

WORLD TRADE ORGANIZATION

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Committee on Customs Valuation

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NOTIFICATION UNDER ARTICLE 22 OF THE AGREEMENT ON THE IMPLEMENTATION OF ARTICLE VII OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE 1994

REPUBLIC OF BULGARIA

The following communication, dated 17 January 2000, has been received from the Permanent Mission of Bulgaria.

In accordance with the provisions of Article 22.2 of the Agreement on Implementation of Article VII of the GATT 1994, the Permanent Mission of the Republic of Bulgaria has the honour to notify the Committee on Customs Valuation of the following changes of the laws and regulations relevant to this Agreement:

The national legislation relevant to customs valuation, previously notified to the Committee on Customs Valuation (document G/VAL/N/1/BGR/1 of 2 April 1997), was repealed on 1 January 1999.

At present, rules governing customs valuation are determined by:

1. Customs Act (published in State Gazette No. 15 of 1998), in force as of 1 January 1999;
2. Implementing Regulations of the Customs Act (published in State Gazette No. 149 of 1998), in force as of 1 January 1999.

Translations into English of the Customs Act and the relevant portions of the Implementing Regulations are presented below.

CUSTOMS ACT

TITLE ONE **GENERAL PROVISIONS**

CHAPTER ONE **SCOPE AND BASIC DEFINITIONS**

Article 1.

This Act settles the customs administration structure and organization and executed by its authorities' activities.

Article 2.

(1). Customs authorities activities consist of performance of customs supervision and control on the state's customs territory upon importation, exportation and transit of goods to, from and through the Republic of Bulgaria, they consist also of actions related to the collection of customs duties and the application of the provisions on administrative penalties.

(2). 'Supervision by the customs authorities' means any action taken in general by those authorities aiming to ensure that customs rules, and where appropriate, other provisions applicable to goods subject to customs supervisions, are observed.

(3). 'Control by the customs authorities' means the performance of specific acts such as examinations of goods, transport, trade, accounting and other relevant documents of natural or legal persons, inspecting means of transport, luggage and other goods carried through the state borders, carrying out official inquiries and other similar acts with a view to ensure that customs rules and, where appropriate, other provisions applicable to goods subject to customs supervision as well as collection of customs duties are observed.

Article 3.

All persons and means of transport, as well as the goods carried by, or on, them through the state borders check-points are subject to customs supervision and control, carried out in especially designed places for the purpose. The procedures governing the customs supervision and control are set forth in the Rules for application of this Act, further called "the rules."

Article 4.

(1). Any person is liable to inform immediately the customs authorities about any goods left with, found by or seized by them, including means of transport, known or supposed to be imported without paid customs duties or other Government receivable collected by the customs authorities, or whenever such goods are imported by way of illegal traffic.

(2). Whenever the owner of goods left with, found by or seized by, including means of transport, is a foreign person, an unknown person or a native person whose address is unknown, but claims the above mentioned goods within a period of six months from the day of placing the goods under customs control, the person assigns the goods to customs-approved treatment after all the expenses for the goods done by the customs authorities are being paid.

(3) Goods left to, found by or seized by, including means of transport, are considered abandoned to the Exchequer, whenever

1. the owner is a foreign person, an unknown person or a native person whose address is unknown and did not claim their customs clearance within the period of six months, starting from the day of placing the goods under customs control;

2. the owner is a native person with known address, who did not claim their customs clearance within a period of three months after the date the customs house sent the notice to the person for release of said goods. The notice is sent within a period of one week from the day of placing the goods under customs control.

Article 5.

(1). Any person, including state authorities within their competency, is liable to support the customs authorities in the performance of customs activities.

(2). None is permitted control over goods under customs authorities supervision without their knowledge and permission.

Article 6.

Any person performing the action of import, export or transit of goods, is liable for the purpose of customs supervision and control, to present the customs authorities, under their demand and at their fixed schedule, all information and documents concerning their activities, independently of the way of presenting them.

CHAPTER TWO CUSTOMS ADMINISTRATION

SECTION ONE STRUCTURE AND ORGANIZATION

Article 7.

(1). The Customs administration of the Republic of Bulgaria forms a centralized system by the following customs institutions:

1. General Customs Directorate;
2. Regional Customs Houses;
3. Customs Offices;
4. Customs bureaux and Customs checkpoints to the Customs Offices.

(2). The Minister of Finance manages and controls the customs' administration.

(3). Upon proposition by the Director General of the General Customs Directorate, the Minister of Finance shall create, restructure and close customs offices and shall determine their areas of action and locations, with the exception of those located within the zones of border checkpoints.

(4). The General Customs Directorate is a legal person with its own budget acting as a structural unit within the Ministry of Finance. It shall organize, manage, control and report about the customs authorities actions, while performing itself customs activity.

(5). The Regional Customs Houses act under direct subordination to the General Customs Directorate. These shall organize, manage, control and report about the activity of the customs offices, the customs bureaux and checkpoints within their structure, while performing customs activity and supplying the information exchange between customs in general and the General Customs Directorate.

(6). The Customs Offices shall organize, manage, control and report about the activity of the customs bureaux and checkpoints within their structure, while all of these being the basic authorities performing customs supervision and control.

(7). The Director General of the General Customs Directorate may create affiliated to the customs authorities various research, consulting and training centers, laboratories or other structures, as deemed necessary for the customs activity.

(8). The General Customs Directorate may publish specialized printed editions. Credit and debit of amounts financing such publications shall be through extra-budgetary income-expense accounts.

Article 8.

Upon proposition by the Minister of Finance, the Council of Ministers defines the number of employees in the customs administration and its budget.

Article 9.

(1). The General Customs Directorate is managed by a Director General, who is acting as well as Deputy-Minister of Finance.

(2). The Deputies-Director General of the General Customs Directorate shall be appointed and removed upon proposition by the Director General to the Minister of Finance.

Article 10.

(1). Any capable Bulgarian citizen, who has never been convicted for premeditated crime of general character, and has never been legally debarred from the right to such position, and meets the specific requirements for employment in the customs administration, may be appointed as customs officer.

(2). Customs officers are prohibited to:

1. register as legal persons - sole traders, unlimited partners or to participate personally or through trustees in the management of trade companies, cooperatives or other organizations with economic activities;
2. sign additional employment contracts, with the exception of employment in research institutes and teaching in scholar establishments.

Article 11.

The Rules for Internal Procedure in the Customs Authorities, issued by the Minister of Finance, shall regulate the requirements for employment in the customs administration, the organization of its work, the terms and conditions for professional promotion of the customs officers.

Article 12.

The customs authorities shall collect fees for additional services rendered and in cases as defined in the Rules. The fees shall not account as customs duties. The amount of such fees shall be fixed by the Council of Ministers.

Article 13.

The General Customs Directorate shall collect revenues from natural or legal persons disposing of contracts for approved by the Minister of Finance activities within the zones of the border checkpoints and other places where these activities require additional customs control.

Article 14.

(1). The General Customs Directorate shall create an extra-budgetary account to serve for "Financial funds for fight against fraud and drugs, training, incentives to customs officers and improvement of the infrastructure at the border customs checkpoints."

(2). The extra-budgetary account mentioned in par. 1 shall be credited by:

1. the payments under art. 240, par. 2, below;
2. the payments under art. 12;
3. the payments under art. 13;
4. incomes from contracts for use of buildings and equipment and from share of information;
5. twenty percent of the fines collected for currency or other customs violations;
6. interest on deposits in the existing account.

(3). Ten percent out of the amount collected under the provisions of par. 2, shall be transferred to the Ministry of Internal Affairs account for combat against illegal traffic and for the infrastructure improvement at the border checkpoints territory.

(4). The amounts credited to the extra-budgetary account shall be debited for the following purposes:

1. financial coverage of combat against customs fraud and drugs traffic;
2. coverage of expenses for additional services rendered and related to them administrative expenses;
3. infrastructure improvement on the territory of border checkpoints, and for other defined by the Minister of Finance purposes;
4. vocational training and qualification of the customs officers;
5. incentives to customs officers to encourage detection of customs and currency violations and frauds.

(5). Whereas the year end balance shall present income greater than expense, the difference shall transfer to the account of the next accounting year.

(6). The extra-budgetary account shall be approved by the Minister of Finance upon proposition by the Director General of the General Customs Directorate. Special Ordinance by the Minister of Finance shall determine the terms of collection and expenditure of the amounts.

SECTION TWO FUNCTIONS AND RESPONSIBILITY

Article 15.

(1). The customs administration is responsible to perform the following major functions:

1. participate in the development of and implement the customs policy of the Republic of Bulgaria;
2. participate in the development and implementation of international agreements in respect of customs enforcement and activity;
3. maintain international customs relations;
4. collect, process, analyze, file and provide information concerning customs action and develop customs statistics. A special Ordinance by the Minister of Finance shall set forth the ways, means and conditions to perform these activities;
5. ensure training and retraining of customs officers.

(2). The customs authorities are responsible to perform the following major functions:

1. perform customs supervision and control on goods, means of transport and persons on the border checkpoints and throughout the state customs territory;
2. calculate, collect or require security for duties levied on import, export or transit of goods;
3. enforce, within their competence, the tariff and trade policy measures of the Republic of Bulgaria;
4. protect, within their competence, the economic interests of the State;
5. organize and perform prevention and disclosure of customs and currency violations, and with the competent authorities any violations of the customs regime;
6. organize and perform prevention and disclosure of the illegal traffic of drugs and related to their production materials and substances;
7. exercise currency control within the limits of their competence assigned by law;
8. issue decisions in relation to the application of customs rules.

(3). The customs authorities is responsible for any other duties as assigned by law.

SECTION THREE POWERS OF THE CUSTOMS AUTHORITIES

Article 16.

