evidence, may treat the account holder as being a resident for tax purposes of the jurisdiction in which the address is located, and based on it determine whether such account holder is a reportable person;

2. reporting financial institutions not applying the procedure under Item 1 must review electronically searchable data maintained by the reporting financial institution for any of the following indicia:

a) identification of the account holder as a resident for tax purposes of a participating jurisdiction;

b) (amended, SG No. 63/2017, effective 4.08.2017) current residence or mailing address (including a post office box) in a participating jurisdiction;

c) one or more telephone numbers in a participating jurisdiction and no telephone number in the Republic of Bulgaria;

d) standing instructions (other than with respect to a depository account) to transfer funds to an account maintained in a participating jurisdiction;

e) currently effective power of attorney granted to a person with an address in a participating jurisdiction;

f) a "hold mail" instruction or "in-care-of" address in a participating jurisdiction if the reporting financial institution does not have any other address on file for the account holder.

(2) If a reporting financial institution has relied on the residence address test described in Item 1 of Paragraph (1) and there is a change in circumstances that causes the reporting financial institution to know or have reason to know that the original documentary evidence (or other equivalent documentation) is no longer correct or reliable, the reporting financial institution must obtain a self-certification and new documentary evidence to establish the residence(s) for tax purposes of the account holder. The self-certification and new documentary evidence referred to in sentence one shall be received by the later of:

1. the last day of the relevant calendar year, or

2. 90 calendar days following the notice or discovery of such change in circumstances.

(3) If the reporting financial institution cannot obtain the self-certification and new documentary evidence by the time limit specified in Paragraph (2), the reporting financial institution must apply the electronic record search procedure described in Item 2 of Paragraph (1).

(4) For the purposes of the FATCA Agreement:

1. Item 1 of Paragraph (1) shall not apply;

2. the indicia referred to in Item 2 of Paragraph (1) shall also include identification of the account holder as a citizen of the United States of America and a place of birth in the United States of America;

3. in the review of the indicium referred to in Item 2 (c) of Paragraph (1), the absence of a telephone number in the Republic of Bulgaria shall not be taken into account;

4. in the review of the indicium referred to in Item 2 (d) of Paragraph (1), depository accounts shall not be excluded.

Effect of Finding Indicia

Article 142g. (New, SG No. 94/2015, effective 1.01.2016) (1) If the reporting financial institution does not discover any of the indicia listed in Item 2 of Article 142f, Paragraph (1) in the electronic search, then no further action is required until there is a change in circumstances that results in one or more indicia being associated with the account, or the account becomes a high value account.

(2) If the reporting financial institution discovers any of the indicia listed in Item 2 a) to e) of Article 142f, Paragraph (1) in the electronic search, or if there is a change in circumstances that results in one or more indicia being associated with the account, then the account holder must be treated as a resident for tax purposes of each participating jurisdiction for which an indicium is identified, unless where Article 142h applies.

(3) If the reporting financial institution discovers only the indicium referred to in Item 2 f) of Article 142f, Paragraph (1), it must apply a paper record search according to the procedure established by Item 2 of Article 142i, Paragraph (1) or seek to obtain from the account holder a self-certification or documentary evidence to establish the residence(s) for tax purposes of such account holder.

(4) (Supplemented, SG No. 63/2017, effective 4.08.2017) If the reporting financial institution fails to establish an indicium in the search under Paragraph (3) and does not receive a self-certification or a documentary evidence, the account shall be considered an undocumented account and be reported to the Executive Director of the National Revenue Agency.

(5) Each pre-existing individual account identified as a reportable account shall be regarded as a reportable account in each subsequent year, unless the account holder ceases to be a reportable person.

Exceptions upon the Discovery of Indicia

Article 142h. (New, SG No. 94/2015, effective 1.01.2016) (1) The reporting financial institution may not regard the account holder as a resident for tax purposes in a participating jurisdiction with regard to which an indicium is discovered, where:

1. the information regarding the account holder contains indicia under Item 2 b), c) or d) of Article 142f, Paragraph (1), and the reporting financial institution obtains or possesses the following documents:

a) self-certification from the account holder of the jurisdiction(s) in which he/she is resident for tax purposes, and

b) documentary evidence that the account holder is not a reportable person;

2. the information regarding the account holder contains the indicium under Item 2 e) of Article 142f, Paragraph (1), and the reporting financial institution obtains or possesses any of the following documents:

a) self-certification from the account holder of the jurisdiction(s) in which he/she is resident for tax purposes, or

b) documentary evidence that the account holder is not a reportable person.

(2) For the purposes of the FATCA Agreement, the reporting financial institution may not regard an account as a reportable account, where the information regarding the account holder contains a telephone number in the United States of America and a telephone number in another jurisdiction, or the indicium under Item 2 f) of Article 142f, Paragraph (1), and the reporting financial institution obtains or possesses any of the following documents:

a) self-certification from the account holder of the jurisdiction(s) in which he/she is resident for tax purposes;

b) documentary evidence that the account holder is not a reportable person.

(3) For the purposes of the FATCA Agreement, the reporting financial institution may not regard an account as a reportable account, where the information regarding the account holder contains a place of birth in the United States of America and the reporting financial institution obtains or possesses the following documents:

1. a self-certification from the account holder to the effect that he/she is not a citizen of the United States of America or a resident for tax purposes in the Unitec States of America;

2. passport or other official identification document according to which the account holder is a citizen of a country other than the United States of America;

3. copy of a certificate of loss of citizenship of the United States of America of

the account holder or explanation of:

a) the reason why the account holder does not have such certificate, regardless of giving up citizenship of the United States of America, or

b) the reason why the account holder has not acquired citizenship of the United States of America at the time of birth.

Enhanced Review Procedures for Pre-existing Individual High Value Accounts

Article 142i. (New, SG No. 94/2015, effective 1.01.2016) (1) The following enhanced procedures shall be applied to identify a pre-existing individual account which is a high value account:

1. the reporting financial institution must review electronically searchable data maintained thereby for each of the indicia specified in Item 2 of Article 142f, Paragraph (1);

2. the reporting financial institution must review the existing paper record of the client and the following documents obtained within the last five years for each of the indicia specified in Item 2 of Article 142f, Paragraph (1);

a) the most recent documentary evidence collected with respect to the account;

b) the most recent account opening contract or other documentation;

c) the most recent documentation obtained pursuant to the procedures for implementing the measures against money laundering and terrorist financing, defined in Item 50 of § 1a of the supplementary provisions, hereinafter referred to as "AML Procedures", or for other regulatory purposes;

d) any power of attorney currently in effect;

e) any standing instructions (other than with respect to a depository account) to transfer funds currently in effect.

3. the reporting financial institution may not review the paper record of the client, if the electronically searchable records of the institution include information regarding:

a) the jurisdiction in which the account holder is resident for tax purposes;

b) (amended, SG No. 63/2017, effective 4.08.2017) the account holder's last residence address and mailing address;

c) the account holder's telephone number(s) currently on file, if any;

d) any standing instructions (other than with respect to a depository account) to transfer funds from the account to another account;

e) any "in-care-of" address or "hold mail" instruction for the account holder;

f) any power of attorney for the account;

4. the reporting financial institution must treat as a reportable account any high value account (including any financial accounts aggregated with that high value account) if a relationship manager has actual knowledge that the account holder is a reportable person.

(2) If the reporting financial institution discovers none of the indicia listed in Item 2 of Article 142f, Paragraph (1) in the enhanced review, and the account is not identified as held by a reportable person, then further action is not required until there is a change in circumstances that results in one or more indicia being associated with the account.

(3) If the reporting financial institution discovers any of the indicia listed in Item 2 a) to e) of Article 142f, Paragraph (1) in the enhanced review, or if there is a subsequent change in circumstances that results in one or more indicia being associated with the account, then the reporting financial institution must provide information with respect to each participating jurisdiction for which an indicium is identified unless where Article 142h applies.

(4) If the reporting financial institution discovers only the indicium referred to in Item 2 f) of Article 142f, Paragraph (1) in the enhanced review, it must seek to obtain from the account holder a self-certification or documentary evidence to

establish the residence(s) for tax purposes of such account holder. If such self-certification or documentary evidence is not obtained, the account shall be considered an undocumented account and be reported to the Executive Director of the National Revenue Agency.

(5) The reporting financial institution shall complete the enhanced review procedures for an account which was not a high value account, but becomes a high value account as of the last day of a subsequent calendar year, within six months of the last day of the calendar year in which the account becomes a high value account. Information regarding such account shall be provided with respect to the year in which it was identified as a reportable account and with respect to subsequent years, unless the account holder ceases to be a reportable person.

(6) Once a reporting financial institution applies the enhanced review procedures to a high value account, it is not required to reapply such procedures each subsequent year, except for the relationship manager inquiry referred to in Paragraph (5). If the account is undocumented, the reporting financial institution shall reapply the enhanced review procedures annually until the account ceases to be undocumented.

(7) If there is a change of circumstances with respect to a high value account that results in one or more indicia described in Item 2cof Article 142f, Paragraph (1), then the reporting financial institution must treat the account as a reportable account with respect to each participating jurisdiction for which an indicium is identified unless where Article 142h applies.

(8) A reporting financial institution must implement procedures to ensure that a relationship manager is capable of identifying any change in circumstances of an account.

Pre-existing Individual Accounts with Regard to Which No Due Diligence is Performed

Article 142j. (New, SG No. 94/2015, effective 1.01.2016) (1) For the purposes of the FATCA Agreement, reporting financial institutions shall be allowed not to implement due diligence procedures and not report with regard to the following pre-existing individual accounts:

1. a pre-existing individual account with a balance or value not exceeding the BGN equivalent of USD 50,000 as of 30 June 2014;

2. a cash value insurance contract or an annuity contract with a balance or value equal to or lower than the BGN equivalent of USD 250,000 as of 30 June 2014;

3. a deposit account with a balance equal to or lower than the BGN equivalent of USD 50,000 as of 30 June 2014.

(2) Paragraph (1) shall apply to all accounts or to an identified group of accounts.

Due Diligence for New Individual Accounts

Article 142k. (New, SG No. 94/2015, effective 1.01.2016) (1) Upon opening of a new individual account, the reporting financial institution must obtain a self-certification, which may be part of the account opening documentation, that allows the reporting financial institution to determine the account holder's residence(s) for tax purposes and confirm the reasonableness of such self-certification based on the information obtained in connection with the opening of the account, including any documentation collected pursuant to AML Procedures.

(2) For the purposes of the FATCA Agreement, reporting financial institutions shall be allowed not to implement due diligence procedures and not report with regard to the following new individual accounts:

1. a deposit account with a balance lower than the BGN equivalent of USD 50,000 as of the end of each calendar year;

2. a cash value insurance contract the cash value of which does not exceed the BGN equivalent of USD 50,000 as of the end of each calendar year.

(3) The reporting financial institution shall implement the due diligence procedures referred to in Paragraph (1) within 90 days of the end of the calendar year, in which the account ceases to satisfy the conditions specified in Paragraph (2).

(4) Paragraph (2) shall apply to all accounts or to an identified group of accounts.

(5) If, based on the self-certification refered to in Paragraph (1), the reporting financial institution establishes that the account holder is a resident for tax purposes in a participating jurisdiction, it shall treat the account as a reportable account.

(6) A citizen of the United States of America shall be considered resident for tax purposes in the United States of America even where he/she is also a resident for tax purposes in another jurisdiction.

(7) (Amended, SG No. 63/2017, effective 4.08.2017) If there is a change of circumstances with respect to a new individual account, and the reporting financial institution knows, or has reason to know, that the original self-certification is incorrect or unreliable, the reporting financial institution cannot rely on the original self-certification and must obtain a valid self-certification that establishes the residence(s) for tax purposes of the account holder. If the reporting financial institution does not receive a valid self-certification, it shall deem the account is an account for which information shall be provided to each participating jurisdiction for which an indicium is identified that the account holder may be resident for tax purposes as a result of a change in circumstances, and to the participating jurisdiction stated in the original self-certification.

Subsection IV
(New, SG No. 94/2015, effective 1.01.2016)
Due Diligence for Entity Accounts

Pre-existing Entity Accounts with Regard to Which No Due Diligence is Performed

Article 142l. (New, SG No. 94/2015, effective 1.01.2016) (1) Reporting financial institutions shall be allowed not to implement due diligence procedures and not report with regard to pre-existing entity accounts with an aggregate account balance or value that does not exceed, as of 31 December 2015, the BGN equivalent of USD 250,000

(2) For the purposes of the FATCA Agreement, the aggregate account balance or value under Paragraph (1) shall be determined as of 30 June 2014.

(3) Paragraphs (1) and (2) shall apply to all accounts or to an identified group of accounts.

(4) Where the aggregate balance or value of a pre-existing entity account exceeds the BGN equivalent of USD 250 000 as of the last day of any subsequent calendar year, the reporting financial institution shall perform due diligence according to the procedure established by Article 142m.

(5) For the purposes of the FATCA Agreement, the aggregate balance or value under Paragraph (4) shall exceed the BGN equivalent of USD 1,000,000.

Due Diligence for Pre-existing Entity Accounts

Article 142m. (New, SG No. 94/2015, effective 1.01.2016) (1) A reporting financial institution must determine whether a pre-existing entity account, with regard to which Paragraphs (1) and (2) of Article 142l have not been applied, is held by one or more entities, which are reportable persons, or by a passive non-financial entity with one or more controlling persons who are reportable persons, by applying the procedures described in Paragraphs (2) and (3).

(2) Determining whether the entity is a reportable person:

1. (supplemented, SG No. 64/2019, effective 13.08.2019) the reporting financial institution shall review information maintained for regulatory or customer

communication purposes (including information collected pursuant to AML procedures) to determine the jurisdiction in which the account holder is resident for tax purposes; to this end, the information indicating that the account holder is a resident of a jurisdiction shall also include a place of establishment/incorporation or an address in that jurisdiction;

2. if the information indicates that the account holder is resident for tax purposes in a participating jurisdiction, the reporting financial institution must treat the account as a reportable account unless it obtains a self-certification from the account holder, or reasonably determines based on information in its possession or that is publicly available that the account holder is not a reportable person.

(3) Determining whether the entity is a passive non-financial entity with one or more controlling persons who are reportable persons:

1. the reporting financial institution must determine whether the account holder (including an entity which is a reportable person) is a passive non-financial entity with one or more controlling persons who are reportable persons, applying the following checks:

a) the reporting financial institution must obtain a self-certification from the account holder to establish whether it is a passive non-financial entity, unless it has information in its possession or that is publicly available, based on which it can determine that the account holder is an active non-financial entity and is not a financial institution under Item 47(b) of § 1a of the Supplementary Provisions from a non-participating jurisdiction; where the reporting financial institution cannot reasonably determine whether the account holder is an active non-financial entity, it shall assume that such account holder is a passive non-financial entity;

b) for the purposes of determining the controlling persons of an account holder, a reporting financial institution may rely on information collected and maintained pursuant to AML procedures;

c) for the purposes of determining whether a controlling person of a passive non-financial entity is a reportable person, a reporting financial institution may rely on:

aa) information collected and maintained pursuant to AML procedures, where the account has an aggregate account balance or value that does not exceed the BGN equivalent of USD 1,000,000;

bb) a self-certification from the account holder or such controlling person of the jurisdiction(s) in which the controlling person is resident for tax purposes;

d) (new, SG No. 63/2017, effective 4.08.2017) if the reporting financial institution does not receive the self-certification under littera "c", sub-littera "bb", it shall apply the procedures for due diligence under Item 2 of Article 142f, Paragraph (1) to determine whether the controlling persons are reportable persons;

e) (new, SG No. 63/2017, effective 4.08.2017) if the reporting financial institution does not discover any of the indicia listed in Item 2 of Article 142f, Paragraph (1) in its records, then no further action is required until there is a change in circumstances that results in one or more indicia being associated with the controlling persons;

2. if any of the controlling persons of a passive non-financial entity is a reportable person, then the reporting financial institution must treat the account as a reportable account.

(4) The reporting financial institution shall implement the due diligence procedures referred to in this Article within 6 months of the end of the calendar year, in which the account ceases to satisfy the conditions specified in Article 142l.

(5) (Amended, SG No. 63/2017, effective 4.08.2017) If there is a change of circumstances with respect to a pre-existing entity account that causes the reporting financial institution to know, or have reason to know, that the self-certification or other documentation associated with the account is incorrect or unreliable, the reporting financial institution must re-determine the status of the account in

accordance with the procedure set out in Paragraphs (6) – (8) within the later of the two dates:

1. (new, SG No. 63/2017, effective 4.08.2017) the last day of the respective calendar year, or

2. (new, SG No. 63/2017, effective 4.08.2017) ninety calendar days from the notice or discovery of a change of circumstances.

(6) (New, SG No. 63/2017, effective 4.08.2017, amended, SG No. 92/2017 effective 21.11.2017) To determine whether the entity is a reportable person, the reporting financial institution shall receive a new self-certification or explanations and documents supporting the reliability of the original self-certification or documents and shall preserve a copy thereof. Where the reporting financial institution fails to receive a self-certification or to confirm the reliability of the original self-certification or documents, the account holder shall be deemed to be a person in respect whereof information is provided to each jurisdiction for which an indicium is identified that the said person is a resident for tax purposes, and to the jurisdiction specified in the original self-certification.

(7) (New, SG No. 63/2017, effective 4.08.2017) To determine whether the entity is a financial institution, an active non-financial entity or passive non-financial entity, the reporting financial institution shall receive additional documents or a self-certification to determine the status of the account holder. Where the reporting financial institution fails to receive additional documents or a self-certification, the account holder shall be deemed a passive non-financial entity.

(8) (New, SG No. 63/2017, effective 4.08.2017, amended, SG No. 92/2017 effective 21.11.2017) To determine whether any of the controlling persons of a passive non-financial entity is a reportable person, the reporting financial institution shall receive a new self-certification or explanations and documents supporting the reliability of the original self-certification or documents and shall preserve a copy thereof. Where the reporting financial institution fails to receive a self-certification or to confirm the reliability of the original self-certification or documents, it shall apply the procedure under Item 2 of Article 142f, Paragraph (1) to determine whether the controlling persons are reportable persons.

Account with a Holder Who is a Non-participating Financial Institution

Article 142n. (New, SG No. 94/2015, effective 1.01.2016) For the purposes of the FATCA Agreement, the reporting financial institution must determine whether a pre-existing entity account has an account holder that is a non-participating financial institution, by applying the following procedures:

1. the reporting financial institution must review information maintained for regulatory or customer relationship purposes (including information collected pursuant to AML procedures) to determine whether the account holder is a financial institution;

2. the reporting financial institution must check the global identification number of a broker of the financial institution in the list published by the Internal Revenue Service of the United States of America, or other information in its possession or that is publicly available, to determine whether the account holder is a Bulgarian financial institution, a financial institution of a partner jurisdiction or a foreign financial institution which is not regarded as non-participating financial institution; if this is the case, no further due diligence and reporting on the account is required;

3. in all other cases, the reporting financial institution must obtain a self-certification from the financial institution to determine its status and whether it needs to provide information about the aggregate payments to such financial institution in accordance with the procedure established by Article 142c, Paragraph (3);

4. where the account holder is a non-participating financial institution, including a Bulgarian financial institution or a financial institution of a partner jurisdiction treated by the Internal Revenue Service of the United States of America

as a non-participating financial institution, the reporting financial institution shall provide information about the aggregate payments into the account in accordance with the procedure established by Article 142c, Paragraph (3).

Due Diligence for New Entity Accounts

Article 142o. (New, SG No. 94/2015, effective 1.01.2016) (1) A reporting financial institution must determine whether a new entity account is held by one or more entities, which are reportable persons, or by a passive non-financial entity with one or more controlling persons who are reportable persons, by applying the procedures described in Paragraphs (2) and (3).

(2) Determining whether the entity is a reportable person:

1. upon opening of a new entity account, the reporting financial institution must obtain a self-certification, which may be part of the account opening documentation, that allows the reporting financial institution to determine the jurisdiction(s) of which the account holder is resident for tax purposes and confirm the reasonableness of such self-certification based on the information obtained in connection with the opening of the account, including any documentation collected pursuant to AML Procedures;

2. if the entity certifies that it has no residence for tax purposes, the reporting financial institution may rely on the address of the principal office of the entity to determine the residence of the account holder;

3. if the self-certification indicates that the account holder is resident for tax purposes in a participating jurisdiction, the reporting financial institution must treat the account as a reportable account unless it reasonably determines, based on information in its possession or that is publicly available, that the account holder is not a reportable person with regard to this jurisdiction.

(3) Determining whether the entity is a passive non-financial entity with one or more controlling persons who are reportable persons:

1. the reporting financial institution must determine whether the account holder (including an entity which is a reportable person) is a passive non-financial entity with one or more controlling persons who are reportable persons, applying the following checks:

a) the reporting financial institution must obtain a self-certification from the account holder to establish whether it is a passive non-financial entity, unless it has information in its possession or that is publicly available, based on which it can determine that the account holder is an active non-financial entity and is not a financial institution under Item 47(b) of § 1a of the Supplementary Provisions from a non-participating jurisdiction; where the reporting financial institution cannot reasonably determine whether the account holder is an active non-financial entity, it shall assume that such account holder is a passive non-financial entity;

b) for the purposes of determining the controlling persons of an account holder, a reporting financial institution may rely on information collected and maintained pursuant to AML procedures;

c) for the purposes of determining whether a controlling person of a passive non-financial entity is a reportable person, a reporting financial institution must rely on the self-certification from the account holder or the controlling person;

2. if any of the controlling persons of a passive non-financial entity is a reportable person, then the reporting financial institution must treat the account as a reportable account.

(4) For the purposes of the FATCA Agreement, the reporting financial institution must determine whether a new entity account has an account holder that is a non-participating financial institution by applying the following procedures:

1. the reporting financial institution must check the global identification number of a broker of the financial institution in the list published by the Internal Revenue Service of the United States of America, or other information in its

possession or that is publicly available, to determine whether the account holder is a Bulgarian financial institution or a financial institution of a partner jurisdiction; if this is the case, no further due diligence and reporting on the account is required;

2. in all other cases, the reporting financial institution must obtain a self-certification from the financial institution to determine its status and whether it needs to provide information about the aggregate payments to such financial institution in accordance with the procedure established by Article 142c, Paragraph (3);

3. where the account holder is a non-participating financial institution, including a Bulgarian financial institution or a financial institution of a partner jurisdiction treated by the Internal Revenue Service of the United States of America as a non-participating financial institution, the reporting financial institution shall provide information about the aggregate payments into the account in accordance with the procedure established by Article 142c, Paragraph (3).

(5) For the purposes of the FATCA Agreement, the reporting financial institution shall be allowed not to implement due diligence and not to report on new entity accounts, which are credit card accounts or revolving facility agreements, provided that the reporting financial institutions adopts policies and procedures that do not allow the account balance to exceed the BGN equivalent of USD 50,000.

(6) Paragraph (5) shall apply to all accounts or to an identified group of accounts.

(7) (New, SG No. 63/2017, effective 4.08.2017) If there is a change of circumstances with respect to a new account of an entity, which account causes the reporting financial institution to know, or have reason to know, that the self-certification or other documentation associated with the account is incorrect or unreliable, the reporting financial institution must re-determine the status of the account in accordance with the procedures established by Paragraphs (5) – (8) of Article 142m.

Subsection V
(New, SG No. 94/2015, effective 1.01.2016)
Special Due Diligence Rules

Special Due Diligence Rules

Article 142p. (New, SG No. 94/2015, effective 1.01.2016) (1) A reporting financial institution may not rely on a self-certification or documentary evidence if the reporting financial institution knows or has reason to know that the self-certification or documentary evidence is incorrect or unreliable.

(2) (Amended and supplemented, SG No. 63/2017, effective 4.08.2017) A reporting financial institution may presume that an individual beneficiary (other than the owner/insurer) of a cash value insurance contract or an annuity contract receiving a death benefit is not a reportable person unless the reporting financial institution has actual knowledge, or reason to know, that such individual beneficiary is a reportable person. The reporting financial institution has a reason to know that the natural person is a person in respect whereof information is provided, if the collected information contains an indicium under Item 2 of Article 142f, Paragraph (1). Where the reporting financial institution knows or has reason to know that the natural person is a reportable person, it shall apply the due diligence procedures under Article 142f or Article 142k.

(3) A reporting financial institution shall be allowed not to report on a group cash value insurance contract or group annuity contract until the date on which an amount is payable to the employee/certificate holder or beneficiary, if the following requirements are met:

1. the group cash value insurance contract or group annuity contract is concluded with an employer in its capacity as insurer and covers 25 or more insured

employees;

2. the insured employee is entitled to receive a contract value or payment related to their interests and to name beneficiaries for the benefit payable upon the employee's death;

3. the aggregate amount payable to any insured employee or beneficiary does not exceed the BGN equivalent of USD 1,000,000.

Account Balance Aggregation and Currency Rules

Article 142q. (New, SG No. 94/2015, effective 1.01.2016) (1) A reporting financial institution shall apply the following account balance aggregation and currency rules:

1. for purposes of determining the aggregate balance or value of financial accounts held by an individual, the reporting financial institution shall aggregate all financial accounts maintained by it or by a related entity, but only to the extent that the reporting financial institution's computerised system links the accounts and allows aggregation;

2. for purposes of determining the aggregate balance or value of financial accounts held by an entity, the reporting financial institution shall aggregate all financial accounts maintained by it or by a related entity, but only to the extent that the reporting financial institution's computerised system links the accounts and allows aggregation;

3. for purposes of determining the aggregate balance or value of financial accounts and to determine whether a financial account is a high value account, a reporting financial institution shall aggregate all financial accounts with regard to which a responsible relationship manager knows, or has reason to know, that they are directly or indirectly owned, controlled, or established (other than in a fiduciary capacity) by the same account holder.

4. for the purposes of implementing the aggregation requirements under this Article, the entire balance or value of a financial account with two or more account holders shall be taken into account with respect to each account holder of such financial account;

5. financial account balances or values denominated in BGN and other currencies shall be translated into BGN and aggregated, and the result obtained shall be translated in USD; the calculations under this Paragraph shall be made using the latest published exchange rate of the Bulgarian National Bank for the previous calendar year.

(2) (Repealed, SG No. 63/2017, effective 4.08.2017).

(3) For the purposes of the FATCA Agreement, a reporting financial institution may use any alternative procedure stipulated in Annex I to the FATCA Agreement, or any definition applicable according to Article 4, Paragraph (7) of the FATCA Agreement, provided that this will not interfere with the purposes of this Code and after notifying the Executive Director of the National Revenue Agency.

Subsection VI
(New, SG No. 94/2015, effective 1.01.2016)
Collecting of Information

Opening of New Accounts

Article 142r. (New, SG No. 94/2015, effective 1.01.2016) (1) Upon opening an account with a declaration from the account holder, the reporting financial institution shall collect information which allows it to implement the due diligence procedures and determine whether the account holder is a reportable person, as follows:

1. with regard to an individual financial account:

a) name;

b) residence address;

c) date and place of birth;

d) each jurisdiction in which the individual is resident for tax purposes;

e) taxpayer identification number for each jurisdiction in which the individual is resident for tax purposes;

f) each nationality of the person;

g) obligation to notify in the event of a change in circumstances;

h) liability for making a false declarations;

i) confirmation of having been notified that the information under Article 142b, Paragraph (1) may be subject to automatic exchange of financial information;

j) date and signature of the person;

2. with regard to an entity financial account:

a) name;

b) address;

c) taxpayer identification number for each jurisdiction in which the person is resident for tax purposes;

d) each jurisdiction in which the person is resident for tax purposes;

e) determining whether the entity is an American person;

f) determining whether the entity is a financial institution, and its status;

g) determining whether the entity is regularly traded on an established securities market, or is a related entity to such entity;

h) determining whether the entity is a governmental entity, international organisation or central bank;

i) determining whether the entity is an active or passive non-financial entity;

j) where the entity is a passive non-financial entity, the name, address, date and place of birth and taxpayer identification number of each controlling person, and the functions of each controlling person;

k) obligation to notify in the event of a change in circumstances;

l) liability for making a false declarations;

m) confirmation of having been notified that the information under Article 142b, Paragraph (1) may be subject to automatic exchange of financial information;

n) information regarding the person signing the self-certification on behalf of the entity;

o) date and signature.

(2) The reporting financial institution may also rely on the declaration under Paragraph (1) when applying the due diligence procedures for pre-existing accounts.

(3) (New, SG No. 63/2017, effective 4.08.2017) Upon the opening of a new account of an individual or an entity, the reporting financial institution may use a self-certification from the said individual/entity obtained according to the procedure established by Articles 142k and 142o, unless the reporting financial institution knows or has reason to know that the self-certification is incorrect or unreliable. Upon a change in the circumstances the reporting financial institution shall require a new self-certification from the person for each account.

(4) (Renumbered from Paragraph (3), SG No. 63/2017, effective 4.08.2017) The Executive Director of the National Revenue Agency shall endorse a standard form of the declaration referred to in Paragraph (1), which can be used by reporting financial institutions.

(5) (Renumbered from Paragraph (4), SG No. 63/2017, effective 4.08.2017) Compliance with the requirements specified in Paragraph (1) and (2) shall not release the financial institution from the performance of the obligations under the Measures against Money Laundering Act and the Measures against the Financing of Terrorism Act.

Subsection VII

(New, SG No. 94/2015, effective 1.01.2016)
Confidentiality of Information and Personal Data Protection

Confidentiality of Information

Article 142s. (New, SG No. 94/2015, effective 1.01.2016) (1) The information exchanged with competent authorities of participating jurisdictions according to the procedures established by Article 142c, Paragraph (5) shall be tax and social-insurance information within the meaning of Article 72.

(2) Information received from competent authorities of participating jurisdictions according to the procedures established by Article 142c, Paragraph (5) may only be used:

1. (supplemented, SG No. 63/2017, effective 4.08.2017) for the purposes of establishing tax obligations and application of the relevant tax legislation;

2. for the purpose of establishing and collecting compulsory social insurance contributions and other public debts under Article 269a, Paragraph (1);

3. in the course of administrative and court proceedings relating to imposing penalties for infringements of tax law;

4. for purposes other than those specified in Items 1 to 3 above, when the competent authority of the participating jurisdiction which provided the information has permitted the use, provided that in the corresponding participating jurisdiction the information concerned can be used for such purposes.

(3) Outside the cases specified in Items 3 and 4 of Paragraph (2), such information may not be disclosed to third parties.

(4) The Executive Director of the National Revenue Agency shall define the terms, conditions and procedure for access to and use of the information by the authorities and employees of the Agency.

Personal Data Protection

Article 142t. (New, SG No. 94/2015, effective 1.01.2016) (1) (Amended, SG No 17/2019) For the purposes of automatic exchange of financial information, the following shall maintain filing systems within the meaning of Article 4(6) of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 Apri 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) (OJ, L 119/1 of 4.5.2016), hereinafter referred to as "Regulation (EU) 2016/679", in the capacity as personal data controllers:

1. the Executive Director of the National Revenue Agency;

2. the reporting financial institutions.

(2) (Amended, SG No. 17/2019) Personal data shall be processed for the purposes of automatic exchange of financial information by automatic means, in compliance with the requirements for personal data protection and the international agreements to which the Republic of Bulgaria is a party.

(3) (Amended, SG No. 17/2019) The Executive Director of the National Revenue Agency and the reporting financial institutions shall take appropriate technical and organisational measures to protect data and shall set deadlines for conducting periodic reviews on the accuracy, adequacy and relevance of the data in relation to the purposes for which they were collected.

(4) (Amended, SG No. 17/2019) The Executive Director of the National Revenue Agency and the reporting financial institutions shall process personal data in the course of automatic exchange of financial information in compliance with the requirements for personal data protection.

(5) (Amended, SG No. 17/2019) Prior to providing the information specified in Article 142b, Paragraph (13) to the Executive Director of the National Revenue Agency, reporting financial institutions shall notify the natural persons concerned of

the automated data processing and shall provide such persons with the information specified in Article 13 of Regulation (EU) No. 2016/679.

(6) (Amended, SG No. 17/2019) Pursuant to the personal data protection requirements, each natural person, information with regard to whom is processed in accordance with Article 142b, Paragraph (1), shall have the right to access to, correction, deletion or restricting of the processing of the personal data related thereto, and to request the Executive Director of the National Revenue Agency to notify the participating jurisdictions to which his/her personal data were disclosed of such deletion, correction or restricting made, except where this proves impossible or involves a disproportionate effort.

(7) (Amended, SG No. 17/2019) Data controllers specified in Paragraph (1) shall deny access to personal data processed for the purposes of automatic exchange in the cases specified in item 5 of Article 37a (1) of the Personal Data Protection Act.

(8) (Amended, SG No. 17/2019) The Executive Director of the National Revenue Agency shall provide the data specified in Article 142b, Paragraph (1) to participating jurisdictions while observing the requirements for transfers of personal data to third countries or international organisations.

(9) (Amended, SG No. 17/2019) The Commission for Personal Data Protection shall ensure the protection of individuals in the processing of and access to their personal data for the purposes of the automatic exchange of financial information, as well as the control on observation of the requirements for personal data protection. In the course of exercising control powers, data controllers specified in Paragraph (1) shall be obliged to cooperate with the Commission for Personal Data Protection in the exercise of its powers.

(10) The Executive Director of the National Revenue Agency and the reporting financial institutions shall inform each natural person, with regard to whom information specified in Article 142b, Paragraph (1) is exchanged, of any breach of security relating to his/her data, where such brach may adversely affect the protection of his/her personal data or his/her personal life.

Subsection VIII
(New, SG No. 94/2015, effective 1.01.2016)
Rules for Effective Implementation

Rules against Circumvention of the Implementation of Due Diligence

Article 142u. (New, SG No. 94/2015, effective 1.01.2016) (1) A reporting financial institution and/or any other persons shall not close transactions and/or implement practices aimed at circumventing the implementation of due diligence and the reporting in accordance with this Section.

(2) If a reporting financial institution or another person closes a transaction and/or implements any practices referred to in Paragraph (1), such transactions and/or practices shall not be taken into consideration for the purposes of the implementation of due diligence and reporting under this Code.

(3) A reporting financial institution and/or an account holder shall not perform actions aimed at reducing the account balance or value at the end of the corresponding calendar year, provided that these actions are performed solely to benefit of the exceptions specified in Article 142j, Paragraph (1), Article 142k, Paragraph (2), Article 142l, Paragraphs (1) and (2) and Article 142o, Paragraph (5). If such actions are performed, they shall not be taken into consideration by the reporting financial institution.

Retention of Information

Article 142v. (New, SG No. 94/2015, effective 1.01.2016) (1) The reporting financial institution shall retain the information specified in Article 142b, Paragraph (1),

information regarding the due diligence actions undertaken, and all declarations, self-certifications, documentary evidence or document used to establish the status of the account holder.

(2) The reporting financial institution shall retain the information referred to in Paragraph (1) for a period of not less than five years after the end of the calendar year in which the account was closed.

Reviews of Non-reporting Financial Institutions and Excluded Accounts

Article 142w. (New, SG No. 94/2015, effective 1.01.2016) Once in every three years the Executive Director of the National Revenue Agency shall perform a review of the non-reporting financial institutions and excluded accounts, included in the list referred to in Article 142d, Paragraph (1), submitted to the European Commission in accordance with Article 142d, Paragraph (2).

Consequences of Refusal to Submit Declarations/Self-certifications and/or Documentary Evidence

Article 142x. (New, SG No. 94/2015, effective 1.01.2016) (1) Reporting financial institutions shall not open new accounts to persons who/which refuse to submit declarations/self-certifications and/or documentary evidence and this results in an inability of the reporting financial institution to fulfil its obligations for implementation of due diligence and reporting under this Section.

