

Requirements for the Tax Documents Imposed by Value Added Tax Act, Effective from 1 January 2007

With the entry into force of the Treaty of Accession of the Republic of Bulgaria to the European Union as from the first of January 2007, the requirements of the new Value Added Tax Act (publ. SG No 63/4 August 2006) (VATA) and the Regulations on its application (publ. SG No 63/4 August 2006, amended and supplemented SG No 76/15 September 2006, amended and supplemented SG No 101/15 December 2006) (RAVATA) enter into force as well. These statutes introduce new requirements for the documenting of the supplies.

VATA provides the issuance of only one type of document – **an invoice** – for the performed supplies (not a tax invoice or a simplified invoice). New additional requirements for the requisites of the invoices issued and the credit notes thereto are provided in Art. 114 VATA (e.g. date of the tax event, rate of the tax etc.)

In addition, a new tax document is introduced – **a protocol**, which shall be issued in specific cases, mentioned in VATA. A protocol shall be issued when VAT is accrued under the reverse charge mechanism (i.e. upon intercommunity acquisition, upon received services from foreign persons, in cases of free of charge supplies, adjustment of input VAT deductible, etc.). VATA (Art. 117) and RAVATA (Art. 66, 80, 81) introduce strict requirements for the issuance, storage, contents and requisites of the protocols. These requirements are comparable to those for the invoices.

According to § 14 of the Transitional and Final Provisions of the Regulation for Amending and Supplementing RAVATA, published SG No 101/15 December 2006, the numeration of the invoices and the credit/debit notes thereto, issued after 1 January 2007 including, shall start from No 0000000001. After depletion of the available numbers of the invoices (the ten digit number), the Territorial Directorate of the NRA shall be informed, and the numeration shall start again from No 0000000001.

There is a specific text according to which if a company has branches or other divisions, it can determine a range of numbers, which could be used when issuing documents. An obligatory requirement is at least for one of the branches/divisions the numeration after 1 January 2007 starts from No 0000000001. The range shall be depleted gradually during the next periods, where by its filling a new range shall be determined.

We draw your attention to these changes, as they will impose a modification of the way of the organization for issuance of documents and eventually of the accounting software used. The present statement has the purpose to give a general view on the requirements for the tax documents imposed by the new VATA. It is possible that in concrete cases additional facts and circumstances have to be considered. Should any question arise, please, do not hesitate to contact us.