(1). During performance of their professional functions and duties customs officers shall have the power:

1. to inspect in view of customs supervision and control goods, means of transportation and persons in the zones of border checkpoints and throughout the customs territory of the State;
2. to undertake necessary measures, allowed by law, in view of performing customs control;
3. to require presentation or delivery of goods, documents, data or other information storage devices concerning the customs supervision and control;
4. to require presentation of personal identification documents;
5. to require written or oral explanations;
6. to perform post-verification customs control of goods and documents related to import, export or transit;
7. to collect sums: for customs duties for imported and exported goods; for unfulfilled liability and guarantee; for payment of the equivalent amount of confiscated in favor of the State goods, whenever missing or expropriated and for any other possible customs liabilities and other Government receivable, collectable by the customs authorities;

8. to levy under the settled by law manner distraint or foreclosure in order to secure due customs duties and other Government receivable, collectable by the customs authorities;
 9. to carry out individual search of persons crossing the State border;
 10. to search and seize smuggled goods and related documentation in offices and other places, as well as to perform personal search of the persons located in the said places, in cooperation with the authorities of the Ministry of Internal Affairs and under the rulings of the Criminal-Procedure Code;
 11. to execute controlled deliveries with the competent authorities of the Ministry for Internal Affairs and with permission by the corresponding judicial authority.
- (2). Customs authorities immediately transfer persons to the Ministry of Internal Affairs, for whom during the customs control are found out proofs for violation of the customs regime and inform for the fact the judicial authorities.
- (3). The customs officers have the power to carry fire arms and make use of it in cases of self-defense and inevitable necessity.

Article 17.

- (1). While performing their professional responsibilities the customs officers are liable to:
1. observe the ways of working of the customs house;
 2. protect the property, rights and freedoms of the persons;
 3. present customs sign and professional identification card;
 4. wear uniform;
 5. keep secret any state, professional, industrial or commercial information acquired during or because of professional status, exception made to cases of written demand by a State authority, as prescribed by law, or to another customs authority as required to fulfill the responsibilities under the present Act. The Minister of Finance shall issue an Ordinance defining the facts and information considered as confidential, as well as the ways of conceding.
- (2). Violation of the liabilities under the previous paragraph are subject of professional responsibility.

**CHAPTER THREE
PERSONS' RIGHTS AND LIABILITIES**

**SECTION ONE
RIGHT OF REPRESENTATION**

Article 18.

- (1). Any person may appoint a representative in his/her dealings with the customs authorities to perform the acts and formalities laid down in this Act and the regulations for its application including customs agent.
- (2). The Rules on this Act's application govern the way and conditions applicable to the appointment of the customs agent in dealings with the customs authorities.
- (3). Such representative must be a native person, save in cases exclusively dealt in this Act.
- (4). The customs authorities may require any person stating that he/she is acting in the name of or on behalf of another person to produce evidence in written form of his/her powers to act as a representative.

**SECTION TWO
CUSTOMS AUTHORITIES' DECISIONS**

Article 19.

- (1). Where a person requests that the customs authorities take a decision in relation to the application of customs rules that person shall supply all the information and documents required by those authorities.

(2). The decision shall be taken and notified to the applicant within a term defined in the Rules governing the application of this Act. Where a request for a decision is made in writing, the decision shall be made within a period laid down in accordance with the existing provisions of the Rules, starting on the date on which the said request is received by the customs authorities. Such a decision must be notified in writing to the applicant.

(3). Where the customs authorities are unable to comply with that period, it may be exceeded. In that case, those authorities shall inform the applicant before the expiry of the above mentioned period, stating the grounds which justify exceeding it and indicating the further period of time, which they consider necessary in order to give a ruling on the request.

(4). Decisions adopted by the customs authorities which either reject requests or are detrimental to the persons to whom they are addressed shall set out the grounds on which they are based.

Article 20.

(1). A decision favorable to the person concerned based on incorrect or incomplete information shall be annulled where:

1. the applicant knew or should reasonably have known that the information was incorrect or incomplete, and
2. such decision could not have been taken on the basis of correct or complete information.

(2). The person to whom the decision was addressed shall be notified of its annulment.

(3). Annulment shall take effect from the date on which the annulled decision was taken.

Article 21.

(1). In cases different than those referred to in Article 20, a decision favorable to a person concerned shall be revoked or amended, where one or more of the conditions laid down for its issue were not or are no longer fulfilled.

(2). A decision favorable to a person concerned may be revoked where the person to whom it is addressed fails to fulfill an obligation imposed on him under that decision.

(3). The person to whom the decision is addressed shall be notified of its revocation or amendment.

(4). The revocation or amendment of the decision shall take effect from the date of notification referred to in paragraph 3. However, in exceptional cases where the legitimate interests of the person to whom the decision is addressed so require, the Directorate General of Customs may defer the date when revocation or amendment takes effect.

SECTION THREE INFORMATION

Article 22.

(1). The customs authorities present to any interested person upon request information concerning the application of customs legislation. Such a request may be refused where it does not relate to an import or export operation actually envisaged.

(2). The information upon paragraph 1 shall be supplied to the applicant free of charge. However, where special costs are incurred by the customs authorities, in particular as a result of analyses or expert reports on goods, or the return of the goods to the applicant, he may be charged the relevant amount.

Article 23.

(1). The customs authorities shall issue binding tariff information or binding information concerning the origin of goods upon written request and in accordance with the procedures set forth in Article 19.

(2). The information upon paragraph 1 shall be binding on the customs authorities as against the holder of the information only in respect of the tariff classification of goods or in defining the origin of a special good on which the customs formalities are completed after the date on which the information was supplied by them.

(3). During the customs formalities the holder of such information certifies in front of the customs authorities the exact correspondence between:

1. goods declared and goods described in the information for tariff purposes;
2. goods declared and the conditions defining the way the goods acquired their origin and the conditions described in the information for the purpose of goods' origin.

(4). Binding information shall be valid for a period of three years from the date of issue. By derogation of conditions described in Article 20, paragraph 1, pt. 1 and 2, binding information is annulled when it is based on inaccurate or incomplete information from the applicant.

(5). Binding tariff information shall cease to be valid:

1. where a regulation is adopted and the information no longer conforms to the law laid down thereby;
2. where it is no longer compatible with the interpretation of one of the nomenclatures referred to in Article 26. Incompatibility with the interpretation may occur at following levels:

a). national, by reason of changes of the national interpretation of the customs tariff nomenclature or by Court decision;

b). international, by reason of a classification opinion or an amendment of the explanatory notes to the Nomenclature of the Harmonized Commodity Description and Coding System adopted by the Customs Cooperation Council;

3. In its revocation or amendment in accordance with the provisions of Art.21 where the holder is notified of its revocation or amendment.

(6). Binding tariff information about goods origin shall cease to be valid:

1. where a regulation is adopted or the Republic of Bulgaria signs an international agreement no longer conforming to the law laid down thereby;

2. where it is no longer compatible with:

a). the national explanatory notes and opinions adopted for interpretation purposes or upon Court decision;

b). the International Agreement on Rules of Origin by the World Trade Organization or the explanatory notes adopted for interpretation purposes concerning the Agreement;

3. In its revocation or amendment in accordance with the provisions of Art.21 where the holder is notified of its revocation or amendment.

(7). The holder of binding information which ceases to be valid pursuant to paragraph 5, pt. 1 or 2 and paragraph 6, pt. 1 or 2, may still use that information for a period no longer than six months from the date of publication and in accordance with the Rules adopted.

(8). Where regulations pursuant to paragraph 5, pt. 1 and paragraph 6, pt 1 and agreement pursuant to paragraph 6, pt 1, fix other period than the period mentioned in paragraph 7, the period fixed by these shall apply.

(9). Classification or definition of the goods origin in the binding tariff information may be applied only for the purpose of:

1. determining import or export duties;

2. acceptance of documents for import or export, when issued on the basis of such information and when required for acceptance of customs declaration.

TITLE TWO

FACTORS DEFINING IMPORT DUTIES AND EXPORT DUTIES FOR APPLYING OTHER MEASURES IN RESPECT OF EXPORT AND IMPORT

CHAPTER FOUR

DUTIES. CUSTOMS TARIFF. TARIFF CLASSIFICATION

Article 24.

(1). Goods carried through the border of customs territory of the Republic of Bulgaria are charged with customs duties as fixed by the Council of Ministers.

(2). Customs duties charged upon imported goods are defined by the Customs Tariff of the Republic of Bulgaria.

(3). However in cases of non-commercial exchange the Council of Ministers may define the way of charging such goods.

Article 25.

Measures prescribed in the regulation on trade and commercial policy and related to import and export shall be applied according to the tariff classification of those goods.

Article 26.

(1). The Customs Tariff of the Republic of Bulgaria includes:

1. nomenclature of goods based on Convention for Harmonization of a System for Commodity Description and Coding form 1983, signed in Brussels within the framework of the Customs Cooperation Council;
2. nomenclature based on other regulations for application of the tariff measures, which includes the nomenclature from paragraph 1 and adds new subdivisions to it;
3. the rates and other items of charge normally applicable to goods covered by the nomenclature of goods.

(2). The Customs Tariff of the Republic of Bulgaria may include as well:

1. preferential tariff measures contained in agreements which the Republic of Bulgaria has concluded with other countries or group of countries as one party;
2. preferential tariff measures adopted unilaterally by the Republic of Bulgaria in respect of certain countries, group of countries or territories;
3. autonomous measures providing for certain goods and countries which envisage a reduction, increase or relief from import duties;
4. other tariff measures.

(3). The preferential measures referred to in paragraph 2, pt. 1,2 and 3, shall apply at the declarant's request where the goods concerned fulfill the conditions laid down for their application.

(4). Where application of the preferential measures referred to in paragraph 2, pt. 1,2 and 3, is restricted to a certain volume of imports, it shall cease:

1. in the case of tariff quotas, as soon as the stipulated limit on the volume of import is reached;
2. in the case of tariff ceilings, in compliance with the regulation for them.

Article 27.

The tariff classification of goods shall be determination of the headings and subheadings in the nomenclature of the customs tariff according its rules.

Article 28.

The Council of Ministers may define a favorable tariff treatment when certain goods are imported, subject to their nature or end-use, by reduction in or suspension of the import customs duties.