(2) Reporting financial institutions may close a financial account if the account holder refuses to submit a declaration/self-certification or documentary evidence and this results in an inability of the reporting financial institution to fulfil its obligations for implementation of due diligence and reporting under this Code.

(3) Reporting financial institutions shall not develop or modify their information systems in a way that does not allow the financial accounts of an account holder, maintained by the institution or a related entity, to be linked.

Quality Control of the Reported Information

Article 142y. (New, SG No. 94/2015, effective 1.01.2016, supplemented, SG No 63/2017, effective 4.08.2017) The Executive Director of the National Revenue Agency shall analyse and control from time to time the rules for the due diligence implementation, the results of the due diligence, the provision of information and the quality of the provided information and shall issue mandatory prescriptions to the reporting financial institutions.

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, SG No. 109/2013 effective 1.01.2014, SG No. 63/2017, effective 4.08.2017, amended and supplemented, SG No. 92/2017, effective 21.11.2017, amended, SG No. 15/2018 effective 16.02.2018) Upon receipt of a request for exchange of information under Paragraph (1) from another State and on the basis of reciprocity, the Minister of Finance or a person authorised thereby may request from the insurer to disclose an insurance secret within the meaning given by Article 149, Paragraph (1) of the Insurance Code and may approach the court for disclosure of a bank secret within the meaning given by Article 62 of the Credit Institutions Act, a secret within the meaning given by Paragraph (2) of Article 90 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 cash 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 Administrative Cooperation with Member States of the European Union in the Field of Taxes
(Heading amended, SG No. 82/2012, effective 1.01.2013)

Subject Matter

Article 143a. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) (Amended, SG No. 63/2017, effective 4.08.2017) This section regulates the rules on administrative cooperation via exchange of information, including the exchange of information by electronic means, with Member States of the European Union, in respect whereof it can be assumed that it is relevant for establishing tax obligations referred to in Article 143b and for applying the legislation regarding such taxes.

(2) This section shall also regulate the rules on the cooperation with the European Commission on matters concerning coordination and evaluation of administrative cooperation under paragraph 1.

(3) The rules laid down in this section shall not affect the application of the procedure for mutual assistance in criminal matters. It shall also be without prejudice to the fulfilment of additional obligations in the field of administrative cooperation with Member States of the European Union ensuing from international agreements to which the Republic of Bulgaria is a party.

Scope

Article 143b. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) The procedure set out in this section shall govern any administrative cooperation in terms of taxes, including local taxes established by EU Member States.

(2) The provisions laid down in this section shall not apply to:

1. (amended, SG No. 58/2016) value added tax, customs duties and excise duty;

2. compulsory contributions;

3. fees collected for certificates and other documents issued by state and local authorities;

4. contractual receivables, including remuneration under contracts for services of general interest.

Competent Authority

Article 143c. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) The Executive Director of the National Revenue Agency or officials authorised by him shall be the persons competent to engage in administrative cooperation with the competent authorities of the EU Member States concerning taxes under Article 143b.

(2) The Executive Director of the National Revenue Agency shall issue an order designating a unit within the National Revenue Agency which will liaise with other EU Member States in the field of administrative cooperation, act as a requested authority or requesting authority, respectively, within the territory of Bulgaria, and assume responsibility for contacts with the European Commission.

Types of Administrative Cooperation

Article 143d. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) Under this section, administrative cooperation shall be carried out by:

1. exchange of information on request;

2. automatic exchange of information;

3. spontaneous exchange of information;

4. request for service;

5. presence and participation in administrative proceedings;

6. simultaneous controls and audits.

(2) Exchange of information on request means the exchange of information based on a request made by a requesting authority of an EU Member State to a requested authority of another EU Member State in a specific case.

(3) (Supplemented, SG No. 94/2015, effective 1.01.2016) Automatic exchange of information means the systematic communication to another EU Member State of predefined information about residents of this Member State, without prior request, at pre-established regular intervals.

(4) (Amended, SG No. 63/2017, effective 4.08.2017) Spontaneous exchange of information means the exchange of information where EU Member States provide to each other, at their own initiative, information under Paragraph (1) of Article 143a.

Exchange of Information on Request from Local Requesting Authorities

Article 143e. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) (Amended, SG No. 63/2017, effective 4.08.2017) The local requesting authority may contact a requested authority of another EU Member State for the provision of information under Paragraph (1) of Article 143a.

(2) (Supplemented, SG No. 63/2017, effective 4.08.2017) The request under Paragraph (1) and all related documents shall be sent by electronic means, if possible, via the CCN network and using a standard form.

(3) Requests under paragraph 1 shall contain at least:

1. the personal or company name, as applicable, of the auditee;

2. the purpose underlying the request for information.

(4) Requests under paragraph 1 may also include:

1. the personal or company name and address, as applicable, of any person who is believed to have the information requested;

2. other data that might facilitate the requested authority of another EU Member State to collect the necessary information;

3. a reasoned request for the initiation of specific administrative proceedings;

4. a request for the provision of original documents, provided that the national legislation of the requested EU Member State does not preclude it.

(5) Requests under paragraph 1 may be supported by reports, statements or other documents, including standard or certified copies thereof, which shall be sent by electronic means.

(6) Each request and the documents enclosed with it shall be sent by the local requesting authority in a language agreed upon by the requesting authority and the other EU Member State concerned. By exception, the request shall be accompanied by a translation in the official language or in one of the official languages of the requested EU Member State if the latter has submitted a reasoned request for such a translation.

Exchange of Information on Request from Requesting Authorities of Another EU Member State

Article 143f. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) (Amended, SG No. 63/2017, effective 4.08.2017) At the request of another EU Member State the local requested authority shall provide information under Paragraph (1) of Article 143a.

(2) The local requested authority shall accept the request for information and the documents enclosed with it in any language that has been agreed upon by the requesting authority of another EU Member State. By exception, a translation of the request and the documents into Bulgarian may be requested, specifying the reasons for that.

(3) The local requested authority shall provide the information it has in its possession or shall arrange for the carrying out of any administrative proceedings, as specified in this Code, for the collection and communication of information referred to in paragraph 1.

(4) The request for information may contain a reasoned request for initiating specific administrative proceedings, as well as a request for the provision of original documents. If the local requested authority takes the view that no administrative proceedings are necessary, it shall immediately inform the requesting authority of the reasons thereof.

(5) The costs incurred by the local requested authority for the purpose of administrative cooperation under this section shall not be reimbursed by the requesting EU Member State, except for the fees paid to assessors or other experts.

(6) (New, SG No. 109/2013, effective 1.01.2014, supplemented, SG No. 92/2017, effective 21.11.2017, amended, SG No. 15/2018, effective 16.02.2018) Where a request is received from a requesting authority of another Member State of the European Union, the competent authority may request the insurer to disclose an insurance secret within the meaning of Paragraph 1 of Article 149 of the Insurance Code and from the court to disclose a bank secret within the meaning of Article 62 of the Credit Institutions Act, a secret within the meaning of Paragraph (2) of Article 90 of the Markets in Financial Instruments Act and Article 133 of the Public Offering of Securities Act, or within the meaning of another provision of Bulgarian law concerning the confidentiality of cash funds, financial assets and other property, provided that the information stated in such request makes it clear that the restrictions under Article 143p are not applicable.

Time Limits

Article 143g. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) The local requested authority shall provide the information referred to in Article 143b to the requesting authority of another EU Member State as quickly as possible. Where the requested authority is already in possession of that information, the information shall be transmitted within two months from the date of receiving the request. In all other cases, the requested authority shall provide the information no later than six months from the date of receiving the request, unless otherwise agreed upon.

(2) The local requested authority shall notify the requesting authority immediately-and in any event no later than seven working days from the date of receipt-that the request was received. The notification shall be sent by electronic means, unless this is technically impossible.

(3) Within one month from the date of receiving the request, the local requested authority shall notify the requesting authority of any deficiencies in the request or of the need for any additional information. In such a case, the time limits provided for in paragraph 1 shall start running on the day after the deficiencies were rectified or after the requested authority received the additional information needed, respectively.

(4) (Amended, SG No. 63/2017, effective 4.08.2017) Where the time limit under Paragraph (1) is not sufficient to collect and provide the information requested, the local requested authority shall inform the requesting authority immediately but not later than three months of the date of receiving the request, specifying the reasons for this, and the date by which it will provide the information.

(5) (Amended, SG No. 63/2017, effective 4.08.2017) Where the local requested authority is not in possession of the requested information and is unable to collect it or refuses to do so on the grounds provided for in Article 143p, Paragraph (1) it shall inform the requesting authority immediately but not later than one month of the date of receiving the request, specifying the reasons for this.

Automatic Exchange of Information

Article 143h. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) The Executive Director of the National Revenue Agency shall communicate to the competent authority of an EU Member State the available information on the following specific categories of income of persons resident in that Member State:

1. income from employment;

2. fees under management and control contracts;

3. insurance benefits/premiums paid upon the occurrence of an insurance event under life insurance contracts when they do not fall within the scope of any other exchange of information between EU Member States;

4. pensions;

5. ownership of and/or and income from the sale or swap of immovable property, including limited rights in rem over that property ;

6. rental income or income from making immovable property available to use in return for payment.

(2) (Amended, SG No. 94/2015, effective 1.01.2016) The Executive Director of the National Revenue Agency shall indicate to the competent authorities of EU Member States and the European Commission of categories of income referred to in Paragraph (1) about which it does not wish to receive information as per the administrative cooperation procedure.

(3) The Executive Director of the National Revenue Agency shall not communicate information under paragraph 1 to the competent authorities of EU Member States that have stated that they do not wish the receive information on specific categories of income.

(4) The information under paragraph 1 shall be communicated in a standardised electronic format no later than 30 June of the year following the end of the tax year during which the information became available.

(5) (Effective 1.01.2016 - SG No. 82/2012, repealed, SG No. 63/2017, effective 4.08.2017).

(6) The Executive Director of the National Revenue Agency shall inform the European Commission about any agreements on the automatic exchange of information for additional categories of income other than those specified in paragraph 1 which have been concluded with other EU Member States.

(7) (New, SG No. 109/2013, effective 1.01.2014) The National Social Security Institute shall provide the National Revenue Agency with information on the pensions accrued and/or paid to persons who are resident in another Member State of the European Union. Such information shall be provided once per annum by the 30th day of April in the year following the one when the pensions were accrued and/or paid, in a format approved by the Executive Director of the National Revenue Agency. The procedure and manner of provision of such information shall be laid down in an agreement between the Governor of the National Social Security Institute and the Executive Director of the National Revenue Agency.

(8) (New, SG No. 109/2013, effective 1.01.2014) The Registry Agency shall provide the National Revenue Agency with the information under Item 5 of Paragraph (1) in respect of persons resident in another Member State of the European Union. The information shall be provided by the 30th day of April in the following calendar year in a format approved by the Executive Director of the National Revenue Agency. The procedure and manner of provision of such information shall be laid down in an agreement between the Executive Director of the Registry Agency and the Executive Director of the National Revenue Agency.

(9) (New, SG No. 109/2013, effective 1.01.2014) Besides the cases referred to in Paragraphs (7) and (8), the information on income accrued/paid under Paragraph (1) shall be provided by the taxable persons in accordance with the procedure provided for in the Income Taxes on Natural Persons Act and the Corporate Income Tax Act.

(10) (New, SG No. 63/2017, effective 4.08.2017) The Executive Director of the National Revenue Agency shall exchange with the competent authorities of the Member States of the European Union, and with the European Commission information about issued, amended or renewed preliminary cross-border tax opinions and preliminary pricing agreements.

(11) (New, SG No. 63/2017, effective 4.08.2017) The information under Paragraph (10) shall be exchanged within three months of the end of the half-year in which the preliminary cross-border tax opinions or preliminary agreements on pricing are issued, amended or renewed, using a standard form. The information may be exchanged in any official or working language of the European Union, taking into account the language rules adopted by the European Commission.

(12) (New, SG No. 63/2017, effective 4.08.2017) The information under Paragraph (10) shall not be exchanged in the cases where the preliminary cross-border tax opinion refers only to the tax obligations of one or more natural persons.

(13) (New, SG No. 63/2017, effective 4.08.2017) The information under Paragraph (10) shall contain the following data:

1. identification data about the person for whom a preliminary cross-border tax opinion or a preliminary agreement on pricing is issued and, if possible, for the group to which it belongs;

2. summary of the content of the preliminary cross-border tax opinion or the preliminary agreement on pricing, including general description of the relevant economic activity or the transaction/series of transactions, which does not lead to disclosure of trade, industrial or official secret or of information the disclosure of which will be contrary to public order;

3. the dates of issue, amendment or renewal of the preliminary cross-border tax opinion or the preliminary agreement on pricing;

4. the opening and final dates from which or by which the preliminary cross-border tax opinion or the preliminary agreement on pricing, if any, will be applied;

5. the type of the preliminary cross-border tax opinion or the preliminary agreement on pricing;

6. the value of the transaction/series of transactions, if indicated in the preliminary cross-border tax opinion or the preliminary pricing agreement;

7. description of the criteria used for determination of the transfer pricing or the transfer price – in respect of preliminary pricing agreements;

8. indication of the method used for determination of the transfer pricing or the transfer price – in respect of preliminary pricing agreements;

9. indication of other Member States, if any, which are likely to be affected by the preliminary cross-border tax opinion or the preliminary pricing agreement;

10. identification data of the persons from other Member States that might be affected by the preliminary cross-border tax opinion or the preliminary pricing agreement, specifying also the Member States with which the affected persons are connected;

11. stating whether the information provided is based on the preliminary cross-border tax opinion or the preliminary pricing agreement, or on the request under Paragraph (4) of Article 143q.

(14) (New, SG No. 63/2017, effective 4.08.2017) The person shall submit the data under Items 1, 6, 9 and 10 of Paragraph (13) as well as any other information and documents as necessary for the issuance of a tax opinion with the request for issuance of a preliminary cross-border tax opinion.

(15) (New, SG No. 63/2017, effective 4.08.2017) The data under Items 1, 2, 7 and 10 of Paragraph 13 shall not be submitted to the European Commission.

(16) (New, SG No. 63/2017, effective 4.08.2017) The full wordings of the preliminary cross-border tax opinions and the preliminary pricing agreements, as well as any additional information related thereto may be exchanged in accordance with Articles 143e and 143f.

Spontaneous Exchange of Information

Article 143i. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) (Amended, SG No. 63/2017, effective 4.08.2017) The Executive Director of the National Revenue Agency shall provide information under Paragraph (1) of Article 143a, at his/her own discretion, to the competent body of another Member State of the European Union when:

1. the National Revenue Agency has grounds for supposing that there may be a loss of tax in the other EU Member State;

2. a person liable to tax obtains a reduction in, or an exemption from, tax in the Republic of Bulgaria which would give rise to an increase in tax or to liability to tax in the other EU Member State;

3. business dealings between a person liable to tax in the Republic of Bulgaria and a person liable to tax in another EU Member State are conducted through one or more countries in such a way that a saving in tax may result in the Republic of Bulgaria and/or in the other EU Member State;

4. the National Revenue Agency has grounds for supposing that a saving of tax may result from artificial transfers of profits within groups of enterprises;

5. information forwarded by the competent authority of the other EU Member State has enabled information to be obtained which may be relevant in establishing tax liabilities in that Member State;

6. information may be useful to the competent authorities of other EU Member States.

(2) The Executive Director of the National Revenue Agency shall forward the

information referred to in paragraph 1 to the competent authority of the EU Member State concerned as quickly as possible once that information becomes available, and no later than one month after it becomes available

(3) The information referred to in paragraph 1 shall be submitted in the format and as per the procedure laid down in Article 143e(2).

(4) When information concerning taxes under Article 143b has been received-as per the spontaneous exchange procedure-from the competent authority of another EU Member State, the Executive Director of the National Revenue Agency shall confirm the receipt of that information immediately and in any event no later than seven working days from the date of receiving it. The confirmation shall be submitted in the format and as per the procedure laid down in Article 143e(2).

Presence and Participation in Administrative Proceedings

Article 143j. (New, SG No. 105/2006, amended, SG No. 82/2012, effective 1.01.2013) (1) By agreement between the competent authorities of EU Member States, officials authorised by one Member State may be present both in the offices where the authorities of another Member State carry out their duties or in administrative proceedings carried out in the other Member State. In such cases, the officials shall be given copies of the documents which contain any information referred to in Article 143a.

(2) The agreement referred to in paragraph 1 may provide that, where the authorised officials of one EU Member State are present in administrative proceedings, they may interview individuals and have access to any information related to the administrative cooperation under this section.

(3) Any refusal by the persons concerned to cooperate with the authorised officials of another EU Member State shall have the same consequences as if that refusal was committed against a revenue authority regulated by this Code.

(4) When discharging their powers, the authorised officials of another EU Member State shall at all times be able to produce a document stating their identity and their official capacity.

Simultaneous Controls and Audits

Article 143k. (New, SG No. 105/2006, supplemented, SG No. 14/2011, effective 15.02.2011, amended, SG No. 82/2012, effective 1.01.2013) (1) Where the tax liabilities of one or more taxable persons of mutual interest to two or more EU Member States, the competent authorities of the countries concerned may, by mutual consent, conduct simultaneous controls or audits within their competence, with a view to exchanging the information obtained.

(2) The Executive Director of the National Revenue Agency may submit a reasoned proposal to the competent authorities of other EU Member States for a simultaneous control or audit to be conducted, specifying the time limit and the persons that will be subjected to the control.

(3) Simultaneous controls or audits shall be supervised and coordinated by authorised representatives appointed by the Executive Director of the National Revenue Agency and the competent authorities of the EU Member States involved.

(4) Where the competent authority of another EU Member State proposes a simultaneous control or audit, the Executive Director of the National Revenue Agency shall confirm its agreement to participate or shall communicate its reasoned refusal to the authority that proposed the measure.

Request for Service Made by Local Requesting Authorities

Article 143l. (New, SG No. 82/2012, effective 1.01.2013) (1) The local requesting authority may furnish a requested authority of another EU Member State with a request for service of instruments and other documents which emanate from the revenue authorities and concern the application of legislation on taxes referred to in

Article 143b.

(2) The request shall be sent in the form and as per the procedure set out in Article 143e(2).

(3) Requests under paragraph 1 shall indicate the subject of the instrument or document to be served and shall specify the name and address of the addressee, as well as any other information which may facilitates the identification of the addressee.

(4) Requests under paragraph 1 may be made to another EU Member State only when it is impossible to have the instrument or document served in the territory of the requesting country or where such service would give rise to disproportionate difficulties.

(5) Persons within the territory of another EU Member State may be served with instruments and documents by registered mail or electronically.

Request for Service Made by Requesting Authorities of Another EU Member State

Article 143m. (New, SG No. 82/2012, effective 1.01.2013) (1) Where a requesting authority of another EU Member State has made a request for service, the revenue authorities shall serve instruments and documents which emanate from the administrative authorities of the other EU Member State and concern the application of the latter's legislation on taxes referred to in Article 143b. The service of the instruments and documents concerned shall follow the procedure set out in this Code.

(2) The local requested authority shall immediately inform the requesting authority of the other EU Member State of the date of serving the addressee with the instrument or document referred to in paragraph 1.

Feedback

Article 143n. (New, SG No. 82/2012, effective 1.01.2013) (1) (Amended, SG No. 63/2017, effective 4.08.2017) Upon providing information pursuant to Articles 143f or 143i, the Executive Director of the National Revenue Agency may request the competent authority of the other EU Member State concerned to send feedback on the results of using the information received.

(2) If feedback is requested by the competent authority of another EU Member State in connection with the exchange of information on request or simultaneous controls, the Executive Director of the National Revenue Agency shall send the feedback as soon as possible and no later than three months after the outcome of the use of the requested information became known. The feedback shall be sent without prejudice to the rules on tax and insurance secrecy.

(3) In the case of automatic exchange of information, the Executive Director of the National Revenue Agency shall send feedback to the EU Member States concerned once a year, in accordance with practical arrangements agreed upon bilaterally. The information shall be sent in the form and as per the procedure set out in Article 143e(2).

Confidentiality and Disclosure of Information. Evaluation

Article 143o. (New, SG No. 82/2012, effective 1.01.2013) (1) Information provided by the competent authority of another EU Member State which contains specific identifying data about the persons and subjects pursuant to Article 72(1) shall be considered tax and insurance information within the meaning of this Code.

(2) The information referred to in paragraph 1 may be used for:

1. (supplemented, SG No. 63/2017, effective 4.08.2017) for the purposes of establishing tax obligations under Article 143b and application of the relevant tax legislation;

2. for the purpose of establishing and collecting compulsory social security contributions and other public debts under Article 269a(1);

3. in the course of administrative and court proceedings related to imposing

penalties for infringements of tax law;

4. for purposes other than those specified in points 1 - 3 above, when the competent authority of the EU Member State which communicated the information has permitted the use, but only in so far as the legislation of that Member State allows the use of the information concerned for such other purposes.

(3) With the permission of the competent authority which has communicated the information, it may be transmitted to the competent authority of a third EU Member State for the purposes specified in paragraph 2. If the competent authority of the EU Member State which has communicated the information did not oppose the said transmission of information within 10 working days from the date of receiving the request for information sharing, it shall be considered that the competent authority gives its permission for such disclosure.

(4) The Executive Director of the National Revenue Agency may give his permission for any information that he has communicated to the competent authority of an EU Member State to be transmitted to the competent authority of a third Member State. The Executive Director of the National Revenue Agency may oppose the sharing of information with a third Member State within 10 working days from the date of receiving the request from the Member State wishing to share the information.

(5) Any information under paragraph 1 may be invoked as evidence as per the conditions and procedures laid down in this Code.

(6) (Supplemented, SG No. 63/2017, effective 4.08.2017) Access to the information under Paragraph (1) shall have the persons authorised by the Security Accreditation Authority of the European Commission only where this is required for the monitoring, maintenance and development of the CCN network and of the protected central register of the Member States of preliminary cross-border tax opinions and preliminary pricing agreements.

(7) The Executive Director of the National Revenue Agency shall communicate to the European Commission any relevant information necessary for the evaluation of the effectiveness of administrative cooperation in combating tax evasion and tax avoidance information, a yearly assessment of the effectiveness of the automatic exchange of information, as well as the practical results achieved. The yearly assessment shall be communicated in the form and under the conditions adopted by the European Commission.

(8) (Amended, SG No. 17/2019) The exchange of information under this section shall be conducted while observing the requirements for personal data protection.

Limitations on the Provision of Information

Article 143p. (New, SG No. 82/2012, effective 1.01.2013) (1) A local requested authority shall not be obligated to communicate information as per the procedures set out in this section when:

1. the requested authority has information that the competent authority of the other EU Member State has not exhausted the usual sources of information which it could have used for obtaining the information in its own country;

2. the information reveals business, manufacturing or professional secrecy or a business process or its disclosure would run counter to public policy;

3. the disclosure or collection of the information concerned runs counter to Bulgarian legislation;

4. the competent authority of the other EU Member State concerned is not able to provide such information under conditions of reciprocity.

(2) When refusing to provide information, the local requested authority shall specify its reasons for refusal, as well as the relevant grounds under paragraph 1.

(3) Paragraph 1 may not be considered a reason for refusal to provide information by the local requested authority only on account of the fact that the information is kept in a bank or another financial institution or by an agent or a

person acting as an authorised representative or custodian or that the information is related to stakeholding in a specific company.

(4) (Amended, SG No. 63/2017, effective 4.08.2017) Upon receiving a request for information, the local requested authority may not refuse to provide it on the grounds of Paragraph (1), Items 2, 3 and 4, on account of its lack of interest in the information concerned.

Cooperation

Article 143q. (New, SG No. 82/2012, effective 1.01.2013) (1) Where an international agreement with a third country provides for wider cooperation in the field of exchange of information, an EU Member State which has stated its desire to enter into such cooperation may not refuse to provide it.

(2) (Amended, SG No. 63/2017, effective 4.08.2017) If information is received from a third country and if it may be assumed that such information is relevant for establishing tax obligations referred to in Article 143b and for application of the legislation for relevant taxes in a Member State of the European Union, such information may be communicated in accordance with this section with the permission of the country of origin of the information.

(3) Where information obtained by a EU Member State under the administrative cooperation mechanism may be useful for a third country, that information may be communicated to the latter provided that the following conditions are met:

1. the competent authority of the Member State from which the information originates have consented to that communication;

2. the third country concerned has undertook to cooperate for the collection of evidence concerning the irregular or illegal nature of transactions which appear to contravene or constitute an abuse of tax legislation.

(4) (New, SG No. 63/2017, effective 4.08.2017) Bilateral or multilateral preliminary pricing agreements with third countries shall be excluded from the scope of the automatic exchange of information under Paragraph (10) of Article 143h when an international treaty serving as grounds for negotiating the preliminary pricing agreement does not allow its disclosure to a third party. In this case, under the automatic exchange, only information under Article 143h, paragraph 13 shall be exchanged, as contained in the request for issuance of the bilateral or multilateral preliminary pricing agreement.

(5) (New, SG No. 63/2017, effective 4.08.2017) The agreements under Paragraph (4) shall be exchanged in accordance with Article 143i if the international treaty serving as grounds for negotiation of the preliminary pricing agreement allows its disclosure and the competent authority of the third country has authorised the disclosure of the information.

Section VI
(New, SG No. 105/2006)
Specific Rules for Automatic Exchange of Reports By Country
(Heading amended, SG No. 63/2017, effective 4.08.2017)

Subject Matter

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143r. (New, SG No. 105/2006, renumbered from Article 143l, SG No. 82/2012 effective 1.01.2013, amended, SG No. 63/2017, effective 4.08.2017) (1) This section governs the procedure for the implementation of administrative cooperation through the automatic exchange of reports by country, containing information about the distribution of income, profits, assets and taxes of undertakings which are part of a multinational group of undertakings (MGU).

(2) The automatic exchange of information under this section is the systematic communication of predefined information to a Member State of the European Union or other jurisdictions with which the Republic of Bulgaria has an effective special international agreement, without a request, at a certain interval of time.

Competent Authority and Scope of the Automatic Exchange of Country Reports

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143s. (New, SG No. 105/2006, renumbered from Article 143m, SG No. 82/2012 effective 1.01.2013, amended, SG No. 63/2017, effective 4.08.2017) (1) The Executive Director of the National Revenue Agency shall exchange the country reports submitted by the reporting undertaking with the competent authorities of the Member States of the European Union or other jurisdictions with which the Republic of Bulgaria has an effective special international agreement.

(2) The country reports shall be made available to a Member State or another jurisdiction in which the MGU composite undertaking is a resident for tax purposes or has a permanent establishment.

(3) The automatic exchange of reports by country under Paragraph (1) shall take place in respect of the MGU which, according to their consolidated financial statements, have total income exceeding BGN 1,466,872,500. for the tax year preceding the reporting tax year.

(4) The information shall be provided within 15 months from the end of the tax year of the MGU for which the country report refers.

(5) The automatic exchange of country reports is carried out once a year electronically via the CCN network or by any other approved manner. The information shall be provided in any official or working language of the European Union, taking into account the language rules adopted by the European Commission.

Country Report

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143t. (New, SG No. 105/2006, renumbered from Article 143n, SG No. 82/2012 effective 1.01.2013, amended, SG No. 63/2017, effective 4.08.2017) (1) The country report shall be provided annually to the Executive Director of the National Revenue Agency by a reporting undertaking within 12 months from the end of the reporting tax year for the MGU.

(2) The country report must contain the following information on the MGU:

1. summary information on the amount of income, profit (loss) before taxation, the income tax/corporate income tax paid, income/corporate tax charged, registered capital, accumulated profit, number of employees and tangible assets other than cash or cash equivalents – for each Member State or another jurisdiction in which MGU carries out activity;

2. details of any composite undertaking of the MGU, indicating the Member State of the European Union or other jurisdiction of which it is a resident for tax purposes, the State/jurisdiction under whose law it was created, when it is different from the State/jurisdiction of which it is a resident for tax purposes, and the nature of the principal business or activities.

(3) (Amended, SG No. 92/2017, effective 21.11.2017) The country report and the notifications under Article 143y shall be submitted electronically and in a format and procedure approved by order of the Executive Director of the National Revenue Agency, which shall be published on the website of the National Revenue Agency.

Reporting Undertaking

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143v. (New, SG No. 105/2006, renumbered from Article 143o, SG No. 82/2012 effective 1.01.2013, amended, SG No. 63/2017, effective 4.08.2017) (1) (Amended,

SG No. 64/2019, effective 13.08.2019) Country reports under Article 143t shall be submitted by the ultimate parent undertaking of the MNE which is a tax resident in the Republic of Bulgaria.

(2) The ultimate parent undertaking of the MGU, which is a resident for tax purposes in the Republic of Bulgaria, shall be a composite undertaking meeting the following criteria:

1. in accordance with the accounting law has an obligation to draw up consolidated financial statements;

2. there is no other composite undertaking of the MGA, which directly or indirectly exercises control in that composite undertaking.

(3) Where the ultimate parent undertaking of the MGU is not a resident for tax purposes in the Republic of Bulgaria and one or more of the conditions under Paragraph (1) of Article 143w are met, the MGU may submit a country report through a substitute parent undertaking, which is a resident for tax purposes in the Republic of Bulgaria.

(4) When the MGU does not submit the country report under Paragraph (3) through a substitute parent undertaking, the country report shall be submitted by a composite undertaking under Paragraph (1) of Article 143w.

(5) (Repealed, SG No. 64/2019, effective 13.08.2019).

(6) (Amended, SG No. 64/2019, effective 13.08.2019) Country report shall be submitted to the Executive Director of the National Revenue Agency by an undertaking referred to in Paragraph (1), (3) or (4) when the group income according to the consolidated financial statements exceeds BGN 1,466,872,500 for the tax year preceding the reporting tax year.

Submission of a Country Report by a Composite Undertaking of the MGU

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143w. (New, SG No. 105/2006, amended, SG No. 77/2011, renumbered from Article 143p, SG No. 82/2012, effective 1.01.2013, amended, SG No. 63/2017 effective 4.08.2017) (1) The country report shall be submitted by a composite undertaking which is a resident for tax purposes in the Republic of Bulgaria and is different from an ultimate parent undertaking when one of the following conditions applies:

1. the ultimate parent undertaking of the MGU is not obliged to submit a country report in the jurisdiction of which it is a resident for tax purposes;

2. the jurisdiction in which the ultimate parent undertaking is a resident for tax purposes has an effective international treaty to which the Republic of Bulgaria is a party, but has no effective special international agreement within the time limit for the submission of the country report under Paragraph (1) of Article 143t for the reporting tax year;

3. there is a systematic failure by the jurisdiction in which the ultimate parent undertaking is a resident for tax purposes, of which the Executive Director of the National Revenue Agency has informed the composite undertaking which is a resident for tax purposes in the Republic of Bulgaria.

(2) A composite undertaking under Paragraph (1) requires from the ultimate parent undertaking to provide all the information required for the submission of the country report with the content under Paragraph (2) of Article 143t. In the event the composite undertaking has not received all the information required for the submission of a report on MGU, it shall submit a country report on the basis of the information available to it, and shall notify the Executive Director of the National Revenue Agency that the ultimate parent undertaking has refused to provide the necessary information.

(3) The Executive Director of the National Revenue Agency shall inform the Member States of the refusal of the ultimate parent undertaking to provide the information under Paragraph (2).

(4) A composite undertaking under Paragraph (1) shall not submit a country report although one or more conditions under Paragraph (1) are met, if the MGU submits the report for the respective reporting year through a substitute parent undertaking under Paragraph (3) of Article 143v or through a substitute parent undertaking in the Member State in which it is a resident for tax purposes.

(5) A composite undertaking under Paragraph (1) shall not submit a country report, when the report is submitted through a substitute parent undertaking which is a resident for tax purposes in a jurisdiction outside the European Union and the following conditions are met:

1. the jurisdiction in which the substitute parent undertaking is a resident for tax purposes requires submission of country reports containing the information referred to in Paragraph (2) of Article 143t;

2. the jurisdiction in which the substitute parent undertaking is a resident for tax purposes has an effective international agreement to which the Republic of Bulgaria is a party within the time limit for the submission of the country report for the respective reporting tax year;

3. the jurisdiction of which the substitute parent undertaking is a resident for tax purposes has not informed the Executive Director of the National Revenue Agency of a systematic failure thereof or of the substitute parent undertaking;

4. the jurisdiction of which the substitute parent undertaking is a resident for tax purposes has been informed no later than the last day of the reporting tax year of the MGU by a composite undertaking which is its resident for tax purposes, that the latter is a substitute parent undertaking;

5. the Executive Director of the National Revenue Agency has received a notification in accordance with Paragraph (2) of Article 143y.

(6) (New, SG No. 92/2017, effective 21.11.2017) A composite undertaking under Paragraph (1) shall not submit a country report where the sum total of the group income according to its consolidated financial statements for the year preceding the reporting tax year, calculated in the local currency of the jurisdiction in which the ultimate parent undertaking is resident for tax purposes, does not exceed the threshold set in this jurisdiction for submission of country reports, regardless of the fact that the equivalent in Bulgarian leva may exceed BGN 1,466,872,500.

(7) (New, SG No. 92/2017, effective 21.11.2017) Paragraph (6) shall apply where the jurisdiction in which the ultimate parent undertaking is resident for tax purposes has set a threshold which approximates the equivalent of EUR 750,000,000 in the local currency of this jurisdiction as of January 2015.

Submission of Report in Case of Multiple Undertakings

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143x. (New, SG No. 105/2006, renumbered from Article 143q, amended, SG No. 82/2012, effective 1.01.2013, SG No. 63/2017, effective 4.08.2017) (1) When an MGU has several composite undertakings which are residents for tax purposes of the Republic Bulgaria and/or of another Member State and one of the conditions under Paragraph (1) of Article 143w applies the MGU may designate one of these undertakings to submit the country report.

(2) When the designated composite undertaking is a resident for tax purposes in the Republic of Bulgaria, it shall notify the Executive Director of the National Revenue Agency that by submitting the report the obligations of all the composite undertakings which are residents for tax purposes in the Republic of Bulgaria or another EU Member State have been fulfilled.

(3) A composite undertaking which is a resident for tax purposes in the Republic of Bulgaria shall not provide a country report to the Executive Director of the National Revenue Agency, when the report is submitted in another Member State by a composite entity designated by the MGU.

(4) A composite enterprise which is a resident for tax purposes in the Republic

of Bulgaria may not be designated as a reporting undertaking for the MGU under Paragraph (1) if it is not able to obtain all the necessary information for the submission of a country report.

(5) Notwithstanding Paragraph (4), when a composite undertaking is designated to submit a country report but the ultimate parent undertaking has refused to provide the necessary information, Paragraphs (2) and (3) of Article 143w shall apply.

Notification Obligation

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143y. (New, SG No. 106/2005, renumbered from Article 143r, amended, SG No 82/2012, effective 1.01.2013, SG No. 63/2017, effective 4.08.2017) (1) A composite undertaking of an MGU which is a resident for tax purposes in the Republic of Bulgaria shall notify the Executive Director of the National Revenue Agency whether it is an ultimate parent undertaking, a substitute parent undertaking or a composite undertaking under Paragraph (1) of Article 143w not later than the last day of the reporting tax year of the MGU.

(2) A composite undertaking which is a resident for tax purposes in the Republic of Bulgaria, but is not an ultimate parent undertaking, a substitute parent undertaking or a composite undertaking under Paragraph (1) of Article 143w shall notify the Executive Director of the National Revenue Agency of the reporting undertaking and the Member State, including the Republic of Bulgaria or the jurisdiction of which it is a resident for tax purposes, not later than the last day of the reporting tax year of the MGU.

(3) In the cases under Paragraph (1) of Article 143x the notification under Paragraph (1) shall be submitted by the composite undertaking which is a resident for tax purposes in the Republic of Bulgaria and is designated by the MGU to submit the country report. The other composite undertakings of that MGU, which are residents for tax purposes in the Republic of Bulgaria, shall submit a notification under Paragraph (2).

