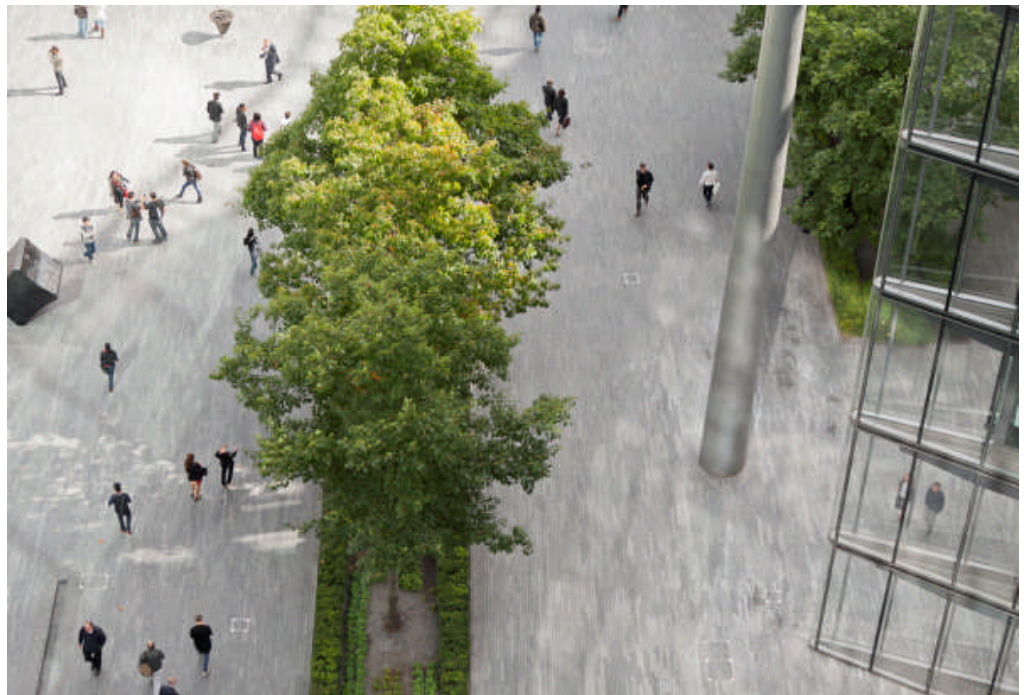

Tax Alert

Summary of the major amendments to the Implementing Regulations of the Value Added Tax Act

Bulgaria

March 2013



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Amendments to the Implementing Regulations of the Value Added Tax Act (IRVATA) were promulgated in “State gazette”, ed. 20 of 28 February 2013, which entered into force as of the day of promulgation (with some exceptions indicated below). The main changes are the following:

Correction of input VAT credit

As of 01 January 2013, a taxable person which has not deducted any input VAT for goods and services which are subsequently used for taxable supplies is entitled to input VAT credit. The amendments in the IRVATA introduce procedures for recovery of the input VAT credit. One of the conditions is that the taxable person should have duly reported the tax documents for the purchase of the goods or services in the VAT purchases ledger in the respective prior period.

Input VAT credit can also be claimed also when the goods/services have been used for taxable supplies prior to the amendments to the IRVATA but in such cases the input VAT credit right can be exercised not later than 30 April 2013.

Rules for self-invoicing

Self-invoicing will also be possible if the recipient or the supplier is established in another Member State (until the amendments self-invoicing was possible only if both the recipient and the supplier were established in the country).

The agreement for self-invoicing may be verbal. However, in view of the requirement to notify the National Revenue Agency it is recommendable that the parties conclude a written agreement.

The restrictions related to the types of supplies for which self-invoicing may be applied are removed.

Supplies between head-office and a branch

The supply of services between a head office established in another EU Member State and its branches/units in the country and vice versa will not be considered a supply for VAT purposes and in such cases VAT will not be charged.

The amendment harmonises the Bulgarian legislation with the EU rules and will decrease the number of transactions between head office and a branch which should be reported for VAT purposes.

Additional requisite for invoices and credit/debit notes issued for intra-Community supplies

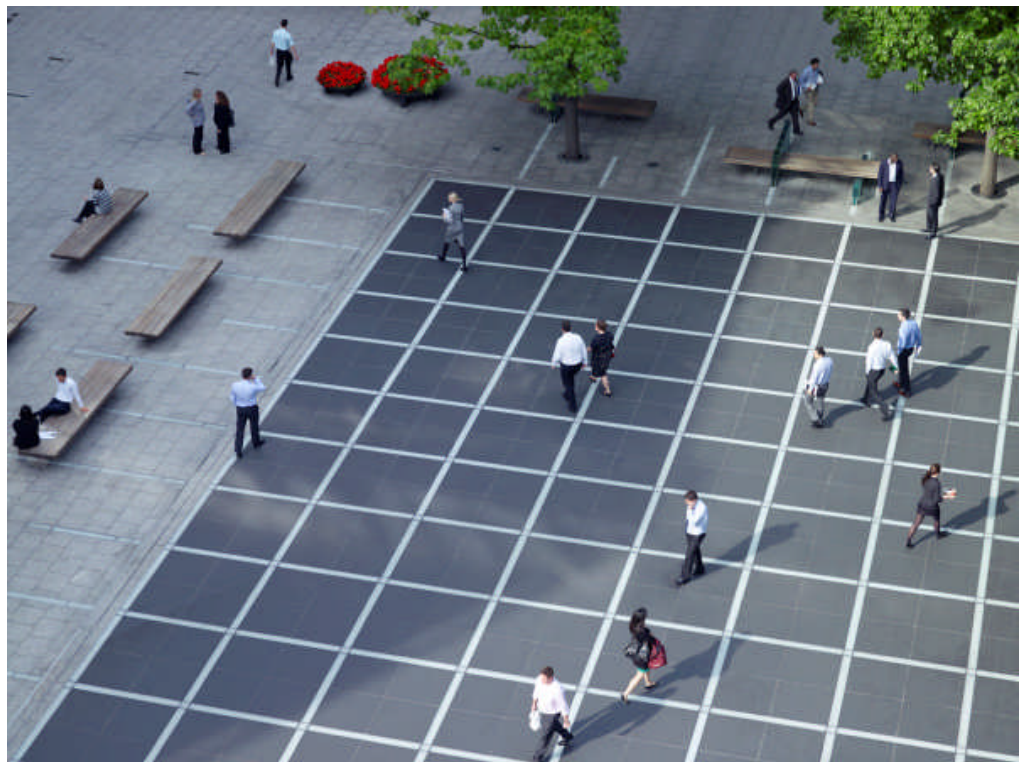
The text "Reverse-charge" should be indicated also on the invoices and credit/debit notes issued for intra-Community supplies where the requirements for quoting the grounds for non-charging of 20 % VAT remain.

Other amendments

The deadline for submission of the list of available assets in case of restructuring/transfer of enterprise as a going concern is extended to 45 days (instead of 30 days). The new deadline applies also to cases for which the 30 days period has not expired as at 28 February 2013.

The received advance payments by a middleman in a triangulation operation will not be reported in the VIES-return. The amendment will enter into force on 15 March 2013.

Amendments in the contents and requirements to the sales ledger, VAT return and VIES-return files submitted to the National Revenue Agency are made. The amendments will enter into force on 15 March 2013 and should be taken into account when setting up the information systems before submitting the respective files for March 2013.



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