CHAPTER FIVE ORIGIN OF GOODS

SECTION ONE NON-PREFERENTIAL ORIGIN

Article 29.

Articles 30, 31 and 32 define the non-preferential origin of goods for the purposes of:

1. applying the Customs Tariff of the Republic of Bulgaria, with the exception of the preferential tariff measures referred to in Article 26, paragraph 2, pt. 1 and 2;
2. applying measures other than the tariff measures established by the provisions of the Council of Ministers;
3. the preparation and issue of certificates of origin.

Article 30.

- (1). Goods originating in a country shall be the goods wholly obtained or produced in that country.
- (2). Goods wholly obtained or produced in a given country are the following:
 1. mineral extracted within that country;
 2. vegetable products harvest therein;
 3. live animals, born and raised therein;
 4. products derived from live animals raised therein;
 5. products of hunting or fishing carried on therein;
 6. products of sea-fishing and other products taken from the sea, outside the inland sea waters and the territorial sea waters of that country by vessels registered or recorded in the country concerned and flying the flag of that country;
 7. goods obtained or produced on board factory-ships from the products referred to in p. 6 originating in that country provided that such factory-ships are registered or recorded in that country and fly its flag;
 8. products taken from the seabed or subsoil beneath the seabed outside the territorial sea provided that country has exclusive rights to exploit that seabed or seasoil;
 9. waste and scrap products, derived from manufacturing operations, and used articles, if they were collected therein and are feed only for the recovery of raw materials;
 10. goods which are produced therein exclusively from goods referred to in subparagraph 1-9, or from their derivatives at any stage of production.
- (3). Whereas the paragraph 2 shall apply, the customs territory of the country shall include its inland sea waters and the territorial sea waters.

Article 31.

- (1). Goods whose production involved more than one country shall be deemed to originate in the country where they underwent their last, substantial economically justified processing or working in an undertaking equipped for that purpose and resulting in the manufacture of a new product or representing an important stage of manufacture.
- (2). Any processing or working in respect of which it is established or the facts ascertained justify the presumption, that its sole object was to circumvent the provisions applicable in the Republic of Bulgaria goods from specific countries, shall under no circumstances be deemed to confer on the goods thus produced the origin of the country where it is carried out.

Article 32.

- (1). The cases and documents to prove the origin of goods shall be presented where required by a customs or other legislative document.
- (2). Notwithstanding the presentation of such document proving the origin of goods, the customs authorities may, in the event of serious doubts, may require additional proofs to ensure that the indication of origin does comply with the rules for non-preferential origin established in the Republic of Bulgaria.

**SECTION TWO
PREFERENTIAL ORIGIN OF GOODS**

Article 33.

The conditions governing the acquisition of preferential origin of goods with the purpose of application of the measures referred to in Article 26, paragraph 2, pt. 1 and 2, are set forth in:

1. the international agreements signed by the Republic of Bulgaria establishing preferential tariff measures;
2. unilaterally adopted by the Republic of Bulgaria regulations for preferential tariff measures.

CHAPTER SIX CUSTOMS VALUE

Article 34.

The customs value is determined for customs purposes value of goods in Bulgarian national currency. The provisions set forth in this chapter settle the ways to determine the customs value of goods for the purposes of applying the Customs Tariff of the Republic of Bulgaria, and non-tariff measures set in legislative acts.

Article 35.

(1). The customs value of imported goods shall be the transaction value, that is, the price actually paid or payable for the goods when sold for export to the customs territory of the Republic of Bulgaria, adjusted, where necessary, in accordance with article 38, provided:

1. that there are no restrictions as to the disposal or use of the goods by the buyer, other than restrictions which:

- (a). are imposed or required by a law or by the public authorities in the Republic of Bulgaria,
- (b). limit the geographical area in which the goods may be resold,
- (c). do not substantially affect the value of the goods;

2. that the sale or price is not subject to some condition or consideration for which a value cannot be determined with respect to the goods being valued;

3. that no part of the proceeds of any subsequent resale, disposal or use of the goods by the buyer will accrue directly or indirectly to the seller, unless an appropriate adjustment can be made in accordance with article 38; and

4. that the buyer and seller are not related, or, where the buyer and seller are related, that the transaction value is acceptable for customs purposes under paragraph 2.

(2). 1. In determining whether the transaction value is acceptable for the purposes of paragraph 1, the fact that the buyer and the seller are related shall not in itself be sufficient grounds for regarding the transaction value as unacceptable. Where necessary, the circumstances surrounding the sale shall be examined and the transaction value shall be accepted provided that the relationship did not influence the price. If, in the light of information provided by the declarant or otherwise, the customs authorities have grounds for considering that the relationship influenced the price, they shall communicate their grounds to the declarant and he shall be given a reasonable opportunity to respond. If the declarant so requests, the communication of the grounds shall be in writing.

2. in a sale between related persons, the transaction value shall be accepted and the goods valued in accordance with paragraph 1 wherever the declarant demonstrates that such value closely approximates to one of the following occurring at or about the same time:

- a). the transaction value in sales, between buyers and sellers who are not related in any particular case, of identical or similar goods for export to the Republic of Bulgaria;
- b). the customs value of identical or similar goods, as determined under article 36, paragraph 2, pt.3;
- c). the customs value of identical or similar goods, as determined under article 36, paragraph 2, pt.4.

(3). In applying the foregoing tests, due account shall be taken of demonstrated differences in commercial levels, quantity levels, the elements enumerated in article 38 and costs incurred by the seller in sales in which he and the buyer are not related and where such costs are not incurred by the seller in sales in which he and the buyer are related. The tests set forth in paragraph 2, pt. 2 are to be used at the initiative of the declarant and only for comparison purposes, and not as a basis for determination of the customs value.

(4). The price actually paid or payable is the total payment made or to be made by the buyer to or for the benefit of the seller for the imported goods and includes all payments made or to be made as a condition of sale of the imported goods by the buyer to the seller or by the buyer to a third party to satisfy an obligation of the seller. The payment need not necessarily take the form of a transfer of money. Payment may be made by way of letters of credit or negotiable instrument and may be made directly or indirectly.

(5). Activities, including marketing activities, undertaken by the buyer on his own account, other than those for which an adjustment is provided in article 32, are not considered to be an indirect payment

to the seller, even though they might be regarded as of benefit to the seller or have been undertaken by agreement with the seller, and their cost shall not be added to the price actually paid or payable in determining the customs value of imported goods.

Article 36

(1). Where the customs value cannot be determined under article 35, it is to be determined by proceeding sequentially through paragraph 2, pt. 1-4 to the first paragraph under which it can be determined. Subject to the proviso that the order of application of pt. 3 and 4 shall be reversed if the declarant so requests. It is only when such value cannot be determined under a particular subparagraph that the provisions of the next subparagraph in a sequence established by virtue of this paragraph can be applied.

(2.) The customs value as determined under this article shall be:

1. the transaction value of identical goods sold for export to the Republic of Bulgaria and exported at or about the same time as the goods being valued;
2. the transaction value of similar goods sold for export to the Republic of Bulgaria and exported at or about the same time as the goods being valued;
3. the value based on the unit price at which the imported goods for identical or similar imported goods are sold within the Republic of Bulgaria in the greatest aggregate quantity to persons not related to the sellers;
4. the computed value, consisting of the sum of:
 - (a). the cost or value of materials and fabrication or other processing employed in producing the imported goods,
 - (b). an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to the Republic of Bulgaria,
 - (c). the cost or value of the items referred to in article 38, paragraph 1, pt. 5.

(3). Any additional conditions and rules for the application of paragraph 2 above shall be determined in accordance with the Rules.

Article 37

(1). Where the customs value of imported goods cannot be determined under articles 35 or 36, it shall be determined, on the basis of data available in the Republic of Bulgaria, using reasonable means consistent with the principles and general provisions of: the Agreement on implementation of article VII of the General Agreement on Tariffs and Trade; Article VII of the General Agreement on Tariffs and Trade; the provisions of this chapter.

(2). No customs value shall be determined under paragraph 1 on the basis of:

1. the selling price in the Republic of Bulgaria of goods produced in the Republic of Bulgaria;
2. a system which provides for the acceptance for customs purposes of the higher of two alternative values;
3. the price of goods on the domestic market of the country of exportation;
4. the cost of production, other than computed values which have been determined for identical or similar goods in accordance with article 36, paragraph 2, pt. 4;
5. prices for goods sold for export to a country other than the Republic of Bulgaria;
6. minimum customs values;
7. arbitrary or fictitious values.

Article 38

(1). In determining the customs value under article 35, there shall be added to the price actually paid or payable for the imported goods:

1. the following, to the extent that they are incurred by the buyer but are not included in the price actually paid or payable for the goods:
 - (a). commissions and brokerage, except buying commissions,

- (b). the cost of containers which are treated as being one, for customs purposes, with the goods in question,
 - (c). the cost of packing, whether for labour or materials;
2. The value, apportioned as appropriate, of the following goods and services where supplied directly or indirectly by the buyer free of charge or at reduced cost for use in connection with the production and sale for export of the imported goods, to the extent that such value has not been included in the price actually paid or payable:
- (a). materials, components, parts and similar items incorporated in the imported goods,
 - (b). tools, dies, moulds and similar items used in the production of the imported goods,
 - (c). materials consumed in the production of the imported goods,
 - (d). engineering, development, artwork, design work, and plans and sketches undertaken elsewhere than in the Republic of Bulgaria and necessary for the production of the imported goods;
3. royalties and license fees related to the goods being valued that the buyer must pay, either directly or indirectly, as a condition of sale of the goods being valued, to the extent that such royalties and fees are not included in the price actually paid or payable;
4. the value of any part of the proceeds of any subsequent resale, disposal or use of the imported goods that accrues directly or indirectly to the seller;
5. expenses for
- (a). the of transport of the imported goods to their entry into the territory of the Republic of Bulgaria;
 - (b). loading and handling operations associated with the transport of the imported goods to the place of introduction into the customs territory of the Republic of Bulgaria;
 - (c). insurance of the imported goods.
- (2). Additions to the price actually paid or payable shall be made under this article only on the basis of objective and quantifiable data.
- (3). No additions shall be made to the price actually paid or payable in determining the customs value except as provided in this article.
- (4). In this chapter, the term 'buying commissions' means fees paid by an importer to his agent for the service of representing him in the purchase of the goods being valued.
- (5). Notwithstanding paragraph 1 pt. 3:
- 1. charges for the right to reproduce the imported goods in the Republic of Bulgaria shall not be added to the price actually paid or payable for the imported goods in determining the customs value;
 - 2. payments made by the buyer for the right to distribute or resell the imported goods shall not be added to the price actually paid or payable for the imported goods if such payments are not a condition of the sale for export to the Republic of Bulgaria of the goods.

