

## **C**omments on the changes in the Excise Duty Act, effective from 1 January 2004

Law on Amendment and Supplementation of the Excise Duty Act (LASEDA) has been published in the State Gazette, issue 112 of 23 December 2003. The most significant amendments and supplementations in the hitherto effective legislation made by LASEDA are related to the following:

### **(1) Determination of new amounts of the excise duties for certain goods** **Change in the methodology for determination of the excise duty for cigars and small thin cigarillo**

Since 1 January 2004, the tax base for this type of tobacco products is now **an absolute amount determined in BGN for 1000 pieces.**

#### **Change in the Excise Duty Tariff**

- for cigarettes with filter the absolute amount in BGN for 1 piece of cigarette has been increased to BGN 0.004 and respectively, the percentage, which is calculated on the sale price of cigarettes is changed to 43.5%.
- for cigarettes without filter - the absolute amount for 1 piece of cigarette is also set at BGN 0.002, while the percentage is 20% on the sale price.

### **(2) Amendments aiming at harmonizing with the Customs Act and the Regulation on its application**

**Procedure for refunding of excise duty paid for imported motor vehicles, deprived against the law or stolen in the country.** Since 1 January 2004 no excise duty shall be due or the excise duty paid shall be refunded for motor vehicles, which have been deprived against the law or stolen and the customs duties have been forgiven or reimbursed according to the Customs Act and the Regulation on its application (Art. 2a EDA).

**Placing goods under customs regime.** By the amendment of Art. 5, para 4 EDA a collateral is required for the temporarily stored goods.

### **(3) Setting a new deadline for payment of the excise duty accrued during the month**

Since 1 January 2004 (Art. 7, para 1 EDA) the obligation for advance payment of excise for sales conducted during the first half of the month has been repealed. The persons, producing excise goods or rendering services **should pay only once the excise duty by the 14<sup>th</sup> of the next month.**

### **(4) Procedure for declaring in case of change of the Excise Duty Tariff**

The amended provision of Art. 11, para 4 requires that the producers and importers of tobacco products **declare before the respective TDD the available quantities of tobacco products stamped with banderols**, following the procedure set forth in the Regulation.

**(5) Realization of tobacco products stamped with excise duty banderol effective by 31 December 2003**

It is stated that the deadline for realization of the tobacco products stamped with old banderols is to their exhaustion **but not later than 30 June 2004**.

In respect with all other tobacco products, for which no prices are determined by means of Council of Ministers Decree and which are stamped with excise banderol having a price printed on it, the deadline for realization is **up to 31 March 2004**.

**(7) Procedure for excise duty taxation of different groups of excise goods**

**Automobiles**

By means of LASEDA a distinction is made in respect with the excise duty taxation of new and used passenger automobiles, cargo and passenger and racing automobiles.

**Liquid fuels**

Since 1 January 2004 the excise duty for liquid fuels under i. 14, 15, 16 and 17 of the Excise Duty Tariff shall be determined **as an absolute amount in BGN for 1,000 liters, reduced to comparative temperature of 15 Degrees Celsius**.

**Production of goods with clients' materials (toll processing)**

By the amendment of para. 3 of Art. 4a EDA an obligation is imposed on the licensed producers of wines and alcohol beverages to keep record for the quantities of grapes and fruits received, as well as for the quantities of brandy delivered for each individual separately.

**Production of brandy by individuals for personal consumption**

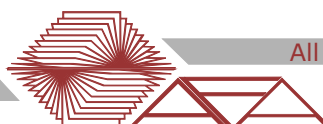
LASEDA (Art. 8, para 2 and 3) provides for that the producers of brandy for personal consumption individuals - should conduct the production under toll processing procedure or in sites for distillation of fermented fruit materials intended for brandy production.

**Alcohol beverages**

According to the provision of Art. 12d EDA (new para 3) **the sale of alcohol beverages in plastic bottles is forbidden**. Exception is made only for alcohol beverages sold in **packing (bottles) of up to 0.2 liters**.

The alcohol beverages stamped with banderol effective by 31 December 2003 **may be realized until their exhaustion but not later than 30 June 2004**.

**The law shall enter into force on 1 January 2004 with the exception of the obligation of the sites for distillation of fermented fruit materials to possess measuring devices, which requirement comes into force on 1 August 2004, and of**



**the prohibition for sales of alcohol beverages in plastic packing (bottles) exceeding 0.2 liters, which comes into force on 1 January 2005.**

The comments set out above represent an overview of the amendments and supplementations of Excise Duty Act and are not exhaustive. For access to the detailed commentary and should issues arise regarding the application of the new provisions, please do not hesitate to contact us at tel. 943 37 00, fax 943 37 07, e-mail [office@afa.bg](mailto:office@afa.bg), or postal address at 38, Oborishte Str., Sofia 1504.