(4) A notification under Paragraph (2) shall also submit composite undertakings which do not submit a report under Paragraphs (4) and (5) of Article 143w.

Using the Information from the Country Reports

(Heading amended, SG No. 63/2017, effective 4.08.2017)

Article 143z. (New, SG No. 105/2006, renumbered from Article 143s, SG No. 82/2012 effective 1.01.2013, amended, SG No. 63/2017, effective 4.08.2017) (1) The information referred to in Paragraph (1) of Article 143s shall be used to evaluate the risk associated with transfer prices or the reduction of the tax base and the transfer of profits, including an assessment of the risk of non-compliance with the applicable rules for determination of market prices between the undertakings in the MGU, as well as for economic and statistical analysis.

(2) The revenue authorities may not determine market prices on the basis of the information received pursuant to this section. The limitation in the first sentence shall not prevent the revenue authorities to require, in the course of tax and social security control, additional information on the conditions under which market prices are set among the undertakings within the MGU and thereby establish or amend the tax obligations of a composite undertaking.

(3) In respect of disclosure of information Paragraphs 1 – 4 of Article 143o shall apply mutatis mutandis.

(4) The annual assessment of the effectiveness of automatic exchange of country reports under Article 143s and information about the achieved practical results shall be provided to the European Commission in the form and under the conditions set out in Paragraph (7) of Article 143o.

Section VII
(New, SG No. 102/2019, effective 1.07.2020)
Special rules for automatic exchange of information on cross-border tax schemes

Subject matter, scope and competent authority

Article 143aa. (New, SG No. 102/2019, effective 1.07.2020) (1) This section shall establish the procedure for administrative cooperation through automatic exchange of information on cross-border tax schemes.

(2) Automatic exchange of information under this section means the systematic communication of predefined information to EU Member States, without prior request, at pre-established regular intervals.

(3) The Executive Director of the National Revenue Agency shall exchange information on cross-border tax schemes, received under Article 143ab1 and Article 143ab2 with the competent authorities of Member States. The information shall include data under Article 143ae, Paragraphs 1 and 2.

(4) The automatic exchange of information and the provision of information by obligated persons under this section shall apply to taxes set out in Article 143b.

(5) The information under Paragraph 3 shall be exchanged within one month after the end of the quarter in which it was provided, using a standard form. The information may be exchanged in any official language of the European Union, taking into account the language rules adopted by the European Commission.

Reportable information on cross-border tax schemes

Article 143ab. (New, SG No. 102/2019, effective 1.07.2020) (1) For the purposes of the automatic exchange of information, information on cross-border tax schemes with a potential risk of tax evasion shall be provided, which fall in at least one of the categories referred to in Paragraph 4.

(2) A cross-border tax scheme means a scheme that affects more than one Member State or a Member State and a third country, when at least one of the following conditions occurs:

1. not all participants in the scheme are residents for tax purposes of one and the same jurisdiction;

2. one or more of the participants in the scheme are simultaneously residents for tax purposes of one and the same jurisdiction;

3. one or more of the participants in the scheme conduct business in another jurisdiction through a permanent establishment or fixed establishment and the scheme covers part or all the business of the permanent establishment or fixed establishment;

4. one or more of the participants in the scheme conduct business in another jurisdiction without being residents for tax purposes or without forming a permanent establishment or fixed establishment in that jurisdiction;

5. the scheme may affect the automatic exchange of information or determination of the identification of the beneficial owner.

(3) The cross-border tax scheme may include an arrangement, an agreement, a deal, a consent, an opinion, a scheme, a plan, a transaction or a series thereof. The tax scheme may be comprised of several parts or several stages of execution.

(4) Cross-border tax schemes with a potential risk of tax evasion shall fall in the following categories:

1. a scheme where the taxable person or another participant in it undertakes to comply with a condition of confidentiality which may require them not to disclose how the scheme could secure a tax advantage vis-a-vis other consultants or the tax authorities;

2. a scheme where the consultant shall be entitled to receive remuneration in

any form and such remuneration is determined on the basis of:

a) the amount of the tax advantage arising from the scheme, or

b) whether a tax advantage is received as a result of the scheme; this also includes an agreement the consultant to recover partially or fully the remuneration when the expected tax advantage arising from the scheme was not partially or fully achieved;

3. a scheme that has substantially standardised documentation and/or structure and is available to more than one relevant taxable person without a need to be substantially customised for implementation;

4. a scheme in which a participant in it takes deliberate actions to acquire a loss-making company, discontinue the main activity of such company and use its losses in order to reduce its tax liability, including through a transfer of those losses to another jurisdiction or by the acceleration of the use of those losses;

5. a scheme that has an effect that is equivalent to reclassifying, transforming or converting income into capital, gifts or other categories of revenues which are taxed at a lower level or exempt from tax;

6. a scheme that includes circular transactions resulting in the round-tripping of funds, namely through involving interposed entities without other primary commercial function or transactions that offset or cancel each other or that have other similar features;

7. a scheme that involves cross-border payments, being recognised for tax purposes expenses, made between two or more associated enterprises where at least one of the following conditions occurs:

a) the recipient is not resident for tax purposes in any tax jurisdiction;

b) the recipient is resident for tax purposes in a jurisdiction, that jurisdiction either:

aa) does not impose any corporate tax or imposes corporate tax at the rate of zero or almost zero, or

bb) is included in a list of third-country jurisdictions which have been assessed by Member States collectively or within the framework of the Organisation for Economic Cooperation and Development as being non-cooperative;

c) the payment benefits from a full exemption from tax in the jurisdiction where the recipient is resident for tax purposes;

d) the payment benefits from a preferential tax regime in the jurisdiction where the recipient is resident for tax purposes;

8. a scheme where deductions for the same depreciation on the asset are claimed in more than one jurisdiction;

9. a scheme where relief from double taxation in respect of the same item of income or capital is claimed in more than one jurisdiction;

10. a scheme that includes transfers of assets and where there is a material difference in the amount being treated as payable in consideration for the assets in those jurisdictions involved;

11. a scheme which may have the effect of reducing or circumventing the obligation for provision of information under Chapter Sixteen, Section IIIa, equivalent provisions in the legislation of other Member States or jurisdictions or agreements on the automatic exchange of financial account information, or which takes advantage of the absence of such legislation or agreements, including through:

a) the use of an account, product or investment that is not, or purports not to be, a financial account, but has features that are substantially similar to those of a financial account;

b) the transfer of financial accounts or assets to, or the use of jurisdictions that are not bound by the automatic exchange of financial account information with the State of residence of the relevant taxable person;

c) the reclassification of income and capital into products or payments that are not subject to the automatic exchange of financial account information;

d) the transfer or conversion of a financial institution or a financial account or the assets therein into a financial institution or a financial account or assets not subject to reporting under the automatic exchange of financial account information;

e) the use of legal entities, arrangements or structures that eliminate or purport to eliminate reporting of one or more account holders or controlling persons under the automatic exchange of financial account information;

f) arrangements that undermine, or exploit weaknesses in, the due diligence procedures used by financial institutions to comply with their obligations to report financial account information, including the use of jurisdictions with inadequate or weak regimes of enforcement of anti-money-laundering legislation or with weak transparency requirements for legal persons or legal arrangements;

12. a scheme involving a non-transparent legal or beneficial ownership chain with the use of persons, legal arrangements or structures:

a) that do not carry on a substantive economic activity supported by adequate staff, equipment, assets and premises, and

b) that are incorporated, managed, resident, controlled or established in any jurisdiction other than the jurisdiction of residence of one or more of the beneficial owners of the assets held by such persons, legal arrangements or structures, and

c) where the beneficial owners within the meaning of the Measures Against Money Laundering Act or of an equivalent provision of the legislation of any Member State are made unidentifiable;

13. a scheme which involves the use of unilateral safe harbour rules for the purposes of transfer pricing;

14. a scheme involving the transfer of hard-to-value intangibles for the purposes of transfer pricing;

15. a scheme involving an intragroup cross-border transfer of functions and/or risks and/or assets, if the projected annual earnings before interest and taxes (EBIT), during the three-year period after the transfer, of the transferor or transferors, are less than 50 % of the projected annual EBIT of such transferor or transferors if the transfer had not been made.

(5) Although a cross-border tax scheme falls in the categories referred to in Paragraph 4, Items 1 – 6 and Item 7, letter "b", sub-letter "aa", letters "c" and "d", information shall be provided only if it can be established that the main benefit or one of the main benefits which, having regard to all relevant facts and circumstances, a taxable person may reasonably expect to derive from an arrangement is the obtaining of a tax advantage.

(6) The presence of any of the conditions set out in Paragraph 4, Item 7, letter "b", sub-letter "aa", letters "c" and "d" cannot alone be a reason for concluding that the main benefit or one of the main benefits for a cross-border tax scheme is the obtaining of a tax advantage.

Provision of information on cross-border tax schemes subject by consultants

Article 143ab1. (New, SG No. 102/2019, effective 1.07.2020) (1) Information or cross-border tax scheme shall be provided to the Executive Director of the National Revenue Agency by a consultant, where the latter:

1. is a resident for tax purposes of the Republic of Bulgaria, or

2. has a permanent establishment or a fixed establishment in the Republic of Bulgaria, through which the scheme-related services are provided, or

3. is incorporated in, or governed by the laws of, the Republic of Bulgaria, or

4. is registered with a professional association related to legal, taxation or consultancy services in the Republic of Bulgaria.

(2) A consultant means any person that designs, markets, organises or makes available for implementation or manages the implementation of a cross-border scheme.

(3) A consultant is also a person that, having regard to the relevant facts and

circumstances and based on available information and the relevant expertise and understanding required to provide such services, knows or could be reasonably expected to know that they have undertaken to provide, directly or by means of other persons, aid, assistance or advice with respect to designing, marketing, organising, making available for implementation or managing the implementation of a cross-border scheme under Article 143ab. The person shall have the right to provide evidence that such person did not know and could not reasonably be expected to know that that person was involved in a reportable cross-border scheme and for this purpose, that person may refer to all relevant facts and circumstances as well as available information and their relevant expertise and understanding.

(4) Where a consultant has the obligation to report information on one and the same tax scheme in two or more Member States, the information shall be provided only to the competent authority of one Member State, which shall be set in the following sequence:

1. the Member State in which the consultant is a resident for tax purposes;

2. the Member State in which the consultant has a permanent establishment or a fixed establishment, through which the scheme-related services are provided;

3. the Member State in which the consultant is incorporated or whose law governs it;

4. the Member State in which the consultant is registered as a member of a professional association related to legal, taxation or consultancy services.

(5) In the cases referred to in Paragraph 4, a consultant shall provide information to the Executive Director of the National Revenue Agency where the Republic of Bulgaria holds the first place in the sequence of Member States under Paragraph 4.

(6) Consultants shall provide information on a cross-border tax scheme within their knowledge, possession or control within 30 calendar days beginning, whichever occurs first:

1. on the day after the reportable cross-border scheme is made available for implementation;

2. on the day after the reportable cross-border scheme is ready for implementation;

3. on the day when the first step in the implementation of the reportable cross-border scheme has been made.

(7) Notwithstanding Paragraph 6, consultants under Paragraph 3 shall provide information on a cross-border tax scheme within 30 calendar days beginning on the day following the day on which they provided, directly or by means of other persons, aid, assistance or advice with respect to designing, marketing, organising, making available for implementation or managing the implementation of a cross-border scheme.

(8) After the initial provision of information under Paragraph 6, consultants on a marketable tax scheme shall provide on a quarterly basis updated information on the scheme, which information came to his knowledge after the previous provision of information.

(9) Where in respect of a cross-border tax scheme there is more than one consultant, the obligation for provision of information shall cover all consultants, notwithstanding the fact that the obligation may arise in different Member States.

(10) A consultant is exempt from the obligation to provide information on a cross-border tax scheme if:

1. he has proof that the same information on the cross-border tax scheme has been filed by another consultant;

2. he has proof that the same information has been filed in another Member State pursuant to Paragraph 4;

3. he is required by law to keep such information as professional secret, unless the taxable person has stated consent to provide it.

(11) Notwithstanding the fact that another consultant has provided information on a cross-border tax scheme to the Executive Director of the National Revenue Agency or a competent authority of another Member State, a consultant shall not be exempt under Paragraph 10, Item 1 from the obligation to provide information, if the scheme comprises more than one step or part, and any consultant shall design, market, organise, manage, manage the implementation, provide assistance, aid or advice in reference to such activities, such individual step or part of the scheme.

(12) In the cases referred to in Paragraph 10, Item 3 the consultant shall immediately, but not later than 14 days from the date on which an obligation for provision of information arises therefor, notify the other consultants on the tax scheme or if no such persons are known thereto, the taxable person, of their obligation to provide information under Paragraphs 6, 7 and/or 8 or Article 143ab2, as the case may be. The time limit under Paragraph 6 shall be effective from the date of notification.

(13) Notwithstanding Article 10, Item 3 and Paragraph 12, the consultant shall notify the Executive Director of the National Revenue Authority of the other consultants on the tax scheme or the taxable person, and the latter persons shall provide information, regardless of the fact that the reportable obligation for them may arise in another Member State.

Provision of information by a taxable person

Article 143ab2. (New, SG No. 102/2019, effective 1.07.2020) (1) Information on a cross-border tax scheme shall be provided by a taxable person in one of the following cases:

1. when there is no consultant on the scheme, including when the scheme is designed by an employee of the taxable person;

2. when the consultant on the scheme is exempt from the obligation for provision of information under Article 143ab1, Paragraph 10, Item 3 or equivalent provision in the legislation of another Member State, of which the taxable person has been informed;

3. when the consultant on the scheme:

a) is not a resident for tax purposes of a Member State;

b) has not a permanent establishment or a fixed establishment in a Member State through which the scheme-related services are provided;

c) is not incorporated in, or governed by the laws of, another Member State;

d) is not registered with a professional association related to legal, taxation or consultancy services in another Member State.

(2) For the purposes of this section, a taxable person means any person:

1. to whom a reportable cross-border scheme is made available for implementation, or

2. who is ready to implement a reportable cross-border scheme, or

3. who has implemented the first step of such a cross-border tax scheme.

(3) A taxable person shall provide information to the Executive Director of the National Revenue Agency when the taxable person:

1. is a resident for tax purposes of the Republic of Bulgaria, or

2. has a permanent establishment or a fixed establishment in the Republic of Bulgaria, which are used by the tax scheme, or

3. receives revenues or generates earnings in the Republic of Bulgaria even though he is not a resident for tax purposes and has no permanent establishment or fixed establishment in the Republic of Bulgaria or in another Member State, or

4. conducts business in the Republic of Bulgaria even though he is not a resident for tax purposes and has no permanent establishment or fixed establishment in the Republic of Bulgaria or in another Member State.

(4) Where an obligations arises for a taxable person to file information on a cross-border tax scheme to the competent authorities of more than one Member

State, such information shall be filed only to the competent authority of the Member State as determined in the following sequence:

1. the Member State in which the taxable person is a resident for tax purposes;

2. the Member State in which the taxable person has a permanent establishment or a fixed establishment, which are used by the tax scheme;

3. the Member State in which the taxable person receives revenues or generates earnings even though he is not a resident for tax purposes and has no permanent establishment or fixed establishment in any Member State;

4. the Member State in which the taxable person conducts business even though he is not a resident for tax purposes and has no permanent establishment or fixed establishment in any Member State.

(5) In the cases referred to in Paragraph 4, a taxable person shall provide information to the Executive Director of the National Revenue Agency where the Republic of Bulgaria holds the first place in the sequence of Member States under Paragraph 4.

(6) Where an obligation arises for a taxable person to file information on a cross-border tax scheme, the taxable person shall file the information within 30 calendar days beginning, whichever comes first:

1. on the day after the reportable cross-border scheme is made available for implementation;

2. on the day after the reportable cross-border scheme is ready for implementation;

3. on the day when the first step in the implementation of the reportable cross-border scheme has been made.

(7) Where the obligation for provision of information arises in respect of more than one taxable person, including when the obligation arises in different Member States, information on the cross-border tax scheme shall be provided to the competent authority by the person who is first from among those listed in Items 1 and 2:

1. the taxable person who has agreed with the consultant on the relevant scheme;

2. the taxable person who manages the implementation of the scheme.

(8) The taxable person shall not provide information on a cross-border tax scheme if it has proof that:

1. he has provided the information in another Member State under Paragraph 4, or

2. another taxable person has provided the same information on the tax scheme in accordance with the rule of Paragraph 7.

Hallmarks of the reportable information on cross-border tax schemes. Unique number

Article 143ab3. (New, SG No. 102/2019, effective 1.07.2020) (1) The information to be provided to the Executive Director of the National Revenue Agency under 143ab1 and Article 143ab2 shall contain the following hallmarks, if applicable:

1. the identification of the consultant/s and the taxable person/s, including:

a) their name;

b) date of birth (in the case of an individual);

c) a country or jurisdiction in which the consultant or the taxable person is a resident for tax purposes;

d) identification number for tax purposes;

e) the persons that are associated enterprises to the relevant taxable person, where appropriate;

2. description of the features of the scheme under Article 143ab, Paragraph 4, on the basis of which it is reportable;

3. unique number of the tax scheme when the provision of information on the

scheme is not initial;

4. a summary of the content of the tax scheme, including a reference to the name by which it is commonly known, and a description in abstract terms of the relevant business activities or arrangements, without leading to the disclosure of a commercial, industrial or professional secret or of a commercial process, or of information the disclosure of which would be contrary to public policy;

5. the date when the first step in the implementation of the reportable tax scheme has been made or is set to be made;

6. national provisions by which the tax scheme is governed;

7. value of the tax scheme;

8. the identification of the Member States which are likely to be concerned by the tax scheme;

9. the identification of any other person in a Member State likely to be concerned by the tax scheme, indicating to which Member States such person is linked.

(2) For marketable tax schemes under Article 143ab1, paragraph 8, details under Paragraph 1, Items 1, 3, 5, 8 and 9 shall be provided.

(3) The information under Paragraphs 1 and 2 shall be submitted electronically and in a format and procedure approved by order of the Executive Director of the National Revenue Agency, which shall be published on the website of the National Revenue Agency.

(4) A unique number shall be issued upon the initial provision of information on a cross-border tax scheme, which shall serve for identification of the scheme in all Member States. A consultant or a taxable person who has initially provided information on a tax scheme shall notify any other consultant or taxable person on the scheme of the unique number issued.

(5) For any provision of information by a consultant or a taxable person, a unique number of the reporting shall be issued, which is part of a scheme. The number shall serve to identify the specific provision of information in all Member States.

(6) The unique numbers under Paragraphs 4 and 5 and the relevant unique numbers issued in another Member State shall be stated as proof under Article 143ab1 and Article 143ab2 that the information on the scheme is provided by a consultant or a taxable person.

(7) Taxable persons shall state in their annual returns under Article 92 of the Corporate Income Tax Act or under Article 50 of the Income Taxes on Natural Persons Act, as the case may be, whether they apply a cross-border tax scheme and the unique number of the scheme. The information shall be stated in the tax return for each year during which the cross-border tax scheme has a tax effect on the person.

Miscellaneous Provisions

Article 143ab4. (New, SG No. 102/2019, effective 1.07.2020) (1) Failure to take action by the revenue authorities in regard to information on a cross-border tax scheme shall not imply any acceptance of the validity or tax treatment of that scheme.

(2) The Executive Director of the National Revenue Agency shall organise the control activities of the Agency in relation to the fulfilment of the obligations for provision of information on cross-border tax schemes in accordance with this section.

(3) In respect of confidentiality, disclosure and use of information on cross-border tax schemes, Article 143o shall apply mutatis mutandis.

(4) The annual assessment of the effectiveness of the automatic exchange of information on cross-border tax schemes and information on the achieved practical results shall be provided to the European Commission in the form and under the conditions set out in Paragraph (7) of Article 143o.

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.

(4) (New, SG No. 105/2020, effective 1.01.2021) Where the proceedings are carried out by revenue authorities or public enforcement agents designated under Article 12, Paragraph 6, first sentence, the competent authority to pronounce in the event of appeal shall be the respective decision-making authority designated on the basis of the competent territorial directorate under Article 8 for the said person.

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 step 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.

Step 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 step 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 1.03.2007, SG No. 64/2019, effective

13.08.2019) Decisions under paragraphs 1 and 2 can be appealed - within 7 days from their date of service - before the competent Administrative Court. (The competent Administrative Court is determined by the judicial district in which the appellant's permanent address or domicile is located at the time of the first action taken by the revenue authorities in carrying out tax and social insurance supervision.) The court shall issue a decision 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 or 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 particulars parts thereof, within fourteen days after service.

(2) (Amended, SG No. 94/2012, effective 1.01.2013) The decision-making authority shall be the relevant Director of the Appeals and Tax and Social Security Practice 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 1.03.2007) 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) (Amended, SG No. 14/2011, effective 15.02.2011) The decision-making authority shall consider the appeal on the merits and shall issue a reasoned decision within sixty days following the expiration of the time limit under Article 146 or, respectively, upon rectifying the non-conformities under Article 145 or upon

approval of the accommodation under Article 154 herein. Where the appeal has been submitted through a licensed postal operator, a statement attesting to the date of appeal delivery to the relevant directorate shall be issued upon the written request of the appellant.

(2) (Supplemented, SG No. 63/2017, effective 4.08.2017) The decision-making authority may uphold, modify or revoke the audit instrument in whole or in part in respect to the appealed part thereof. When the limitation period has expired in the course of an audit proceeding and a claim for expired limitation has been honoured, the decision-making authority shall decide on the grounds and the amount of the obligation, specifying expressly that the audit instrument is not subject to coercive enforcement.

(3) The decision-making authority may take 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 step 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 1.03.2007, SG No. 77/2018 effective 18.09.2018) The audit instrument, in its part which has not been revoked by the decision referred to in Article 155 herein, shall be subject to appeal care of the decision-making authority within fourteen days of the receipt of the decision. The case is shall be heard by the Administrative Court in whose judicial district is the permanent address or registered place of business of the applicant at the time of carrying out the first action on the implementation of the tax-insurance control by the revenue bodies.

(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) (Amended, SG No. 94/2015, effective 1.01.2016, SG No. 64/2019, effective 13.08.2019) In cases under paragraph 4, appeals against audit instruments can be submitted - within 30 days from the end date for issuing a decision - through the decision-making authority before the competent Administrative Court. (The competent Administrative Court is determined by the judicial district in which the appellant's permanent address or domicile is located at the time of the first action taken by the revenue authorities in carrying out tax and social insurance supervision.)

(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) (Supplemented, SG No. 63/2017, effective 4.08.2017) Paragraph (3) shall not apply to audit instruments. When the limitation period has expired in the course of an audit proceeding and a claim for expired limitation has been honoured, the court shall decide on the grounds and the amount of the obligation, specifying expressly that the audit instrument is not subject to coercive enforcement.

(5) (New, SG No. 105/2020, effective 1.01.2021) When the court declares the nullity of the Auditors' Act, Article 173, Paragraph 2 of the Administrative Procedures Code shall apply.

(6) (Renumbered from Paragraph (5), SG No. 105/2020, effective 1.01.2021) The judgement may not modify the instrument to the detriment of the appellant.

(7) (Amended, SG No. 30/2006, effective 1.03.2007, supplemented, SG No 77/2018, effective 18.09.2018, renumbered from Paragraph (6), SG No. 105/2020, effective 1.01.2021) The judgement of the administrative court shall be subject to cassation appellate review according to the procedure established by the Administrative Procedure Code. The decision of the Administrative Court shall be fina in cases of appeal established by auditors' Act public claims a total of up to BGN 750, which does not include the accrued interest on arrears, when the Auditors' Act is issued to individuals, and a total of up to BGN 4000 shall not include accrued interest on arrears, when the Auditors' Act is issued to legal entities.

(8) (Amended, SG No. 30/2006, effective 12.07.2006, renumbered from Paragraph 7, SG No. 105/2020, effective 1.01.2021) A reversal of an effective judgement may be motioned according to the procedure established by the Administrative Procedure Code.

Stamp Duties and Costs

(Title supplemented, SG No. 77/2018, effective 1.01.2019)

Article 161. (1) (Amended, SG No. 94/2015, effective 1.01.2016) 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 for each court instance.

(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.

(4) (New, SG No. 77/2018, effective 1.01.2019) Stamp duty in the cassation appeal shall be determined by the procedures of the Administrative Procedures Code on the determinable material interest amounting to findings of Auditors' Act in public decision making.

TITLE FOUR
COLLECTION OF PUBLIC CLAIMS

Chapter Twenty

Public and Private Claims

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

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

1. (amended, SG No. 58/2016) 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, SG No. 85/2017) under effective sentences, judgements and rulings of the courts for public claims in favour of the State or the municipalities, as well as recovery injunctions on unlawful State aid adopted by the European Commission, including for outstanding on them benefits, fines and financial penalties;

7. under effective penalty decrees;

8. (new, SG No. 12/2009, effective 1.05.2009 - amended, SG No. 32/2009, effective 1.01.2010; amended, SG No. 96/2019, effective 1.01.2020) for any unduly paid and overpaid amounts, as well as for any illegally received and illegally absorbed resources under projects financed with funds from the European Union, including from the national co-financing related thereto, which arise on the basis of an administrative act, including financial corrections, overpayment of advances, percentage ratios exceeded, project budget line items exceeded, cross-financing, as well as the fines and the other pecuniary sanctions provided for in the national legislation and in Community law;

9. (renumbered from Item 8 and amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No. 32/2009, effective 1.01.2010) the interest payable on any claims covered under Items 1 to 8.

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

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

(5) (New, SG No. 109/2007) Public claims shall include claims of the budget of the European Union under decisions of the European Commission, the Council of the European Union, the Court of Justice of the European Communities and the European Central Bank imposing monetary obligations subject to enforcement in pursuance of Article 256 of the Treaty Establishing the European Community.

(6) (New, SG No. 15/2010) Public claims shall also include claims of the Member States of the European Union under enforced confiscation orders or cash forfeiture orders for the monetary equivalent of the confiscated or forfeited property, as well as under decisions imposing financial sanctions issued in Member States of the European Union, where such decisions have been recognised by and are subject to enforcement in the Republic of Bulgaria.

(7) (New, SG No. 105/2016, effective 30.12.2016) Public claims shall include claims for financial and administrative penalties and/or fines, including fees and levies imposed by the competent authorities or confirmed by the administrative or judicial authorities of European Union Member States or, where applicable, by industrial tribunals of European Union Member States in connection with non-compliance with Directive 96/71/EC of the European Union and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services (OJ, L18/1 of 21.1.1997) or with Directive 2014/67/EU of the European

Parliament and of the Council of 15 May 2014 on the enforcement of Directive 96/71/EC concerning the posting of workers in the framework of the provision of services and amending Regulation (EU) No. 1024/2012 on administrative cooperation through the Internal Market Information System ("the IMI Regulation").

Collection Procedure

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

(2) Private State and municipal claims shall be collected according to the standard procedure.

(3) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) Public claims shall be collected by the public enforcement agents with the National Revenue Agency, unless otherwise provided for in a law.

(4) (New, SG No. 86/2017) In the cases where public claims are assigned for collection by an enforcement agent appointed by the court, the collection shall be carried out in accordance with the procedure establishea by the Code of Civil Procedure.

Special Cases upon Bankruptcy

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

(2) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) A copy of the instrument ascertaining the public claim shall be provided to the National Revenue Agency within seven days after the service thereof.

(3) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) Public claims shall be presented by the National Revenue 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 claims shall be collected acting on an effective instrument on ascertainment of the relevant public claim, issued by a competent authority, unless otherwise provided for in a law.

Ascertainment

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

(2) (Amended, SG No. 30/2006, effective 12.07.2006) If the applicable law does not provide for a procedure for ascertainment of the public claim, the said claim shall be ascertained in terms of grounds and amount by a public claim 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) (Amended, SG No. 30/2006, effective 12.07.2006) Any public municipal claim instrument shall be appealable according to an administrative procedure before the municipality mayor, while any public State claim 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 claim 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 steps for securing and coercive enforcement of public claims according to the procedure established by this Code.

(2) (Repealed, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010).

Extinguishment Methods

Article 168. A public claim 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 claims shall be extinguished in the following order: principal, interest, costs.

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

(3) If there are several public claims 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.

(3a) (New, SG No. 94/2015, effective 1.01.2016) Until being declared subject to coercive collection, obligations of each type, ascertained by municipalities, shall be extinguished in the order in which they arise, and where such obligations relate to the same year, the person shall have the right to declare which obligation it extinguishes.

(3b) (New, SG No. 105/2020, effective 1.05.2021) The amount received in the account of the public enforcement agent for extinguishment of public liabilities claimed for collection at the National Revenue Agency until commencement of their compulsory collection shall be applied to extinguish the obligation whose time-limit expires earliest at the date of payment. Where the maturity of two or more public claims of the same type is on the same date, such liabilities shall be extinguished proportionately.

(4) (Amended, SG No. 94/2012, effective 1.01.2013 - amendment declared unconstitutional by Judgment No. 2 of the Constitutional Court of the Republic of Bulgaria - SG No. 14/2014, amended, SG No. 18/2014, effective 4.03.2014) In respect

of public liabilities established by the National Revenue Agency, prior to their enforced collection, the debtor shall declare, in accordance with such procedure and by such means as laid down in an order by the Minister of Finance, the type of liabilities which such debtor wishes to extinguish:

1. tax liabilities and other liabilities to the central budget;

2. liabilities for health insurance contributions to the budget of the National Health Insurance Fund;

3. liabilities for compulsory social security contributions to the social security funds administered by the National Social Security Institute;

4. liabilities for supplementary compulsory retirement insurance contributions.

(5) (New, SG No. 18/2014, effective 4.03.2014) In the cases referred to ir Paragraph (4), any amount received shall extinguish the liability of the relevant type whose maturity is the earliest one in relation to the payment date, unless otherwise provided for by law. Where the maturity of two or more public liabilities of the same type is on the same date, such liabilities shall be extinguished proportionately.

(6) (New, SG No. 98/2013, effective 1.12.2013, renumbered from Paragraph 5, amended, SG No. 18/2014, effective 4.03.2014, SG No. 105/2020, effective 1.05.2021) Upon application of Paragraphs (3b) and (5) above, extinguishment of interest shall commence only after repayment of all principals.

(7) (New, SG No. 94/2012, effective 1.01.2013, renumbered from Paragraph 5, SG No. 98/2013, effective 1.12.2013, renumbered from Paragraph 6, amended, SG No 18/2014, effective 4.03.2014) Paragraphs 4 and 5 shall not apply to claims under any act which has not become effective, unless prior to the institution of the enforcement action the person concerned has submitted an application to the competent territorial directorate stating that such person is extinguishing his liability under such act or that the extinguishment is to be made by offsetting.

(8) (Amended, SG No. 108/2007, renumbered from Paragraph (5), SG No 94/2012, effective 1.01.2013, renumbered from Paragraph (6), SG No. 98/2013, effective 1.12.2013, renumbered from Paragraph (7), amended, SG No. 18/2014, effective 4.03.2014, supplemented, SG No. 94/2015, effective 1.01.2016, amended, SG No. 105/2020, effective 1.05.2021) After institution of an enforcement case, Paragraphs (3), (3a), (3b), (4), (5) and (6) shall not apply, and the public claims shall be extinguished in the following order: costs, principal, interest.

(9) (New, SG No. 18/2014, effective 4.03.2014) The order referred to ir Paragraph (4) shall be published on the websites of the Ministry of Finance and the National Revenue Agency.

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 claim, the authority competent to ascertain the public claims 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 claims, and under instruments issued by the same authority competent to assess such amounts. The debtor shall be notified of the offsetting performed.

(2) (Amended, SG No. 30/2006, effective 12.07.2006) 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 claims 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) (*) (Supplemented, SG No. 94/2015, effective 1.01.2016, amended and supplemented, SG No. 64/2019, effective 13.08.2019, amended, SG No. 105/2020 effective 1.01.2021) All public claims shall be extinguished upon the expiry of a ten-year period of prescription, effective from 1 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:

1. the obligation has been deferred or rescheduled;
2. the receivable has been claimed in bankruptcy proceedings;
3. when a criminal proceeding has been instituted and the ascertainment or collection of the public claim is contingent on the outcome of the said proceeding;
4. stay of enforcement on the debtor's motion;
5. a complaint has been lodged for dispute settlement under Chapter Sixteen, Section IIa.

(*) *Editor's Note.* According to § 29 (1) to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 13 March 2020 (SG No. 28/2020): "Until the lifting of the state of emergency: the period referred to in Article 171 (2) of the Tax and Social-Insurance Procedure Code shall not apply."

Suspension and Interruption of Prescription

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

1. when a proceeding for ascertainment of the public claim 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.

(*) *Editor's Note.* According to § 29 (1) to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 13 March 2020 (SG No. 28/2020): "Until the lifting of the state of emergency: in addition to the cases under Article 172 (1) of the Tax and Social-Insurance Procedure Act, the prescription shall also cease to run for the duration of the declared state of emergency."

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

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

Write-off of Claims

Article 173. (1) (Previous text of Article 173, SG No. 94/2015, effective 1.01.2016) Claims shall be written off where extinguished by prescription, as well as in the cases provided for by law.

(2) (New, SG No. 94/2015, effective 1.01.2016) Claims shall be written off ex-officio upon the expiry of the period specified in Paragraph (2) of Article 171.

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 claims, including any payments received on the basis of a claim for refunding according to the tax and social-insurance legislation;

2. (amended, SG No. 94/2010, effective 1.01.2011, SG No. 94/2012, effective 1.01.2013) on all advance contributions which have not been paid within the legally specified period - from the due date of the advance contribution to the date of payment of the advance contribution, but not later than 31 December of the year, in connection with which the advance contribution is owed;

3. (*) (repealed, SG No. 105/2020, effective 1.01.2021).

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

(*) *Editor's Note.* On the application of the norm, see Judgment of the Court (Seventh Chamber) of 25 July 2018 in case C-553/16 (TTL EOOD against the Directo of Appeals and Tax Insurance Practice Directorate of Sofia). See "Euro development finance-taxes withheld at source. European Practices"

Garnishees

Article 176. (1) Where, by virtue of a law, a public claim 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 joint liability for the said obligation.

Coercive Enforcement by Public Enforcement Agents of National Revenue Agency

Article 177. (Repealed, SG No. 12/2009, effective 1.01.2010 - amended, SG No 32/2009).

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) (Amended, SG No. 108/2007, SG No. 94/2015, effective 1.01.2016) Penalty decrees shall be transmitted by the relevant administrative sanctioning authority to the public enforcement agent within seven days of the expiry of the time limit for voluntary payment.

(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) (Amended, SG No. 99/2011, effective 1.01.2012) Non-cash payment shall be effected through a POS terminal by means of a payment card or through a bank by means of a transfer order (deposit slip) for budget payments in a standard form endorsed by the Minister of Finance or a person authorised thereby, in consultation with the Bulgarian National Bank.

(6) (New, SG No. 99/2011, effective 1.01.2012, supplemented, SG No 63/2017, effective 4.08.2017) Non-cash payment shall be considered to have been made in due time where it has been ordered on the last day of the public claim voluntary payment time limit at the latest and the amount due has been credited to the relevant account on the next working day at the latest. When payment is made with a payment card through a POS terminal device, including virtual, under Paragraph (3) of Article 4 of the Limitation of Cash Payments Act, it shall be deemed that the payment is received on the date of authorization of the payment order.

(7) (Renumbered from Paragraph 6, SG No. 99/2011, effective 1.01.2012) 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.

