

Bulgaria

Amendments to Tax Insurance Procedure Code for 2019 published

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On 21 January 2019, the National Revenue Agency published the amendments to the Tax Insurance Procedure Code (TIPC) for 2019. The proposed amendments result from a public consultation which ran until 5 December 2018. The 2019 changes are summarized below.

Changes to the rules for fiscal control over high fiscal risk goods

Companies trading in high fiscal risk goods will have to declare before the National Revenue Agency (NRA) authorities the transportation of goods carried out by means of transport with a loading capacity of over 3.5 tonnes. The obligation to declare refers to goods:

- from intra-Community acquisitions;
- from intra-Community supplies; and
- that are imported following completion of the inward processing procedure and the release of goods.

Examples of such goods are particular types of meat, milk products, vegetables, fruit, flour, sugar, and both sunflower and safflower oil.

An exemption from the obligation to declare such goods is granted for goods intended for:

- final consumption;
- facilities and establishments within the country used by the declaring party;
- supplies weighing up to 300 kg and having an invoiced value of up to BGN 3,000 (EUR 1,500), excluding VAT; and
- transportation of liquid fuel, since these types of goods are subject to declaring following a special procedure.

Declarations must be filed via the NRA's electronic portal. For each declaration, the company will receive a unique number valid for 14 days after the declaration date. The transport operation cannot be declared earlier than 7 days before it takes place.

The amendments also include a procedure for changing the list of declared goods during the period of transportation.

Ex-officio appointment of trustee for a company which has no representative due to death or other reasons

If a legal entity has failed to appoint a company representative for over 3 months due to the owner's death or other objective reason, the tax authorities may request the appointment of a trustee for the company from the tax court to avoid that tax proceedings are held up for an undetermined period of time.

Changes to the procedure for electronic exchange of documents in proceedings pursuant to TIPC

The following amendments are introduced for the implementation of Article 3(5) of [Regulation \(EU\) No 910/2014](#) on electronic identification and trust services for electronic transactions in the internal market:

- electronic documents filed to the tax authorities by companies and third parties will be submitted for court proceedings also in electronic format. Thus, it will no longer be necessary to print out tax documents which are to be presented to the court; and
- a wider circle of NRA employees will be entitled to send electronically documents addressed to companies and private individuals.

Changes to the procedure for ex-officio exchange of information for the purposes of integrated administrative services

The following amendments are envisaged:

- the tax authorities will issue certificates listing all amounts due by companies, including those that have already been secured;
- the tax authorities will have access to the registry information exchange system maintained by the State Agency on e-Government (RegiX) to check all amounts due by a particular company;
- the tax authorities will have the right to withdraw from court proceedings a document issued regarding a person's social status; and

- companies will have the right to appeal against a refusal of the tax authorities to issue a document containing information on persons' social status.

Rules on transfer pricing for controlled transactions

Due to the implementation of the OECD's base erosion and profit shifting (BEPS) project, taxable persons will have to prepare two files:

- a local file containing information on the activities, controlled transactions (transactions with related parties) and the methods applied to determine market prices; and
- a summary file containing information on the group, including its organizational structure, activity, controlled transactions, functions of persons within the group and the transfer pricing policy applied. Taxable persons are required to have a summary file only where they are part of a multinational group of enterprises.

These files must be prepared annually. Companies are required to keep those files and present them to the tax authorities upon request.

The following persons will be exempt from the obligation to keep local and summary files:

- persons whose net income from sales is below BGN 16 million (EUR 8 million) and whose balance sheet value of their assets does not exceed BGN 8 million (EUR 4 million); and
- persons which are not subject to corporate income tax or are subject to alternative taxation (organizers of games of chance).

Changes to the sanctions for non-compliance with the retention periods for data from software used in the commercial premises and in an e-store

Various pecuniary sanctions are introduced for companies that fail to comply with the retention periods for data on paper or on a technological medium, where such data are relevant for taxation. The fine will be higher when the violation concerns data stored on technological media, because these media are the only sources of such information.

Improvement of methods for collection of public receivables

The following amendments are envisaged:

- a 10-year absolute statute of limitations period will not apply to receivables claimed by the tax authorities in insolvency proceedings of companies;
- items purchased at a compulsory sale by auction which are not claimed by the buyer within 6 months will be considered abandoned in favour of the state;
- if a person has multiple tax liabilities, the oldest liabilities must be repaid first. Thus the order of repayment will not be determined by the liable person;
- it will not be possible to preserve funds constituting such a portion of a person's salary, stipend or pension that is equal to the statutory minimum salary; and
- the value of property used for securing tax liabilities will be determined in a manner applicable to all taxable persons, as follows:
 - for real estate, according to the estimated value for taxes;
 - for insured property, at insurance value; and
 - for uninsured property, at balance sheet or acquisition value.

See also

[Bulgaria - Corporate Taxation - Country Surveys sections 1.8., 7.2.](#)
[Bulgaria - Individual Taxation - Country Surveys section 1.10.](#)
[Bulgaria - Corporate Taxation - Country Analyses sections 1.11., 10.2.2.](#)
[Bulgaria - Individual Taxation - Country Analyses section 1.11.](#)
[Bulgaria - Transfer Pricing section 13.5.](#)