

# Tax & Legal Alert

Ernst & Young Bulgaria



In this edition of the Tax & Legal Alert, we highlight the latest changes to Bulgarian business immigration issues, tax, labor and commercial legislation, as well as 2012 EU customs amendments

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## Important deadlines in this edition

- ▶ 1 March 2012 - requests for EU tariff suspensions and quotas for 2013
- ▶ 30 June 2012 - applications for a VAT refund by non-EU taxable persons
- ▶ 30 September 2012 - applications for a VAT refund by EU taxable persons

## Bulgaria recognizes Schengen visas

Since 31 January 2012, the Bulgarian government has acknowledged Schengen visas unilaterally before Bulgaria joins the Schengen zone. Holders of visas and residence permits issued by Schengen states, as well as by Switzerland and Lichtenstein may enter and reside in Bulgaria for 90 days during any six-month period without a Bulgarian visa.

## Labor Code amendments

Following a series of discussions, the amendments to the Labor Code were officially approved by the National Assembly and promulgated in the State Gazette. The most important ones refer to temporary-work agencies.

Under the new rules, only 30% of a company's personnel may be employed through temporary-work agencies. The latter need to undergo a special registration procedure with the National Employment Agency and to maintain a group insurance or a bank guarantee of at least BGN 200,000 so as to secure their liability towards the employees.

Employees may now be held responsible for breaches of labor rules. The Labor Inspection may impose fines on any employee without an official employment contract.

Employees returning from pregnancy or maternity leave and/or on a leave of absence for raising a child may negotiate with their employers flexible working hours for a certain period of time.

The number of company representatives in national trade unions and employers' organizations has been increased.

## Changes to the Commercial Register procedures

The following changes took effect on 1 January 2012:

- ▶ The fees for electronic registration were reduced to 50% of the regular fees.
- ▶ Joint-stock companies should only submit electronic applications to the Commercial Register.

Restrictions on accessing the Commercial Register's database will apply after 1 January 2013. Free access will then be limited to publicly available information, such as company names, companies' representatives and registered capital. Full access will be granted only to registered users.

## Tax changes

### New requirements for liquid fuel traders

The amendments to the Bulgarian Regulation on Recording and Reporting Sales on Commercial Sites through Fiscal Devices aim to simplify the implementation of tank gauging systems which traders in liquid fuels should put into operation by 31 March 2012. The technical requirements for tanks have also been reduced.

### Amendments to the excise duties regulation

There have been some technical changes effective 24 January 2012, including the following:

- ▶ New requirements for duty suspension arrangements
- ▶ Reduced rate for beer produced by small breweries established in other EU member states
- ▶ Excise stamps
- ▶ Excise duties payment terms

## EU tariff suspensions and quotas for 2012

The regulations on the Common Customs Tariff suspensions and quotas for 2012 entered into force on 1 January. Suspensions of customs duties allow a total or partial waiver of the normal duties upon importation of specific raw materials or components if they can be purchased solely from non-EU states without preferential agreements with the EU.

Requests for tariff suspensions and quotas applicable as of 1 January 2013 should be filed by 1 March 2012.

## Refund of VAT paid in 2011

Taxable persons established in other EU Member States may claim a refund of Bulgarian VAT paid in 2011 by 30 September 2012. Those established outside the EU may seek reimbursement by 30 June 2012.

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