(8) (Renumbered from Paragraph 7, SG No. 99/2011, effective 1.01.2012) 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) (Repealed, SG No. 94/2012, effective 1.01.2013 - repeal declared unconstitutional by Judgment No. 2 of the Constitutional Court of the Republic of Bulgaria - SG No. 14/2014, amended, SG No. 18/2014, effective 4.03.2014) The amounts paid in accordance with the procedure provided for by Article 169(4) into the accounts of the National Revenue Agency for the budget of the National Health Insurance Fund and for the social security funds administered by the National Social

Security Institute shall be remitted on a daily basis to the accounts of the National Health Insurance Fund and the National Social Security Institute respectively.

(2) (Amended, SG No. 61/2015, effective 15.08.2015) 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. The increased social insurance contribution for persons referred to in Article 4b, Paragraph (1) and Article 4c, Paragraph (1) of the Social Insurance Code shall also be transferred to an account of the National Socia Security Institute within the same deadline.

(3) (Amended, SG No. 61/2015, effective 15.08.2015) The procedure for remittance and allocation of compulsory social-insurance contributions and exchange of information 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) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) 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 by the Executive Director of the National Revenue 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 instrument ascertaining the public claim 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.

Steps for Voluntary Compliance

(Heading amended, SG No. 94/2015, effective 1.01.2016)

Article 182. (1) (Amended and supplemented, SG No. 12/2009, effective 1.05.2009, amended, SG No. 32/2009, effective 1.01.2010, repealed, SG No. 94/2015, effective 1.01.2016).

(2) (Amended, SG No. 94/2015, effective 1.01.2016) If a claim is not complied with within the statutory time limit, before steps for the coercive collection of the said claim are undertaken, the authority which ascertained the claim or an authority of the National Revenue Agency, as the case may be, may:

1. notify the debtor in writing, by telephone, by a visit on site, with am electronic message at an electronic address specified by the debtor and/or in another appropriate manner of the consequences and possible steps to collect the claim, in case the debtor fails to comply voluntarily with the claims as ascertained;

2. if the claim exceeds BGN 5,000 and collateral security covering the amount of principal and interest has not be provided, 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 claims is required.

(3) (Amended, SG No. 94/2015, effective 1.01.2016) In cases where the claim is not complied with within the time limit for voluntary compliance, the authority which ascertained the claim 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 claims, including the amount of the said claim, where the aggregate claim exceeds BGN 5,000.

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

(5) Where the public claim 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) (Repealed, SG No. 94/2015, effective 1.01.2016).

Chapter Twenty-Two
DEFERRAL AND RESCHEDULING

Section I
Deferral and Rescheduling of Public Claim

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) realisation of the assets at book value at the date of submission of the request, with the exception of such that are essential for the 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. (repealed, SG No. 14/2011, effective 15.02.2011);

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 authorisation.

(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, when due, the amounts due shall become immediately exigible with statutory interest as from the date of the authorisation granted. Article 169, Paragraph (2) herein shall not apply in this case.

(5) No deferral or rescheduling shall be allowed:

1. in respect of a legal entity or a sole proprietor in respect of which a resolution of dissolution through liquidation has been passed, or insolvency proceedings or a an enterprise rehabilitation procedure have been initiated;

2. after the method of sale under Article 238 is determined;

3. (amended, SG No. 82/2012, effective 1.01.2013) for any obligations under the Value Added Tax Act and under the Excise Tax and Tax Warehouses Act, with the exception of any obligations under an effective audit instrument;

4. (supplemented, SG No. 14/2011, effective 15.02.2011) to any obligated persons referred to in Article 18 herein for amounts withheld and unremitted in due time, excluding obligations under audit instruments that have entered into force.

(6) The provision of Paragraph (5) shall not apply in the cases referred to in Articles 188 and 189 herein.

(7) (Supplemented, SG No. 14/2011, effective 15.02.2011) Deferral of obligations for compulsory social-insurance contributions shall not be authorised, with the exception of the cases referred to in Article 186 and under audit instruments that have entered into force.

(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 debtor, declared in a standard form endorsed by the Minister of Finance: applicable to natural persons;

3. all other public claims, including the interest thereon, as well as all obligations to private creditors and the interest thereon;

4. (amended, SG No. 14/2011, effective 15.02.2011) the existence of circumstances referred to in Paragraph 2(3).

(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 ratios 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 authorised 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 claim, but the difficulties are temporary and upon deferral or rescheduling of the obligation, after being granted an authorisation 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 claims.

(11) (Amended, SG No. 63/2006, SG No. 12/2009, effective 1.01.2010 amended, SG No. 32/2009, SG No. 12/2015, SG No. 58/2017, effective 18.07.2017) A proposal for deferral or rescheduling of public obligations of registered farmers and tobacco producers may alternatively be submitted care of the Minister of Agriculture, Food and Forestry to the competent authority referred to in Article 184 (1) herein.

Deferral or Rescheduling Authorisation

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) (Amended, SG No. 94/2015, effective 1.01.2016) Outside the cases covered under Paragraph (1), an authorisation 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 300,000 and provided that rescheduling or deferral is requested [for a period of] up to two years after the date of granting the authorisation. In all other cases, the authorisation 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.

Authorisation Issuance

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;
3. (new, SG No. 14/2011, effective 15.02.2011) the decision of the European Commission affirming the compatibility of the aid with the common market, where required by the State Aids Act.

(2) No authorisation shall be granted where the evidence presented under Article 183, Paragraph (8) herein contains any data which do not show the actual facts and circumstances or do not correspond to the market prices and conditions. Authorisation 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, Paragraph (2) herein.

(3) The authorisation 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, Paragraph (9) herein.

(4) (Supplemented, SG No. 14/2011, effective 15.02.2011) An authorisation of deferral or rescheduling shall be granted within three months, and in the cases referred to in Item 3 of Article 184, Paragraph (1) herein, within four months of the receipt of the request with the requisite evidence and the consent of the National Social Security Institute, as well as the positive decision of the European Commission, where required by the State Aids Act. The authorisation shall be communicated to the debtor within 7 days of its issuance. 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 authorisation of deferral or rescheduling shall require a reasoned decision, which shall be communicated to the debtor within seven days of the issuance thereof. The said decision shall specify the time limit within and the authority before which the said decision is subject to appeal.

(6) Where no resolution is passed in respect of a request for a deferral or rescheduling authorisation, this shall be considered as tacit denial.

Interest-Free Deferral and Rescheduling

Article 186. (1) Upon natural disasters (fire, earthquake, hailstorm, catastrophe and other similar events) or major industrial accidents, whereupon substantial damage to property has been inflicted on the debtor, the authorities referred to in Article 184, Paragraph (1) herein, acting at the request of the said debtor, may authorise 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 validity period of the deferral or rescheduling. In 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 1.03.2007, SG No. 77/2018, effective 18.09.2018) the administrative court exercising jurisdiction over the location of the authority or the debtor's seat of business;

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 1.03.2007) 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) (Amended, SG No. 30/2006, effective 12.07.2006) 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 Ia
(New, SG No. 109/2013, effective 1.01.2014)
Deferral and Rescheduling of Liabilities Established by the National Revenue Agency

Conditions for Deferral and Rescheduling

Article 187a. (New, SG No. 109/2013, effective 1.01.2014) (1) Upon request by the debtor, the competent authority may authorise the deferral or rescheduling of public liabilities in accordance with an approved payment schedule. Interest as specified in the relevant law shall be charged for the period of deferral or rescheduling.

(2) Deferral or rescheduling shall be allowed subject to the following conditions:

1. the liability in respect whereof deferral or rescheduling is requested relates to taxes and/or mandatory social security contributions, except for local taxes and excise duties;

2. the liability in respect whereof deferral or rescheduling is requested cannot be paid in full out of the cash available on the date of submission of the request;

3. the debtor also has other liabilities, the non-payment whereof could have severe economic consequences, such as termination or prolonged suspension of its operational activities, cancellation of trade contracts or default on trade contracts, default on liabilities under employment contracts, etc.;

4. the amount of security covers the amount of the principal and the interest on the liability in respect whereof deferral or rescheduling is requested;

5. where the debtor's cash and current proceeds are insufficient to pay the liability and after the debtor's business is assessed, it can be reasonably assumed that the hardship is of a temporary nature and a rescheduling of the liability would enable the debtor to pay the outstanding liabilities as well as its current public liabilities.

(3) Where the debtor fails to pay its current liabilities related to taxes and mandatory social security contributions in the period of deferral or rescheduling, or where the debtor fails to pay the relevant instalment on the relevant maturity date as provided for in the payment schedule, the amounts due shall become immediately exigible.

(4) No deferral or rescheduling shall be allowed:

1. in respect of a legal entity or a sole proprietor in respect whereof a resolution of dissolution through liquidation has been passed, or insolvency proceedings or a an enterprise rehabilitation procedure have been initiated;

2. after the method of sale under Article 238 is determined;

3. in respect of liabilities under the Value Added Tax Act, except for liabilities under an effective tax assessment;

4. in respect of liable persons under Article 18, for the amounts deducted and unpaid in due time, except for liabilities under an effective tax assessment.

(5) The following shall be enclosed with the request under Paragraph (1):

1. (amended and supplemented, SG No. 105/2020, effective 1.01.2021) statements of accounts at banks and at other payment service providers to prove the company's cash flows, and an estimate of the expected income and costs for the period in respect of which deferral or rescheduling is requested;

2. evidence of amounts payable under contracts relevant to the debtor's operational activities;

3. evidence of the circumstances under Item 3 of Paragraph (2).

(6) (Amended, SG No. 105/2020, effective 1.01.2021) In the event of issued authorisation for deferral or rescheduling, the debtor shall make all payments related to his activity only via transfer or deposit to a payment account.

(7) No deferral of liabilities related to mandatory social security contributions shall be allowed, except for liabilities under an effective tax assessment.

(8) (Amended, SG No. 105/2020, effective 1.01.2021) Where the requirement under Paragraph (6) is not observed, the amounts due in respect whereof deferral or rescheduling authorisation has been granted shall become immediately exigible.

Deferral or Rescheduling Authorisation

Article 187b. (New, SG No. 109/2013, effective 1.01.2014) (1) A deferral or rescheduling authorisation shall be issued by:

1. a revenue authority or public enforcement agent specified by the territorial director - in respect of liabilities related to taxes and mandatory social security contributions, except for local taxes and excise duties, amounting to a total of up to BGN 300,000, provided that the period of deferral or rescheduling is up to two years of the authorisation issue date;

2. the territorial director - in respect of liabilities related to taxes and mandatory social security contributions, except for local taxes and excise duties, amounting to a total of BGN 300,001 to BGN 3,000,000, provided that the period of deferral or rescheduling is up to three years of the authorisation issue date;

3. the Executive Director of the National Revenue Agency - in respect of liabilities related to taxes and mandatory social security contributions, except for local taxes and excise duties, amounting to a total of more than BGN 3,000,000, provided that the period of deferral or rescheduling is up to three years of the authorisation issue date.

(2) Where the authority competent to authorise the deferral or rescheduling is the Executive Director of the National Revenue Agency, the request and the evidence

enclosed therewith shall be submitted through the relevant territorial director.

Authorisation Issuance

Article 187c. (New, SG No. 109/2013, effective 1.01.2014) (1) Where a request for deferral or rescheduling has been submitted, the competent authority shall pass a resolution after it estimates whether the conditions under Article 187a(2) are at hand and considers:

1. the evidence presented;

2. the debtor's ability to pay its current liabilities and the liabilities in respect whereof deferral or rescheduling is requested;

3. the existence of sufficient guarantees of collection of the claim.

(2) The deferral or rescheduling authorisation shall be issued within one month, or, in the cases referred to in Item 3 of Article 187b(1), within two months of receipt of the request with the required evidence enclosed. The authorisation shall be communicated to the debtor within 7 days of its issuance.

(3) No refusal to authorise deferral or rescheduling shall be subject to appeal.

(4) Where no resolution is passed in respect of a request for a deferral or rescheduling authorisation, this shall be considered as tacit denial.

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, Paragraph (9) herein, the authorities referred to in Items 1 and 2 of Article 184, Paragraph (1) herein may propose to the Minister of Finance to consolidate all public claims of the debtor and to reduce, defer or reschedule the said claims 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, Paragraph (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 claim referred to in Paragraph (1), including future interest. In such case, the public claim creditors shall be satisfied on a pro rata basis according to the manner and within the time limits defined by the Council of Ministers.

(4) (Amended, SG No. 86/2006) No reduction, deferral or rescheduling of a consolidated public claim under Paragraph (1) shall be authorised 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 claim is authorised, shall not be subject to appeal.

Rescheduling and Deferral in Bankruptcy and Stabilisation Proceedings
(Heading amended, SG No. 63/2006, SG No. 105/2016)

Article 189. (1) (Amended, SG No. 105/2016) A rehabilitation plan, a plan within stabilisation proceedings for a merchant or an out-of-court settlement in the bankruptcy proceedings may not provide for any reduction, deferral and/or rescheduling of public claims without the prior consent of the Minister of Finance, who shall take into consideration the opinion of the authorities referred to in Article 1, Paragraph (1) herein on the rescheduling and deferral of obligations for compulsory

social-insurance contributions. A conversion of public claims into shares and interests in the capital of the debtor company shall be inadmissible.

(2) (Amended, SG No. 105/2016) The Minister of Finance shall withhold consent under Paragraph (1) if the rehabilitation plan, the plan within stabilisation proceedings for a merchant plan or the out-of-court settlement sets less favourable conditions in respect of the reduction, deferral or rescheduling of the public claims than in respect of the obligations to the rest of the creditors.

(3) Reduction of the principal of public State and municipal claims 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 Claims Prohibited

Article 190. (1) The cession of public claims shall be prohibited.

(2) The cession of claims of obligated persons under Article 128, Paragraph (1) herein and of other claims from overremitted public claims shall be prohibited.

Chapter Thirty-Three
COMPETITION

Competition between Public Proceeding and Enforcement Proceeding under Procedure Established by the Code of Civil Procedure

Article 191. (1) Any property, whereon measures to secure public claims have been imposed or whereagainst a coercive enforcement for the collection of public claims 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) (New, SG No. 101/2010) Where the realization of the property under Paragraph (1) is not concluded within 12 months of imposing the measures to secure public claims; within 6 months of commencing enforcement for the collection of public obligations respectively, any creditor is entitled to commence coercive enforcement in respect of the said property according to the Code of Civil Procedure, observing Paragraphs 3 - 5.

(3) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010, renumbered from Paragraph (2), SG No. 101/2010) Where coercive enforcement steps 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 an enforcement agent until performance of the distribution. To this end, the public enforcement agent shall transmit a communication to the National Revenue Agency on each enforcement commenced by the said agent and on each distribution.

(4) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No

32/2009, effective 1.01.2010, renumbered from Paragraph (3), amended, SG No. 101/2010) Not later than fourteen days after the receipt of the communication referred to in Paragraph (3), the National Revenue Agency shall issue a certificate which contains 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.

(5) (Amended, SG No. 12/2009, effective 1.05.2009, renumbered from Paragraph (4), amended, SG No. 101/2010) The enforcement agent shall have no right to continue the proceeding before receipt of the certificate referred to in Paragraph (4). Upon expiry of thirty days after the dispatch of the communication under Paragraph (3), the public enforcement agent may continue the proceeding regardless of whether the certificate has been received.

(6) (New, SG No. 31/2011, effective 1.01.2011) Paragraph (2) shall not apply in case preliminary precautionary measures have been imposed.

(7) (New, SG No. 31/2011, effective 1.01.2011) The time limits under Paragraph (2) shall be suspended in the following cases:

1. where the enforcement of the instrument or the coercive enforcement proceedings have been suspended - until the reason for such suspension expires;

2. (supplemented, SG No. 109/2013, effective 1.01.2014) where a permit has been granted for the deferment or rescheduling of public claims – for the deferment or rescheduling period or until coercive enforcement is launched in the cases referred to Article 183, Paragraph (4) and Article 187a, Paragraphs (3) and (8) herein;

3. (repealed, SG No. 94/2015, effective 1.01.2016);

4. where a sale is contested in accordance with Article 256 – until the decision of the relevant administrative or judicial authority takes effect.

Steps after Close of Enforcement Proceeding

Article 192. (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) In the cases referred to in Article 191, Paragraph (1) herein, if any cash is left after the realisation of the property of the debtor and extinguishment of the claims and the costs of the enforcement, the National Revenue Agency shall transfer the said resources to the account of the enforcement agent.

Coercive Enforcement upon Bankruptcy

Article 193. (1) Any property, whereon measures to secure public claims 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 standard 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.

(4) (*) (New, SG No. 101/2010) If within 6 months of initiation of debtor's bankruptcy proceedings the public enforcement agent has not realized the property under Paragraph (1) it shall be transferred from the public enforcement agent to the trustee in bankruptcy and shall be realized in the bankruptcy proceeding.

(*) *Editor's Note.* According to § 29, Item 3 to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National

Assembly of 13 March 2020 (SG No. 28/2020): "Until the lifting of the state o emergency: the period referred to in Article 193 (4) of the Tax and Social-Insurance Procedure Code shall not apply."

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 standard procedure in respect to any property whereagainst enforcement steps 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) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010, SG No. 105/2016, effective 30.12.2016) The secured creditor shall be satisfied before the other creditors from the property securing the claim thereof. The amount appertaining to the secured creditor, except for creditors with registered special pledges, shall be kept on the account of the National Revenue Agency and shall be delivered to the secured creditor after the latter 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. The public enforcement agent shall allocate and transfer the amount appertaining to the creditor with a registered special pledge based on a provided certificate of a registered pledge from the Central Register of Special Pledges and a declaration regarding the actual amount of the creditors's claim with notarised signatures.

(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 Claims

Public Claims Subject to Securing

Article 195. (1) The ascertained and exigible public claims shall be subject to securing.

(2) Security interest shall be created where the collection of the public claim 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 claim ascertainment instrument;

2. where security interest has not been created or the security interest created is insufficient, after obtaining a right to enforcement.

(4) The debtor shall not be notified of the request for creation of security interest.

(5) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010, SG No. 14/2011, effective 15.02.2011) In cases of notifications according to the procedure established by Article 77(1) and 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 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 steps.

Contestation

Article 197. (1) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) The warrant on imposition of precautionary measures shall be subject to appeal within seven days of the service thereof before the director of the competent territorial directorate, who shall issue by a reasoned decision within fourteen days, and in the cases of imposition of preliminary precautionary measures under Article 121 herein, the said director shall issue a decision within seven days of receiving the appeal.

(2) (Amended, SG No. 30/2006, effective 1.03.2006, SG No. 12/2009, effective 1.01.2010 - amended, SG No. 32/2009, SG No. 77/2018, effective 18.09.2018) The decision referred to in Paragraph (1) shall be subject to appeal before the administrative court exercising jurisdiction over the permanent address or the registered office of the appellant, within seven days of the 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 specified in Paragraph (1) shall be presumed as a confirmation of the warrant, which shall be subject to appeal within

fourteen days of the 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, Paragraph (1) and Article 195, Paragraph (5) herein are not satisfied.

(4) (Amended, SG No. 30/2006, effective 1.03.2007) The judgment of the administrative court shall not be subject to appeal.

(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) (Amended, SG No. 105/2020, effective 1.01.2021) The public enforcement agent or the court, may, acting at the request of the debtor, admit the replacement of one type of security interest by another equivalent security interest.

(2) (Amended, SG No. 105/2020, effective 1.01.2021) 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) (Repealed, SG No. 105/2020, effective 1.01.2021).

(4) (Amended, SG No. 105/2020, effective 1.01.2021) In the cases referred to in Paragraphs (1), and (2), 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 Movables

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) (Amended, SG No. 94/2015, effective 1.01.2016) 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 relevant Regional Directorate for Agriculture in the register of which the garnished agricultural or forestry machinery is subject to registration. Any transfer of the right of ownership, creation and transfer of rights in rem and 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) (Supplemented, SG No. 105/2020, effective 1.01.2021) Garnishment of a liquid or exigible claim of the debtor from a third party shall be imposed by means of a garnishment notice which shall be transmitted to the debtor, to the taxable person 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.

(7) (New, SG No. 105/2020, effective 1.01.2021) Garnishment of the debtor's claims on a payment account opened with a payment service provider other than a bank shall be carried out by serving a garnishment notice on the payment service provider and the garnishment shall be considered imposed at the time on the day of serving the garnishment notice on the payment service provider.

Electronic Garnishment of Accounts Receivable into Bank Accounts

Article 202a. (New, SG No. 94/2015, effective 1.01.2016) (1) Electronic garnishment of accounts receivable by the debtor into a bank account shall be imposed by a public enforcement agent under the terms and according to the procedure established by Article 450a of the Code of Civil Procedure.

(2) For the purposes of collecting public claims, the State and municipalities shall be exempt from the payment of fees and other costs for access to the Single Environment for Exchange of Electronic Garnishments referred to in Article 450a of the Code of Civil Procedure.

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) (Amended, SG No. 83/2019, effective 22.10.2019, SG No. 102/2019 effective 1.01.2020) Garnishment of dematerialised securities shall be imposed by means of dispatch of a garnishment notice to the Central Securities Register, simultaneously notifying the company. The central securities register shall immediately notify the relevant central securities depository with which the securities have been registered and 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) (Amended, SG No. 83/2019, effective 22.10.2019) The central securities register and, where applicable, the relevant central securities depository and the person keeping a register of government securities shall be obligated within three days after receipt of the notice to notify the public enforcement agent as to the securities owned by the debtor, whether other garnishments have been imposed, and in relation to 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) (Amended, SG No. 94/2015, effective 1.01.2016) Garnishment of an equity interest in a commercial corporation shall be imposed by means of dispatch of a garnishment notice to the Registry Agency. The garnishment shall be recorded according to the procedure applicable to the recording of a pledge on an equity interest in a commercial corporation and shall take effect as from the recording. The Registry Agency shall notify the company of the recorded garnishment.

(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) (Amended, SG No. 108/2007, SG No. 14/2011, effective 15.02.2011 SG No. 94/2015, effective 1.01.2016) A corporeal immovable 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 registered pledge recorded after such preventive attachment shall be unopposable to the public claim.

(2) (Amended, SG No. 94/2015, effective 1.01.2016) A ship shall be attached by means of recording the warrant in the relevant ship registers of the Maritime Administration Executive Agency. The Maritime Administration Executive Agency shal send a notification to the debtor of the fact of recordation. Any transfer of the right of ownership, creation and transfer of rights in rem and creation of encumbrances in respect of the ship, effected after receipt of the garnishment warrant, 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 createc 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 joint liability with the debtor for the claim up to the extent of the obligation of the debtor.

(3) (Amended, SG No. 14/2011, effective 15.02.2011) The Registry Agency 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 Dispositions

Enforcement Titles

Article 209. (1) Coercive enforcement of public claims shall be admitted acting on an instrument on ascertainment of the claim 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. (amended, SG No. 60/2015) decision, issued by the customs authorities, regardless of whether appealed or not;
5. an effective penalty decree;
6. (supplemented, SG No. 86/2006, SG No. 109/2007) effective judgements, sentences and rulings of the courts, as well as decisions of the European Commission, the Council of the European Union, the Court of Justice of the European Communities and the European Central Bank;
7. (amended, SG No. 106/2013, effective 1.01.2014) an order for collection of sums, issued by the bodies of the National Social Security Institute, regardless of whether it is appealed against;
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.

Joint 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 joint 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 steps 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

Property Subject to Coercively Enforcement

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. (amended, SG No. 34/2020, effective 9.04.2020) the labour remuneration, the benefit under an employment relationship, any other remuneration for work done, the pension or the study grant: up to a total monthly amount equal to the minimum wage.

(2) Coercive enforcement shall also 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. (supplemented, SG No. 41/2009, effectve 1.07.2009) any amounts donated

by natural and legal persons and received by permanently disabled persons with working capacity reduced by more than 50 per cent or with a certain type and degree of disability of more than 50 per cent and other categories of socially disadvantaged persons;

4. any claims for maintenance 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 issue a decision on the debtor's proposal within seven days of receiving it. A refusal by the public enforcement agent to accept the enforcement method proposed by the debtor shall be subject to appeal 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. (supplemented, SG No. 105/2020, effective 1.01.2021) execution over claims and cash at banks and other payment service providers;

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) (Supplemented, SG No. 105/2020, effective 1.01.2021) The following shall be void in respect of the State or the municipalities, as the case may be, where concluded after the date of declaring or ascertainment of a public claim or, respectively, after service of an audit assignment order, if the audit has resulted in ascertainment of public claims:

1. any gratuitous transactions involving property rights of the debtor;

2. any onerous transactions involving 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 realised property of the debtor;

6. any transactions effected to the detriment of the public execution creditors, to which 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.

(4) (New, SG No. 105/2020, effective 1.01.2021) In line with this Code, enforcement must take place on a property which is subject to measures imposed under Part Four of the Civil Procedure Code, aimed to secure a claim with legal grounds under Paragraph 1 or 3, which has been upheld with effective court judgment.

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) (Amended, SG No. 63/2017, effective 4.08.2017) Joinder shall be admitted by means of an order of the public enforcement agent before preparation of the distribution of the amounts collected.

(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 steps performed before the joinder.

(5) (Repealed, SG No. 12/2009, effective 1.01.2010 - amended, SG No 32/2009).

Opposability of Security Interests

Article 218. The pledgee or the creditor who has exercised the right of retention, as the case may be, may oppose the claim thereof to the public execution creditor on the basis of validly dated written evidence.

Competition of Public Claims

Article 219. (1) Where the proceeding is for collection of public claims of different kinds and the property of the debtor is insufficient for the extinguishment of the said claims regardless of the methods employed or of the order in which the said claims are collected, the proceeds, until the depletion of the said claims, 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. (amended, SG No. 94/2015, effective 1.01.2016) for other public claims which are credited directly in revenue to the state budget and/or to the local budget: on a pro rata basis;

3. for other public claims: on a pro rata basis.

(2) In the event 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 not be subject to appeal.

Section IV
Steps

Institution of Enforcement Case

Article 220. (1) (Amended, SG No. 12/2009, effective 1.05.2009, SG No. 32/2009

effective 1.01.2010, SG No. 94/2015, effective 1.01.2016) Where a public obligation is not paid in due time, the enforcement proceeding shall be instituted on the grounds of an application sent by electronic means by the public execution creditor to the public enforcement agent.

(2) If necessary, the public enforcement agent may forward the enforcement case to another public enforcement agent for performance of enforcement steps. In such case, the former public enforcement agent shall indicate the type of step and the time limit for its performance. After performance of the relevant step, the latter public enforcement agent shall send back the enforcement case.

Commencement of Proceeding

Article 221. (1) (Amended, SG No. 94/2015, effective 1.01.2016) Where the obligation has not been paid in due time, 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) (Amended, SG No. 94/2015, effective 1.01.2016) Where the steps specified in Item 2 of Article 182, Paragraph (2) and in Article 182, Paragraph (4) have not been performed and if the claim exceeds BGN 5,000 and collateral security covering the amount of principal and interest has not be provided, the public enforcement agent may notify all authorities which, by virtue of statutory instruments, issue licences or permits for the performance of specific activities for which a certification of claims of the State is required.

(7) (Repealed, SG No. 94/2015, effective 1.01.2016).

(8) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) 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 director of the competent territorial directorate, 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. (new, SG No. 105/2020, effective 1.01.2021) upon the death of the legal representative of a natural person debtor - until constitution of guardianship or

trusteeship or appointment of a representative under Article 11;

5. (new, SG No. 105/2020, effective 1.01.2021) upon the death of the single representative of a legal entity debtor - until registration of a new representative or appointment of a representative under Article 11;

6. (renumbered from Item 4, SG No. 105/2020, effective 1.01.2021) in other cases stipulated by law.

(2) (New, SG No. 105/2020, effective 1.01.2021) In cases other than those referred to in Items 4 and 5 of Paragraph (1), in the absence of a legal representative/representative of the debtor, the enforcement shall be suspended by an order of the public enforcement agent and interest shall be charged for the period of suspension - until constitution of guardianship or trusteeship/registration of a new representative or appointment of a representative under Article 11.

(3) (Renumbered from Paragraph (2), supplemented, SG No. 105/2020, effective 1.01.2021) Suspension under Items 1 and 2 of Paragraph (1) and Paragraph (2) shall require written evidence certifying the circumstances indicated.

(4) (Renumbered from Paragraph (3), SG No. 105/2020, effective 1.01.2021) 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 by the antecessor and of the interest charged thereon.

(5) (Renumbered from Paragraph (4), SG No. 105/2020, effective 1.01.2021) 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.

(6) (Renumbered from Paragraph (5), SG No. 105/2020, effective 1.01.2021) The steps 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.

(7) (Renumbered from Paragraph (6), SG No. 105/2020, effective 1.01.2021) 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.

(8) (Renumbered from Paragraph (7), SG No. 105/2020, effective 1.01.2021) The public enforcement agent may adjourn an enforcement step 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.

Suspension in Special Cases

Article 222a. (New, SG No. 94/2015, effective 1.01.2016) (1) By an order of the public enforcement agent, a coercive enforcement proceeding shall be suspended, with interest being charged for the period of the suspension, where after the manner of sale is determined and 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 deposits 20 percent of the amount of the claims and undertakes in writing to deposit each month with the coercive enforcement authority 20 percent of the claims. The amounts shall be considered deposited at the time of their recording in the corresponding account.

(2) If the debtor fails to pay any of the instalments referred to in Paragraph (1), the public enforcement agent shall resume the proceeding and the

debtor shall not have the right to request another suspension.

(3) Paragraph (1) shall not apply where a pledged or mortgaged item of property is sold and with regard to legal persons or sole traders, with respect to which a resolution of dissolution through liquidation has been passed, or insolvency proceedings have been initiated.

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 steps 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 steps 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 claims 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) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) 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 claims presented 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 National Revenue Agency or an official empowered thereby may suspend the coercive enforcement proceeding.

(5) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) 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 claims, the Executive Director of the National Revenue Agency or an official empowered thereby 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 claims.

(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 claims shall be terminated by means of an order issued by the public enforcement agent:

1. (amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) 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;

2. where the instrument whereby the public claim 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 step undertaken and performed, indicating the date and place of the drawing up of the said memorandum, the steps undertaken, the requests made, the amounts received and the costs incurred.

(3) All memoranda on the steps 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 steps.

Execution over Debtor's Claims on Banks and Other Payment Service Providers

(Heading amended, SG No. 63/2006, supplemented, SG No. 105/2020 effective 1.01.2021)

Article 228. (1) (Supplemented, SG No. 105/2020, effective 1.01.2021) 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 or the payment service provider, as the case may be, immediately after receipt of the order.

(2) (Amended, SG No. 105/2020, effective 1.01.2021) The bank or the payment service provider, as the case may be, shall, within seven days of receipt of the order, notify the public enforcement agent who has imposed the garnishment of the reasons for non-compliance with the said order.

(3) (Amended and supplemented, SG No. 105/2020, effective 1.01.2021) Where enforcement is levied against a foreign-currency bank account, the bank or the payment service provider, as the case may be, shall purchase such foreign currency at the exchange rate applicable for the day on which the order was received and shall transfer the BGN 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, whereto 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;

3. (new, SG No. 98/2013, effective 1.12.2013) the amounts are for public claims.

(4) Where the authority referred to in Paragraph (1) has granted such authorization, the said authority shall specify therein the payment whereto the said authorization refers and the period wherewithin 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 from 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 notarised 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 third taxable person shall be obligated to remit the amount due to the account of the public enforcement agent or surrender thereto the debtor's items of property within three days of receipt of an order for enforcement. If the obligation of the third taxable person is for payment by instalments, the said garnishee shall remit the amounts within three days of the maturity of each instalment.

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 claim 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 claim.

(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 claims 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.

(6) (New, SG No. 94/2015, effective 1.01.2016) Upon lapse of the grounds for impoundment and in the event that within three months of notification the debtor fails to take the impounded items of property, the latter shall be presumed abandoned to the Exchequer. In such cases, the public enforcement agent shall issue a warrant.

Valuation

Article 235. (1) (Amended, SG No. 12/2009, effective 1.05.2009, amended, SG No 32/2009, effective 1.01.2010, amended and supplemented, SG No. 94/2015, effective 1.01.2016) An item of property as inventoried shall be valued at market value by the public enforcement agent. Where necessary, an appraiser registered in the register of the Chamber of Independent Appraisers in Bulgaria can be involved in the valuation. If there is no expert in the relevant field in the register or if any such expert is unable or declines to carry out the valuation, another specialists of the relevant profession or field can be involved.

(2) (Supplemented, SG No. 94/2015, effective 1.01.2016) 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, which cannot be lower than that determined by the expert, by a reasoned decision and shall communicate the said value to the debtor and to the execution creditor.

(3) The valuation of corporeal immovables 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.

(4) (New, SG No. 94/2015, effective 1.01.2016) Paragraph (3) shall not apply to new sales according to the procedure established by Article 250, Paragraph (4) or Article 254, Paragraph (10).

(5) (New, SG No. 94/2015, effective 1.01.2016) The final valuation shall not be subject to appeal.

Article 236. (Repealed, SG No. 94/2015, effective 1.01.2016).

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.

(2) 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) (Amended, SG No. 94/2015, effective 1.01.2016) 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 5,000, 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 claims shall be for the account of the debtor.

(2) (Amended, SG No. 108/2007, SG No. 94/2015, effective 1.01.2016) All proceeds from the sale shall be credited to a designated account. If after covering the costs, principal and interest there is an unused amount, Article 255 shall apply.

(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) (Amended, SG No. 94/2015, effective 1.01.2016) 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.

(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) (Amended, SG No. 109/2013, effective 1.01.2014) Perishable goods shall be sold through direct negotiations in accordance with a procedure laid down by the Executive Director of the National Revenue Agency, and through commodity exchanges, markets or shops.

(2) (Supplemented, SG No. 94/2015, effective 1.01.2016) The sale of works of art, items of property of antiquarian or numismatic value, gold, silver and other precious metals and precious stones and artefacts made thereof shall be effected after an expert appraisal through the specialised shops, galleries and other such, approved by the Minister of Finance, or by auction.

(3) (Amended, SG No. 94/2015, effective 1.01.2016) The sale of goods may be effected on the commodity exchanges or commodity markets according to the rules established for them for not more than one month from the initial offer at the relevant exchange or commodity market, or by auction.

(4) (Supplemented, SG No. 94/2015, effective 1.01.2016) The sale of foreign currency shall be effected through commercial banks or currency exchange offices.

(5) (Amended, SG No. 12/2009, effective 1.01.2010 - amended, SG No 32/2009, SG No. 12/2015, SG No. 58/2017, effective 18.07.2017) 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, Food and Forestry or a person empowered thereby only to other farmers.

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 placed on the office premises of the authorities that have ascertained the public obligations.

(4) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010, SG No. 94/2015, effective 1.01.2016) The notice shall also be published by posting at the place of the viewing or in the venue of the sale, and shall be published on the website of the National Revenue Agency.

(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) (Amended, SG No. 94/2015, effective 1.01.2016) (1) Any corporeal movables the starting bid for which does not exceed BGN 5,000 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) (Amended, SG No. 94/2015, effective 1.01.2016) The sale shall be conducted by shops which are assigned to do so by a contract.

(3) (Amended, SG No. 94/2015, effective 1.01.2016) The sale through shops shall be conducted according to the rules established for such shops.

(4) (New, SG No. 94/2015, effective 1.01.2016) Items of property referred to in Paragraph (1) may also be sold by electronic means in accordance with a procedure laid down by the Executive Director of the National Revenue Agency.

Price Reduction

Article 245. (1) (Amended, SG No. 94/2015, effective 1.01.2016) If an item of property is not sold within one month after being put up for sale, the selling price shall be set at 75 per cent of the starting bid.

(2) (Amended, SG No. 94/2015, effective 1.01.2016) 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 50 per cent of the starting bid.

