

C omments on the Amendments of the Local Taxes and Charges Act

A Law on Amendment and Supplementation of the Local Taxes and Charges Act (LASLTCA) has been published in the State Gazette, issue 119 of 29 December 2002. The more significant amendments and supplementations to the regulations effective up to now and made with the LASLTCA are related to:

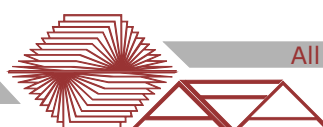
- changes in the general principles and provisions for determining the amounts, the ways of payment, the collection and administration of local charges and granting new and wider powers to the municipal authorities;
- the procedure for declaring of newly constructed and newly acquired immovable properties and the way of determining the amount of tax on immovable properties upon changes in their tax valuation within the year;
- the procedure for payment of tax upon acquisition of property as a donation or against consideration;
- the procedure for exemption from tax on vehicles and for use of tax relieves;
- the procedure for determining the amount for garbage charges and the ways of their payment;
- the charges for issuance of permits and licences;
- penalties for failure to observe the provisions of the Local Taxes and Charges Act (LTCA).

Some of the provisions of the LTCA are revised with the aim to make them more precise or terminologically consistent. Herebelow we will present our comments and will draw your attention to the **more significant amendments to the provisions of the law** that might be important in your everyday work in the future.

1. Changes in the general principles and provisions for determining the amounts, the ways of payment, the collection and administration of local charges and granting new and wider powers to the municipal authorities

The legal provisions **are separated in a specific section, namely Section II of Chapter One of the LTCA**. The most significant new moments **are related to the granting of new and wider powers to the municipal authorities**. The amendments have been accepted with **§ 1 of the LASLTCA and are in force starting on 1 January 2003**.

2. Procedure for declaring of newly constructed and newly acquired immovable properties and the way of determining the amount of the tax on the immovable properties upon changes in their tax valuation within the year



Starting from 1 January 2003 by virtue of the **new para 4 of Art. 14 of LTCA** a possibility is provided when a real estate is acquired or a right for its usage is established and when several owners or users of such real estate exist, the declaration for the purposes of taxation of immovable properties to be filed **only by one of the new owners or users, thus accepting that the obligation of all other persons to declare the property has been fulfilled.**

A new procedure for declaring non-residential properties, newly acquired by enterprises, has been determined **for particular cases** (under Art. 14, para 1 of LTCA in relation to Art. 11, para 2 of LTCA).

Upon a change in the tax valuation of the real estate during the year, the tax on immovable properties is determined on the new value starting from the month following the change (new i. 3 of Art. 19 of LTCA).

3. Procedure for payment of tax upon acquisition of property as a donation or against consideration

Art. 49, para 1 of LTCA has been amended by explicitly providing that individuals acquiring property, other than immovable property for consideration or as a donation, are obliged to pay the due tax under Art. 44 of LTCA **at the location of their permanent address and in cases when no such exists of their current address.**

The change is **effective starting from 1 January 2003.**

4. Procedure for exemption from tax on vehicles and for use of tax relieves

The newly introduced para 3, 4 and 5 of Art. 54 of LTCA provide for the cases of exemption of the owners of the vehicles from payment of tax thereon or for using the tax relieves provided by the law.

The law explicitly states that no declaration shall be filed upon stopping from/putting into exploitation, stealing or destruction of the vehicle **but only a document (upon request of the tax authorities) issued by a competent body shall be presented that shall confirm the respective circumstances.**

The amendments are **effective starting from 1 January 2003.**

5. Procedure for determining the amount and way of payment of garbage charge

A generally new procedure has been introduced for determining the amount and way of payment of garbage charges due for services rendered by municipalities for collecting and transportation of garbage, its detoxication in depots and for maintenance of hygiene on territories for public use. **The new provisions are related to:**

- a) procedures for determining the amount and way of payment of garbage charges*
- b) powers of the municipal authorities*
- c) regarding the obligations of owners and users of immovable properties*

The amendments in the law regarding the procedure for determining and ways of payment of garbage charges, shall become effective from 1 January 2004 (as provided in § 11, 12, 13, items 14, 15, 16, 17 and 18 of



LASLTCA). Therefore, in 2003 the old procedure for collecting of garbage charges shall be applied. The only new moment is related to the case when the persons do not use some of the services rendered by the municipality. Then they will be exempt from payment of garbage charges following a special procedure and conditions, as stipulated in an ordinance to be issued by the respective Municipality Council.

6. Charges for issuance of permits and licences for performing certain activities (trade with tobacco products, storage and trade with grape products, alcohol etc., listed in the new para 2 of Art. 113 of LTCA).

A new moment is the introduction of explicit provisions that the amount of charges shall be determined depending on the expenses of the municipality for processing of the respective documents and for control on the observance of the legislative requirements for the granting of the permit or licence, as well as that upon termination of the activity, for which a permit or license has been issued, **the municipality shall refund the portion of the paid annual charge proportionally to the months till the end of the year.** When the activities are seasonal, the annual charges will be repaid **at an amount proportional to the period of performance of the activity.**

The changes are effective **starting from 1 January 2003.**

7. Penalties for failure to observe the provisions of LTCA

There is an increase in the amount of the penalties, which may be imposed for failure to observe the provisions of LTCA (besides the cases under Art. 123, 124 and 125 of the law), as stipulated in Art. 127, para 1, namely: fines amounting from BGN 20 to BGN 200 (up to now ranging from BGN 10 to BGN 100) may be imposed on individuals, while the sanctions on legal entities and sole traders include also penalty sanction amounting from BGN 100 to BGN 500 (up to now ranging from BGN 50 to BGN 300).

The present material aims at informing you about the more significant amendments made in the Local Taxes and Charges Act, effective from 1 January 2003. Should you have any questions on the practical implementation of certain provisions, please do not hesitate to contact us at tel. 943 37 00, fax 943 37 07, or at 38, Oborishte Str., Sofia 1504.

