

Comments on the changes in the Regulation on Application of Excise Duties Act, effective from 11 April 2003

Regulation on Amendments and Supplementation of the Regulation on Application of Excise Duties Act (RAEDA) has been published in the State Gazette, issue 33 of 11 April 2003. **The Regulation shall come into force on the date of their publishing in State Gazette, i.e. on 11 April 2003.** Most of the amendments and supplementations made are solely editorial. Their purpose is to synchronize the provisions of RAEDA with the amendments and supplementations made in Excise Duties Act, published in the State Gazette, issue 118 of 20 December 2002, effective from 1 January 2003. The more significant amendments refer to:

1. Excise duty amounts for specific goods

The amendments of the Regulation on Application of Excise Duties Act (EDA) are made with the aim of making the provisions of the Regulation more precise and harmonizing them with the amendments of the Excise Duties Act, by virtue of which new amounts of the excise duties for certain goods have been introduced as from 1 January 2003, as follows:

- ✓ **Intermediate products** the excise duty for intermediate products shall be determined as the quantity in hectoliters is multiplied by the relevant rate under the Excise Duties Tariff;
- ✓ **Wines** the text of the Regulation are made correspondent to the amendments of the Excise Duties Act effective from 1 January 2003 as per which the amount of the excise duty for this type of goods shall be equal to zero.
- ✓ **Automobiles** the excise duty for passenger cars, passenger-freight cars and racing cars for no more than 9 persons, including the driver, with engine power above 120 kW under the DIN system or 126 kW under the SAE system, is determined by multiplying the power of the engine with the relevant rate under the Excise Duties Tariff.

2. Procedure for excise duties payment at import

By virtue of the amendment and supplementation of Art. 5 RAEDA, in relation to Art. 7 EDA, the procedure has been harmonized with the one for collection of VAT as it is stipulated that:

- The importers of goods, other than those the use of Bulgarian excise duty label is provided, shall pay excise duties accrued by the customs authorities **to the State budget to the account of the respective customs office.**
- For imported goods, for which the use of Bulgarian excise duty label is

provided, the presently effective procedure is kept.

3. Excise duty labels, procedure for request

New **paragraphs 5, 6 and 7** are added to Art. 22 RAEDA that regulate the procedure for requesting excise duty labels from the importers of alcohol beverage bottles in packaging of more than 1,5 l.

4. Procedures for refund of excise duties

In general, the amendments made in the Regulation regarding the procedures for refunding of excise duties include the following:

- The scope of documents that shall be presented for evidencing the excise duties paid has been broadened.
- The payment of the excise duty shall be established through examination of the registered persons filed a tax return for refund of excise duties that shall be performed by the **territorial tax directorate at the registration of the persons**.
- The procedure for refund of excise duties remains to be complicated for execution regardless of the amendments made and **covers effectively a period of one month**.

The amended procedures apply in respect with:

- v Refund of excise duties for alcohol-containing raw materials
- v Refund of excise duties upon export of goods
- v Refund of excise duties upon export of alcohol beverages, tobacco products and liquid fuels from sites that have been issued permits for duty-free trade.

Finally, we would like to summarise that the amendments in the Regulation on Application of Excise Duties Act are mainly editorial and they have been generally aimed at providing for more accurate application of the law.

The comments set out above represent an overview of the amendments and supplementations of the Regulation on Application of Excise Duties Act and they are not exhaustive. The purpose is to acquaint you in general with the texts. Should issues arise or if you would like to discuss in further details some problems you have faced in the course of conducting your business, please do not hesitate to contact us at tel. 943 37 00, fax 943 37 07 or through our web site: www.afa.bg.

If you wish to have access to the detailed commentaries of AFA, please send an e-mail message to office@afa.bg.