(3) (Repealed, SG No. 94/2015, effective 1.01.2016).

(4) (Amended, SG No. 94/2015, effective 1.01.2016) If the item of property is not sold after the lapse of six 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) (Amended, SG No. 108/2007) The deposit for entry in an auction shall be 20 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 claims 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) (Supplemented, SG No. 105/2020, effective 1.01.2021) Ownership shall pass to the buyer as from the date of the warrant. Notarisation shall not be required. The items seized and sold, which have not been sought for by the buyer within the six-month time-limit for service of the awarding order, shall be considered abandoned to the State.

(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.

(*) *Editor's Note.* According to § 29, Item 7 to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 7 March 13 (SG No. 28/2020): "Until the lifting of the state of emergency: the period referred to in Article 246 (10) of the Tax and Social-Insurance Procedure Code shall not apply."

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(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) (Supplemented, SG No. 94/2015, effective 1.01.2016, amended and supplemented, SG No. 105/2020, effective 1.01.2021) On the basis of the identity documents presented, a stated electronic address and an account at a bank or another payment service provider, into which the deposit paid shall be refunded in the cases established by law, 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) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) The buyer must remit the price offered thereby within seven days after the completion of the auction, deducting the deposit paid.

(12) (Amended, SG No. 105/2020, effective 1.01.2021) The public enforcement agent shall issue an order to award the item to the buyer within three days of receipt of the amount to the indicated account and upon submission of a document certifying the payment of a tax for the acquisition of property against consideration where such tax is owed.

Selecting Subsequent Buyer

Article 249. (1) (Amended, SG No. 108/2007) 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 claim in the following order: costs, principal, interest.

(2) (Amended, SG No. 12/2009, effective 1.05.2009, SG No. 32/2009, effective 1.01.2010, supplemented, SG No. 94/2015, effective 1.01.2016) 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 at the electronic address specified thereby. If the said bidder also fails to remit the price, deducting the deposit paid, within seven days of 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 after the expiry of three months of the date of conduct of the auction.

(3) (New, SG No. 94/2015, effective 1.01.2016) The electronic communication referred to in Paragraph (2) shall be considered delivered after the expiry of a three-day period of its sending.

(4) (Amended, SG No. 12/2009, effective 1.05.2009, amended, SG No 32/2009, effective 1.01.2010, renumbered from paragraph (3), SG No. 94/2015, effective 1.01.2016) Any bidder, who has been declared a buyer and who fails to remit the price offered within seven days, deducting the deposit paid, shall be liable in accordance with Paragraph (1).

(5) (New, SG No. 94/2015, effective 1.01.2016) After a bidder who has been declared a buyer remits the price, the deposits paid shall be refunded to the bidders which have not been declared buyers. In the event that within three months of the date of conduct of the auction the price has not been remitted by a bidder who has been declared a buyer, each bidder who has not been declared a buyer can withdraw its deposit.

(6) (Renumbered from paragraph (4), amended, SG No. 94/2015, effective 1.01.2016) Where none of the bidders referred to in Paragraphs (2) and (4) 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) (Amended, SG No. 94/2015, effective 1.01.2016) The selling price of the item of property at the new auction shall be set at 75 per cent of the starting bid at the preceding auction. At a subsequent auction the selling price of the item of property shall be set at 50 per cent of the starting bid of the first auction.

(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 claims 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) (Supplemented, SG No. 94/2015, effective 1.01.2016) Where the item of property is not awarded in the cases referred to in Paragraph (3), the said item shall be released from enforcement or a new sale shall be scheduled.

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) (Amended, SG No. 94/2015, effective 1.01.2016, SG No. 105/2020 effective 1.01.2021) The proposal, together with a document certifying the deposit paid in the amount of 20 per cent of the initial auction price and a notary certified power of attorney for participation in the auction, where the proposal is made by an authorised representative, 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 (name/designation, address, unified identification code as assigned by the Registry Agency, BULSTAT single identification code), and signature.

(3) The bid must state:

1. (amended, SG No. 34/2006, SG No. 63/2006, SG No. 94/2015, effective 1.01.2016, amended and supplemented, SG No. 105/2020, effective 1.01.2021) data about the bidder: name, Personal Identification Number (designation, unified identification code as assigned by the Registry Agency, BULSTAT single identification code), mailing address, electronic address and an account at a bank or another payment service provider into which the deposit paid shall be refunded in the cases established by law;

2. indication of the item of property for which the bid is made;

3. the price offered;

4. (amended, SG No. 108/2007, repealed, SG No. 105/2020, effective 1.01.2021);

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, SG No. 105/2020, effective 1.01.2021) 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. Where a proxy participates in the bidding, the power of attorney for participation in the auction shall be notary certified.

(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) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) 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 competent territorial directorate.

Payment and Award Warrant

Article 253. (Amended, SG No. 105/2020, effective 1.01.2021) The public enforcement agent shall issue an order to award the item to the buyer within three days of receipt of the amount to the indicated account and upon submission of a document certifying the payment of a tax for the acquisition of property against consideration where such tax is owed.

Subsequent Buyer

Article 254. (1) (Amended, SG No. 12/2009, effective 1.01.2010 - amended, SG No 32/2009, supplemented, SG No. 63/2017, effective 4.08.2017) In the event that the price is not received on the account named within seven days of 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 claim. 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 by sending an electronic message to the e-mail address stated thereby.

(2) (Amended and supplemented, SG No. 63/2006, amended, SG No. 12/2009 effective 1.05.2009 - amended, SG No. 32/2009, effective 1.01.2010, SG No. 94/2015 effective 1.01.2016) After the expiry of the time-period specified in Paragraph (1), the public enforcement agent shall declare the second-highest entrant as a buyer, and shall transmit an electronic communication on this to the said buyer at the electronic address specified thereby. 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 seven days of the notification, the said entrant shall likewise be presumed to have decided against buying the item of property.

(3) (New, SG No. 94/2015, effective 1.01.2016, amended, SG No. 63/2017 effective 4.08.2017) The electronic communication referred to in Paragraphs (1) and (2) shall be considered delivered after the expiry of a three-day period of its sending.

(4) (Renumbered from paragraph (3), supplemented, SG No. 94/2015, effective 1.01.2016) 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 after the expiry of three months of the date of conduct of the auction.

(5) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No

32/2009, effective 1.01.2010, renumbered from paragraph (4), SG No. 94/2015, effective 1.01.2016) An entrant who fails to pay within seven days of the notification shall be presumed to have decided against buying the item of property and shall be liable in accordance with Paragraph (1).

(6) (New, SG No. 94/2015, effective 1.01.2016) After an entrant who has been declared a buyer remits the price, the deposits paid shall be refunded to the entrants which have not been declared buyers. In the event that within three months of the date of conduct of the auction the price has not been remitted by an entrant who has been declared a buyer, each entrant who has not been declared a buyer can withdraw its deposit.

(7) (Supplemented, SG No. 108/2007, renumbered from paragraph (5), SG No 94/2015, effective 1.01.2016) If no entrant pays the price, the public enforcement agent shall schedule a new auction for sale of the item of property. A new auction shall also be conducted where no bid has been submitted or the price offered is lower than the starting bid.

(8) (Renumbered from paragraph (6), amended, SG No. 94/2015, effective 1.01.2016) The selling price of the item of property at the new auction shall be set at 75 per cent of the starting bid at the preceding auction. At a subsequent auction the selling price shall be set at 50 per cent of the starting sale price.

(9) (Renumbered from paragraph (7), amended, SG No. 94/2015, effective 1.01.2016) 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 more than one public execution creditor makes a request for awarding, 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.

(10) (Renumbered from paragraph (8), amended, SG No. 94/2015, effective 1.01.2016) Where the item of property is not awarded in the cases referred to in Paragraph (9), the said item shall be released from enforcement or a new sale shall be scheduled.

Transfer of Amounts to Debtor

Article 255. (Amended, SG No. 63/2006, SG No. 12/2009, effective 1.01.2010 amended, SG No. 32/2009) 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 National Revenue Agency and shall serve for offsetting against other public claims.

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) (Amended, SG No. 69/2008) 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 enlisted 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) (Supplemented, SG No. 105/2020, effective 1.01.2021) The item 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). Until expiry of the deadline under Paragraph (2) a co-owner who fails to pay may express a written consent for the item to be sold in whole.

(5) (Amended, SG No. 94/2015, effective 1.01.2016) The valuation of the item of property shall furthermore be communicated to the non-debtor co-owner.

(6) The non-debtor co-owner may appeal the enforcement steps 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 claims 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 Steps

Article 261. Each spouse may contest the steps 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 t 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) (Amended, SG No. 98/2010, effective 1.01.2011, SG No. 98/2018, effective 1.01.2019) A transfer of ownership of motor vehicles shall be effected after performing a check for paid tax on the motor vehicle in the information exchange system maintained by the Ministry of Finance in accordance with Article 5a of the Local Taxes and Fees Act as well as 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. If the municipality concerned has not provided continuous automated exchange of information, the check for paid tax on the motor vehicle may be carried out by

presenting a document issued or certified by the municipality.

(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) (Supplemented, SG No. 108/2007) Where the transferor or creator of the rights declare that they incur the public State and municipal obligations referred to in Paragraphs (1) and (2), 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 claims from the proceeds from the transfer or creation of the right in rem and the buyer pays the amount due to the relevant budget.

(5) (New, SG No. 108/2007) The steps referred to in Paragraphs (1) and (2), if performed in breach of Paragraph (4), shall be inopposable to the State or the municipality.

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 joint 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) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) The steps of the public enforcement agent shall be contestable by the debtor or by the third liable person before the director of the competent territorial directorate through the public enforcement agent who performed the said steps. Any such contestation shall be lodged within seven days after performance of the step 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 step 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 steps, 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 step contested;

4. revoke or refuse to revoke the enforcement step, 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 steps 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 step 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, SG No. 12/2009 effective 1.01.2010 - amended, SG No. 32/2009, SG No. 77/2018, effective 18.09.2018) In the cases referred to in Items 2, 4, 5 and 6 of Article 267, Paragraph (2) herein, the debtor or the execution creditor may appeal the decision before the administrative court exercising jurisdiction over the permanent address or registered office of the execution debtor within seven days of the communication. The case file shall be transmitted to the administrative court within three days of the receipt of the appeal.

(2) (Amended, SG No. 30/2006, effective 1.03.2007) 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 THE EUROPEAN UNION FOR COLLECTION OF PUBLIC CLAIMS

Section I
(New, SG No. 105/2006, effective 1.01.2007)
General Dispositions

Scope

Article 269a. (New, SG No. 105/2006, amended, SG No. 12/2009, effective 1.01.2010 - amended, SG No. 32/2009, SG No. 99/2011, effective 1.01.2012) (1) Mutual assistance with the competent authorities of European Union Member States shall be implemented in the collection of the following types of public claims:

1. (amended, SG No. 58/2016) taxes, including excise duties, customs duties and fees collected by or at the expense of the State and the municipalities or at the expense of the European Union;

2. refunds, interventions and other measures forming part of the system of total or partial funding by the European Agricultural Guarantee Fund and by the European Agricultural Fund for Rural Development, including sums to be collected in connection with these actions;

3. fees and other public claims provided for under the general organisation of the market in the sugar sector;

4. pecuniary penalties, fines, fees and additional charges related to the claims in respect whereof a request for mutual assistance can be made under Items 1 - 3, which have been imposed by the authorities competent to ascertain and/or collect the relevant public claims by an effective instrument;

5. (amended, SG No. 58/2016) fees charged for the issuance of certificates and other documents related to ascertaining, securing and collecting taxes, excise duties and customs duties;

6. interest and costs related to the claims under Items 1 - 5.

(2) The provisions of this Chapter shall not apply to:

1. claims on account of compulsory social insurance contributions;

2. fees not covered by Paragraph (1), Items 4 and 5;

3. claims of a contractual nature, including fees under public interest services contracts;

4. claims on account of effective verdicts or other penalties imposed in criminal proceedings and not covered by Paragraph (1), Item 4.

(3) Where mutual assistance is implemented, the actions related to the securing and collection of claims under Paragraph (1) shall be performed by the revenue authorities and by public enforcement agents under the terms and according to the procedures established by this Code.

Competent Authorities

Article 269b. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) The authority competent to implement mutual assistance with the competent authorities of Member States shall be the Executive Director of the National Revenue Agency or officials empowered by him/her.

(2) The Executive Director of the National Revenue Agency shall, by issuing an order, designate a central contact unit within the National Revenue Agency which shall be in charge of the contacts with other Member States on mutual assistance issues, function as a requested or requesting authority, as the case may be, in the territory of the Republic of Bulgaria, and be in charge of the contacts with the European Commission.

(3) The Executive Director of the National Revenue Agency may also, by issuing an order, designate other contact units within the National Revenue Agency to function as requested or requesting authorities, as the case may be, in the territory of the Republic of Bulgaria by types of claims or by their territorial or operative competence.

Types of Mutual Assistance and Requirements for Mutual Assistance Requests

Article 269c. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) Mutual assistance in the collection of the claims under this Chapter shall be implemented through requests for:

1. information;

2. notification;

3. collection of claims;

4. precautionary measures.

(2) A request under Paragraph (1) and all documents related thereto or to further exchange of information shall be sent by electronic means, using a standard form, unless this is impracticable for technical reasons.

(3) The following shall also be sent by electronic means:

1. the uniform instrument permitting enforcement under Article 269j, Paragraph (1), as well as the accompanying documents under Article 269j, Paragraph (3);

2. the documents under Article 269p, Paragraph (2).

(4) The request under Paragraph (1) may be accompanied by reports, statements, opinions and other documents, transcripts or certified true copies thereof, which shall also be sent by electronic means.

(5) If communication is not made by electronic means or standard forms have not been used, this shall not affect the validity of the information obtained or of the measures taken in the execution of the request for mutual assistance.

(6) The request for mutual assistance, the standard notification form and the uniform instrument permitting enforcement shall be sent by the local requesting authority in the official language or in one of the official languages of the requested Member State or shall be accompanied by a translation into the relevant language. The documents may also be submitted in another official language, if so agreed with the other Member State.

(7) The local requested authority shall accept the request for mutual assistance, the standard notification form and the uniform instrument permitting enforcement in Bulgarian only, or accompanied by a Bulgarian translation, unless otherwise agreed with the applicant Member State.

(8) The instruments and documents which are the subject of a request for notification under Article 269f, Paragraph (1) may be sent by the local requesting authority in Bulgarian and accepted by the local requested authority in the official language of the applicant Member State.

(9) When receiving accompanying documents other than those referred to in Paragraphs (6) and (8), the local requested authority may ask the requesting authority of another Member State to provide a translation of the documents in Bulgarian or in another language agreed upon.

Section II
Exchange of Information
(Heading new, SG No. 99/2011, effective 1.01.2012)

Request for Information

Article 269d. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012 (1) A request for provision of information on facts and circumstances relevant to the collection of claims under Article 269a, Paragraph (1) may be submitted by the local requesting authority to another Member State.

(2) Upon request by a requesting authority from another Member State, the local requested authority shall provide information on facts and circumstances relevant to the collection of claims under Article 269a, Paragraph (1).

(3) The local requested authority shall take the steps provided for by national law to gather and provide the information referred to in Paragraph (2).

(4) The local requested authority shall be under no obligation to provide information where:

1. it is impossible to obtain such information for the purpose of collecting such claims arising in the territory of Bulgaria;

2. such information would disclose any commercial, industrial or professional secret;

3. the disclosure would prejudice national security or be contrary to public order.

(5) Paragraph 4 may not be regarded as grounds for the local requested authority to refuse to provide information solely because such information is stored by a bank, financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests of a person.

(6) Any refusal by the local requested authority to provide information shall be reasoned, with the relevant grounds under Paragraph (4) being also stated.

Exchange of Information Without Prior Request

Article 269e. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) (Amended, SG No. 58/2016) Before taxes, fees, excise duties or customs duties, except for value added tax, are refunded to a person established or resident in another Member State, the authority competent to effect the refund may, through the relevant contact unit, inform the Member State wherein the person is established or resident of the refund to be made.

(2) The information under Paragraph (1) may be sent in the format and in accordance with the procedure provided for by Article 269c, Paragraph (2).

Section III
Notification of Documents
(New, SG No. 105/2006, effective 1.01.2007, Renumbered from Section II, Heading amended, SG No. 99/2011, effective 1.01.2012)

Request for Notification Made by a Local Requesting Authority

Article 269f. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) The local requesting authority may submit a request to another Member State to give the addressee notification of instruments and documents, including ones issued by courts, in relation to claims under Article 269a, Paragraph (1) and/or to the collection thereof.

(2) In the cases referred to in Paragraph (1) the notification shall be governed by the laws of the requested Member State.

(3) The request for notification shall be accompanied by a standard form containing:

1. name, business name and other details identifying the addressee;

2. the purpose of the notification and the period within which notification should be effected;

3. a description of the attached document and the nature and amount of the claim which is the subject of the request;

4. name, contact address and other contact details of the administrative unit having powers regarding the document of which the addressee is to be notified, or of the administrative unit having information on the document or on the possibility to contest the claim.

(4) The request under Paragraph (1) may be submitted to another Member State only provided that it is impossible to effect the notification in the territory of Bulgaria or that such notification would give rise to disproportionate difficulty.

(5) Notwithstanding the request under Paragraph (1), the persons located in the territory of another Member State may be notified of instruments and documents by registered mail with advice of delivery or by electronic means.

Request for Notification Made by a Requesting Authority of Another Member State

Article 269g. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) Upon request for notification made by a requesting authority of another Member State, the local requested authority shall serve instruments and documents issued in the Member State where the requesting authority is based and related to claims under Article 269a, Paragraph (1) and/or to their collection, including instruments and documents issued by courts.

(2) The request under Paragraph (1) shall be accompanied by a standard form with contents as provided for by Article 269f, Paragraph (3).

(3) Service shall be performed in accordance with the procedure provided for by Chapter Six, with the local requested authority informing in due time the other

Member State's requesting authority of each action it undertakes in connection with the request and of the date when the instrument or document was served.

(4) The local requested authority shall guarantee that service has been performed in accordance with the rules of this Code.

Section IV
Precautionary Measures and Collection of Claims
(Heading new, SG No. 99/2011, effective 1.01.2012)

Request for Collection of a Claim Made by a Local Requesting Authority

Article 269h. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) A local requesting authority may make a request to another Member State for collection of public claims under Article 269a, Paragraph (1) in respect whereof enforcement title exists.

(2) The local requesting authority shall without delay provide the other Member State's requested authority with any information obtained with regard to the claim and relevant to the collection thereof.

Conditions Governing the Submission of Requests for Collection of Claims to Anothe Member State

Article 269i. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) No request for collection of a claim may be made if the instrument ascertaining the public claim has been contested, unless in the cases provided for by Article 269l, Paragraph (5).

(2) Prior to making a request for collection of a claim, the local requesting authority should have used all means of claim collection under this Code, unless:

1. the debtor has no property in the territory of the Republic of Bulgaria to be made the subject of enforcement, and the local requesting authority is aware of property belonging to the debtor in the requested Member State;

2. the enforcement will not result in full extinguishment of the claim and the local requesting authority is aware of property belonging to the debtor in the requested Member State;

3. the collection of the claim is not possible or would be significantly impeded.

Uniform Instrument Permitting Enforcement

Article 269j. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) The request for collection of public claims under Article 269a, Paragraph (1) shall be accompanied by a uniform instrument permitting enforcement, which shall reflect the substantial contents of the initial instrument permitting enforcement and constitute the sole basis for the local requested authority to undertake enforcement actions and impose precautionary measures. The uniform instrument permitting enforcement shall not be subject to any act of recognition, supplementing or replacement.

(2) The uniform instrument permitting enforcement shall contain:

1. information identifying the initial enforcement title, a description of the claim, the type of claim, the period covered by the claim, any dates of relevance to the enforcement process, and the amount of the claim, including principal, interest and costs;

2. name, business name and other details identifying the debtor;

3. name, address and other contact details of the public execution creditor or of the administrative unit having information on the claim or on the possibility to contest it.

(3) The request under Paragraph (1) may be accompanied by other documents

related to the claim, as issued in the applicant Member State.

Request for Collection of a Claim Made by Another Member State

Article 269k. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) Upon request by a requesting authority of another Member State, the local requested authority shall collect the claims under Article 269a, Paragraph (1) in respect whereof initial enforcement title issued in the other Member State exists.

(2) The claims indicated in the request shall be collected in accordance with the procedure provided for by this Code.

(3) The claims collected based on a request for mutual assistance shall not be subject to the preferences for similar claims provided for by Bulgarian laws.

(4) The claims indicated in the request shall be collected in Bulgarian levs.

(5) The local requested authority shall inform the other Member State's requesting authority of any action undertaken in respect of the request for collection of the claim.

(6) The local requested authority shall charge interest under Bulgarian law as of the date of receipt of the request for collection.

(7) The claim may be deferred or rescheduled under the terms and according to the procedures established by this Code, subject to the local requested authority notifying the other Member State's requesting authority thereof.

(8) The local requested authority shall transfer to the other Member State's requesting authority the claims collected based on the request, less the costs under Article 269t.

Actions by a Local Requested Authority upon Contestation of a Claim in Respect Whereof Mutual Assistance has been Requested by Another Member State

Article 269l. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) Where an appeal has been lodged with the local requested authority against the claim, the initial enforcement title, the uniform instrument permitting enforcement and the validity of the notification made by the applicant Member State's competent authority, the local requested authority shall notify the appellant that the latter shall lodge the claim to the authority competent to pronounce on the appeal in the applicant Member State.

(2) Where an appeal has been lodged against enforcement or notification actions performed in the course of enforcement in the territory of Bulgaria, the provisions of this Code shall apply.

(3) Where the local requested authority has been notified by the other Member State's requesting authority of contestation under Paragraph (1), the enforcement shall be suspended in respect of the contested part of the claim until the competent authority pronounces on such contestation.

(4) Where enforcement has been suspended under Paragraph (3), no further enforcement actions may be performed in respect of the contested part of the claim, without prejudice to the undertaking of any precautionary measures upon request by the other Member State's requesting authority's or upon the initiative of the local requested authority.

(5) Paragraph 3 shall not apply where the other Member State's applicant authority has submitted a reasoned request that the local requested authority continue the enforcement proceedings despite the contestation. If the appeal is granted, the other Member State's requesting authority shall refund the amounts collected, together with the interest due and the costs incurred by the local requested authority.

(6) (Amended, SG No. 63/2017, effective 4.08.2017) When the competent authorities of the Republic of Bulgaria and another Member State have launched a procedure for reaching a mutual agreement that may lead to amending or repayment of the receivable subject of the mutual agreement, the local requested authority shall

suspend the enforcement until the procedure is completed, unless proceedings have been initiated in accordance with the procedure provided for in the Criminal Procedure Code for fraud or insolvency proceedings have been initiated. Upon suspension of the enforcement, Paragraph (4) shall apply.

Actions by a Local Requesting Authority upon Contestation of a Claim in Respect Whereof Mutual Assistance has been Requested from Another Member State

Article 269m. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) Where the local requesting authority has submitted a request for mutual assistance to another Member State, appeals concerning the following shall be considered in accordance with the procedure provided for by Bulgarian law:

1. the claim, the initial enforcement title or the uniform instrument permitting enforcement;

2. the validity of the service of instruments and documents in another Member State under Article 269f, Paragraph (5).

(2) Where a dispute arises under Paragraph (1), the local requesting authority shall inform the other Member State's requested authority thereof in due time, and shall also indicate the uncontested part of the claim. Where enforcement has been suspended in respect of the contested part of the claim, the local applicant authority shall inform the other Member State's requested authority of the outcome of the contestation proceedings.

(3) The local requesting authority may make a reasoned request asking the other Member State's requested authority to continue the enforcement regarding the contested part of the claim despite the contestation.

(4) The local requesting authority may ask the other Member State's requested authority to impose precautionary measures regarding the contested part of the claim, regardless of the enforcement having been suspended in the other Member State in respect of such part.

(5) If the appeal under Paragraph (1) is granted, the local requesting authority shall refund the amounts collected, together with the interest and costs due in accordance with the applicable laws of the requested Member State.

Actions by a Local Requesting Authority upon Amendment or Withdrawal of a Request for Collection of a Claim Submitted to Another Member State

Article 269n. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) The local requesting authority shall immediately inform the other Member State's requested authority upon amendment or withdrawal of the request for collection of a claim and shall indicate the reasons therefor.

(2) In case the amendment of the request has resulted from an effective instrument by an authority competent to pronounce on the appeal under Article 269m, Paragraph (1), the local requesting authority shall send such instrument, together with the revised uniform instrument permitting enforcement, based whereon it shall then proceed with the enforcement.

(3) The provisions of Article 269j and 269m shall apply to the revised uniform instrument permitting enforcement.

Actions by a Local Requested Authority upon Amendment or Withdrawal of a Request for Collection of a Claim Made by Another Member State

Article 269o. (New, SG No. 105/2006, amended, SG No. 99/2011, effective 1.01.2012) (1) Upon receipt of a revised uniform instrument permitting enforcement from another Member State's requesting authority, the local requested authority shall proceed with the enforcement based on the revised uniform instrument.

(2) Articles 269j and 269l shall apply to the revised uniform instrument permitting enforcement.

(3) The enforcement actions and precautionary measures performed prior to

the amendment shall remain effective, unless such amendment has resulted from a repeal of the initial enforcement title.

Actions by a Local Requesting Authority upon Submission of a Request for Precautionary Measures to Another Member State

Article 269p. (New, SG No. 99/2011, effective 1.01.2012) (1) Where the prerequisites referred to in Article 121 or Article 195 exist, the local requesting authority may submit a request for precautionary measures to another Member State.

(2) The request under Paragraph (1) shall be accompanied by an instrument issued by a competent authority in respect of the claim, if any, and other documents related to the claim.

(3) Regarding the request for precautionary measures, Article 269h, Paragraph (2), Article 269m and Article 269n shall apply accordingly.

Actions by a Local Requested Authority upon Receipt of a Request for Precautionary Measures from Another Member State

Article 269q. (New, SG No. 99/2011, effective 1.01.2012) (1) Upon receipt of a request for precautionary measures from another Member State's requesting authority, the local requested authority shall take the necessary steps in accordance with the procedure provided for by this Code.

(2) Regarding the request for precautionary measures, Article 269k, Paragraphs (2) - (5), Article 269l and Article 269o shall apply accordingly.

Section V
(New, SG No. 63/2017, effective 4.08.2017)
Miscellaneous Provisions

Limits to the Responsibility of a Local Requested Authority Receiving a Request for Mutual Assistance from Another Member State

Article 269r. (New, SG No. 99/2011, effective 1.01.2012) (1) The local requested authority shall not be under the obligation to render mutual assistance under this Chapter if the actions associated with granting the request may, in view of the financial position of the debtor, create serious economic or social difficulties.

(2) The local requested authority shall not be under the obligation to render mutual assistance under this Chapter where the request for mutual assistance concerns a claim in respect whereof a 5-year prescription period has expired between the date when the claim became exigible and the date of the initial request for assistance.

(3) Notwithstanding Paragraph (2), where the claim or the enforcement title is contested, the 5-year prescription period shall start from the date on which the enforcement title takes effect.

(4) Notwithstanding Paragraph (2), where the claim is deferred or rescheduled in the requesting authority's Member State, the 5-year prescription period shall start from the date on which the claim should have been finally extinguished.

(5) The local requested authority shall not be under the obligation to render mutual assistance where a 10-year prescription period has expired after the date on which the claim became exigible.

(6) The local requested authority shall not be under the obligation to render mutual assistance under this Chapter where the total amount of the claims in respect whereof the request has been made is lower than the BGN equivalent of EUR 1500.

(7) The local requested authority shall give reasons for its refusal to grant mutual assistance.

Extinctive Prescription

Article 269s. (New, SG No. 99/2011, effective 1.01.2012) (1) The extinctive prescription of claims shall be governed by the laws of the applicant Member State.

(2) The collection actions taken by the local requested authority in relation to a request for mutual assistance which suspend or interrupt the prescription period in accordance with the procedure provided for by this Code shall lead to the same consequences in the requesting authority's Member State if that is admissible under the laws of such Member State.

(3) In case the laws of the requested authority's Member State do not provide for suspension or interruption of the prescription period upon the taking of certain collection measures, the rules on suspension and interruption of the prescription period laid down in this Code shall apply.

(4) Paragraphs 1 - 3 do not affect the right of the applicant Member State's competent authorities to take actions to suspend or interrupt the prescription period in accordance with the national laws of such Member State.

(5) The local requested authority shall inform the other Member State's requesting authority of the actions suspending or interrupting the prescription period.

Costs

Article 269t. (New, SG No. 99/2011, effective 1.01.2012) (1) Regarding the costs incurred in the collection or securing of a claim, Article 240, Paragraph (1) shall apply.

(2) The costs incurred in relation to actions undertaken by the local requested authority based on a request for mutual assistance shall not be subject to reimbursement by the applicant Member State.

(3) The local requesting authority shall reimburse the requested Member State for any costs incurred as a result of actions undertaken by such authority if such costs have proven unfounded due to non-existence of the claim or invalidity of the enforcement title.

(4) Where the collection of a claim creates specific difficulties, the costs related to the collection are especially high or the collection entails combating organised crime, special terms and procedures for cost reimbursement may be agreed upon with the other Member State on a case-by-case basis.

Presence at and Participation in Administrative Proceedings

Article 269u. (New, SG No. 99/2011, effective 1.01.2012) (1) Upon agreement with another Member State's authorities competent to perform mutual assistance, an arrangement may be made for authorised officials to attend administrative proceedings and to assist the relevant competent authorities in judicial proceedings held in the territory of the Member State.

(2) If allowed by national law, such agreement may allow such authorised officials from the relevant Member State to interrogate natural persons and access all information related to the performance of mutual assistance.

Information Disclosure

Article 269v. (New, SG No. 99/2011, effective 1.01.2012) (1) Any information received or provided under this Chapter shall constitute tax and social insurance information within the meaning of this Code.

(2) The information referred to in Paragraph (1) may be used in relation to judicial or administrative proceedings launched for the purpose of collection and/or securing of the claims referred to in Article 269a, Paragraph (1) and for the purpose of ascertainment and collection of compulsory social insurance contributions.

(3) The information under Paragraph (1) may be used by the local requesting authority for purposes other than those specified in Paragraph (2) after the other Member State's requested authority grants a permission therefor.

(4) Where a requesting authority from another Member State asks to use

information for purposes other than those for which such information was provided, the information may be so used after the local requested authority grants a permission therefor and subject to the provisions of this Code.

(5) Access to the information under Paragraph (1) may be granted to persons authorised by the Security Accreditation Authority of the European Commission only insofar as it is necessary for monitoring, maintenance and development of the CCN network.

(6) In case the information obtained or provided under Paragraph (1) could be useful to a third Member State, such information may be provided thereto in accordance with the procedure of this Chapter after the Member State wherefrom the information originates gives a permission to that effect. Within 10 working days after the date of notification, the Member State wherefrom the information originates may object to the provision of such information to a third Member State.

(7) The information obtained in accordance with the procedure provided for by this Chapter may be used as evidence by all authorities whereto it has been provided.

Reporting

Article 269w. (New, SG No. 99/2011, effective 1.01.2012) The competent authority under Article 269b, Paragraph (1) or an official authorised thereby shall, by 31 March each year, send to the European Commission information regarding the number of requests sent and received under Article 269c, Paragraph (1) classified by Member State, the amount of claims in respect whereof requests for collection of claims have been received, the amounts collected, and any other information which could be useful in assessing the mutual assistance.

International Treaties on Mutual Assistance

Article 269x. (New, SG No. 63/2017, effective 4.08.2017) (1) The rules of this chapter shall not prejudice the application of international treaties on mutual assistance with a broader scope for the collection of public revenue, including the service of documents.

(2) The Executive Director of the National Revenue Agency shall promptly notify the European Commission of international treaties under Paragraph (1), which are of general nature and do not relate to a specific case.

(3) Where pursuant to an international treaty mutual assistance is carried out with other Member States, which has a broader scope of the mutual assistance provided for in this chapter, the local requesting authority and the local requested authority may use the network for electronic communication and the standard forms referred to in Article 269c.

Chapter Twenty-Seven "b"
(New, SG No. 63/2017, effective 4.08.2017)
MUTUAL ASSISTANCE FOR THE RECOVERY OF PUBLIC CLAIMS UNDER INTERNATIONAL TREATIES

Mutual Assistance

Article 269y. (New, SG No. 63/2017, effective 4.08.2017) (1) The Executive Director of the National Revenue Agency shall carry out mutual assistance for securing and collection of public claims and the service of documents in accordance with effective international treaties to which the Republic of Bulgaria is a party.

(2) Where mutual assistance under Paragraph (1) is implemented, the actions for securing and collection of claims of another country and for service of documents shall be carried out under the terms and according to the procedure established herein.

(3) Mutual assistance in securing and collection of public claims and service of

documents provided to the Republic of Bulgaria from another country under effective international treaties shall be carried out under the terms and according to the procedure set out in the relevant international treaty.

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 o exceeding this amount but not exceeding BGN 10,000. In addition to the fine referrec 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 repeatec 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. (Amended, SG No. 105/2020, effective 1.01.2021) 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 500 or exceeding this amount but not exceeding BGN 1,000, 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 1,000 or exceeding this amount but not exceeding BGN

2,000.

Non-fulfilment of Obligation to Store Information

Article 273a. (New, SG No. 105/2020, effective 1.01.2021) (1) A person who fails to meet the time-limits under Article 38, Paragraph 1 for storage of information shall be liable to a fine - for natural persons other than traders of BGN 100 to BGN 500, or to a pecuniary penalty for legal entities and sole traders of BGN 1,000 to BGN 5,000. In the event of a repeated violation, the sanction shall be a fine of BGN 150 to BGN 700 or a pecuniary penalty of BGN 1,500 to BGN 7,000.

(2) A person who fails to meet the time-limits under Article 38, Paragraph 1 for storage of information in electronic form under Article 38, Paragraph 3 derived from the information systems, products or archives used thereby, shall be liable to a fine - for natural persons other than traders of BGN 200 to BGN 700, or to a pecuniary penalty for legal entities and sole traders of BGN 3,000 to BGN 8,000. In the event of a repeated violation, the sanction shall be a fine of BGN 300 to BGN 1,000 or a pecuniary penalty of BGN 4,000 to BGN 11,000.

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. (Supplemented, SG No. 14/2011, effective 15.02.2011) Any person, who fails to present or submit the declaration referred to in Article 124(3) or Article 142(5) 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.

Application of CADT without grounds

Article 275a. (New, SG No. 105/2020, effective 1.01.2021) Any person who fails to pay or pays a smaller tax amount under the Corporate Income Tax Act or under the Income Taxes on Natural Persons Act within the required time-limit for tax payment, and where the grounds of CADT application have not been ascertained, shall be liable to a fine for natural persons, and to a pecuniary sanction for legal entities and sole traders in the amount of 5 per cent of the unpaid tax but not exceeding BGN 15,000. In the event of a repeated violation, the punishment shall be a fine on natural persons and a pecuniary sanction on legal entities and sole traders in the amount of 10 per cent of the amount of the unpaid tax but not exceeding BGN 30,000.

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.

Failure to Submit Country Reports or Transfer Pricing Documentation

(Heading amended, SG No. 63/2017, effective 4.08.2017, supplemented, SG No. 64/2019, effective 1.01.2020)

Article 278a. (New, SG No. 105/2006, effective 1.01.2007, amended, SG No. 82/2012 effective 1.01.2013, SG No. 63/2017, effective 4.08.2017) (1) A reporting undertaking under Article 143v or Article 143w, which fails to submit a country report within the time limit laid down in Paragraph (1) of Article 143t, shall be punished with a penalty payment in the amount of BGN 100,000 to BGN 200,000, and for a repeated infringement – from BGN 200,000 to BGN 300,000.