Article 39

Provided that they are shown separately from the price actually paid or payable, the following shall not be included in the customs value:

- 1. charges for the transport of goods after their arrival at the place of introduction into the customs territory of the Republic of Bulgaria;
- 2. charges for construction, erection, assembly, maintenance or technical assistance, undertaken after importation of imported goods such as industrial plant, machinery or equipment;
- 3. charges for the right to reproduce imported goods in the Republic of Bulgaria;
- 4. buying commissions;
- 5. import duties or other charges payable in the Republic of Bulgaria by reason of the importation or sale of the goods.
- 6. charges for interest under a financing arrangement entered into by the buyer and relating to the purchase of imported goods, irrespective of whether the finance is provided by the seller or another person, provided that the financing arrangement has been made in writing and where required, the buyer can demonstrate that:
 - (a). such goods are actually sold at the price declared as the price actually paid or payable,
 - (b). the claimed rate of interest does not exceed the level for such transactions prevailing in the country where, and at the time when, the finance was provided.

Article 40

Specific rules may be laid down in accordance with the procedure of the Rules to determine the customs value of carrier media for use in data processing equipment and bearing data or instructions.

Article 41

The Rules shall fix the manner to determine the customs value for export or other cases.

Article 42

(1). The rate of exchange to be used for determination of the customs value is that duly published by the Bulgarian National Bank.

(2). The period of validation of the corresponding currency exchange rate shall be determined in accordance with the procedure of the Rules.

Article 43

(1). The provisions of this chapter do not override specific provisions or regulations to determine the customs value in importing goods under different customs procedure.

(2). Notwithstanding the provisions of Articles 35-37 the customs value of perishable goods usually delivered on consignment may at the request of the declarant be determined under simplified procedures, defined in the Rules.

TITLE THREE

**PROVISIONS APPLICABLE TO GOODS BROUGHT INTO THE CUSTOMS TERRITORY
OF THE REPUBLIC OF BULGARIA UNTIL THEY ARE ASSIGNED A CUSTOMS
APPROVED TREATMENT OR USE**

CHAPTER SEVEN

**ENTRY OF GOODS INTO THE CUSTOMS TERRITORY OF THE REPUBLIC OF
BULGARIA**

Article 44.

(1). From the time of their entry goods brought into the customs territory of the Republic of Bulgaria shall be subject to customs supervision and may be subject to control by the customs authorities in accordance with the provisions in force.

(2). The goods shall remain under such supervision for as long as necessary to determine their customs status. With the exception of cases referred to in Article 88, paragraph 1, non-Bulgarian goods shall remain under customs supervision until their customs status is changed, or they enter a free zone or free warehouse, or they are re-exported or destroyed in accordance with Article 180.

Article 45.

(1). Goods brought into the customs territory of the Republic of Bulgaria shall without delay be conveyed by the person bringing them into the country according the instructions by the customs authorities to the designated customs office or to any other designated place by those authorities. In case of necessity the customs authorities may specify the route to follow for the goods transportation.

(2). The person who assumes responsibility for the carriage of goods after they have been brought into the customs territory of the Republic of Bulgaria shall become responsible for compliance with the obligation laid down in paragraph 1.

(3). Paragraph 1 shall not preclude the implementation of any provisions in force with respect to:

1. postal traffic;

2. tourist traffic;

3. traffic of goods with negligible economic importance, on condition customs supervision and customs control possibilities are not thereby jeopardized.

- (4). Paragraphs 1 to 3 of this Article and Articles 46 to 60 shall not apply to goods which have temporarily left the customs territory of the Republic of Bulgaria, while moving between two points in that territory by sea or air, provided that carriage has been effected by a direct route and by regular air service or shipping line without a stop outside of the customs territory of the Republic of Bulgaria.
- (5). Paragraph 1 shall not apply to goods on board vessel or aircraft crossing the territorial sea or airspace of the Republic of Bulgaria without having as their destination a port or airport situated on the country customs territory.

Article 46.

- (1). Where, by reason of unforeseeable circumstances or force majeure, the obligation laid down in Article 45, paragraph 1 cannot be complied with, the person bound by that obligation shall immediately inform the closest in space customs authorities. Where the goods are not destroyed or lost in total, the customs authorities shall be informed for their exact location.
- (2). Where, by reason of unforeseeable circumstances or force majeure, a vessel or aircraft is forced to put into port or land temporarily in the customs territory of the Republic of Bulgaria and the obligation laid down in Article 38, paragraph 1 cannot be complied with, the person bringing the vessel or aircraft into the customs territory of the country or any other person acting in his place shall immediately inform the customs authorities.
- (3). The customs authorities shall determine the measures to be taken in the cases referred to in paragraphs 1 and 2 in order to permit customs supervision and to ensure, where appropriate, to convey those goods to a customs office or to other place designated or approved by those authorities.

CHAPTER EIGHT
PRESENTATION OF GOODS TO CUSTOMS AUTHORITIES

Article 47.

Goods which are conveyed pursuant Article 45, paragraph 1, shall be presented to customs authorities by the person who brought the goods into the customs territory of the Republic of Bulgaria or by the person who assumes responsibility for carriage of the goods following such entry.

Article 48.

For goods carried by travelers or placed under customs procedure, but not presented to customs, may apply other provisions for presentation to customs as provided in the Rules.

Article 49.

Once goods have been presented to customs, they may be examined or sample may be taken, that they may be assigned a customs approved treatment or use, under condition of permission granted by the customs authorities.

CHAPTER NINE
SUMMARY DECLARATION AND UNLOADING OF GOODS PRESENTED TO CUSTOMS AUTHORITIES

Article 50.

- (1). For goods presented to customs authorities a summary declaration shall be lodged.
- (2). The summary declaration shall be lodged once the goods have been presented to customs. The customs authorities may, however, allow a period for lodging the declaration, which shall not extend beyond the first working day following the day on which the goods are presented to customs.

Article 51.

(1). The summary declaration shall be made on a form corresponding to the model defined in the procedure of the Rules. The customs authorities may permit the use, as summary declaration of any commercial or official document which contains the particulars necessary for identification of goods.

(2). The summary declaration shall be lodged by:

1. the person who brought the goods into the customs territory of the Republic of Bulgaria or by any person who assumes responsibility for carriage of the goods following such entry; or
2. the person in whose name the persons referred to in pt. 1 acted.

Article 52.

Cases where the customs authorities may waive the lodging of a summary declaration or where they may lodge the summary declaration through internal administrative way are defined in the Rules.

Article 53.

(1). Goods shall be unloaded or transhipped from the means of transport carrying them solely with the permission of customs authorities in places designated or approved by them.

(2). Such permission shall not be required in the event of imminent danger necessitating the immediate unloading of all or parts of the goods. In that case, the customs authorities shall be informed immediately.

(3). For the purpose of customs control and inspection of goods, including the means of transport carrying them, the customs authorities may at any time require goods to be unloaded and unpacked.

Article 54.

Goods shall not be removed from their original position without the permission of the customs authorities.

CHAPTER TEN

**OBLIGATION TO ASSIGN GOODS PRESENTED TO CUSTOMS AUTHORITIES A
CUSTOMS-APPROVED TREATMENT OR USE**

Article 55.

Non-Bulgarian goods presented to customs shall be assigned a customs-approved treatment or use.

Article 56.

(1). Where goods are covered by a summary declaration, the formalities necessary for the assignment of customs-approved treatment or use must be carried out within the following periods:

1. forty five days from the date on which the summary declaration is lodged in the case of goods carried by sea;
2. twenty days from the date on which the summary declaration is lodged in the case of goods carried otherwise than by sea;

(2). Where circumstances so warrant, the customs authorities may set a shorter period or allow an extension of the periods referred to in paragraph 1. The extension shall not exceed the genuine requirements which are justified by the circumstances.

CHAPTER ELEVEN

TEMPORARY STORAGE OF GOODS

Article 57.

Until they are assigned a customs approved treatment or use, the goods presented to customs shall have the status of "goods in temporary storage."

Article 58.

- (1). Goods in temporary storage shall be stored only in places approved by the customs authorities and under the conditions laid down by those authorities.
- (2). The customs authorities may require the person holding the goods to provide a security with a view to ensure payment of any customs debt which may arise under Article 199, paragraph 1, pt 5, 6 and 7.

Article 59.

Without prejudice to the provisions of Article 49, goods in temporary storage shall be subject only to such forms of handling as are designated to ensure their preservation in an unaltered state without modifying their appearance or technical characteristics.

Article 60.

- (1). For goods, in respect of which the formalities necessary for them to be assigned a customs-approved treatment or use, are not initiated within the periods prescribed in Article 56, for reason of lack of security or payment of customs debt, such as duties, fees, taxes and excises, as provided for in Article 58, paragraph 2, the customs authorities shall notify the person receiving those goods to start the formalities for assignment of customs-approved treatment or use within a period of thirty days.
- (2). Where the period referred to in paragraph 1 expires, the goods procedure shall be considered as abandoned to the State.
- (3). Where the consignees of goods are foreign persons, sending those goods by rail or other mean of transport, or are unknown persons, no notice as referred in paragraph 1 is necessary and the goods are considered abandoned to the State after the expiration of a period of six months from the day of lodging their summary declaration.
- (4). Within the periods referred to in Article 56, the customs authorities may, at the risk and the expense of the person holding them, have the goods in question transferred to a special place under customs supervision.

