

Commentary on the Law on Statistics of the Intra-Community Trade in Goods, in force as of 1 September 2006

In issue 51 of the State Gazette of 23 June 2006, a Law on Statistics of the Intra-Community Trade in Goods (LSICTG) was published. When this Law enters into force, it will raise obligations for all persons, registered under the Value Added Tax Act (VATA), who have realized delivery of goods to the EU (“dispatches”) amounting to BGN 150,000 and/or delivery of goods from the EU (“arrivals”) to the amount of BGN 75,000 in the period 1 January 2006 – 1 September 2006. One of the basic obligations for these persons will be to file monthly Intrastat returns. They shall submit the first return till 20 October 2006. Obligation for filing Intrastat returns will arise also for the persons who correspond to the above conditions and exceed the above thresholds later in 2006 (after August).

1. Liable persons under this Law (Intrastat operators)

As per Art. 14, para 1 LSICTG, obliged to present Intrastat returns are the VATA-registered persons who realize intra-Community trading of goods in annual volumes at amounts exceeding the defined declaration thresholds of each commercial flow – “dispatches” or “arrivals”.

2. Declaration thresholds

a) **Exemption thresholds** - NSI shall define the thresholds once a year and publish them in the State Gazette till 31 October of the current year, and they will be valid for the whole next year. The thresholds for 2006 are defined by the Order RD 07-135/14 July 2006 of the chairman of NSI, published in issue 63 of the State Gazette on 4 August 2006.

b) **Thresholds for declaration of “statistical value”** - According to Art. 7 LSICTG, “statistical value” is the value of the goods calculated at the national border of Bulgaria and includes the additional expenses for freight and insurance incurred on the territory of Bulgaria – in case of dispatches (i.e. FOB value), or outside the territory of Bulgaria – in case of arrivals (i.e. CIF value). When the Intrastat operators exceed these thresholds (higher than the exemption thresholds), they shall fill in additionally in their monthly returns the column “statistical value of the goods”.

3. Annual or current obligation for declaration

a) **Annual obligation** arises when the Intrastat operator’s trading of EU goods for the previous calendar year exceeds the exemption thresholds defined for the current calendar year. In this case returns shall be submitted during the whole current year for the months from January to December inclusive, where the first return shall be filed in February with the data for January. The Intrastat operators shall submit their returns till the 10th of the month following the month when the dispatches and arrivals of goods occurred.

b) **Current obligation** occurs when the cumulative monthly volumes of intra-Community trade of the operator during the current calendar year exceed in a given month the exemption thresholds for this year. The obligation for declaration begins from the month in which the threshold has been exceeded (first reference month). In this case, the first return shall be filed till the 20th of the month following the first reference month. This prolonged deadline is given only the first time when the

obligation occurs currently in the year. Thus, a possibility is given to the new Intrastat operators to obtain an electronic signature, the necessary software for submission of returns, etc. In the following months till the end of the year, the returns shall be filed till the 10th of the month following the month when the dispatches and arrivals of goods occurred.

4. Procedure for declaration under the Intrastat system

a) Electronic journals - Intrastat operators shall keep electronic journals for the realized transactions under the Intrastat system. For preparing these journals, special software will be developed, which will be maintained and provided free of charge to the Intrastat operators by NRA. Their use will facilitate the preparation of the monthly Intrastat returns, which represent aggregation of the single entries from the electronic journals. Information from these journals shall be provided only upon request of NRA.

b) Intrastat returns - If the annual volumes of intra-Community trading of goods of the operator for the “arrivals” flow exceed the defined threshold for “arrivals”, an “Arrivals” return shall be filled in. If the annual volumes of intra-Community trading of goods of the operator for the “dispatches” flow exceed the defined threshold for “dispatches”, a “Dispatches” return shall be filled in. If both the dispatches and arrivals exceed the defined thresholds, the operator shall declare for both flows.

Intrastat operators may file their returns personally or by an authorized agent.

The Intrastat operators shall file Intrastat returns and other documents or data (subject to submission) through electronic means and signed with electronic signature. By exception, they might be allowed to file Intrastat returns in NRA or through a licensed postal operator.

The returns can be filed as basic, corrective or return with ‘nil’ value. If the liable person does not intend to realize intra-Community transactions for a certain period of the year, he/she can request from NRA to be exempted from its obligation to file ‘nil’ returns for this period.

Certain specific goods and movement of goods shall have specific accounting for and declaring, while other ones shall be excluded from the statistics under LSICTG. Ordinances related to LSICTG are expected to be published and they shall provide further clarification on the application of this Law.

The information provided in this material presents only a general view of LSICTG and of the obligations of the persons under this Law and it is not complete. Its objective is not to give answers to specific cases, which have to be solved after careful consideration of the particular facts and circumstances.

Should any questions arise about the application of the provisions of this Law, please, do not hesitate to contact us on tel. 943 37 00, fax 943 37 07, e-mail address: office@afa.bg, or postal address: 38, Oborishte Str., Sofia 1504.