(2) A reporting undertaking under Article 143v or Article 143w, which fails to specify or specifies incorrect or incomplete data or circumstances in the country report under Article 143t, shall be punished with a penalty payment in the amount of BGN 50,000 to BGN 150,000, and for a repeated infringement – from BGN 100,000 to BGN 250,000. This punishment shall be also imposed in cases where incomplete or incorrect data are due to refusal under Paragraph (2) of Article 143w or under Paragraph (5) of Article 143x by the ultimate parent undertaking to provide information.

(3) A composite undertaking which fails to fulfil the notification obligation under Paragraph (2) of Article 143w or under Paragraph (5) of Article 143x, shall be punished with a penalty payment amounting to BGN 10,000, and for a repeated infringement – BGN 15,000.

(4) A composite undertaking which fails to fulfil the notification obligation under Article 143y, shall be punished with a penalty payment amounting from BGN 50,000 to BGN 150,000, and for a repeated infringement – from BGN 100,000 to BGN 200,000.

(5) (New, SG No. 64/2019, effective 1.01.2020) A person who has failed to draw up a Local File under Chapter Eight A shall be sanctioned by a penalty payment amounting to maximum 0.5% of the total value of transactions for which the documentations should have been drawn up. For the purposes of the preceding sentence, in cases of extending or receiving loans, the loan amount shall constitute the total value of the transaction. It shall be concluded that a Local File has not been drawn up where the Local File has not been submitted to a revenue authority, upon its request, within the time limit prescribed by that authority.

(6) (New, SG No. 64/2019, effective 1.01.2020) Persons required to have a Master File under Article 71d who have failed to comply with this requirement shall be sanctioned by a penalty payment amounting to BGN 5,000 to 10,000.

(7) (New, SG No. 64/2019, effective 1.01.2020) Persons who indicate false or incomplete data in the transfer pricing documentation under Chapter Eight "a" shall be sanctioned by a penalty payment amounting to BGN 1,500 to 5,000.

(8) (New, SG No. 64/2019, effective 1.01.2020) A repeated violation under paragraphs 5 – 7 shall be punishable with a pecuniary penalty to a double amount.

Failure to Comply with Obligations in case of Fiscal Control of Goods

Article 278b. (New, SG No. 109/2013, effective 1.01.2014) (1) Any person who fails to observe any obligation under Article 13 shall be liable to a fine of BGN 1,000 to BGN 3,000 in the case of natural persons, or to a pecuniary penalty of BGN 3,000 to BGN 20,000 in the case of legal entities and sole proprietors. In the event of a repeated violation natural persons shall be liable to a fine of BGN 3,000 to BGN 5,000, and legal entities and sole proprietors shall be liable to a pecuniary penalty of BGN 20,000 to BGN 50,000.

(2) Anyone who violates the provisions of Articles 127b - 127f shall be liable to a fine of BGN 2,000 in the case of natural persons, or to a pecuniary penalty of BGN 5,000 in the case of legal entities and sole proprietors. In the event of a repeated violation natural persons shall be liable to a fine of up to BGN 10,000, and legal entities and sole proprietors shall be liable to a pecuniary penalty of up to BGN 20,000.

Article 278c. (New, SG No. 94/2015, effective 1.01.2016) (1) A reporting financial institution, which fails to provide the information specified in Article 142b, Paragraph (1) within the time-period specified in Article 142c, Paragraph (1), or provides false information, shall be liable to a pecuniary penalty of up to BGN 250 for each financial account. In the event of a repeated violation, the sanction shall be a pecuniary penalty of up to BGN 500 for each financial account.

(2) A reporting financial institution, which opens a new account without having obtained the required declarations and documentary evidence, envisaged under the due diligence procedures, shall be liable to a pecuniary penalty of up to BGN 1,000 for each financial account.

(3) A reporting financial institution, which fails to keep the information specified in Article 142v, Paragraph (1), shall be liable to a pecuniary penalty of up to BGN 2,000.

(4) An account holder who provides false data and circumstances in a declaration or return provided for in this Code so that his/her status of a reportable person is not established, shall be liable to a fine or a pecuniary penalty of up to BGN 1,000, unless subject to a severer sanction. In such cases the reporting financial institution shall not be liable under Paragraph (1).

(5) A reporting financial institution, which fails to comply with the rules under Article 142x, Paragraph (3), shall be liable to a pecuniary penalty of up to BGN 2,000.

Failure to comply with an obligation for provision of information on a cross-border tax scheme

Article 278d. (New, SG No. 102/2019, effective 1.07.2020) (1) Any person who is required to provide information on a cross-border tax scheme under Article 143ab1 or Article 143ab2 and fails to observe such obligation, shall be liable to a fine of BGN 2,000 to BGN 5,000 in the case of natural persons, or to a pecuniary penalty of BGN 5,000 to BGN 10,000 in the case of legal entities and sole proprietors.

(2) Any person who is required to provide information on a cross-border tax scheme under Article 143ab1 or Article 143ab2, and who provides incomplete or untrue information under Article 143ab3, shall be liable to a fine of BGN 1,000 to BGN 3,000 in the case of natural persons, or to a pecuniary penalty of BGN 2,000 to BGN 8,000 in the case of legal entities and sole proprietors.

(3) Any consultant who fails to observe his obligation under Article 143ab1, paragraph 12, shall be liable to a fine of BGN 2,000 to BGN 5,000 in the case of natural persons, or to a pecuniary penalty of BGN 5,000 to BGN 10,000 in the case of legal entities and sole proprietors.

(4) Any consultant who fails to observe his obligation under Article 143ab1, paragraph 13, shall be liable to a fine of BGN 200 to BGN 800 in the case of natura

persons, or to a pecuniary penalty of BGN 500 to BGN 1,500 in the case of lega entities and sole proprietors.

(5) A consultant or a taxable person who has initially provided information on a cross-border tax scheme and who fails to promptly notify another consultant or a taxable person on the scheme of the issued unique number, shall be liable to a fine of BGN 200 to BGN 800 in the case of natural persons, or to a pecuniary penalty of BGI 500 to BGN 1,500 in the case of legal entities and sole proprietors.

(6) A repeated violation under paragraphs 1 – 5 shall be punishable with a pecuniary penalty to a double amount.

Chapter Twenty-Nine
PROCEEDING FOR ASCERTAINMENT OF VIOLATIONS AND IMPOSITION OF SANCTIONS

Ascertainment of Violations and Imposition of Sanctions

Article 279. (1) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) 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.

(2) (Amended, SG No. 12/2009, effective 1.05.2009 - amended, SG No 32/2009, effective 1.01.2010) In the cases where the violation was committed by an authority or an official of the National Revenue 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 cohabitees, 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) (supplemented, SG No. 64/2019, effective 1.01.2020) any company or person that holds more than 5% of the shareholdings or shares conferring voting rights in the company; for the purposes of Part I, Chapter Eight "a", the participation under subparagraph (f) shall be 25% of the issued shareholdings or shares conferring voting rights;

(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;

(n) (new, SG No. 1/2014, effective 1.01.2014) resident or non-resident persons with whom the resident person has concluded a transaction, if:

(aa) the non-resident person is registered in a country which is not a EU Member State and in which the payable income tax or corporate tax in respect of revenue that the non-resident person has generated or will generate from transactions is lower than the income tax or corporate tax in Bulgaria by 60 per cent or more, unless the resident person submits evidence that the non-resident person is liable to tax which is not subject to a preferential regime or that the non-resident person has marketed the goods or delivered the services on the local market, and

(bb) the country in which the non-resident person is registered refuses to, or is not able to exchange information about the consummated transactions or relations in the event of an international tax convention which has been concluded and entered into force.

For the purposes of this provision, a non-resident person shall also be any legal person-regardless of whether it is resident in the Republic of Bulgaria or not-controlled by a person meeting the conditions referred to in clauses (aa) and (bb).

For the purposes of this provision, a resident person shall also be any non-resident legal person operating in Bulgaria through a permanent establishment and any non-resident natural person generating revenue originating in Bulgaria through a fixed base for transactions executed through the permanent establishment or the fixed base;

(o) (new, SG No. 1/2014, effective 1.01.2014) the owners of the resident legal person and the non-resident person in the cases referred to in clause (n).

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. (Amended, SG No. 64/2019, effective 1.01.2020) "Transfer prices" means pricing in related-party transactions.

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, repealed, SG No. 82/2012 effective 1.01.2013).

13. (New, SG No. 105/2006, effective 1.01.2007, amended, SG No. 82/2012 effective 1.01.2013, repealed, SG No. 63/2017, effective 4.08.2017).

14. (New, SG No. 105/2006, effective 1.01.2007, repealed, SG No. 63/2017 effective 4.08.2017).

15. (New, SG No. 105/2006, effective 1.01.2007, repealed, SG No. 63/2017 effective 4.08.2017).

16. (New, SG No. 105/2006, effective 1.01.2007, amended, SG No. 108/2007 SG No. 14/2011, effective 1.01.2011, SG No. 82/2012, effective 1.01.2013, repealed SG No. 63/2017, effective 4.08.2017).

17. (New, SG No. 105/2006, effective 1.01.2007, repealed, SG No. 63/2017 effective 4.08.2017).

18. (New, SG No. 105/2006, effective 1.01.2007, amended, SG No. 99/2011 effective 1.01.2012, SG No. 82/2012, effective 1.01.2013) "Local requesting authority":

a) within the meaning defined in Title Two, Chapter Sixteen, Section V, unless otherwise provided for, shall be any official or unit within the National Revenue Agency designated by the competent authority under Article 143c to make requests for the provision of information or for serving of instruments to another EU Member State;

b) within the meaning of Title Four, Chapter Twenty-Seven A, unless otherwise provided for, shall be a central liaison office within the National Revenue Agency or a liason unit or department designated by the competent authority under Article 269b to make requests for mutual assistance to another EU Member State in the case of collecting public debts.

19. (New, SG No. 105/2006, effective 1.01.2007, amended, SG No. 99/2011 effective 1.01.2012, SG No. 82/2012, effective 1.01.2013) "Local requested authority":

a) within the meaning defined in Title Two, Chapter Sixteen, Section V, unless otherwise provided for, shall be any official or unit within the National Revenue Agency designated by the competent authority under Article 143c to receive requests for the provision of information or for serving of instruments from another EU Member State;

b) within the meaning of Title Four, Chapter Twenty-Seven A, unless otherwise provided for, shall be a central contact unit with the National Revenue Agency, or, accordingly, a contact unit or contact department designated by the competent authority under Article 269b to receive requests for mutual assistance from other Member States of the European Union.

20. (New, SG No. 105/2006, effective 1.01.2007, supplemented, SG No 82/2012, effective 1.01.2013) "Transmission by electronic means" within the meaning defined in Title Two, Chapter Sixteen, Section V and Title Four, Chapter Twenty-Seven A shall be the transmission of data using electronic equipment for processing (including digital compression) and employing wires, radio transmission, optical technologies or other electromagnetic means.

21. (New, SG No. 109/2007, amended, SG No. 14/2011, effective 15.02.2011) "Rules of coordination of the social security systems" shall be the rules introduced by the Regulations of the European Parliament and of the Council on the on the coordination of social security systems and by the international treaties for social insurance/social security to which Bulgaria is a party.

22. (New, SG No. 99/2011, effective 1.01.2012, supplemented, SG No 82/2012, effective 1.01.2013) "Person" within the meaning defined in Title Two, Chapter Sixteen, Section V and Title Four, Chapter Twenty-Seven A, shall be:

(a) a natural person;

(b) a legal person;

(c) an unincorporated association;

(d) (supplemented, SG No. 82/2012, effective 1.01.2013) any other legal association, irrespective of its nature and form and regardless of whether it has a legal personality or not, owning or managing assets and income which are subject to any of the taxes covered by Article 143b or Article 269a, Paragraph (1), Item 1.

23. (New, SG No. 99/2011, effective 1.01.2012) "CCN network" shall mean the common platform based on the common communication network (CCN) developed by the European Union for all transmissions by electronic means between competent authorities in the area of customs and taxation.

24. (New, SG No. 82/2012, effective 1.01.2013) "Available information" within the meaning of Article 143h shall be any information concerning taxes referred to in Article 143b which the National Revenue Agency has in its possession and which may be reproduced in standardized electronic format in accordance with the procedures for collecting and processing such information.

25. (New, SG No. 82/2012, effective 1.01.2013) "A third country" shall mean a country which is not a Member State of the European Union.

26. (New, SG No. 109/2013, effective 1.01.2014) "Control devices for goods of high fiscal risk" shall mean an ordinary seal, a special seal with a GPS device, a sticker and other control devices to be provided by the revenue authorities.

27. (New, SG No. 109/2013, effective 1.01.2014) "Perishable goods" shall mean goods whose storage, in view of their nature, may lead to loss or significant damage thereof, or to a deterioration of their quality that would significantly reduce their value or would make them impossible to use as intended.

28. (New, SG No. 109/2013, effective 1.01.2014) "Intra-Community supply of goods" and "intra-Community acquisition of goods" shall mean supplies and acquisitions within the meaning of Articles 7 and 13 of the Value Added Tax Act.

29. (New, SG No. 18/2014, effective 4.03.2014) For the purposes of Article 169(4) and Article 179(1), "social security funds administered by the National Social Security Institute" shall mean the public social insurance funds, the Teachers' Pension Fund and the Factory and Office Workers' Guaranteed Claims Fund.

30. (New, SG No. 63/2017, effective 4.08.2017) "Majority partner or shareholder" shall mean a person who exercises control within the meaning of Item 4. When there is no shareholder or partner exercising control, as majority partner or shareholder shall be considered each partner or shareholder holding 15 or more than 15 per cents of the holdings or shares.

31. (New, SG No. 63/2017, effective 4.08.2017) "Preliminary cross-border tax opinion" within the meaning of Title Two, Chapter Sixteen, Section V shall mean an opinion, agreement or act with similar effect, including if issued, amended or renewed in the framework of the audit or examination, which satisfies the following conditions:

a) is amended, issued or renewed by the revenue administration or another government or municipal authority for a particular person or a group of persons, regardless of whether it is actually used;

b) refers to the interpretation or application of a provision relating to the establishment of the taxes under Article 143b or the application of the legislation on these taxes;

c) refers to a cross-border transaction or to whether the work carried out by a person in another jurisdiction leads to the emergence of a place of business;

d) has been issued before the execution of the transaction/series of transactions or the activities in another jurisdiction, which may result in emergence of a place of business, or before the filing of a tax return for the period in which the transaction/the series of transactions or activities are carried out.

A cross-border transaction may include investments, delivery of goods, services, financing or use of tangible or intangible assets, and the like, and the person for whom the preliminary cross-border tax opinion is issued is not required to participate directly in them.

32. (New, SG No. 63/2017, effective 4.08.2017, supplemented, SG No 92/2017, effective 21.11.2017) "Preliminary pricing agreement" within the meaning of Title Two, Chapter Sixteen, Section V shall mean an agreement, notification or an act with similar effect, including if issued, amended or renewed in the framework of an audit or examination, which satisfies the following conditions:

a) is issued, amended or renewed for a particular person or group of persons by the revenue administration or another Government or municipal authority unilaterally or jointly with the relevant bodies of other Member States, including their territorial or administrative subdivisions, regardless of whether it is actually used;

b) establishes an appropriate set of criteria for determining the transfer prices on a cross-border transaction between associated enterprises before its implementation or determines the allocation of profits to a permanent establishment.

Undertakings are associated enterprises where an undertaking participates directly or indirectly in the management, control or capital of the other enterprise or the same persons participate directly or indirectly in the management, control or capital of the undertakings.

Transfer prices shall be the prices at which an undertaking transfers or grants assets, rights, goods or services to related undertakings.

33. (New, SG No. 63/2017, effective 4.08.2017) "Cross-border transaction":

a) within the meaning of Item 31 is a transaction or a series of transactions where:

aa) not all parties to the transaction or the series of transactions are residents for tax purposes in the Republic of Bulgaria;

bb) a party to the transaction or the series of transactions is a resident for tax purposes in more than one jurisdiction;

cc) one of the parties to the transaction/series of transactions carries out activities in another jurisdiction through a place of business and the transaction/series of transactions constitutes part or all of the business of the permanent establishment; the cross-border transaction or series of transactions shall also include the arrangements achieved by an individual in respect of the business in another jurisdiction that this person carries out through a place of business, or

dd) a cross-border effect exists;

b) within the meaning of Item 32 is a transaction or a series of transactions involving associated enterprises, of which not all are residents for tax purposes in the same jurisdiction, or a transaction or a series of transactions that have a cross-border effect.

34. (New, SG No. 63/2017, effective 4.08.2017, supplemented, SG No 64/2019, effective 1.01.2020) "Group" within the meaning of Title One, Chapter Eight "a" and Title Two, Chapter Sixteen, Section VI is a set of undertakings connected by ownership or control, which has the obligation to prepare consolidated financial statements for the purposes of financial reporting under the applicable accounting rules, or would be required to prepare them if holdings in the capital of one of the undertakings are traded on a stock exchange.

35. (New, SG No. 63/2017, effective 4.08.2017, supplemented, SG No 64/2019, effective 1.01.2020) "Group of multi-national enterprises" (group of MNE) within the meaning of Title One, Chapter Eight "a" and Title Two, Chapter Sixteen Section VI is a group which:

a) includes two or more undertakings which are residents for tax purposes in different Member States or other jurisdictions, or

b) includes an undertaking which is a resident for tax purposes in a Member State or another jurisdiction, but is subject to taxation in respect of a business carried out through a permanent establishment in another Member State or jurisdiction.

36. (New, SG No. 63/2017, effective 4.08.2017) "Undertaking" within the meaning of Items 32 – 35 is any form of business carried out by a person referred to

in Item 22, litterae "b" – "d".

37. (New, SG No. 63/2017, effective 4.08.2017) "Composite undertaking" within the meaning given by Title Two, Chapter Sixteen, Section VI herein shall be:

a) each individual business unit of the MGU, which is included in the consolidated financial statements of the MGU for financial reporting purposes or that would have been included if holdings in the capital of the respective business unit of the MGU are traded on a stock exchange;

b) each business unit of the MGU which is excluded from the consolidated financial statements of the MGU only on the basis of size or materiality, or

c) any place of business of each individual business unit of the MGU under litterae "a" and "b" if the business unit draws prepares standalone financial statements for this place of business for financial, tax, accounting and regulatory purposes or in connection with the internal management control.

38. (New, SG No. 63/2017, effective 4.08.2017) "Reporting undertaking" within the meaning of Title Two, Chapter Sixteen, Section VI shall be the ultimate parent, the substitute parent undertaking, or any composite undertaking that has an obligation to submit a country report on behalf of the MGU.

39. (New, SG No. 63/2017, effective 4.08.2017, supplemented, SG No 64/2019, effective 1.01.2020) "Ultimate parent undertaking" within the meaning of Title One, Chapter Eight A and Title Two, Chapter Sixteen, Section VI shall be composite company of the MNE which satisfies the following criteria:

a) directly or indirectly holds a sufficient share in one or more other composite undertakings in the MGU and thereby is required to prepare consolidated financial statements in accordance with applicable accounting rules in the jurisdiction of which it is a resident for tax purposes, or which would be required to draw up such if its holdings in the capital are traded on the stock exchange in the jurisdiction of which it is a resident for tax purposes;

b) there is no other composite undertaking of the MGU, which directly or indirectly has a sufficient holding in that composite undertaking.

40. (New, SG No. 63/2017, effective 4.08.2017) "Substitute parent undertaking" within the meaning of Title Two, Chapter Sixteen, Section VI is a composite undertaking of the MGU, which is designated by the group to substitute the ultimate parent undertaking in the submission of the country report in the Member State or jurisdiction of which the composite undertaking is a resident for tax purposes, on behalf of the MGU, where one or more of the conditions referred to in Paragraph (1) of Article 143v apply.

41. (New, SG No. 63/2017, effective 4.08.2017, supplemented, SG No 64/2019, effective 1.01.2020) "Tax year" within the meaning of Title One, Chapter Eight "a" and Title Two, Chapter Sixteen, Section VI shall be the period for which the ultimate parent undertaking of the MNE prepares its financial statements.

42. (New, SG No. 63/2017, effective 4.08.2017) "Reporting tax year" within the meaning of Title Two, Chapter Sixteen, Section VI shall be the tax year under Item 41, for which financial and operating results are reflected in the country report, containing the information provided for in Paragraph (2) of Article 143t.

43. (New, SG No. 63/2017, effective 4.08.2017) "International treaty" within the meaning of Title Two, Chapter Sixteen, Section VI is the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or any other international treaty to which the Republic of Bulgaria is a party and which provides for the exchange of tax information, including automatic exchange of information.

44. (New, SG No. 63/2017, effective 4.08.2017) "Special international agreement" within the meaning of Title Two, Chapter Sixteen, Section VI shall be an agreement providing for the automatic exchange of country reports and concluded between the Republic of Bulgaria and a jurisdiction outside the European Union which is a party to an international treaty under Item 43.

45. (New, SG No. 63/2017, effective 4.08.2017) "Consolidated financial

statements" within the meaning of Title Two, Chapter Sixteen, Section VI shall be financial statements of the MGU, in which the assets, liabilities, income, expenses, and cash flows of the ultimate parent undertaking and of the constituent undertakings are presented as if they were a single entity.

46. (New, SG No. 63/2017, effective 4.08.2017) "A systematic failure" within the meaning of Title Two, Chapter Sixteen, Section VI exists in respect of a jurisdiction, when the jurisdiction with which the Republic of Bulgaria has an effective special international agreement does not provide regular country reports on an MGU with composite undertakings in the Republic of Bulgaria, which are available thereto, or for any other reason without justification does not provide country reports.

47. (New, SG No. 64/2019, effective 1.01.2020) Within the meaning of Part One, Chapter Eight "a", "intangible assets (intangibles)" constitute property which is different from tangible or financial assets and which is owned or controlled in order to be used in business and for the provision or transfer of which a compensation has been paid in transactions between independent entities under comparable conditions.

48. (New, SG No. 102/2019, effective 1.07.2020) "Associated enterprise" within the meaning of Chapter Sixteen, Section VII is a person who is related to another person in at least one of the following ways:

a) a person participates in the management of another person by being in a position to exercise a significant influence over the other person;

b) a person participates in the control of another person through a holding that exceeds 25 % of the voting rights;

c) a person participates in the capital of another person through a right of ownership that, directly or indirectly, exceeds 25 % of the capital;

d) a person is entitled to 25 % or more of the profits of another person.

If more than one person participates, as referred to in points (a) to (d), in the management, control, capital or profits of the same person, all persons concerned shall be regarded as associated enterprises.

If the same persons participate, as referred to in points (a) to (d), in the management, control, capital or profits of more than one person, all persons concerned shall be regarded as associated enterprises.

For the purposes of this point, a person who acts together with another person in respect of the voting rights or capital ownership of an entity shall be treated as holding a participation in all of the voting rights or capital ownership of that entity that are held by the other person.

In indirect participations, the fulfilment of requirements under letter (c) shall be determined by multiplying the rates of holding through the successive tiers. A person holding more than 50 % of the voting rights shall be deemed to hold 100 % of the voting rights.

An individual, his or her spouse and his or her lineal ascendants or descendants shall be treated as a single person.

49. (New, SG No. 102/2019, effective 1.07.2020) "Marketable tax scheme" within the meaning of Chapter Sixteen, Section VII is a cross-border tax scheme that is designed, marketed, ready for implementation or made available for implementation without a need to be substantially customised.

50. (New, SG No. 102/2019, effective 1.07.2020) "Safe harbour rules" within the meaning of Chapter Sixteen, Section VII means a legally set norm exempting specific category of taxable persons or transactions from obligations or rules that would be taxable under the general procedure, replacing them with extraordinary and/or simplified obligations or rules.

51. (New, SG No. 102/2019, effective 1.07.2020) "Hard-to-value intangibles" within the meaning of Chapter Sixteen, Section VII covers intangibles or rights in intangibles for which, at the time of their transfer between associated enterprises:

a) no reliable comparables exist, and

b) at the time the transaction was entered into, the projections of future cash

flows or income expected to be derived from the transferred intangible, or the assumptions used in valuing the intangible are highly uncertain, making it difficult to predict the level of ultimate success of the intangible at the time of the transfer.

52. (New, SG No. 102/2019, effective 1.07.2020) "Tax advantage" within the meaning of Chapter Sixteen, Section VII covers any benefit to a taxable person that may cover a reduction of the tax base or tax due, avoidance or deferral of tax payment, use of tax relief, or a tax relief in a higher amount than permissible, as well as any other advantages and benefits that could improve the tax status of the person.

53. (New, SG No. 105/2020, effective 1.01.2021) "Transport vehicle" shall be a road vehicle within the meaning of § 6, Item 10 of the supplementary provisions of the Road Traffic Act, with the exception of trams, tractors and self-propelled machines when moving on the roads. "Transport vehicle" shall also be considered to be a "motor vehicle" and a "semi-trailer" within the meaning of § 6, Items 11, 17 and 18 of the supplementary provisions of the Road Traffic Act, as well as any combination thereof.

54. (New, SG No. 105/2020, effective 1.01.2021) "Family members" shall be husband, wife and their children until they reach the age of 18, unless they are married. Family members, regardless of their age, shall also be children who are legally incapacitated or permanently incapable of work and who are not married.

55. (New, SG No. 105/2020, effective 1.01.2021) "Inter-registry exchange environment" shall mean the central component within the meaning of Article 7, Paragraph 8 of the Ordinance on the general requirements to information systems, registers and electronic administrative services.

§ 1a. (New, SG No. 94/2015, effective 1.01.2016) Within the meaning of Section IIIa of Chapter Sixteen:

1. "Reporting financial institution" shall mean any Bulgarian financial institution that is not a non-reporting financial institution.

2. "Bulgarian financial institution" shall mean:

a) any Financial Institution that is resident for tax purposes in the Republic of Bulgaria, but excludes any branch of that financial institution that is located outside Bulgaria;

b) any branch of a financial institution that is not resident for tax purposes in the Republic of Bulgaria, if that branch is located in Bulgaria.

3. "Financial institution" shall mean a custodial institution, a depository institution, an investment entity, or a specified insurance company. A financial institution is resident for tax purposes in State if it is subject to the jurisdiction of such State and the latter is able to enforce reporting by the financial institution. In the case of a trust that is a financial institution (irrespective of whether it is resident for tax purposes in a State), the trust is considered to be subject to the jurisdiction of a State if one or more of its trustees are resident in such State except if the trust reports all the information required to be reported pursuant to this Code to another State because it is resident for tax purposes in such other State. Where a financial institution (other than a trust) does not have a residence for tax purposes (e.g., because it is treated as fiscally transparent, or it is located in a jurisdiction that does not have an income tax), it is considered to be subject to the jurisdiction of a State if:

a) it is incorporated under the laws of the State;

b) it has its place of management (including effective management) in the State; or

c) it is subject to financial supervision in the Member State.

4. "Custodial Institution" shall mean any entity that holds, as a substantial portion of its business, financial assets for the account of others. An entity holds financial assets for the account of others as a substantial portion of its business if the entity's gross income attributable to the holding of financial assets and related

financial services equals or exceeds 20 % of the entity's gross income during the shorter of:

a) the three-year period that ends on 31 December prior to the year in which the determination is being made;

b) the period during which the entity has been in existence.

5. "Depository Institution" shall mean any entity that accepts deposits in the ordinary course of a banking or similar business.

6. "Investment entity" shall mean any entity:

a) which primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:

aa) trading in money market instruments (cheques, bills, certificates of deposit, etc.) and derivatives; foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;

bb) portfolio management of individual clients or collective investment schemes or other collective investment undertakings;

cc) otherwise investing, administering, or managing financial assets or money on behalf of other persons;

b) (supplemented, SG No. 63/2017, effective 4.08.2017) the gross income of which is primarily attributable to investing, reinvesting, or trading in financial assets, if the entity is managed by another entity that is a depository institution, a custodial institution, a specified insurance company, or an investment entity described in littera (a).

An Entity is treated as primarily conducting as a business one or more of the activities described in letter (a), or an entity's gross income is primarily attributable to investing, reinvesting, or trading in financial assets for the purposes of letter (b), if the entity's gross income attributable to the relevant activities equals or exceeds 50 % of the entity's gross income during the shorter of: the three-year period ending on 31 December of the year preceding the year in which the determination is made, or the period during which the entity has been in existence.

An entity is managed by another entity when the management entity shall carry out, either directly or through another person, any of the activities or operations referred to in littera (a) at the expense of the managed entity.

The term "Investment entity" does not include an entity that is an active non-financial entity meeting any of the criteria in letters (d) to (g) of Item 48. This paragraph shall be interpreted in a manner consistent with similar language set forth in the definition of "financial institution" in the Financial Action Task Force (FATF) Recommendations.

7. "Financial asset" shall include:

a) a security, such as a share of stock in a corporation; partnership or beneficial ownership interest in a widely held or publicly traded partnership or trust; debt securities, secured or unsecured note, bond, or other evidence of indebtedness;

b) partnership interest, commodity, swap, including interest rate swaps, currency swaps, basis swaps, interest rate caps, interest rate floors, commodity swaps, equity swaps, equity index swaps, and similar agreements;

c) insurance contract or annuity contract;

d) any interest (including a futures or forward contract or option in a security, partnership interest, commodity or commodity derivative, swap, insurance contract, or annuity contract;

e) for the purposes of the FATCA Agreement, financial assets shall also include an investment purpose financial instrument ot agreement, such as currency or commodity transaction, credit default swap, non-financial index based swap, conditional principal agreement, or other derivative instruments.

Financial assets shall not include a non-debt, direct interest in real property.

8. "Specified Insurance Company" shall mean any entity that is an insurance company (or the holding company of an insurance company) which issues, or is

obligated to make payments with respect to, a cash value insurance contract or an annuity contract.

9. "Participating jurisdiction financial institution" shall mean:

a) any financial institution that is resident for tax purposes in a participating jurisdiction, but excludes any branch of that financial institution that is located outside such participating jurisdiction;

b) any branch of a financial institution that is not resident for tax purposes in a participating jurisdiction, if that branch is located in such participating jurisdiction.

10. "Partner jurisdiction financial institution" shall mean:

a) any financial institution that is resident for tax purposes in a partner jurisdiction, but excludes any branch of that financial institution that is located outside such partner jurisdiction;

b) any branch of a financial institution that is not resident for tax purposes in a partner jurisdiction, if that branch is located in such partner jurisdiction.

11. "Non-participating financial institution" shall mean a financial institution specified in letter (p) of Article 1, Paragraph (1) of the FATCA Agreement.

12. "Non-reporting financial institution" shall mean any financial institution which is:

a) a governmental entity, international organisation or central bank, other than with respect to a payment that is derived from an obligation held in connection with a commercial financial activity of a type engaged in by a specified insurance company, custodial institution, or depository institution;

b) a broad participation retirement fund; a narrow participation retirement fund; a pension fund of a governmental entity, international organisation or central bank; or a qualified credit card issuer;

c) any other entity that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the entities described in letters (a) and (b), and is included in the list of non-reporting financial institutions referred to in Article142d, Paragraph (1) herein, provided that the status of such entity as a non-reporting financial institution does not frustrate the purposes of this Code;

d) an exempt collective investment vehicle;

e) a trust to the extent that the trustee of the trust is a reporting financial institution and reports all information required to be reported pursuant to Article 142b with respect to all reportable accounts of the trust;

f) for the purposes of the FATCA Agreement – a Bulgarian financial institution or other entity that is resident in the Republic of Bulgaria, described in Annex II to the FATCA Agreement as a non-reporting Bulgarian financial institution.

13. "Governmental Entity" shall mean the government of the Republic of Bulgaria, a EU Member State or other jurisdiction, any administrative structure and/or political subdivision of the Republic of Bulgaria, a Member State or other jurisdiction (state, province, county, or municipality), or any wholly owned agency or instrumentality of the Republic of Bulgaria, a Member State or other jurisdiction. This category is comprised of the integral parts under Item 14, controlled entities under Item 15, and administrative structures and/or political subdivisions of the Republic of Bulgaria, a Member State or other jurisdiction.

14. An "integral part" of the Republic of Bulgaria, a Member State or other jurisdiction shall mean any person, organisation, agency, bureau, fund, instrumentality, or other body, however designated, that constitutes a governing authority. The net earnings of the governing authority must be credited to its own account or to other accounts of the Republic of Bulgaria, the Member State or other jurisdiction, with no portion inuring to the benefit of any private person. An integral part does not include any individual who is a sovereign, official, or administrator acting in a private or personal capacity.

15. A "controlled entity" shall mean an entity of the Republic of Bulgaria, the Member State or other jurisdiction which constitutes a separate juridical entity and

meets the following conditions:

a) the entity is wholly owned and controlled by one or more governmental entities directly or through one or more controlled entities;

b) the entity's net earnings are credited to its own account or to the accounts of one or more governmental entities, with no portion of its income inuring to the benefit of any private person;

c) the entity's assets vest in one or more governmental entities upon dissolution.

Income does not inure to the benefit of private persons if such persons are the intended beneficiaries of a governmental programme, and the programme activities are performed for the general public with respect to the common welfare or relate to the administration of some phase of government. Notwithstanding the foregoing, income is considered to inure to the benefit of private persons if the income is derived from the use of a governmental entity to conduct a commercial business, such as a commercial banking business, that provides financial services to private persons.

16. "International Organisation" shall mean any international organisation or wholly owned agency or instrumentality thereof. This category includes any intergovernmental organisation (including a supranational organisation) that is comprised primarily of governments, that has in effect a headquarters or substantially similar agreement with the Republic of Bulgaria, the income of which does not inure to the benefit of private persons.

17. "Central Bank" shall mean an institution of the Republic of Bulgaria, a Member State or other jurisdiction that is by law or government sanction the principal authority issuing instruments intended to circulate as currency, including where such institution is an instrumentality that is separate from the government, whether or not owned in whole or in part by the Republic of Bulgaria, the Member State or the other jurisdiction.

18. "Broad Participation Retirement Fund" shall mean a fund established to provide retirement, disability, or death benefits, or any combination thereof, to beneficiaries who are current or former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that the fund:

a) does not have a single beneficiary with a right to more than 5 % of the fund's assets;

b) is subject to government regulation and provides information reporting to the National Revenue Agency; and

c) satisfies at least one of the following requirements:

aa) the fund is generally exempt from tax on investment income, or taxation of such income is deferred or taxed at a reduced rate, due to its status as a retirement or pension plan;

bb) the fund receives at least 50 % of its total contributions (other than transfers of assets from other retirement funds defined as such in this Code or from retirement and pension accounts described in letter (a) of Item 39);

cc) distributions or withdrawals from the fund are allowed only upon the occurrence of specified events related to retirement, disability, or death (except rollover distributions to other retirement funds defined as such in this Code or to retirement and pension accounts described in letter (a) of Item 39), or penalties apply to distributions or withdrawals made before such specified events;

dd) contributions (other than certain permitted make-up contributions) by employees to the fund are limited by reference to earned income of the employee or may not exceed, annually, the BGN equivalent of USD 50,000, applying the rules set forth in Article 142q for account aggregation.

19. "Narrow Participation Retirement Fund" shall mean a fund established to provide retirement, disability, or death benefits to beneficiaries who are current or

former employees (or persons designated by such employees) of one or more employers in consideration for services rendered, provided that:

a) the fund has fewer than 50 participants;

b) the fund is sponsored by one or more employers that are not investment entities or passive non-financial entities;

c) the employee and employer contributions to the fund (other than transfers of assets from retirement and pension accounts described in letter (a) of Item 39) are limited by reference to earned income and compensation of the employee, respectively;

d) participants that are not residents of the Republic of Bulgaria are not entitled to more than 20 % of the fund's assets;

e) the fund is subject to government regulation and provides information reporting to the National Revenue Agency.