**CHAPTER TWELVE
PROVISIONS APPLICABLE TO NON-BULGARIAN GOODS
WHICH ARE MOVED UNDER A TRANSIT PROCEDURE**

Article 61.

The provision of Article 45, with the exception of paragraph 1 thereof, and Articles 46 to 60, shall not apply when goods already placed under a transit procedure are brought into the customs territory of the Republic of Bulgaria.

Article 62.

Once non-Bulgarian goods, which have been moved under the transit procedure reach their destination in the customs territory of the Republic of Bulgaria, and have been presented to the customs in accordance with the provisions governing transit, Articles 49 to 60 shall apply.

**CHAPTER THIRTEEN
OTHER PROVISIONS**

Article 63.

Where the circumstances so require, the customs authorities may destroy the goods presented to customs, after informing the holder of the goods accordingly. The cost of destroying the goods shall be borne by the holder.

Article 64.

Where the customs authorities find that goods have been brought illegally into the customs territory of the Republic of Bulgaria or have been withheld from customs supervision, they shall take any legal measures necessary, including the sale of the goods.

TITLE FOUR
CUSTOMS-APPROVED TREATMENT OR USE

**PART ONE
GENERAL**

Article 65.

(1). Safe as otherwise provided, goods may at any time under the conditions laid down in this Act be assigned any customs-approved treatment or use, irrespective of their nature or quantity, or their country of origin, consignment or destination.

(2). Paragraph 1 shall not preclude the imposition of prohibitions or restrictions justified on grounds of national security, public order or morality, the protection of health and life of humans, animals or plants, the protection of national treasures possessing artistic, historic or archeological value or the protection of industrial and commercial property.

**PART TWO
CUSTOMS PROCEDURES**

**CHAPTER FOURTEEN
PLACING OF GOODS UNDER CUSTOMS PROCEDURES**

Article 66.

(1). All goods intended for a customs procedure shall be covered by a declaration for that customs procedure.

(2). Bulgarian goods declared for an export, temporary export, outward processing, transit or customs warehousing procedure shall be subject to customs supervision from the time of acceptance of the customs declaration to the time they leave the customs territory of the Republic of Bulgaria or are destroyed, or the customs declaration is invalidated.

Article 67.

The customs declaration in front of the customs authority shall be made in writing, or in cases prescribed by the Rules in a data-processing technique, or by means of any other act whereby the holder of the goods expresses his wish to place them under a customs procedure.

**SECTION ONE
DECLARATION IN WRITING UNDER THE NORMAL PROCEDURE**

Article 68.

(1). Declarations in writing shall be made on a form corresponding to the official specimen prescribed for that purpose by the Minister of Finance.

(2). The declaration shall be accompanied by all the documents required for implementation of the provisions governing the customs procedure for which the goods are declared.

Article 69.

Declarations which comply with the provisions laid down in Article 68, shall be accepted by the customs authorities immediately, provided that the goods to which they refer are presented to customs.

Article 70.

(1). The customs declaration may be made by any person who is able to present the goods in question or to have them presented to the competent customs authority, together with all the documents required to be produced for the application of the rules governing the customs procedure in respect of which the goods are declared.

(2). Where acceptance of a customs declaration imposes particular obligations on a specific person, the declaration must be made by that person or on his behalf.

(3). The declarant must be established in the Republic of Bulgaria. However this condition shall not apply to persons who:

1. make a declaration for transit or temporary importation; or
2. declare goods on an occasional basis, provided that the customs authorities consider this to be justified.

Article 71.

(1). Once the customs declaration is accepted, the declarant shall, at his request, be authorized to amend one or more of the particulars contained in the declaration. However those amendments shall not include goods other than those the declaration covered originally.

(2). No amendment shall be permitted where authorization is requested after the customs authorities have:

1. informed the declarator that they intend to examine the goods;
2. established that the particulars in the declaration are incorrect;
3. allowed goods to be released.

Article 72.

(1). The customs authorities shall, at the request of the declarant, invalidate a declaration already accepted, where the declarant furnishes proofs that goods were declared in error for the customs procedure covered by that declaration, or that, as result of special circumstances, the placing of the goods under customs procedure for which they were declared is no longer justified.

(2). Where the customs authorities have informed the declarant for their intention to examine the goods, a request for invalidation of the declaration shall not be accepted until after the examination has taken place.

(3). The declaration shall not be invalidated after the goods have been released, except in cases defined in accordance with the Rules.

(4). Invalidation of the declaration shall be without prejudice to the application of the penal provisions in force.

Article 73.

Save as otherwise expressly provided, the date used for the purposes for all the provisions governing the customs procedure for which the goods are declared shall be the date of acceptance of the declaration by the customs authorities.

Article 74.

For verification purposes of the accepted declarations, the customs authorities may:

1. examine the documents covering the declaration and the documents accompanying it. They may require the declarant to present other documents for the purpose to verify the accuracy of the particulars contained in the declaration;
2. examine the goods and take samples for analysis or detailed control.

Article 75.

(1). Transport of the goods to the places where they are to be examined, samples to be taken and all the handling necessities shall be carried out and under the responsibility of the declarant. The costs incurred shall be borne by the declarant.

(2). The declarant shall be entitled to be present when the goods are examined and when the samples are taken. Where they deem it appropriate, the customs authorities shall require the presence of the declarant or represented when the goods are examined or samples are taken, in order to provide them with the assistance necessary to facilitate their examination.

(3). Where samples are taken in accordance with the provisions in force, the customs authorities shall not be liable for payment of any compensation in respect thereof, but shall bear the costs of their analysis or examination.

Article 76.

(1). Where only a batch of the goods covered by a declaration is examined, the results of the partial examination shall be taken to apply to all the goods covered by that declaration.

(2). However the declarant may request a further examination of the goods if he considers that the results of the partial examination are not valid as regards to the remainder of the goods declared.

(3). For the purposes of paragraph 1, where a declaration form contains two or more items, the particulars relating to each of those items shall be deemed to constitute a separate declaration.

Article 77.

(1). The results of the verification of the declaration shall be used for the purpose of applying the provisions governing the customs procedure under which the goods are placed.

(2). Where the declaration is not verified, the provisions referred to in paragraph 1 shall be applied on the basis of the particulars contained in the declaration.

Article 78.

(1). The customs authorities shall take the measures necessary to identify the goods where identification is required in order to ensure compliance with the conditions governing the customs procedure for which the said goods have been declared.

(2). Means of identification affixed to the goods or means of transport shall be removed or destroyed only by the customs authorities or with their permission. This provision shall not be applied in cases of unforeseeable circumstances or force major in view to ensure the protection of goods and means of transport.

Article 79.

(1). Without prejudice to Article 80, where the conditions for placing the goods under the procedure in question are fulfilled and provided the goods are not subject to any prohibitive and restrictive measures, the customs authorities shall release the goods as soon as the particulars in the declaration have been verified or accepted without verification. Permission for goods release is granted also in cases where such verification cannot be completed within a reasonable period of time and the goods are no longer required to be present for verification purposes.

(2). All the goods covered by the same declaration shall be released at the same time. Where a declaration form covers two or more items, the particulars relating to each item shall be deemed to constitute a separate declaration.

Article 80.

(1). Where acceptance of a customs declaration gives rise to a customs debt, the goods covered by the declaration shall not be released unless the customs debt has been paid or secured. Without prejudice to paragraph 2, this provision shall not apply to the temporary importation procedure with partial relief from the import duties.

(2). Where, pursuant to the provisions governing the customs procedure for which the goods are declared, the customs authorities require the provision of a security, the said goods shall not be released for the customs procedure in question until the security is provided.

(3). Goods dangerous for the health of humans, animals and plants and for the environment, inflammable and perishable, may be released with the written permission by the customs authorities even before security is provided.

Article 81.

The customs authorities shall undertake all legally determined measures, including confiscation for the State and sale, in view to deal with goods which:

1. cannot be released because:

- a). it has been impossible to undertake or continue examination of the goods within the period prescribed by the customs authorities for reasons attributable to the declarant;
- b). the documents which must be produced before the goods are placed under the customs procedure requested have not been produced;
- c). payments or security which should have been made or provided in respect of import or export duties, have not been made or provided within the period prescribed;
- d). they are subject to bans or restrictions;

2. are not removed within the period prescribed in this Act after their release.

SECTION TWO DECLARATION IN WRITING UNDER THE SIMPLIFIED PROCEDURE

Article 82.

(1). In order to simplify completion of formalities and procedures, while ensuring that operations are conducted in a proper manner, the customs authorities shall grant permission for:

1. the declaration referred to in Article 68 to omit certain of the particulars or some of the documents not to be attached thereto;
2. in place of the declaration referred to in Article 68 to lodge a commercial or administrative document, accompanied by request for the goods to be placed under the customs procedure in question.
3. the goods to be entered in customs procedure in question by means of an entry in the accounting records of the declarant. In this case the customs authorities may waive the requirement that the declarant presents the goods to customs.

(2). The simplified declaration, the commercial or administrative documents or the entry in the records must contain at least the particulars necessary for the identification of the goods. Where the goods are entered in the records, the date of such entry must be included.

(3). Except in cases to be determined in accordance with the Rules, the declarant shall furnish a supplementary declaration, which may be of general, periodic or recapitulative nature.

(4). The supplementary declaration under paragraph 3 and the documents referred to in paragraph 1, pt. 1-3 shall be deemed to constitute a single, indivisible instrument taking effect on the date of acceptance by the customs authorities. In the cases referred to in paragraph 1, pt. 3, entry in the records shall have the same legal force as acceptance of the declaration referred to in Article 68.

(5). Special simplified procedures for the transit procedure shall be laid down in accordance with the procedures of the Rules.

SECTION THREE OTHER TYPES OF DECLARATION

Article 83.

Where the customs declaration is made by means of data-processing technique or other means as referred to in Article 67, Articles 68 to 82 shall apply *mutatis mutandis* without prejudice to the principles set out therein.

