

Important: Deadlines for filing declarations relating to the selection of a manner of payment of garbage fee by the companies

Dear Sirs,

By means of the present letter we would like to remind you about **the deadlines for filing declarations** relating to the selection of a manner of payment of garbage fee by the companies as provided for under the **Ordinances for Determination and Administration of Local Fees and Prices of Services** rendered by the respective municipality ("Ordinances"), which is updated every year by means of a decision of the municipality council. Different ordinances may be effective on the territories where the respective real estate of your company is situated. The ordinances are not subject of publishing in the State Gazette and a copy of them could be obtained by the respective municipality. The comments we made herein below are based on the effective legislation, which might be changed. Since the deadlines are in force for declaring the preferred option, it is our intention to draw your attention to the existing possibilities so that to avoid the negative consequences, which might arise for the companies if they fail to meet the deadlines.

The currently effective manners of payment of garbage fee that are available to the companies, which real estate is situated on the territory of the Sofia City municipality, are stipulated under the Ordinance for Determination and Administration of Local Fees and Prices of Services rendered by the Sofia City Municipality ("the Ordinance")¹, namely:

1. Through direct contracting with companies providing garbage collection and transportation services

If this manner is selected it shall be declared by **30 September 2005** by filing an application form of a standard layout (Appendix №2(b) to the Ordinance) **addressed to the mayor of the region whereon the real estate is located**. The following shall be enclosed to the application form: **a preliminary contract** with a **company providing garbage collection and transportation services** wherein it shall be stated the following: that the company will render services related to the garbage collection and transportation, the quantity of the garbage to be collected and transported, the weekly frequency of the garbage transportation, the service price, and the validity term of the contract one calendar year. A certificate of good standing of the company that will render the service shall be enclosed as well.

If this scenario is selected the following charges are due as well:

- a. 0,70 per mill of the book value of the estate for detoxication and maintenance of the respective depots and other equipment
- b. 4,60 per mill of the book value of the estate for maintenance of hygiene on territories for public use.

2. According to the garbage quantity and in conformity with the type and number of containers for its preserving and the frequency of garbage collection

¹ There are different manners of payment of garbage fee applied in the various regions. For example, the Varna municipality adopted two ways according to the garbage quantity and in per mill of the book value. Therefore, it is important to check what the options and respectively, what amounts of the charge, are set in the respective Ordinance.



This manner of payment shall also be declared, as the deadline is **30 October 2005**. If the company selects this option it shall **file a declaration of a standard layout in two copies** (Appendix №2(a) to the Ordinance) for the type and the number of the garbage containers, which will be used in 2006, **to the tax office at the location of the estate**.

If this scenario is selected the company will owe a garbage charge specified depending on the type of the garbage container and the frequency of garbage transportation. A charge of 4,60 per mill of the book value of the estate for maintenance of hygiene on territories for public use shall be added to this amount.

3. In per mill

No declarations shall be filed if this option is selected. The amounts of the garbage charge in per mill are calculated on the basis of the book value of the real estate and are as follows:

- a. for garbage collection and transportation 4,70 per mill².
- b. for detoxication and maintenance of the respective depots and other equipment 0,70 per mill
- c. for maintenance of hygiene on territories for public use 4,60 per mill.

The total amount of the garbage charge is 10 per mill.

The amounts and the manner of payment of garbage charges may be changed by amending the Ordinance of the respective municipality. Therefore, we would like to remind you again that it is necessary to timely check the options existing on the territory of the respective municipality whereon the estate of your company is located. This will enable you both to select an option that best serves the interest of your company and to budget the expenses for the purpose.

The information provided in this paper is of general nature. Should any questions arise, please, do not hesitate to contact us at tel. 943 37 00 or fax 943 37 07, or through our e-mail address: office@afa.bg.

² These amounts are valid for estate located on the territory of the Sofia City municipality. Different amounts may be in effect for the different municipalities. For example, the garbage charge adopted by the Varna municipality amounts to 3 per mill of the book value of the real estate.