20. "Pension fund of a governmental entity, international organisation or central bank" shall mean a fund established by a governmental entity, international organisation or central bank to provide retirement, disability, or death benefits to beneficiaries or participants who are current or former employees (or persons designated by such employees), or who are not current or former employees, if the benefits provided to such beneficiaries or participants are in consideration of personal services performed for the governmental entity, international organisation or central bank.

21. "Qualified credit card issuer" shall mean a financial institution satisfying the following requirements:

a) the financial institution is a financial institution solely because it is an issuer of credit cards that accepts deposits only when a customer makes a payment in excess of a balance due with respect to the card and the overpayment is not immediately returned to the customer;

b) beginning on or before 1 January 2016, the financial institution implements policies and procedures either to prevent a customer from making an overpayment in excess of the BGN equivalent of USD 50,000, or to ensure that any custome overpayment in excess of that amount is refunded to the customer within 60 days, in each case applying the rules set forth in Article 142q for account aggregation. For this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns. Where in an international agreement for automatic exchange of financial information, ratified by the Republic of Bulgaria, promulgated and in effect, a date other than this specified in letter (b) is stated, the date according to the international agreement shall apply.

22. "Exempt collective investment vehicle" shall mean an investment entity that is regulated as a collective investment vehicle, provided that all of the interests in the collective investment vehicle are held by or through individuals or entities that are not reportable persons, except a passive non-financial entity with controlling persons who are reportable persons. For the purposes of the FATCA Agreement, an exempt collective investment vehicle shall mean an exempt collective investment vehicle satisfying the requirements set forth in this Item, except where such vehicle is held by natural persons and/or non-participating financial institutions.

23. "Financial Account" shall mean an account maintained by a financial institution, and shall include a depository account, a custodial account and:

a) in the case of an investment entity, any equity or debt interest in the financial institution; notwithstanding the foregoing, the term "Financial account" does not include any equity or debt interest in an entity that is an investment entity solely because it:

aa) renders investment advice to, and acts on behalf of; or

bb) manages portfolios for, and acts on behalf of, a customer for the purpose of investing, managing, or administering financial assets deposited in the name of the

customer with a financial institution other than such Entity;

b) in the case of a financial institution not described in letter (a), any equity or debt interest in the financial institution, if the class of interests was established with the purpose of avoiding reporting in accordance with this Code;

c) any cash value insurance contract and any annuity contract issued or maintained by a financial institution, other than a non-investment-linked, non-transferable immediate life annuity that is issued to an individual and monetises a pension or disability benefit provided under an account that is an excluded account.

d) for the purposes of the FATCA Agreement, in the case of a financial institution not described in letter (a), any equity or debt interest in the financial institution, if:

aa) such equity or debt is not regularly traded on an established securities market;

bb) the value of the direct or indirect interest is determined mainly based on the assets giving rise to payments with a source in the United States of America, on which tax is withheld, and

cc) the interest class is such that allows to avoid the reporting in accordance with this Code;

e) the term "financial account" does not include any account that is an Excluded Account according to Item 39.

24. "Depository account" shall include any current, savings, time, commercial of thrift account, or an account that is evidenced by a certificate of deposit, thrift certificate, investment certificate, certificate of indebtedness, or other similar instrument maintained by a financial institution in the ordinary course of a banking or similar business. A depository account also includes an amount held by an insurance company pursuant to a guaranteed investment contract or similar agreement to pay or credit interest thereon.

25. "Custodial account" shall mean an account (other than an insurance contract or annuity contract) which holds one or more Financial Assets for the benefit of another person.

26. "Equity interest" shall mean, in the case of a partnership that is a financial institution, either a capital or profits interest in the partnership. In the case of a trust that is a financial institution, an equity interest is considered to be held by any person treated as a settlor or beneficiary of all or a portion of the trust, or any other natural person exercising ultimate effective control over the trust. A reportable person shall be treated as being a beneficiary of a trust if such reportable person has the right to receive directly or indirectly a mandatory distribution or may receive, directly or indirectly, a discretionary distribution from the trust at the discretion of the trustee.

27. "Insurance contract" shall mean a contract (other than an annuity contract) under which the issuer agrees to pay a compensation or an amount upon the occurrence of a specified contingency involving mortality, morbidity, accident, liability, or property risk.

28. (Supplemented, SG No. 64/2019, effective 13.08.2019) "Annuity contract" shall mean a contract under which the issuer agrees to make payments for a period of time determined in whole or in part by reference to the life expectancy of one or more individuals, including a contract that is considered to be an annuity contract in accordance with the legislation or the practice of the Republic of Bulgaria, a Member State or other jurisdiction.

29. "Cash value insurance contract" shall mean an insurance contract (other than an indemnity reinsurance contract between two insurance companies) that has a cash value. For the purposes of the FATCA Agreement, the cash value shall exceed the BGN equivalent of USD 50,000.

30. "Cash value" shall means the greater of: the amount that the policyholder is entitled to receive upon surrender or termination of the contract (determined

without reduction for any surrender charge or policy loan), and the amount the policyholder can borrow under or with regard to the contract. Notwithstanding the foregoing, the term "cash value" does not include an amount payable under an insurance contract:

a) solely by reason of the death of an individual insured under a life insurance contract;

b) as a personal injury or sickness benefit or other benefit providing indemnification of an economic loss incurred upon the occurrence of the event insured against;

c) as a refund of a previously paid premium under an insurance contract (other than an investment-linked life insurance or annuity contract) due to cancellation or termination of the contract, decrease in risk exposure during the effective period of the contract, or arising from the correction of a posting or similar error with regard to the premium for the contract;

d) as a policyholder dividend (other than a termination dividend) provided that the dividend relates to an insurance contract under which the only benefits payable are these described in letter (b);

e) as a return of an advance premium or premium deposit for an insurance contract for which the premium is payable at least annually if the amount of the advance premium or premium deposit does not exceed the next annual premium that will be payable under the contract;

f) for the purposes of the FATCA Agreement, letters (a), (d) and (e) shall not apply and the term "cash value" shall not include a policyholder dividend based on the insurance results relating to the contract or respective group.

31. "Pre-existing account" shall mean:

a) a financial account maintained by a reporting financial institution as of 31 December 2015; where in an international agreement for automatic exchange of financial information, ratified by the Republic of Bulgaria, promulgated and in effect, a date other than 31 December 2015 is stated, the date according to the international agreement shall apply;

b) any financial account of an account holder, regardless of the date such financial account was opened, if:

aa) the account holder also holds with the reporting financial institution (or with a related entity within Bulgaria) a financial account that is a pre-existing account under letter (a);

bb) the reporting financial institution treats both of the financial accounts under letter (a) and any other financial accounts of the account holder that are treated as pre-existing accounts under letter (b) as a single financial account for purposes of satisfying the standards of knowledge requirements set forth in Article 142p, Paragraph (1), and for purposes of determining the balance or value of any of the financial accounts when applying any of the account thresholds;

cc) with respect to a financial account that is subject to AML Procedures, the reporting financial institution applies such AML Procedures for the financial account to the account described in letter (a);

dd) the opening of the financial account does not require the provision of new, additional or amended customer information by the account holder other than for the purposes of this Code;

c) for the purposes of the FATCA Agreement, "pre-existing account" shall mean a financial account maintained by a reporting financial institution as of 30 June 2014.

32. "New account" shall mean a financial account maintained by a reporting financial institution opened on or after 1 January 2016 unless it is treated as a pre-existing account under letter (b) of Item 31. For the purposes of the FATCA Agreement, "new account" shall mean a financial account opened on or after 1 July 2014. Where in an international agreement for automatic exchange of financial

information, ratified by the Republic of Bulgaria, promulgated and in effect, a date other than 1 January 2016 is stated, the date according to the international agreement shall apply.

33. "Pre-existing individual account" shall mean a pre-existing account held by one or more individuals.

34. "New individual account" shall mean a new account held by one or more individuals.

35. "Pre-existing entity account" shall mean a pre-existing account held by one or more entities.

36. "Lower value account" shall mean a pre-existing individual account with an aggregate balance or value as of 31 December 2015 that does not exceed the BGN equivalent of USD 1,000,000. For the purposes of the FATCA Agreement, "lower value account" shall mean a pre-existing individual account with an aggregate balance or value as of 30 June 2014 that does not exceed the BGN equivalent of USD 1,000,000.

37. "High value account" shall mean a pre-existing individual account with an aggregate balance or value that exceeds, as of 31 December 2015, or 31 December of any subsequent year, the BGN equivalent of USD 1,000,000. For the purposes of the FATCA Agreement, "high value account" shall mean a pre-existing individual account with an aggregate balance or value that exceeds, as of 30 June 2014, 31 December 2015, or 31 December of any subsequent year, the BGN equivalent of USD 1,000,000.

38. "New entity account" shall mean a new account held by one or more entities.

39. "Excluded account" shall mean any of the following accounts:

a) a retirement or pension account that satisfies the following requirements:

aa) the account is subject to regulation as a personal retirement account or is part of a registered or regulated retirement or pension plan for the provision of retirement or pension benefits (including disability or death benefits);

bb) the account is tax-favoured (contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);

cc) information reporting is required to the National Revenue Agency with respect to the account;

dd) withdrawals are conditioned on reaching a specified retirement age, disability, or death, or penalties apply to withdrawals made before such specified events;

ee) either annual contributions are limited to the BGN equivalent of USD 50,000 or less, or there is a maximum lifetime contribution limit to the account of the BGN equivalent of USD 1,000,000 or less, in each case applying the rules set forth in Article 142q for account aggregation; a financial account will not fail to satisfy the requirements of the first sentence solely because such financial account may receive assets or funds transferred from one or more financial accounts that meet the requirements of letter (a) or (b) or from one or more retirement or pension funds that meet the definitions set forth in Items 18 to 20;

b) an account that satisfies the following requirements:

aa) the account is subject to regulation as an investment vehicle for purposes other than for retirement and is regularly traded on an established securities market, or the account is subject to regulation as a savings vehicle for purposes other than for retirement;

bb) the account is tax-favoured (contributions to the account that would otherwise be subject to tax are deductible or excluded from the gross income of the account holder or taxed at a reduced rate, or taxation of investment income from the account is deferred or taxed at a reduced rate);

cc) withdrawals are conditioned on meeting specific criteria related to the purpose of the investment or savings account (provision of educational or medical

benefits), or penalties apply to withdrawals made before such criteria are met;

dd) annual contributions are limited to the BGN equivalent of USD 50,000 o less, applying the rules set forth in Article 142q for account aggregation; a financial account will not fail to satisfy the requirements of the first sentence solely because such financial account may receive assets or funds transferred from one or more financial accounts that meet the requirements of letters (a) and (b) or from one or more retirement or pension funds that meet the definitions set forth in Items 18 to 20;

c) a life insurance contract with a coverage period that will end before the insured individual attains age 90, provided that the contract satisfies the following requirements:

aa) periodic premiums, which do not decrease over time, are payable at least annually during the period the contract is in existence or until the insured attains age 90, whichever is shorter;

bb) the contract has no contract value that any person can access (by withdrawal, loan, or otherwise) without terminating the contract;

cc) the amount (other than a death benefit) payable upon early cancellation or termination of the contract cannot exceed the aggregate premiums paid for the contract, less the sum of mortality, morbidity, and expense charges (whether or not actually imposed) for the period or periods of the contract's existence and any amounts paid prior to the cancellation or termination of the contract;

dd) the contract is not held by a transferee for value;

d) an account that is held solely by an estate if the documentation for such account includes a copy of the deceased's will or death certificate;

e) an account established in connection with any of the following:

aa) a court order or judgment;

bb) a sale, exchange, or lease of real or personal property or rights, provided that the account satisfies the following requirements:

aaa) the account is funded solely with a down payment, earnest money, deposit in an amount appropriate to secure an obligation directly related to the transaction, or a similar payment, or is funded with a financial asset that is deposited in the account in connection with the sale, exchange, or lease of the property or rights;

bbb) the account is established and used solely to secure the obligation of the purchaser to pay the purchase price for the property or rights, the seller to pay any contingent liability, or the lessor or lessee to pay for any damages relating to the leased property as agreed under the lease;

ccc) the assets of the account, including the income earned thereon, will be paid or otherwise distributed for the benefit of the purchaser, seller, lessor, or lessee (including to satisfy such person's obligation) when the property is sold, exchanged, or surrendered, or the lease terminates;

ddd) the account is not a margin or similar account established in connection with a sale or exchange of a financial asset;

eee) the account is not associated with an account described in letter (f);

cc) an obligation of a financial institution servicing a loan secured by real property to set aside a portion of a payment solely to facilitate the payment of taxes or insurance related to the real property at a later time;

dd) an obligation of a financial institution solely to facilitate the payment of taxes at a later time;

f) a depository account that satisfies the following requirements:

aa) the account exists solely because a customer makes a payment in excess of a balance due with respect to a credit card or other revolving credit facility and the overpayment is not immediately returned to the customer;

bb) beginning on or before 1 January 2016, the financial institution implements policies and procedures either to prevent a customer from making an

overpayment in excess of the BGN equivalent of USD 50,000, or to ensure that any customer overpayment in excess of that amount is refunded to the customer within 60 days, in each case applying the rules set forth in Article 142q for account aggregation; for this purpose, a customer overpayment does not refer to credit balances to the extent of disputed charges but does include credit balances resulting from merchandise returns;

g) any other account that presents a low risk of being used to evade tax, has substantially similar characteristics to any of the accounts described in letters (a) to (f), and is included in the list of excluded accounts referred to in Article 142d, Paragraph (1) herein, provided that the status of such account as an excluded account does not frustrate the purposes of this Code.

40. "Reportable account" shall mean a financial account that is maintained by a reporting financial institution and is held by one or more reportable persons or by a passive non-financial entity with one or more controlling persons that are reportable persons, provided it has been identified as such pursuant to the due diligence procedures.

41. "Reportable person" shall mean:

1. a person from a participating jurisdiction other than:

a) a corporation the stock of which is regularly traded on one or more established securities markets;

b) any corporation that is a related entity of a corporation described in letter (a);

c) a governmental entity;

d) an international organisation;

e) a central bank;

f) a financial institution;

2. for the purposes of the FATCA Agreement – any specified American persor under Article 1, Paragraph (1), letter (aa) of the FATCA Agreement.

42. "Person from a participating jurisdiction" shall mean an individual or entity that is resident for tax purposes in one or more participating jurisdictions under the tax laws of such jurisdiction, or an estate of a decedent that was resident for tax purposes of a participating jurisdiction; an entity such as a partnership, limited liability partnership or similar legal arrangement (except for trusts that are passive non-financial entities), with regard to which residence for tax purposes cannot be determined, shall be treated as resident in the jurisdiction in which its place of effective management is situated.

43. "Participating jurisdiction" shall mean:

a) any other Member State;

b) any other jurisdiction with which the Republic of Bulgaria has an agreement in place pursuant to which that jurisdiction will provide the information specified in Article 142b, and which is identified in a list published by the Republic of Bulgaria and notified to the European Commission;

c) any other jurisdiction with which the Union has an agreement in place pursuant to which that jurisdiction will provide the information specified in Article 142b, and which is identified in a list published by the European Commission;

d) (supplemented, SG No. 63/2017, effective 4.08.2017) the United States of America - for the purposes of the FATCA Agreement.

44. For the purposes of the FATCA Agreement, "partner jurisdiction" shall mean a jurisdiction with which the United States of America has an agreement in place to facilitate the implementation of the US Foreign Account Tax Compliance Act (FATCA), and which is identified in a list published by the Internal Revenue Service of the United States of America.

45. "Controlling persons" shall mean the natural persons who exercise control over an entity. In the case of a trust, that term shall mean the settlor(s), the trustee(s), the protector(s), the beneficiary(ies) or class(es) of beneficiaries, and any

other natural person(s) exercising ultimate effective control over the trust, and in the case of a legal arrangement other than a trust, such term shall mean persons in equivalent or similar positions. The term "Controlling persons" must be interpreted in a manner consistent with the term "beneficial owner" within the meaning of the Measures Against Money Laundering Act and the Financial Action Task Force Recommendations.

46. "Non-financial entity" shall mean any entity that is not a financial institution.

47. "Passive non-financial entity" shall mean any:

a) non-financial entity that is not an active non-financial entity;

b) an investment entity described in letter (b) of Item 6 that is not a participating jurisdiction financial institution.

48. "Active non-financial entity" shall mean any non-financial entity that meets any of the following criteria:

a) (amended, SG No. 63/2017, effective 4.08.2017) less than 50 % of the non-financial entity's gross income for the preceding calendar year is passive income and less than 50 % of the assets held by the non-financial entity during the preceding calendar year are assets that produce or are held for the production of passive income; for the purposes of this provision, passive income shall include dividends, interest or other income equivalent to interest income, rental income, royalties, annuities, gains from disposal of financial assets, foreign currency trading, net income from swaps and amounts received under a cash value insurance contract;

b) the stock of the non-financial entity is regularly traded on an established securities market or the non-financial entity is a related entity of an entity the stock of which is regularly traded on an established securities market;

c) the non-financial entity is a governmental entity, an international organisation, a central bank, or an entity wholly owned by one or more of the foregoing;

d) all or substantially all of the activities of the non-financial entity consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a financial institution, except where the entity functions (or holds itself out) as an investment fund (such as a private equity fund, venture capital fund, leveraged buyout fund) or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;

e) the non-financial entity is not operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a financial institution, for a period of 24 months after the date of the initial organisation of the non-financial entity;

f) the non-financial entity was not a financial institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a financial Institution;

g) the non-financial entity primarily engages in financing and hedging transactions with, or for, related entities that are not financial institutions, and does not provide financing or hedging services to any entity that is not a related entity, provided that the group of any such related entities is primarily engaged in a business other than that of a financial institution;

h) the non-financial entity meets all of the following requirements:

aa) it is established and operated exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes, or is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

bb) it is exempt from income tax in the jurisdiction of residence;

cc) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

dd) the non-financial entity's formation documents or the applicable laws of the non-financial entity's jurisdiction of residence do not permit any income or assets of the non-financial entity to be distributed to or applied for the benefit of a private person or non-charitable entity (other than pursuant to the conduct of the non-financial entity's charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property);

ee) the non-financial entity's formation documents or the applicable laws of the non-financial entity's jurisdiction of residence require that, upon the non-financial entity's liquidation or dissolution, all of its assets be distributed to a governmental entity or other non-profit organisation, or escheat to the non-financial entity's jurisdiction of residence.

i) for the purposes of the FATCA Agreement, any non-financial entity established in territories of the United States of America under Article 1, Paragraph (1), letter (b) of the FATCA Agreement, all owners of which are resident for tax purposes in such territories; any foreign partnership withholding tax or foreign trust withholding tax under the national law of the United States of America; as well as any non-financial entity that is an excluded foreign non-financial entity within the meaning of Section VI, letter B, Item 4 (i) of Annex I to the FATCA Agreement.

49. "Account holder" shall mean the person listed or identified as the holder of a financial account by the financial institution that maintains the account. A person, other than a financial institution, holding a financial account for the benefit or account of another person as agent, custodian, nominee, signatory, investment advisor, or intermediary, shall not be treated as holding the account for purposes of this Code, and such other person shall be treated as holding the account. In the case of a cash value insurance contract or an annuity contract, the account holder shall be any person entitled to access the cash value or change the beneficiary of the contract. If no person can access the cash value or change the beneficiary, the account holder shall be any person named as the owner in the contract and any person with a vested entitlement to payment under the terms of the contract. Upon the maturity of a cash value insurance contract or an annuity contract, each person entitled to receive a payment under the contract shall be treated as an account holder.

50. "AML procedures" shall mean the customer due diligence procedures of a reporting financial institution pursuant to the anti-money laundering and terrorist financing or similar requirements to which such reporting financial institution is subject.

51. "Entity" means a legal person or a legal arrangement, including a corporation, partnership, trust, or foundation.

52. An entity is a "related entity" of another entity if:

a) either entity controls the other entity;

b) the two entities are under common control; or

c) the two entities are investment entities described in letter (b) of Item 6 and are under common management, and such management fulfils the due diligence obligations of such investment entities.

Control shall mean direct or indirect ownership of more than 50 % of the vote and/or value in an entity.

53. "Taxpayer number" shall mean taxpayer identification number or functional equivalent in the absence of a taxpayer identification number. For the purposes of the FATCA Agreement, "tax number" shall be the identification number of an American federal taxpayer (including an employer's identification number, social security number or individual tax identification number).

54. "Documentary evidence" shall be:

a) a certificate of residence issued by an authorised government body (a

government or agency thereof, or a municipality) of the jurisdiction in which the account holder is a resident;

b) with respect to an individual, any valid identification issued by an authorised government body (a government or agency thereof, or a municipality), that includes the individual's name and is typically used for identification purposes;

c) with respect to an entity, any official documentation issued by an authorised government body (a government or agency thereof, or a municipality) that includes the name of the entity and the address of its principal office either in the jurisdiction in which it is a resident for tax purposes or in other jurisdiction in which the entity was incorporated or organised;

d) any audited financial statement, third-party credit report, bankruptcy filing, or securities regulator's report;

e) with respect to a pre-existing entity account, reporting financial institutions may use as documentary evidence any classification in the reporting financial institution's records with respect to the account holder that was determined based on a standardised industry coding system, that was recorded by the reporting financial institution consistent with its normal business practices for purposes of AML procedures or other regulatory purposes (other than for tax purposes) and that was implemented by the reporting financial institution prior to the date used to classify the financial account as a pre-existing account, provided that the reporting financial institution does not know or does not have reason to know that such classification is incorrect or unreliable.

55. "Standardised industry coding system" shall mean the National Classification of Economic Activities or other standardised coding system used to classify establishments by business type for purposes other than tax purposes.

56. "Change in circumstances" shall mean the receiving of additional information relevant to a person's status or otherwise conflicting with such person's status and including any change or addition of information:

a) to the account holder's account (including the addition, substitution, or other change of an account holder);

b) to any account associated with such account, applying the account aggregation rules described in Article 142q, if such change or addition of information affects the status of the account holder.

57. "Account maintained by a financial institution" shall mean an account maintained as follows:

a) in the case of a custodial account, by the financial institution that holds custody over the assets in the account (including a financial institution that holds assets in street name for an account holder in such institution);

b) in the case of a depository account, by the financial institution that is obligated to make payments with respect to the account (excluding an agent of a financial institution regardless of whether such agent is a financial institution);

c) in the case of any equity or debt interest in a financial institution that constitutes a financial account, by such financial institution;

d) in the case of a cash value insurance contract or an annuity contract, by the financial institution that is obligated to make payments with respect to the contract.

58. "Address of the entity's principal office" shall mean the place in which its place of effective management is situated, and shall not include any address used solely for mailing purposes unless such address is the only address used by the entity and appearing as the entity's registered address in the entity's organisational documents.

59. "Group cash value insurance contract" shall mean a cash value insurance contract that:

a) provides coverage on individuals who are affiliated through an employer, trade association, labour union, or other association or group;

b) charges a premium for each member of the group (or member of a class within the group) that is determined without regard to the individual health characteristics other than age, gender, and smoking habits of the member (or class of members) of the group.

60. "Group annuity contract" shall mean an annuity contract under which:

a) the obligees are individuals who are affiliated through an employer, trade association, labour union, or other association or group; and

b) against payment of the agreed premium, a life or term annuity is provided, payable immediately or after a specified period within which the premiums due under the contract are paid.

§ 2. (Amended, SG No. 30/2006, effective 12.07.2006) 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) Branches of commercial corporations and 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, Paragraph (2) of the BULSTAT Register Act.

§ 2b. (New, SG No. 99/2011, effective 1.01.2012, supplemented, SG No. 82/2012 effective 1.01.2013, amended and supplemented, SG No. 94/2015, effective 1.01.2016, SG No. 63/2017, effective 4.08.2017, SG No. 27/2018, SG No. 64/2019 effective 13.08.2019, SG No. 102/2019, effective 1.07.2020, SG No. 69/2020) This Code shall transpose the requirements laid down in Council Directive 2010/24/EU of 16 March 2010 concerning mutual assistance for the recovery of claims relating to taxes, duties and other measures (OJ, L 84/1 of 31 March 2010), in Council Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799/EEC (OJ, L 64/1 of 11 March 2011), in Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (OJ, L 359/1 of 16 December 2014), in Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (OJ, L 332/1 of 18 December 2015), in Council Directive (EU) 2016/881 of 25 May 2016 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation (OJ, L 146/8 of 3 June 2016), in Council Directive (EU) 2016/2258 of 6 December 2016 amending Directive 2011/16/EU as regards access to anti-money-laundering information by tax authorities (OJ, L 342/1 of 16 December 2016), in Council Directive (EU) 2017/1852 of 10 October 2017 on tax dispute resolution mechanisms in the European Union (OJ L 265/1 of 14.10.2017), in Council Directive (EU) 2018/822 of 25 May 2018 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements (OJ, L 139/1 of 5 June 2018) and in Council Directive (EU) 2020/876 of 24 June 2020 amending Directive 2011/16/EU to address the urgent need to defer certain time limits for the filing and exchange of information in the field of taxation because of the COVID-19 pandemic (OJ, L 204/46 of 26.06.2020).

§ 2c. (New, SG No. 98/2018, effective 1.01.2019) For the purpose of collecting public claims, the Council of Ministers shall designate the budget spenders which shall inform the National Revenue Agency and the Customs Agency about the contracts they have concluded and the forthcoming payments on such contracts and shall determine the scope of the information to be provided, the procedure and the manner of providing it and the conditions for making the payments.

§ 2d. (New, SG No. 105/2020, effective 11.12.2020) The provisions of Articles 66 – 74

of the Administrative Procedure Code shall not apply to the acts of the minister of finance, by means of which forms of returns, factsheets, statements of paid amounts, official records, certificates, bands and other documents are approved pursuant to a tax law.

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 claims deferred or rescheduled under the Tax Procedure Code as superseded, the Social Insurance Code and the Health Insurance Act, the time limit for the payment of which expires after the entry of this Code into force, shall remain effective until final payment conforming to the authorisation 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 steps 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 claims Collection Agency, as the case may be, to the procedural steps 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 claims 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 settlec 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 appointec 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 Nationa 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.

§ 6a. (New, SG No. 105/2014, effective 1.01.2015) For unpaid public liabilities, the deadline for payment of which has expired before 1 January 2008, Article 169 (4), (5) and (6) shall apply following a written request on the part of the debtor.

§ 7. The following amendments are made to the State Receivables Collection Act (promulgated, SG No. 26 of 1996; amended, No. 104 of 1996, No. 51 of 1997, No. 59 of 1998, No. 103 of 1999, Judgement No. 2 of 2000 of the Constitutional Court – No 29 of 2000; amended, No. 63 of 2000, No. 111 of 2001, No. 28 and 46 of 2002):

1. In Article 85:

(a) in Paragraph (1) Item 1 shall be amended to read as follows:

"1. shall organise and direct the operations for the securing and coercive collection of public claims, except in the cases where the steps 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 o 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 claims 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 claims;

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 steps performed or not performed 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 steps performed or not performed by 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 if 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 Socia 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" shal 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 Cod (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. 10(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 Article 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 o 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 Literra (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. A new Item 6 is created in Article 94 of the Insurance Code (State Gazette, No 103 of 2005):

"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) is 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 Nationa 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 Nationa Revenue Agency territorial directorates", and the words "the Governor of the National Social Security Institute" shall be replaced by "the Executive Director of the Nationa 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 claims 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) is 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 Article 49, Paragraph (4) and in Article 94, Paragraph (3) of the Safe Use of Nuclear Energy Act (promulgated, State Gazette No. 63 of 2002; amended, No. 120 of 2002, No. 70 of 2004, No. 76 and 88 of 2005), the text "the Tax Procedure Code by the tax administration" is replaced by "the Tax and Social-Insurance Procedure Code by the authorities of the National Revenue Agency".

§ 25. In Article 129, Paragraph (2) of the Biological Diversity Act (promulgated, State Gazette No. 77 of 2002, amended and supplemented, No. 88 of 2005), the text "the Tax Procedure Code" is 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 Spiris 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 Func 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 claims 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. Article 186 of the Road Traffic Act (promulgated, State Gazette No. 20 of 1999; amended, No. 1 of 2000, No. 43, 45 and 76 of 2002, No. 16 and 22 of 2003 and No. 6, 70, 85 and 115 of 2004, No. 79, 92, 99, 102 and 103 of 2005) is 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 Article 34 of the State Contingency Reserves and Wartime Stocks Act (promulgated, State Gazette No. 9 of 2003; corrected, No. 37 of 2003; amended, No 19 and 69 of 2005), the text "the Tax Procedure Code" is 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, SG No. 31 of 2003 and No. 38 of 2004) is 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 Article 31, Paragraph (2) of the Mandatory Stocks of Crude Oil and Petroleum Products Act (promulgated, State Gazette No. 9 of 2003; amended, No. 107 of 2003 No. 95 of 2005), the text "the tax administration" is replaced by "the National Revenue Agency".

§ 34. In Item 2 of Article 24, Paragraph (3) of the Skilled Crafts Act (promulgated State Gazette No. 42 of 2001; amended, No. 112 of 2001, No. 56 of 2002, No. 99 of 2005), the text "and a copy of the tax registration certificate" is 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, Weapons 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 o 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 o 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 Ac (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 Copyrigh 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) Iten 1 of Article 15 (1) Item 4 of Article 17 (1) Item 1 of Article 20 (1) Item 2 of Article 2 (1) Item 1 of Article 24 (1) Item 1 of Article 25 (1) Item 2 of Article 27 (1) Item 2 o 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) shal 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. The 2006 National Health Insurance Fund Budget Act (State Gazette No. 102 c 2005) shall be amended as follows:

1. § 4 shall be repealed.

2. In § 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 § 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) the 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 o 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 o 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 1 (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 Decembe 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".

.....

TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement the Tax and Social Insurance Procedure Code
(SG No. 105/2006, supplemented, SG No. 108/2007, effective 19.12.2007, amended, SG No. 63/2017, effective 4.08.2017)

§ 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, repealed, SG No. 63/2017, effective 4.08.2017).

§ 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.

TRANSITIONAL AND FINAL PROVISIONS
to the Act amending and supplementing the Fisheries and Aquaculture Act
(SG No. 36/2008)

.....

§ 103. Everywhere in the Tax and Social Insurance Procedure Code (published in SG No. 105/2005, amended, SG No. 30/2006, SG No. 33/2006, amended and supplemented, No. 34/2006, amended, SG No. 59/2006, supplemented, SG No 73/2006, amended, SG No. 82/2006, amended and supplemented, SG No. 86/2006

amended, SG No. 95/2006, amended and supplemented, SG No. 105/2006, amended SG No. 46/2007, SG No. 52/2007, SG No. 57/2007, SG No. 59/2007, amended an supplemented, SG No. 108/2007, SG No. 109/2007) the words "minister of agriculture and forestry" shall be replaced by "minister of agriculture and food supply".

.....

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Tax and Social Insurance Procedure Code

(SG No. 12/2009, effective 1.05.2009, supplemented, SG No. 32/2009)

.....

§ 35. (Effective 1.01.2010 - SG No. 32/2009) (1) Any administrative and administrative penalty proceedings which are not completed by the authorities of the State claims Collection Agency by the date of entry into force of this Act shall be completed by the competent authorities of the National Revenue Agency.

(2) The National Revenue Agency or the competent authorities thereof shall be party to any judicial proceedings which are not completed by the date of entry into force of this Act, including any action proceedings, any enforcement proceedings, and any bankruptcy proceedings.

§ 36. (1) (Effective 1.01.2010 - SG No. 32/2009) The National Revenue Agency shal be a successor to the assets, liabilities, rights, obligations and archives of the State claims Collection Agency, as well as to the corporeal immovables allocated for management to the State claims Collection Agency, as from the entry into force of this Act. Within six months after the entry into force of this Act, the regional governors exercising competence over the location of the relevant corporeal immovables shall record the change in the state property registration certificates.

(2) (Effective 1.01.2010 - SG No. 32/2009) Any contracts and agreements or interaction with other institutions and departments, concluded by the State claims Collection Agency, as well as all instructions issued in pursuance of Article 88 (2) of the State claims Collection Act as repealed, shall continue in effect after the entry into force of this Act.

(3) (Effective 1.01.2010 - SG No. 32/2009) The civil-service relationships of the civil servants of the State claims Collection Agency shall pass to the National Revenue Agency according to Article 87a of the Civil Servants Act.

(4) (Effective 1.01.2010 - SG No. 32/2009) The employment relationships of the employees of the State claims Collection Agency, who pass to the National Revenue Agency, shall be settled according to Article 123 of the Labour Code.

(5) The employment relationships of the employees of the National Revenue Agency, who perform functions in a position designated for occupation by a civil servant, shall be transformed into civil-service relationships, and:

1. by the act of appointment, the civil servant shall be awarded the minimum rank for the position occupied as specified in the Uniform Classifier of Positions in the Administration, unless the servant fulfils the eligibility requirements for assignment of a higher rank;

2. the provision of Article 12 of the Civil Servants Act shall apply solely to the employees of the National Revenue Agency who are in a trial period under Article 70 of the Labour Code at the date of entry of civil service, with the time logged counting towards the required length of the probationary period.

.....

(**) § 68. (Supplemented, SG No. 32/2009) This Act shall enter into force on May 1, 2009, except § 65, 66 and 67, which shall enter into force on the date of promulgation of the law in the "Official Gazette" and § 2 - 10, § 12, item 1 and 2 - on par. 3, § 13 - 22, § 24 - 35, § 36, para. 1 - 4, § 37 - 51, § 52, section 1 - 3, paragraph 4, letter "a", item 7, letter "e" - on par. 10 and 11, paragraph 8, letter "a", 9 and 12

and § 53 - 64, which came into force from January 1, 2010.

FINAL PROVISION
to the Act Amending and Supplementing
the Tax And Social Insurance Procedure Code

§ 19. The Act shall enter into force as of the date of its promulgation in the State Gazette, excluding § 17(1), which shall enter into force as of 1 January 2011.

TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement the Income Taxes on Natural Persons Act
(SG No. 31/2011, effective 1.01.2011)
.....

§ 20. The time limits referred to in Article 191 (2) and Article 193 (4) of the Tax and Social Insurance Procedure Code shall commence on 1 January 2011 with regard to precautionary measures imposed or pending property disposal procedures under Article 191 (1), as well as in the cases under Article 193 (1), where, with regard to property, precautionary measures have been imposed or coercive enforcement proceedings have been initiated and insolvency proceedings have thus been launched prior to that date.

TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement the Tax and Social Insurance Procedure Code
(SG No. 99/2011, effective 1.01.2012, amended, SG No. 40/2012, effective 29.05.2012)

§ 23. (Amended, SG No. 40/2012, effective 29.05.2012) (1) Any audit proceedings under Article 114 (1) to (3) [of the Tax and Social Insurance Procedure Code], which are not completed at the date of entry into force of this Act, regardless of the date of commencement thereof, shall be completed according to the hitherto effective procedure within five months after the entry into force of this Act.

(2) Any audit proceedings under Article 114 (1) to (3) [of the Tax and Social Insurance Procedure Code], which are suspended at the date of entry into force of this Act, shall be completed according to the hitherto effective procedure within three months after the date of resumption of the said proceedings.

(3) The time limits referred to in Paragraphs (1) and (2) may be extended according to the procedure and under the terms established by Article 114 (4) [of the Tax and Social Insurance Procedure Act].

(4) The time limits referred to in Paragraphs (1) and (2) shall not apply to any audit proceedings whereof the time limit has been extended according to the procedure established by Article 114 (4) [of the Tax and Social Insurance Procedure Act] prior to the entry into force of this Act.