SECTION FOUR POST-CLEARANCE EXAMINATION OF DECLARATIONS

Article 84.

(1). The customs authorities may, at their own initiative or at request of the declarant, perform post-verification of the declaration after release of the goods.

(2). The customs authorities may, after releasing the goods, check the accuracy of the particulars contained in the declaration, inspect the commercial documents and data relating to the import and export operations in respect of the goods concerned or to subsequent commercial operations involving those goods. Such inspections may be carried at the premises of the declarant, of any other person directly or indirectly involved in the said operations or of any other person in possession of the said documents and data. Those authorities may also examine the goods where it is still possible for them to be produced.

(3). Where the revision of the declaration or the post-clearance examination indicates that the provisions governing the customs procedure concerned have been applied on the basis of incorrect or incomplete information, the customs authorities shall, in accordance of any provisions laid down, take the measures necessary while taking into account the new information available to them.

(4). Persons being involved directly or indirectly in activities of import, export and transit of goods, are liable to keep for a period of five years the totality of the documents for the activities performed, notwithstanding of the type of their carrier media. The period starts from the year end when:

1. concerning goods, processed under the customs procedure import, different that those mentioned in pt. 2, or processed under customs procedure export, the customs authorities have accepted the corresponding customs declaration;
2. concerning goods, processed under import customs procedure with reduced or nullified duty due to their specific usage, cease to be subject of customs control;
3. concerning goods placed under other customs procedure, the customs procedure takes end;
4. concerning goods placed in free zone or free warehouse, leave the free zone or free warehouse.

CHAPTER FIFTEEN IMPORT

Article 85.

(1). Release for import shall confer upon non-Bulgarian goods the customs status of Bulgarian goods.

(2). It shall entail application of commercial policy measures, completion of the other formalities laid down in respect of importation of goods and the charging of duties customs duties.

Article 86.

(1). Where after the date of acceptance of the declaration for release for import, but before the goods are released, the rate of duty or the charges with equivalent effect are reduced, the declarant may request application of the more favorable rates. In such cases shall not apply the provisions of Article 73.

(2). Paragraph 1 shall not apply for the cases where it has not been possible to release the goods for reasons attributable to the declarant alone.

Article 87.

Where a consignment is made up of goods falling within different tariff classifications, and dealing with each of those goods in accordance with the tariff classification for the purpose of drawing up the declaration would entail a burden of work and expense disproportionate to the import duties chargeable, the customs authorities may, at the request of the declarant, agree that import duties be charged on the whole consignment on the basis of the tariff classification of the goods with highest rate of import duty.

Article 88.

(1). Where goods are released for import at a reduced or zero rate of duty on account of their end-use, they shall remain under customs supervision. Customs supervision shall take an end when:

1. conditions laid down for granting a reduced or zero rate of duty cease to apply;
2. where the goods are exported or destroyed; or
3. where the use of the goods for purposes other than those laid down for the application of reduced or zero rate of duty is permitted subject to payment of the duties due.

(2). Provisions referred to in Article 94, paragraphs 2 and 3 and Article 96 shall apply mutatis mutandis to goods referred in paragraph 1.

Article 89.

Goods released for import shall lose their status as Bulgarian goods where:

1. the declaration for release for import is invalidated after release; or
2. the import duties payable on those goods are repaid or remitted under the conditions laid down in the Rules.

CHAPTER SIXTEEN
SUSPENSIVE ARRANGEMENTS AND CUSTOMS PROCEDURES WITH ECONOMIC
IMPACT

SECTION ONE
GENERAL PROVISIONS

Article 90.

(1). For the purposes of application of the procedures referred in Articles 91 to 96:

1. the term “customs procedure with suspensive arrangements” is understood as applying in the cases of non-Bulgarian goods, to the following arrangements:

- a). transit;
- b). customs warehousing;
- c). inward processing in the form of a system of suspension;
- d). processing under customs control;
- e). temporary importation.

2. where the term “customs procedure with economic impact” is used, is understood as applying to the following arrangements:

- a). customs warehousing;
- b). inward processing;
- c). processing under customs control;
- d). temporary importation;
- e). outward processing.

(2). Goods placed under customs procedure with suspensive arrangements and goods under the inward processing procedure in the form of the drawback system, have undergone the formalities for import and the formalities provided in Article 128, paragraph 4 are considered as import goods.

(3). Import goods, which under the inward processing procedure or the procedure for processing under customs control have undergone no form of processing are considered as goods in unaltered state.

Article 91.

The use of any customs procedure with economic impact shall be conditional upon authorization being issued by the customs authorities.

Article 92.

The authorizations referred to in Article 91 and in Article 106, paragraph 1 shall be granted under the conditions of the procedure in question, to:

1. persons who offer every guarantee necessary for the proper conduct of the operations;
2. where the customs authorities can supervise and monitor the procedure without having to introduce administrative arrangements disproportioned to the economic needs involved.

Article 93.

- (1). The conditions under which the procedure in question is used shall be set out in the authorization.
- (2). The holder of the authorization shall notify the customs authorities of all factors arising after the authorization was granted and which may influence its continuance or content.

Article 94.

- (1). The Rules provide provisions governing the cases when goods produced out of goods under the customs procedure with suspensive arrangements are not considered as Bulgarian, but are under the same customs procedure.
- (2). The customs authorities may require security as a condition for placing any goods under the customs procedure with suspensive arrangements.
- (3). The Rules may lay down special provisions concerning the provision of security in the context of a specific customs procedure with suspensive arrangements

Article 95.

- (1). A suspensive arrangement with economic impact shall be discharged when a new customs-approved treatment or use is assigned either to the goods placed under that arrangement or to compensating or processed products placed under it.
- (2). The customs authorities shall take all the necessary measures prescribed in the Rules, to regularize the position of goods in respect of which a procedure has not been discharged under the conditions prescribed.

Article 96.

The rights and obligations of the holder of a customs procedure with economic impact may, on the conditions laid down by the customs authorities, be transferred successively to other persons who fulfill any conditions laid down in order to benefit from the procedure in question.

SECTION TWO TRANSIT

Article 97.

- (1). The transit procedure shall allow the movement from one point to another within the customs territory of the Republic of Bulgaria of:
 1. non-Bulgarian goods, without such goods being subject to import duties and other charges or to commercial policy measures;
 2. Bulgarian goods subject to export and in respect of which the corresponding customs formalities have been carried out.
- (2). Movement as referred to in paragraph 1 shall take place:

1. under the transit procedure in the Republic of Bulgaria; or
 2. under cover of TIR carnet used as transit guaranty document under the prescriptions of the Customs Convention for International Transport of Goods under cover of TIR carnet (TIR Convention 1975) where;
 - a. the movement began or is to end outside the country; or
 - b. the movement relates to consignments of goods which must be unloaded in the country and which are conveyed with goods to be unloaded outside the country.
 3. under cover of an ATA carnet used as transit guaranty document under the prescriptions of the Customs Convention for Temporary Admission of Goods (ATA Convention 1961), including other international conventions, signed by the Republic of Bulgaria;
 4. by post (including parcel post).
- (3). The transit procedure shall apply without prejudice to the specific provisions applicable to the movement of goods placed under a customs procedure with economic impact.

Article 98.

The transit procedure shall end when the goods and the corresponding documents are produced at the customs office of destination in accordance with the acting provisions.

Article 99.

The transit procedure in the Republic of Bulgaria shall apply to goods passing through the territory of another country only if:

1. provision is made for that under an international agreement; or
2. carriage through that country is effected under cover of single transport document drawn up in customs territory of the Republic of Bulgaria. In such case the operation of that procedure shall be suspended in the territory of the other country.

Article 100.

(1). The principal of the transit procedure shall be responsible for:

1. production of the goods intact at the prescribed customs office of destination by the prescribed time limit and with due observance of the measures adopted by the customs authorities to ensure identification;
2. observance of the provisions relating to the transit procedure.

(2). Notwithstanding the principal's obligations, a carrier or recipient of goods who accepts goods knowing that they are moving under the transit procedure, shall also be responsible for production of the goods intact at the prescribed customs office of destination by the prescribed time limit and with due observance of the measures adopted by the customs authorities to ensure identification.

Article 101.

(1). Under the provisions of Article 102 the principal of transit procedure shall be responsible for security covering the customs debt and the other charges which may be incurred in respect of the goods.

(2). Security shall not apply for:

1. carriage by water ways or by air;
2. carriage by electrical and pipe ways;
3. carriages by the National Railway Company of Bulgaria (BDG) and carriage by post, including parcels;
4. carriage specified in provisions of act of the Council of Ministers.

Article 102.

(1). Any native person who satisfies the conditions of being constant carrier for at least three years and performed regular transit operations in the Republic of Bulgaria and has a financial position to ensure payment of his customs debts, and has not committed any violation of the customs and fiscal provisions, may obtain from the customs authorities a written permission for transit guarantee waiver.

(2). The permission in accordance of paragraph 1 shall not apply to transit operations involving goods:

1. which total value exceeding the amount determined in the procedures of the Rules;
2. which present increased risk on account of due customs duties and other Government receivable, collected by customs authorities.

Article 103.

The conditions, order and exemptions in the application of transit procedure shall be determined in accordance with the procedures in the Rules.

SECTION THREE CUSTOMS WAREHOUSING

Article 104.

(1). The customs warehousing procedure shall allow the placing and storage in a customs warehouse of:

1. non-Bulgarian goods, without such goods being subject to import duties or commercial policy measures;
2. Bulgarian goods, where existing provisions provide that their being placed in a customs warehouse shall attract the application of measures normally attaching to the export of such goods.

(2). Customs warehouse means any place approved by and under the supervision of the customs authorities where goods may be stored under certain conditions.

(3). Cases in which the goods referred to in paragraph 1 may be placed under the customs warehousing procedure without being stored in a customs warehouse shall be determined in accordance with the provisions in the Rules.

Article 105.

(1). A customs warehouse may be either a public warehouse or a private warehouse. Public warehouse means any customs warehouse available for use by any person for the warehousing of goods. Private warehouse means a customs warehouse reserved for the warehousing of goods by the warehousekeeper.

