

Custom duties

VIII.

VIII.1. Legal Framework

Customs duties are payable on the importation of goods and products to Bulgaria. Bulgaria is a member of World Trade Organization. The Bulgarian customs legislation is harmonized with European Community Customs Code. The imports of products are subject to customs duties at rates determined in the Customs Tariff approved by the Government. The customs tariff codes are generally based on the international Harmonized System (HS). Bulgaria has preferential tariff agreements (free trade agreements) with EU, EFTA, CEFTA, Turkey, Israel, Macedonia, Albania and Serbia and Montenegro which may result in certain tariff rates being reduced or eliminated. The preferential tariff rates apply to products originating from the respective party to the agreement and are subject to submission of an evidence for origin.

VIII.2. Relief from or deferral of customs duties

Generally, the customs duties and import VAT are payable at the time of the importation. However there are some customs procedures and arrangements under which products could be imported into Bulgaria without need of immediate payment of customs duties. Such procedures include:

- Inward processing

An approval can be obtained from the customs authorities, subject to certain conditions, that goods be imported into Bulgaria without payment of customs duties for the purposes of their processing and subsequent re-exportation.

- Warehousing procedures

An approval from the customs authorities could be obtained that the goods be imported free of customs duties and stored in warehouses in Bulgaria until needed for the purposes of the business. If the goods are subsequently re-exported, no customs duties are payable. If the goods are placed on the Bulgarian market, the payment of duties can be deferred until the goods are withdrawn from the warehouse.

- Temporary import

In some cases assets can be imported in Bulgaria without immediate payment of customs duties, for the purposes of their being used in Bulgaria and subsequently re-exported. Certain professional equipment could be temporarily imported without payment of customs duties. Other assets could be temporarily imported with a partial relief from customs duties.

Free zones

Currently, there are six free zones in Bulgaria which avail facilities for duty free importation and storage of products. The zones are located respectively in Plovdiv, Burgas, Svilengrad, Rousse, Vidin and

Dragoman. No customs duties are payable at the importation of the products on the territory of the free zone. While in the zone, goods could be processed or stored on the basis of inward processing or warehousing arrangements discussed above. If the goods are subsequently re-exported no customs duties are due. Placement of the goods on the Bulgarian market is subject to customs duties at the time when the products are removed and placed in Bulgaria on a territory outside the zone.

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