§ 24. (1) Any proceedings of mutual assistance in the collection of public claims not completed as at the date of this Act's entry into force shall be completed in accordance with the new procedure.

(2) The procedural steps related to the performance of mutual assistance in the collection of public claims undertaken based on proceedings not completed as at the date of this Act's entry into force shall remain effective.

(3) Mutual assistance in accordance with the procedure provided for by this Act shall also be implemented in respect of claims under Article 269a which have arisen prior to the date of this Act's entry into force.

§ 25. The Executive Director of the National Revenue Agency shall, within one month of this Act's entry into force, by issuing an order, designate a central contact unit under Article 269b, Paragraph (2), which shall be in charge of the contacts with other Member States on mutual assistance issues, function as a requested or applicant

authority, as the case may be, in the territory of the Republic of Bulgaria, and be in charge of the contacts with the European Commission.

.....

TRANSITIONAL AND FINAL PROVISIONS to the Gambling Act
(SG No. 26/2012, effective 1.07.2012)

.....

§ 12. In the Tax and Social Insurance Procedure Code (promulgated, SG No. 105/2005 amended, SG No. 30, 33, 34, 59, 63, 73, 80, 82, 86, 95 and 105/2006, SG No. 46, 52 53, 57, 59, 108 and 109/2007, SG No. 36, 69 and 98/2008, SG No. 12, 32, 41 and 93/2009, SG No. 15, 94, 98, 100 and 101/2010, SG No. 14, 31, 77 and 99/2011) in Articli 74, Paragraph 1, item 3, a comma is added after the wording "National Statistical Institute" and then the text "the Chairperson of the State Commission for Gambling".

§ 13. The Act shall come into effect three months after its promulgation in the State Gazette with the exception of Article 31, Paragraph 1, item 15; Article 85, Paragraph 1, items 1 and 9, § 8 and § 12, which shall come into effect from the date of the promulgation of the Act in the State Gazette.

TRANSITIONAL AND CONCLUDING PROVISIONS
to the Act on Forfeiture to the Exchequer of Unlawfully Acquired Assets
(SG No. 38/2012, effective 19.11.2012)

.....

§ 3. (1) Within two months after the entry into force of this Act, the National Assembly shall elect and the President and the Prime Minister shall appoint members of the Commission for Forfeiture of Unlawfully Acquired Assets.

(2) The credentials of the members of the Commission for Establishing Property Acquired from Criminal Activity who are incumbent upon the entry into force of this Act shall be terminated upon the election or the appointment, as the case may be, of the members of the Commission for Forfeiture of Unlawfully Acquired Assets.

(3) The assets, liabilities, archives and the other rights and obligations of the Commission for Establishing Property Acquired from Criminal Activity shall pass to the Commission for Forfeiture of Unlawfully Acquired Assets.

(4) The Commission referred to in Paragraph (1) shall adopt the Rules referred to in Article 20 herein within one month after the determination of the composition thereof.

(5) The employment relationships of the employees of the Commission for Establishing Property Acquired from Criminal Activity shall be settled under the terms and according to the procedure established by Article 123 of the Labour Code.

§ 4. The authorities referred to in Article 13 (1) herein, who have been appointed prior to the entry into force of this Act, shall be obligated to take the action necessary for the elimination of incompatibility under Items 1, 3 and 5 of Article 8 (3) herein.

§ 5. Any examinations and proceedings for the forfeiture of assets acquired from criminal activity, which are not completed until the entry into force of this Act, shall be completed under the terms and according to the procedure established by the Criminal Assets Forfeiture Act as hereby superseded.

§ 6. This Act shall furthermore apply to any assets acquired unlawfully prior to the entry into force of the said Act.

§ 7. Within six months after the entry into force of this Act, the National Revenue Agency shall deliver to the Interdepartmental Board for Management of Forfeited Assets the case files of any assets which have been forfeited to the Exchequer according to the procedure established by the Act on Forfeiture to the Exchequer of Assets Acquired from Criminal Activity as hereby superseded and which have not been

sold as at the date of entry into force of this Act, for making a decision under this Act.

§ 8. The instruction referred to in Article 30 (2) herein shall be adopted within three months after the entry into force of this Act.

.....

§ 16. This Act shall enter into force six months after the promulgation thereof in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax and Social Insurance Procedure Code
(SG No. 82/2012, effective 1 January 2012)

§ 32. Information referred to in Article 143h shall be communicated to the competent authorities of EU Member States as from 01 January 2015 concerning tax periods after 01 January 2014. No later than 01 January 2014, the Executive Director of the National Revenue Agency shall inform the European Commission of the types of income referred to in Article 143h(1) about which it has available information and of any subsequent changes thereof.

§ 33. The Executive Director of the National Revenue Agency may refuse to provide information, regardless of Article 143p(3), when the information concerns tax periods preceding 01 January 2011 and if there are reasons to refuse to provide the requested information as per the current procedure.

§ 34. (1) Any proceedings for mutual assistance and exchange of information with EU Member States in the field of income taxes, property taxes, and insurance premiums which were not completed prior to the date of entry into force of this Act shall be completed as per the procedures set out herein. In such cases, the time limits specified in Chapter Sixteen, Section V shall start to run on the date of entry into force of this Act.

(2) Any procedural action conducted in relation to the mutual assistance in proceedings which were not completed prior to the date of entry into force of this Act shall remain valid.

§ 35. (1) Any pending audit proceedings initiated prior to the entry into force of this Act shall be completed as per the current procedure.

(2) Within 30 days from the entry into force of this Act, the persons that are parties to proceedings stayed as per Article 34(1) may appeal the order staying the proceedings pursuant to Article 34(5).

(3) Article 34(8) shall also apply to any pending stayed proceeding, whereby the period of stay shall start to run on the date of entry into force.

§ 36. This Act shall enter into force as from 01 January 2013, excluding:

1. paragraph 1, which shall enter into force on the date of promulgation of the act in the State Gazette; and

2. paragraph 14 concerning Article 143h(5), which shall enter into force on 1 January 2016.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax and Social Insurance Procedure Code
(SG No. 94/2012, effective 1.01.2013, amended, SG No. 98/2013, effective 1.01.2013)

§ 42. The right to submit registration inventory of available assets according to standard form at the date of registration, which right has arisen but has not been exercised at the date of entry into force of this Act and the time limits under Article

103 (2) or Article 132 (4) for exercise thereof have not expired, may be exercised within 45 days from the date of registration hereunder.

§ 43. (1) Upon supplies under concession contract for construction, service or extraction/mining whereunder the consideration, wholly or partially, is determined in goods or services for which the concession grantors or concessionaires have not issued invoices and the tax became chargeable in the period 1 January 2011 - 31 December 2012 shall charge the tax within 6 months from entry of this Act into force.

(2) The right to deduct credit for input tax under Paragraph (1) may be exercised for the tax period in which the invoice was issued or in one of the following 12 tax periods.

(3) Paragraph (1) shall furthermore apply to administrative and court proceedings which have not been closed at the date of entry into force of this Act.

(4) The registered persons against which there is an effective individual administrative act on the basis which the tax on supplies under Paragraph 1 has been charged, may issue invoices on such supplies and for the amount of the tax charged by the said act, on the basis of which the recipient may exercise the right to deduct credit for input tax. The right to deduct credit for input tax shall be exercised within the time limit under Paragraph (2).

(5) The concession grantors under concession contracts for construction, for service or for extraction/mining whereunder the payment (wholly or partly) is stipulated in goods or in services, may exercise their right to deduct credit for input tax within 6 months from entry into force of this Act for the supplies of goods and/or services received in the period 1 January 2011 - 31 December 2012, which are used or will be used for supplies under Paragraph (1) and in respect whereof the right to deduct credit for input tax has not been exercised until entry into force of this Act.

§ 44. The following amendments and supplements are made in the Tax and Social Insurance Procedure Code (promulgated, State Gazette No. 105/2005; amended, SG Nos. 30, 33. 34, 59, 63, 73, 80, 82, 86, 95 and 105/2006, Nos. 46, 52, 53, 57, 59, 108 and 109/2007, Nos. 36, 69 and 98/2008, Nos. 12, 32, 41 and 93/2009, Nos. 15, 94, 98, 100 and 101/2010, Nos. 14, 31, 77 and 99/2011, and Nos. 26, 38, 40 and 82/2012):

.....

§ 45. The amounts paid without being due as at 31 December 2012 with regard to public liabilities, established by the National Revenue Agency, shall be used to extinguish liabilities in accordance with the procedure set out in Article 169 (4) of the Tax and Social Insurance Procedure Code, unless prior to the entry of this Act into force a request has been submitted under Article 129 (1) of the Tax and Social Insurance Procedure Code.

§ 46. (Amended, SG No. 98/2013, effective 1.12.2013) For unpaid public liabilities, the deadline for payment of which has expired before 1 January 2008, Article 169 (4) of the Tax and Social Insurance Procedure Code shall apply after 1 January 2015.

.....

§ 65. This Act shall enter into force on 1 January 2013, except for Item 2 (a) of § 61, Items 3, 4 and 6, Item 7 - in respect of Article 86 (7), and Item 9 and § 64, which shall enter into force on the day of publication of this Act in the State Gazette, Item 5 of § 61, Item 7 - in respect of Article 86 (5) and (6), and Item 8, which shall enter into force on 1 April 2013, and Item 9 (c) of § 47 - in respect of Article 159 (5) and Item 11, which shall enter into force on 1 July 2013.

TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Tax and Social Insurance Procedure Code

(SG No. 98/2013, effective 1.12.2013)

§ 5. The amounts paid without being due as at the entry into force of this Act with regard to public liabilities, established by the National Revenue Agency, shall be used to extinguish liabilities in accordance with the procedure set out in Article 169 (4) and (5) of the Tax and Social Insurance Procedure Code, unless prior to the entry of this Act into force a request has been submitted under Article 129 (1) of the Tax and Social Insurance Procedure Code.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax and Social Insurance Procedure Code
(SG No. 18/2014, effective 4.03.2014)

§ 4. (1) Any amounts received which have not extinguished public liabilities until this Act's entry into force shall be used to extinguish any liabilities established in accordance with the procedure provided for by Chapter Fourteen as at the date of this Act's entry into force, subject to Article 169(5), (6) and (7), except where a request under Article 129(1) has been submitted.

(2) Where Paragraph (1) has not been applied to any amounts received, within three months of this Act's entry into force the debtor may specify, in accordance with such procedure and by such means as laid down in an order by the Executive Director of the National Revenue Agency, the type of public liabilities to be extinguished. Where the debtor fails to specify that, after the expiry of that period, the procedure of Paragraph (1) shall apply.

(3) The order referred to in Paragraph (2) shall be published on the website of the National Revenue Agency.

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TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement the Social Insurance Code
(SG No. 61/2015, effective 1.01.2016)

.....

§ 59. Within 6 months of this Act’s entry into force, the heads of the departments to whose employees Article 69 applies, shall submit to the Council of Ministers substantiated proposals for amendments to the regulations differentiating the positions under the relevant Acts in accordance with the nature of work and the specific working conditions, with a view to enabling persons in such positions to enjoy early retirement rights.

§ 60. This Code shall enter into force on the 1st day of January 2016, with the exception of:

1. § 3 concerning Item 6 of Article 4a (3), § 4, § 7 concerning Item 10 of Article 6(3), Item 2 of § 8 concerning the amendment to Article 9(6), § 16, Items 5 to 9 of § 25, § 31 – 36, § 47 – 51, § 54, § 55, Item 2 of § 56 concerning the amendment to Item 9 of Article 40(3), which shall take effect three days after this Act’s promulgation in the State Gazette;

2. § 45, which shall take effect 12 months after this Act’s promulgation in the State Gazette;

3. § 57, which shall take effect as of 1 April 2015;

4. § 58, which shall take effect as of 17 July 2015.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax And Social Insurance Procedure Code
(SG No. 94/2015, effective 1.01.2016)

§ 54. Any pending proceedings unde Article 235, Article 236 and Chapter Twenty-seven, initiated prior to the entry into force of this Act, shall be completed as per the

current procedure.

§ 55. The first year with regard to which information shall be exchanged between the Executive Director of the National Revenue Agency and the competent authorities of participating jurisdictions shall be 2016, unless where in an international agreement for automatic exchange of financial information, ratified by the Republic of Bulgaria, promulgated and in effect, a different year is specified.

§ 56. The first year with regard to which information shall be exchanged between the Executive Director of the National Revenue Agency and the competent authorities of the United States of America shall be 2014.

§ 57. For the purposes of the FATCA Agreement, reporting financial institutions shall provide information as follows:

1. with regard to year 2014 – the data specified in Items 1 to 5 of Article 142b, Paragraph (1);

2. with regard to year 2015 – the data specified in Items 1 to 8 of Article 142b, Paragraph (1), with the exception of letter (b) of Item 6;

3. with regard to year 2016 and each subsequent year – the data specified in Items 1 to 8 of Article 142b, Paragraph (1).

§ 58. For the purposes of the FATCA Agreement, the first determination of the balance or value of a pre-existing reportable account shall be made as of 30 June 2014.

§ 59. For the purposes of the FATCA Agreement, a reporting financial institution shall be registered in the website of the Internal Revenue Service of the United States of America prior to the first reporting.

§ 60. Reporting financial institutions shall complete the review procedures for pre-existing individual high value accounts by 31 December 2016 and the review procedures for pre-existing individual lower value accounts by 31 December 2017.

§ 61. Reporting financial institutions shall complete the review procedures for pre-existing entity accounts with aggregate balance or value exceeding the BGN equivalent of USD 250,000 by 31 December 2017.

§ 62. For the purposes of the FATCA Agreement, reporting financial institutions shall complete the review procedures for pre-existing entity accounts with aggregate balance or value exceeding the BGN equivalent of USD 250,000 by 30 June 2016.

§ 63. Reporting financial institutions shall bring their operations in line with the provisions of this Act within one month of its entry into force.

.....

§ 71. This Act shall enter into force as from 1 January 2016, excluding § 66, Item 1 in respect of the electronic information system, which shall enter into force as from 1 January 2017.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Customs Act
(SG No. 58/2016)

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§ 98. In Tax and Social Insurance Procedure Code (promulgated in the State Gazette No. 105/2005, amended, SG No. 30, 33, 34, 59, 63, 73, 80, 82, 86, 95 и 105/2006, SG No. 46, 52, 53, 57, 59, 108 and 109/2007, SG No. 36, 69 and 98/2008 SG No. 12, 32, 41 and 93/2009, SG No. 15, 94, 98, 100 and 101/2010, SG No. 14, 31 77 and 99/2011, SG No. 26, 38, 40, 82, 94 and 99/2012, SG No. 52, 98, 106 and 109/2013, SG No. 1/2014; Decision No. 2 of the Constitutional Court of the Republic of Bulgaria of 2014 – SG No. 14/2014; amended, SG No. 18, 40, 53 and 105/2014, SG No. 12, 14, 60, 61 and 94/2015 and SG No. 13 and 42/2016 everywhere in the text the

words "customs charges" shall be replaced by "customs duties", respectively.

.....

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Labour Code
(SG No. 105/2016, effective 30.12.2016)

.....

§ 16. Paragraph 7 is created in Article 162 of the Tax And Social Insurance Procedure Code (promulgated in the State Gazette No. 105/2005, amended, SG No 30, 33, 34, 59, 63, 73, 80, 82, 86, 95 and 105/2006, SG No. 46, 52, 53, 57, 59, 108 and 109/2007, SG No. 36, 69 and 98/2008, SG No. 12, 32, 41 and 93/2009, SG No. 15 94, 98, 100 and 101/2010, SG No. 14, 31, 77 and 99/2011, SG No. 26, 38, 40, 82, 94 and 99/2012, SG No. 52, 98, 106 and 109/2013, SG No. 1/2014; Ruling No. 2 of the Constitutional Court of the Republic of Bulgaria of 2014 – SG No. 14/2014; amended SG No. 18, 40, 53 and 105/2014, SG No. 12, 14, 60, 61 and 94/2015, and SG No. 13 42, 58, 62 and 97/2016):

.....

§ 22. The Act shall enter into force as of the date of its promulgation in the State Gazette, excluding § 5, 6, 17, 18, 19 and 20 which shall enter into force as of 1 January 2017.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Registered Pledges Act
(SG No. 105/2016, effective 30.12.2016)

.....

§ 53. Paragraph 3 of Article 194 of the Tax And Social Insurance Procedure Code (promulgated in the State Gazette No. 105/2005, amended, SG No. 30, 33, 34 59, 63, 73, 82, 86, 95 and 105/2006, SG No. 46, 52, 53, 57, 59, 108 and 109/2007, SG No. 36, 69 and 98/2008, SG No. 12, 32, 41 and 93/2009, SG No. 15, 94, 98, 100 and 101/2010, SG No. 14, 31, 77 and 99/2011, SG No. 26, 38, 40, 82, 94 and 99/2012, SG No. 52, 98, 106 and 109/2013, SG No. 1/2014; Ruling No. 2 of the Constitutional Court of the Republic of Bulgaria of 2014 – SG No. 14/2014; amended, SG No. 18, 40 53 and 105/2014, SG No. 12, 14, 60, 61 and 94/2015, and SG No. 13, 42, 58, 62 and 97/2016) is amended as follows:

.....

§ 54. The Act shall enter into force as of the date of its promulgation in the State Gazette, except for § 18, 19, 20, § 21 regarding Article 26, Paragraph 4, § 23 regarding Article 27a, Paragraphs 1 and 2, § 24, § 27 – 31, § 33, items 1 and 3, § 39 regarding Article 37, Paragraphs 3, 4, 5 and 6, § 41, and § 43, items 1 и 2, which shall enter into force as of 1 September 2018.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Commerce Act
(SG No. 105/2016)

.....

§ 21. The Tax And Social Insurance Procedure Code (promulgated in the State Gazette No. 105/2005, amended, SG No. 30, 33, 34, 59, 63, 73, 80, 82, 86, 95 and 105/2006, SG No. 46, 52, 53, 57, 59, 108 and 109/2007, SG No. 36, 69 and 98/2008 SG No. 12, 32, 41 and 93/2009, SG No. 15, 94, 98, 100 and 101/2010, SG No. 14, 31 77 and 99/2011, SG No. 26, 38, 40, 82, 94 and 99/2012, SG No. 52, 98, 106 and 109/2013, SG No. 1/2014; Ruling No. 2 of the Constitutional Court of the Republic of Bulgaria of 2014 – SG No. 14/2014; amended, SG No. 18, 40, 53 and 105/2014, SG No. 12, 14, 60, 61 and 94/2015, and SG No. 13, 42, 58, 62 and 97/2016) is amended as follows:

.....

§ 24. Paragraph 19 shall enter into force six months after the promulgation of this Act in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax And Social-Insurance Procedure Code
(SG No. 63/2017, effective 4.08.2017, amended, SG No. 92/2017, effective 1.01.2018)

§ 59. (1) The automatic exchange of information under Paragraph (10) of Article 143h shall be effected in respect of preliminary cross-border tax opinions or preliminary pricing agreements:

1. issued, amended or renewed after 31 December 2016;

2. issued, amended or renewed between 1 January 2014 and 31 December 2016, regardless of whether they are in force at the day of sending the information;

3. issued, amended or renewed between 1 January 2012 and 31 December 2013, if they were in force on 1 January 2014.

(2) The information under Items 2 and 3 of Paragraph (1) shall not be exchanged in respect of opinions and agreements issued, amended or renewed prior to 1 April 2016 for a specific person or a group of persons with a total amount of the annual net sales revenue for the group not exceeding EUR 40,000,000 or its BGN equivalent for the tax year preceding the date of issue, amendment or renewal of the opinions or agreements.

(3) Paragraph (2) shall not apply in respect of persons carrying out financial or investment activity in the course of business.

(4) The information under Items 2 and 3 of Paragraph (1) shall be exchanged by 31 December 2017.

(5) Until legal grounds for issuance of preliminary pricing agreements arise, the Executive Director of the National Revenue Agency shall exchange information under Paragraph (10) of Article 143h on such agreements, and shall only receive information about agreements issued, amended or renewed in another Member State whereas Paragraphs (4) and (5) of Article 143q shall not apply.

§ 60. (Amended, SG No. 92/2017, effective 1.01.2018) The Executive Director of the National Revenue Agency, within 6 months of entry into force of this Act, shall determine the procedure for submission of tax and social-insurance information via telephone service under Item 6 of Article 73, Paragraph (2).

§ 61. (1) Until the creation of a protected central register for Member States of preliminary cross-border tax opinions and preliminary pricing agreements supported by the European Commission, the exchange of information under Paragraph (10) of Article 143h shall take place electronically via the CCN network and under the relevant practical arrangements.

(2) When until the creation of the register under Paragraph (1) information about preliminary cross-border opinions and preliminary pricing agreements is received from a competent authority of another EU Member State, the Executive Director of the National Revenue Agency shall confirm the receipt of that information immediately and in any event no later than 7 working days from the date of receiving it. The confirmation shall take place electronically, if possible.

§ 62. (1) (Amended, SG No. 92/2017, effective 21.11.2017) The first country report Article 143t shall be submitted by the ultimate parent undertaking or by the substitute parent undertaking for the tax year of the MGU, beginning 1 January 2016 or on a later date during that year, within the time limit referred to in Paragraph (1) of Article 143t.

(2) (Amended, SG No. 92/2017, effective 21.11.2017) When the reporting

undertaking is a composite undertaking other than the ultimate parent undertaking or a substitute parent undertaking the first country report shall be submitted for reporting tax year beginning 1 January 2017 or on a later date during that year.

(3) (Amended, SG No. 92/2017, effective 21.11.2017) For the reporting tax year beginning 1 January 2016 or on a later date during that year, the notifications referred to in Article 143y shall be submitted by 31 December 2017.

(4) (Amended, SG No. 92/2017, effective 21.11.2017) The Executive Director of the National Revenue Agency shall submit the first country report under Paragraph (1) to Member States or another jurisdiction pursuant to Paragraph (1) of Article 143s within 18 months from the end of the reporting tax year beginning 1 January 2016 or on a later date during that year.

(5) The Executive Director of the National Revenue Agency shall issue the order under Paragraph (3) of Article 143t by 31 October 2017.

§ 63. By 1 January 2018, the Executive Director of the National Revenue Agency shall provide the European Commission with statistics on the volume of automatic exchanges and, to the extent possible, with information on the administrative and other relevant costs and benefits relating to exchanges that have taken place and any potential changes for the tax administration or third parties.

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§ 70. (1) The requirement of Item 21 of Article 48, Paragraph (2) of the Excise Duties and Tax Warehouses Act shall not apply to the persons under Paragraph (1) of Article 47 of the said Act submitting a request for the issuing of a licence for the management of a tax warehouse until entry into force of the Ordinance under Paragraph (3) of Article 142a of the Wine and Spirit Drinks Act.

(2) The requirement of Item 9 of Article 57, Paragraph (3) of the Excise Duties and Tax Warehouses Act shall not apply to the persons under Paragraph (1) of Article 56 of the said Act submitting a request for the registration of a small distillation unit until entry into force of the Ordinance under Paragraph (3) of Article 142a of the Wine and Spirit Drinks Act.

(3) Paragraphs (1) and (2) shall also apply to initiated proceedings under Articles 48 and 57 of the Excise Duties and Tax Warehouses Act until entry into force of this Act.

(4) The Customs Agency shall resume ex officio the proceedings under Articles 48 and 57 of the Excise Duties and Tax Warehouses Act in respect whereof until the entry into force of this Act there is a refusal to submit a document that the distillation equipment for the production of ethyl alcohol, distillations and alcoholic beverages are purchased by a person registered under the Wine and Spirits Act.

§ 71. (1) (Effective 26.04.2017 - SG No. 63/2017) Persons who until the entry into force of this Act carry out the activities under Paragraph (1) of Article 142a of the Wine and Spirit Drinks Act shall be registered within one month from the entry into force of the Ordinance under Paragraph (3) of Article 142a of the Wine and Spirit Drinks Act.

(2) The Minister of Economy shall issue the Ordinance under Paragraph (3) of Article 142a of the Wine and Spirit Drinks Act within one month of the completion of the notification procedure of Directive (EU) 2015/1535 of the European Parliament and of the Council of 9 September 2015 laying down a procedure for the provision of information in the field of technical regulations and of rules on Information Society services (OJ L 241/1 of 17 September 2015).

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§ 83. (1) The Act shall enter into force as of the date of its promulgation in the State Gazette, excluding:

1. § 64, which shall enter into force as of 1 January 2022;
2. § 68, Item 1, which shall enter into force as of 1 January 2018;

3. § 68, Item 2, which shall enter into force as of 30 June 2017;
4. § 69, which shall enter into force as of 1 January 2018;
5. § 71, paragraph 1, which shall enter into force as of 26 April 2017;
6. §§ 6 and 72 – 82, which shall enter into force as of 1 January 2018.

(2) (Repealed, SG No. 92/2017, effective 21.11.2017).

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax And Social-Insurance Procedure Code
(SG No. 92/2017, effective 1.01.2018)

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§ 27. The provision of Article 91, Paragraph (4) of the Corporate Income Tax Act shall also apply to annual tax returns and to annual activity reports for year 2017.

§ 28. A registration inventory under Article 74, Paragraph (2), Item 3 and Paragraph (3), Item 6 and under Article 76, Paragraph (2), Item 4 of the Value Added Tax Act shall not be submitted if such an inventory has not been submitted prior to the entry of this Act into force and the deadline for its submission expires after that date. In such cases the right to deduct credit for input tax in connection with the existing assets or the received services as of the date of registration under the Value Added Tax Act shall be exercised in accordance with the procedure established hereby.

§ 29. (Effective 21.11.2017 – SG No. 92/2017) (1) The Executive Director of the National Revenue Agency, the Director of the Customs Agency and the mayors of municipalities shall determine the procedure under Paragraph (12) of Article 87 for requesting and provision of information under Paragraph (11) of Article 87 by 1 January 2018.

(2) By 31 December 2018 municipalities, in which there is no technical possibility to provide electronically the information under Paragraph (11) of Article 87, may provide such information in hard copy and no fee shall be collected for this. In such cases the mayor of the municipality shall determine the procedure referred to in Paragraph (1) by 31 December 2018.

§ 30. The regulations, which contain the obligation to submit a certificate of the presence or absence of obligations by the persons shall be brought in compliance with this Act by 31 March 2018.

§ 31. This Act shall enter into force on 1 January 2018, with the exception of:

1. Paragraphs 1, 4 – 9 and § 10, items 2 and 3, § 26 and § 29 which shall enter into force three days after the promulgation of the Act in the State Gazette;
2. Paragraph 14, items 5 and 6, which shall enter into force on 1 March 2019.

TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement
the Code of Administrative Procedure
(SG No. 77/2018, effective 1.01.2019)

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§ 150. (Effective 18.09.2018 - SG No. 77/2018) Administrative cases instituted under Article 41(3), Article 156(1), Article 160(6), Article 187(1), Article 197(2), and Article 268(1) of the Tax Insurance Procedure Code in the administrative courts prior to the promulgation of this act in the State Gazette shall be completed by the same courts as per the grandfathering procedure.

§ 156. The Act shall enter into effect on 1 January 2019, with the following exceptions:

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3. § 79, items 1, 2, 3, 5, 6 and 7, § 150 and § 153, which shall enter into force on the date of promulgation of this act in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement to
the Corporate Income Tax Act
(SG No. 98/2018, effective 1.01.2019)

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§ 70. This Act shall enter into force on 1 January 2019, with the exception of:

1. paragraph 43, item 2 – regarding Article 4, item 65, item 4, littera "a", item 5, littera "b", sub-littera "bb", item 9, item 15, littera "b", item 31 and item 34 and § 64, which shall enter into force as from the day of promulgation of this Act in the State Gazette.

2. § 63, which shall enter into force as of 18 January 2018;

3. paragraph 41, item 1, § 43, item 36, § 50, item 1 – 3, item 4, littera "a", item 5 – 10, § 52, item 3, § 53, items 1 and 3 and § 65 – 69, which shall enter into force as from the 7th day of January 2019;

4. Paragraph 43, Item 11, regarding Article 47, Paragraph (4), Item 1 and Paragraph (5), which shall enter into force from 28 January 2019.

5. Paragraph 52, Items 1, 2, 4 and 5 and paragraph 53, item 2, which shall enter into force from 20 May 2019;

6. Paragraph 43, Item 22, paragraph 57, item 9, item 11, littera "c", item 31, item 32 and 37, which shall enter into force from 1 July 2019;

7. Paragraph 50, item 4, littera's "c" and "d", which shall enter into force on the 1 October 2019;

8. Paragraph 39, Item 3, littera "b" regarding Article 14, Paragraph (2), which shall enter into force from 1 January 2020;

9. Item 11 of Paragraph 43 regarding Article 47, Paragraph 4, Item 2, which shall enter into force from 28 January 2020.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax And Social-Insurance Procedure Code
(SG No. 64/2019, effective 13.08.2019)

§ 17. Any proceedings under Article 34(5), Article 75(2), Article 147(3) and Article 156(5) brought to administrative courts prior to the entry into force of this Act shall be completed pursuant to the current procedures.

§ 18. (Effective 1.01.2020 - SG No. 64/2019) 2020 shall be the first year with respect to which transfer pricing documentation shall be drawn up pursuant to Chapter Eight "a".

§ 19. The rules set out in Articles 134a - 134s shall apply to complaints submitted after 1 July 2019 in respect of questions in dispute related to income or property falling within tax periods starting on or after 1 January 2018.

§ 20. The competent authority referred to in Article 134b(3) shall notify the European Commission about any measures and administrative sanctions imposed for violations of the obligation of secrecy in relation to information accessible to persons in dispute resolution proceedings under Articles 134a - 134s for the purpose of submissions to Member States.

§ 21. The ultimate parent enterprise of a MNE which is a tax resident in the Republic of Bulgaria and which complied with the requirement set out in Article 143u(5) before the entry into force of this Act shall not submit 2019 country reports referred to in Article 143t.

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§ 24. The Act shall enter into force as of the date of its promulgation in the State Gazette, excluding § 2, § 15, § 16, item 1 and § 18 which shall enter into force

as of 1 January 2020.

TRANSITIONAL AND FINAL PROVISIONS
to the Act Amending and Supplementing the Tax And Social-Insurance Procedure Code
(SG No. 102/2019, effective 1.01.2020, amended and supplemented, SG No 69/2020)

§ 6. (Effective 1.07.2020 - SG No. 102/2019) (1) (Previous text of § 6, amended, SG No. 69/2020) Not later than 28 February 2021, the consultants or taxable persons under Article 143ab2, as the case may be, shall provide information on any cross-border tax scheme when the first step on the implementation thereof was made between 25 June 2018 and 30 June 2020.

(2) (New, SG No. 69/2020) The thirty-day time limit for the provision of information pursuant to Article 143ab1, Paragraphs (6) and (7) and Article 143ab2, Paragraph (6) shall run from 1 January 2021 for:

1. cross-border tax schemes submitted for implementation, ready to the extent that allows their implementation, or cross-border tax schemes the first step of whose implementation has been carried out between 1 July 2020 and 31 December 2020;

2. aid, assistance or advice with respect to designing, marketing, organising, management or making available for implementation of a cross-border scheme, that has been provided by a consultant in accordance with Article 143ab1, Paragraph (7) between 1 July 2020 and 31 December 2020.

(3) (New, SG No. 69/2020) In the cases covered by Item 1 of Paragraph (2), where the tax scheme is a marketable tax scheme, the information referred to in Article 143ab1, Paragraph (8) shall be provided by 30 April 2021.

§ 7. (Effective 1.07.2020 - SG No. 102/2019, amended, SG No. 69/2020) The Executive Director of the National Revenue Agency shall provide to the competent authorities of the other Member States the first information on cross-border tax schemes, received under Article 143ab, by 30 April 2021.

§ 8. (Effective 1.07.2020 - SG No. 102/2019) Until the creation of a protected central register for Member States of cross-border tax schemes, supported by the European Commission, the exchange of information under Article 143aa shall take place electronically via the CCN network and under the relevant practical arrangements.

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§ 16. This Act shall enter into force as of 1 January 2020, excluding § 1, and § 3, 4, 5, 6, 7 and 8, which shall enter into force as of 1 July 2020.

TRANSITIONAL AND FINAL PROVISIONS
to the Act on the Measures and Actions during the State of Emergency
Declared by a Resolution of the National Assembly of 13 March 2020
(SG No. 28/2020, effective 13.03.2020)

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§ 29. Until the lifting of the state of emergency:

1. the period referred to in Article 171 (2) of the Tax and Social-Insurance Procedure Code shall not apply;

2. in addition to the cases under Article 172 (1) of the Tax and Social-Insurance Procedure Act, the prescription shall also cease to run for the duration of the declared state of emergency;

3. the time limit referred to in Article 193 (4) of the Tax and Social-Insurance Procedure Code shall cease to run;

4. an enforcement proceeding under the Tax and Social-Insurance Procedure Code shall not be instituted, except where necessary to protect particularly important

State or public interests or there is a risk of frustration or material impediment of the enforcement of the instrument, or where significant or irreparable harm may ensue from the delay of enforcement;

5. the coercive enforcement under the Tax and Social-Procedure Code shall be suspended; the steps taken until the suspension shall remain in effect; after the suspension the public enforcement agent may not take new enforcement steps but may take steps to secure the claim, as well to distribute sums received under the enforcement case; the enforcement proceeding shall be resumed after the lapse of the period for which the state of emergency is declared; prior to the lapse of the period of the state of emergency, the enforcement proceeding shall be resumed by order of the public enforcement agent at the request of the debtor, for enforcement against:

(a) claims and cash from banks;

(b) claims from third parties;

(c) valuables kept at safe-deposit vaults, including against the contents of safe-deposit boxes;

6. after the enforcement under Item 5 (a), (b) and (c) has been effected, the enforcement proceeding shall be suspended;

7. the period referred to in Article 246 (10) of the Tax and Social-Insurance Procedure Code shall cease to run.

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§ 52. This Act shall enter into force on the 13th day of March 2020 with the exception of Article 5, § 3, § 12, § 25 – 31, § 41, § 49 and § 51 which shall enter into force as from the day of the promulgation of this State Gazette and shall be applicable until the abrogation of the state of emergency.

TRANSITIONAL AND FINAL PROVISIONS
to the Act to Amend and Supplement the Gambling Act
(SG No. 69/2020)

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§ 93. (1) For the purposes of the automatic exchange of financial information carried out in accordance with the procedure set out in the Tax-insurance Procedural Code, for the accounting year 2019 the financial institutions shall provide the data set out in Article 142b of the same Code of the Executive Director of the Nationa Revenue Agency by 30 September 2020.

(2) The Executive Director of the National Revenue Agency shall exchange the data referred to in Paragraph (1) with the competent authorities of the participating jurisdictions by 31 December 2020.

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TRANSITIONAL AND FINAL PROVISIONS
to the Act amending and supplementing the Tax Insurance Procedure Code
(SG No. 105/2020, effective 1.01.2021)

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§ 71. The Minister of Finance shall align the ordinance under Article 127h of the Tax and Social Insurance Procedure Code with the this Act within three months of its entry into force.

§ 72. This Act shall enter into force on 1 January 2021, with the exception of:

1. Paragraph 34 which shall enter into force on 1 May 2021;

2. Paragraphs 55, 58, 59, 60 and § 69 concerning the creation of Article 26b of the Act on the Measures and Actions during the State of Emergency, declared by a Resolution of the National Assembly of 13 March 2020, and overcoming the consequences, which shall enter into force on the day of its promulgation in the State Gazette;

3. Paragraph 69 concerning the creation of Article 26a of the Act on the Measures and Actions during the State of Emergency, declared by a Resolution of the National Assembly of 13 March 2020, and overcoming the consequences, which shall enter into force on 7 December 2020.

Annex