(2). The warehousekeeper is a person authorized to operate the customs warehouse.

(3). The depositor shall be the person bound by declaration placing the goods under customs warehousing procedure or to whom the rights and obligations of such a person have been transferred.

Article 106.

(1). Operation of a customs warehouse shall be subject to the issue of an authorization by the customs authorities, unless the said authorities operate the customs warehouse themselves.

(2). Any person wishing to operate a customs warehouse must make a request in writing containing the information required for granting the authorization and demonstrating that an economic need for warehousing exists. The authorization shall lay down the conditions for operating the customs warehouse.

(3). The authorization shall be granted only to persons established in the Republic of Bulgaria.

Article 107.

The warehousekeeper shall be responsible for:

1. ensuring that while the goods are in the customs warehouse they are not removed from customs supervision;
2. fulfilling the obligations that arise from the storage of goods covered by customs warehousing procedure;
3. complying with the particular conditions specified in the authorization.

Article 108.

- (1). Where the authorization concerns a public warehouse, the responsibilities referred to in Article 107, pts. 1 and 2 devolve exclusively upon the depositor.
- (2). The depositor shall at all times be responsible for fulfilling the obligations arising from the placing of goods under the customs warehousing procedure.

Article 109.

The rights and obligations of a warehousekeeper may, with the agreement of the customs authorities, be transferred to another person.

Article 110.

Without prejudice to provisions laid down in Article 94, the customs authorities may demand that the warehousekeeper provide a guarantee in connection with the responsibilities specified in Article 107.

Article 111.

- (1). The stock records of all goods placed under the customs warehousing procedure shall be kept by a person designated by the customs authorities, in a form approved by those authorities, except where the public warehouse is managed by the customs authorities.
- (2). Goods placed under the customs warehousing procedure shall be entered by the person under paragraph 1 in the records immediately after their filing in the warehouse.
- (3). Subject to the application of Article 92, goods placed under the customs warehousing procedure shall be may dispense with stock records where:
 1. the responsibilities referred to in Article 107, pt. 1 and 2 lie exclusively with the depositor;
 2. the goods are placed under that procedure on the basis of a written declaration forming part of the normal procedure or a commercial or other document, supplied with a request for placing the goods under that customs procedure.

Article 112.

- (1). Where an economic need exists and customs supervision is not adversely affected thereby, goods placed under the customs warehousing procedure shall be may allow:
 1. Bulgarian goods, other than goods referred to in Article 104, paragraph 1, pt. 2 to be stored on the premises of a customs warehouse;
 2. non-Bulgarian goods to be processed on the premises of the customs warehouse under the inward processing procedure, subject to the conditions provided for by that procedure;
 3. non-Bulgarian goods to be processed on the premises of the customs warehouse under the procedure for processing under customs control, subject to the conditions provided for by that procedure;
 4. formalities which may not be performed in a customs warehouse other than the referred in pt. 2 and 3 are laid down in the Rules.
- (2). In cases referred to in paragraph 1, the goods shall not be subject to the customs warehousing procedure.
- (3). The customs authorities may require the goods referred to in paragraph 1 to be entered in the stock records provided to in Article 111.

Article 113.

- (1). There should be no limit to the length of time the goods may remain under the customs warehousing procedure.
- (2). However in the Rules governing the application of this Act, in exceptional cases the customs authorities may set a time limit before the expiration of which the principal shall be obliged to apply for another customs procedure.

Article 114.

(1). While being under the customs warehousing procedure, import goods may undergo the usual forms of handling, listed in the Rules, intended to preserve them, improve their appearance or marketable quality or prepare them for distribution or resale.

(2). The operations referred to in paragraph 1 must be authorized in advance by the customs authorities, which shall lay down the conditions under which they may take place.

Article 115.

(1). Where circumstances so warrant, goods placed under the customs warehousing procedure may temporarily be removed from the customs warehouse. Such removal must be authorized in advance by the customs authorities, which shall lay down the conditions under which they may take place.

(2). While they are outside the customs warehouse the goods may undergo the forms of handling referred to in Article 114 on the conditions set out therein.

Article 116.

The customs authorities may allow goods placed under customs warehousing procedure to be transferred from one customs warehouse to another.

Article 117.

Where import goods are placed under the customs procedure for import referred to in Article 82, paragraph 1, pt 3, without being presented to the customs authorities and before the corresponding declaration is lodged, the rules of assessment of the import duties due relating to those goods, shall use the particulars accepted by the customs authorities when the said goods were placed under the customs warehousing procedure. The customs procedures shall not exclude the application of provisions concerning post-clearance control.

**SECTION FOUR
INWARD PROCESSING**

Article 118.

(1). Without prejudice to Article 119, the inward processing procedure shall allow the following goods to be used in the customs territory of the Republic of Bulgaria in one or more processing operations:

1. non-Bulgarian goods intended for re-export in the form of compensatory products, without being subject to import duties or commercial policy measures;
2. goods released for import with repayment of the import duties chargeable if they are exported from the customs territory of the Republic of Bulgaria in the form of compensatory products.

(2). For the purposes of the inward processing customs procedure, the following meanings shall apply:

1. suspension payment system means the inward proceeding relief arrangements as provided for in paragraph 1, pt. 1;
2. drawback system means the inward procedure relief arrangements as provided in paragraph 1, pt. 2;
3. processing operations mean:
 - a). the working of goods including erecting or assembling them or fitting them to other goods;
 - b). the processing of goods;
 - c). the repair of goods, including restoring them and putting them in order;
 - d). the use of certain goods defined in the Rules, which are not to be found in the compensating products, but which allow or facilitate the production of such goods, even if they are entirely or partially used in the process;
4. compensating products shall mean all products resulting from processing operations;
5. equivalent goods mean all Bulgarian goods used instead of the import goods for the manufacture of the compensating products;

6. rate of yield means the quantity or percentage of compensating products obtained from the processing of a given quantity of import goods.

Article 119.

(1). The customs authorities shall allow:

1. compensating products to be obtained from equivalent goods;
2. compensating products obtained from equivalent goods to be exported from the Republic of Bulgaria before importation of the import goods.

(2). Equivalent goods must be of the same quality and have the same characteristics as the import goods. However, in specific cases determined in accordance with the Rules, equivalent goods may be allowed to be at a more advanced stage of manufacture than the import goods.

(3). Where paragraph 1 applies, the import goods shall be regarded for customs purposes, as equivalent goods, and the latter - as import goods.

(4). The application of the measures in paragraph 1 may be prohibited or limited in accordance with the Rules.

(5). Where paragraph 1, pt. 2 applies and the compensating products would be liable to export duties if they were not exported or re-exported under an inward processing operation, the holder of the authorization shall provide a security to ensure payment of the duties, should the import goods not be imported within the period prescribed.

Article 120.

The authorization for the inward processing procedure shall be issued at the request of the person who carries out the processing operations or who arranges for them to be carried out.

Article 121.

The authorization shall be granted to persons established in the Republic of Bulgaria or to persons established outside the Republic of Bulgaria in respect of imports of a non-commercial nature:

1. where the import goods can be identified in the compensating products, but not including goods mentioned in Article 118, paragraph 2, pt. 3, indent d, or in the cases referred to in Article 119, where compliance with the conditions laid down in respect of equivalent goods can be verified;

2. where the inward processing procedure can help create the most favorable conditions for the export or re-export of compensating products, provided that the essential economic interests of producers in the Republic of Bulgaria are not adversely affected.

Article 122.

1). The customs authorities shall specify the period within which the compensating products must have been exported or re-exported or assigned another customs-approved treatment or use. That period shall take into account the time required to carry out the processing operations and dispose of the compensating products.

(2). The period shall run from the date on which the non-Bulgarian goods are placed under the inward processing procedure. The customs authorities may grant an extension of the said period upon submission of a duly substantiated request by the holder of the authorization.

(3). Where the provisions of Article 119, paragraph 1, pt. 2 apply, the customs authorities shall specify the period within which the non-Bulgarian goods must be imported and declared for the procedure. That period shall run from the date of acceptance of the export declaration relating to compensating products obtained from the corresponding equivalent goods.

(4). For certain import goods or processing operations the Rules may lay down specific time limits.

Article 123.

(1). The customs authorities shall set either the rate of yield of the processing operations, or the method of determining such rate. The rate of yield shall be determined on the basis of the actual circumstances in which the processing operation is, or is to be, carried out.

(2). Based on acquired data for generally performed processing operations, the Rules may set standard rate of yield of processing operations for goods with same characteristics under same technological conditions, leading to production of compensating product with constant quality.

Article 124.

The cases in which and the conditions under which the goods under unaltered state or compensating products shall be considered to have been released for import are determined in the Rules.

Article 125.

(1). Subject to the provisions laid down in Article 126, where a customs debt is incurred, the amount of such debt shall be determined on the basis of taxation elements corresponding to the import goods at the time of acceptance the declaration of placing these goods under the inward processing procedure.

(2). If at the time of acceptance the declaration of release for import, a preferential tariff treatment within tariff quotas or ceilings exists for identical goods as those declared, they shall be eligible for preferential treatment, under the condition that they fulfill the requirements to qualify for such preferential treatment.

Article 126.

By way of derogation from article 125, compensating products:

1. shall be subject to the import duties appropriate to them where they are released for import and appear on the list adopted in the Rules, to the extent that they are in proportion corresponding to the rate of yield of the exported part of the compensating products, not included in that list. However the holder of the authorization may ask for the duty on those products to be assessed under the conditions referred to in Article 125;

2. shall be subject to import duties calculated in accordance with the rules applicable to customs procedure with suspensive arrangement or to free zone, where they have been placed under such customs procedure or are in a free zone or in a free warehouse, as

a). the person concerned may request the duty to be assessed in accordance with Article 125;

b). in cases where the compensating products have been assigned a customs approved treatment or use referred to above, other than the processing under customs control, the amount of the import duties shall be at least equal to the amount calculated in accordance with Article 125.

3. may be made subject to the rules governing assessment of duty laid down under the procedure for processing under customs control, where the import goods have been placed under that procedure;

4. shall enjoy favorable tariff treatment owing to the special use for which they are intended, provided that provision is made for such treatment in the case of identical imported goods;

5. shall be admitted free of import duties, where such duty-free provision is provided in the case of identical goods.

Article 127.

(1). Some or all of the compensating products or goods in the unaltered state may be exported temporarily for the purpose of further improvement operations outside the customs territory of the Republic of Bulgaria, in accordance with the provisions laid down in the outward processing procedure.

(2). Where a customs debt is incurred in respect of re-imported products and goods under the provisions of paragraph 1, the following shall be charged:

1. for the compensating products or goods in the unaltered state referred to paragraph 1, import duties calculated in accordance with Articles 125 and 126; and

2. for products re-imported after processing outside the customs territory of the Republic of Bulgaria, import customs duties, the amount of which shall be calculated in accordance with the provisions of relating to the outward processing procedure, on the same conditions, as would have applied had the product exported under the said procedure been released for import before such export took place.

Article 128.

(1). The drawback system may be used for all goods, with the exception of those which, at the time the declaration of release for import is accepted:

1. are subject to quantitative import restrictions;
 2. may qualify for a preferential tariff measure or autonomous tariff measures within existing quotas.
- (2). The drawback system may be used only if no export refund has been set for the compensating products at the time of acceptance of the declaration of release for import.
- (3). The drawback system may not be used if, at the time the declaration for exportation of the compensating products any export refund is set up for the said compensating products.
- (4). The declaration of release for import must indicate that the drawback system is being used and shall provide the number and the date of the authorization for its application.

Article 129.

Under the drawback system shall not apply the provisions laid down in the following Articles: 119, paragraph 1, pt. 2 and paragraphs 3 and 5; 122, paragraph 3; 124; 125; 126, pt. 3 and 132.

Article 130.

Temporary exportation of compensating products carried out as provided for in Article 127, paragraph 1, shall not be considered to be exportation within the meaning of Article 131, except where such products are not re-imported in the Republic of Bulgaria within the period prescribed.

Article 131.

(1). The holder of the authorization may ask for the import duty to be repaid or remitted where he can establish to the satisfaction of the customs authorities that import goods released for import, or the compensating products obtained from said goods, under the drawback system have been either:

1. exported; or
2. placed, with a view of being subsequently re-exported, under one of the following customs procedures: the transit procedure, the customs warehousing procedure, the temporary importation procedure or the inward processing procedure with suspensive arrangement, or in a free zone or free warehouse.

(2). Provisions in paragraph 1 shall be applied provided all conditions of the procedure in question have also been fulfilled.

(3). For assignment of customs-approved treatment or use referred to in paragraph 1, pt. 2, compensating products shall be considered to be non-Bulgarian goods.

(4). The application for repayment shall be made within a period determined in accordance with the Rules.

(5). Compensating products placed under a customs procedure or in a free zone or free warehouse in accordance with the provisions of paragraph 1, shall be released for import only where authorized by the customs authorities. In such cases, under the provisions laid down in Article 126, pt. 2, the amount of duties repaid or remitted shall be considered to constitute the amount of customs debt.

(6). For the purpose of determining the amount of import duties to be repaid or remitted, the provisions in Article 126, pt. 1 shall apply mutatis mutandis.

Article 132.

Where the inward processing procedure applies the suspension payment system, the compensating products shall be exempted from the export duties, to which identical products obtained from Bulgarian goods, instead of imported goods, would be liable.

SECTION FIVE PROCESSING UNDER CUSTOMS CONTROL

Article 133.

The procedure for processing under customs control shall allow non-Bulgarian goods to be used in the customs territory of the Republic of Bulgaria in operations which alter their nature or state, without being subject to import duties or commercial policy measures. Products resulting from such operation - processed products, shall be released for import in the country at the rate of import duty appropriate to them.

Article 134.

The list of cases in which the procedure for processing under customs control may be used shall be determined in the Rules.

Article 135.

(1). Authorization for procedure for processing under customs control shall be granted at the request of the person who carries out the processing or arranges for it to be carried out.

(2). The authorization shall be granted only to persons established in the Republic of Bulgaria, where:

1. the import goods can be identified in the processed products;
2. the goods cannot be economically restored after processing to their description or state as it was when they were placed under the procedure;
3. use of the procedure cannot result in circumvention of the effect of the rules concerning origin and quantitative restrictions applicable to the imported goods;
4. it helps to create or maintain a processing activity in the Republic of Bulgaria, without adversely affecting the essential interests of its producers of similar goods.

Article 136.

Provisions laid down in Article 122, paragraphs 1 and 2 and Article 123 shall apply, as well, in cases of processing under customs control, *mutatis mutandis*.

Article 137.

Where a customs debt is incurred in respect of goods in the unaltered state of products in an intermediate stage of processing, as compared with that provided for in the authorization, the amount of that debt shall be determined on the basis of the items of charge elements appropriate to the import goods at the time of acceptance of the declaration relating to the placing of the goods under the procedure for processing under customs control.

Article 138.

(1). Where the import goods placed under the procedure for processing under customs control qualified for preferential tariff treatment, and such treatment is applicable to products identical to the processed products released for import, the import duties to which the processed products are subject shall be calculated by applying the rate of duty applicable to the preferential tariff treatment.

(2). The provisions referred to in paragraph 1 apply in cases of existing tariff quotas or tariff ceilings. In these cases the quantity of import goods actually used in the manufacture of the processed products shall be charged against the tariff quotas and ceilings in force at the time of acceptance of the declaration of release for import.

SECTION SIX

TEMPORARY IMPORTATION

Article 139.

The temporary importation procedure shall allow the use of the customs territory of the Republic of Bulgaria with total or partial relief from import duties and without they being subject to commercial policy measures of non-Bulgarian goods, where intended for re-export without having undergone any change except normal depreciation due to the use made of them.

Article 140.

Authorization for temporary importation procedure shall be granted at the request of the person who uses the goods or arranges for them to be used.

Article 141.

- (1). The customs authorities shall refuse to authorize the use of the temporary importation procedure where it is impossible to ensure that the import goods can be identified.
- (2). The customs authorities may authorize the use of the temporary importation procedure without ensuring that the goods can be identified where, in view of the nature of the goods and the operations to be carried out, the absence of identification measures is not liable to give rise to any abuse of the procedure.

Article 142.

- (1). The customs authorities shall determine the period within which import goods must have been re-exported or assigned a new customs-approved treatment or use. This period must be long enough for the achievement of the objective of authorized use.
- (2). The maximum period during which the goods may remain under the temporary importation procedure shall be twenty four months.
- (3). In case of exceptional circumstances the customs authorities may, at the request of the person concerned, extend the periods referred to in paragraphs 1 and 2.

Article 143.

The cases, terms and conditions under which the temporary importation procedure may be used with total relief from import duties shall be determined in the Rules.

Article 144.

- (1). Use of temporary importation procedure with partial relief of from import duties shall be granted in respect of goods, which remain property of a person established outside the customs territory of the Republic of Bulgaria and are not covered by the provisions adopted in accordance with Article 143, or which are covered by such provisions, but do not fulfill all the conditions provided for therein for the grant of temporary importation with total relief.
- (2). The cases where the temporary importation procedure with partial relief from import duties, shall not be used, shall be provided for in the Rules.

Article 145.

- (1). The amount of import duties payable in respect of goods placed under the temporary importation procedure with partial relief from import duties shall be set at 5 percent, for every month or fraction of a month, of the amount of duties which would have been payable for the said goods had they been released for import on the date on which they were placed under the temporary importation procedure.
- (2). The amount of the partial import duties due should not exceed that, which would have been charged if the goods concerned had been released for import on the date they were placed under the temporary importation procedure, leaving out of account any interest which may be applicable.

(3). Transfer of the rights and obligations deriving from the temporary importation procedure in pursuance of Article 96, shall not mean that the same relief arrangement must be applied to each of the periods of use to be taken into consideration.

(4). Where the transfer referred to in paragraph 3 is made with partial relief for two persons authorized to use the procedure during the same month, the holder of the initial authorization shall be liable to pay the amount of import duties due for the whole month.

Article 146.

(1). Where a customs debt is incurred in respect of import goods, the amount of such debt shall be determined on the basis of the taxation elements appropriate to those goods at the time of acceptance of the declaration of their placing under the temporary importation procedure. In cases referred to in Article 143 the amount of debt shall be determined on the basis of the taxation elements appropriate to the goods in question at the time of incurring of corresponding customs debt.

(2). Where, for a reason other than the placing of goods under the temporary importation procedure with partial relief from import duties, a customs debt is incurred in respect of goods placed under the said procedure, the amount of that debt shall be equal to the difference between the amount of duties calculated pursuant to paragraph 1 and those calculated pursuant to Article 145.

SECTION SEVEN OUTWARD PROCESSING

Article 147.

(1). Without prejudice to the provisions governing the standard exchange system laid down in Articles 156 to 161 and to Article 127, the outward processing procedure shall allow Bulgarian goods to be exported temporarily from the customs territory of the country in order to undergo processing operations and the products resulting from those operations to be released for import with total or partial relief from import duties.

(2). Temporary exportation of Bulgarian goods shall include the application of export duties, commercial policy measures and other formalities provided for the export of Bulgarian goods outside the territory of the country.

(3). For the purposes of the outward processing procedure, the following definitions shall apply:

1. temporary export goods means goods placed under the outward processing procedure;
2. processing operations means the operations referred to in Article 118, paragraph 2, pt. 3, indents "a" "b" and "c."
3. compensating products shall mean all products resulting from processing operations;
4. rate of yield means the quantity or percentage of compensating products obtained from the processing of a given quantity of temporary export goods.

Article 148.

(1). Bulgarian goods shall not be placed under the outward processing procedure, where

1. their export gives rise to repayment of remission of import duties;
2. prior to export they have been released for import with total relief from import duties by virtue of end use, as long as the conditions for granting such relief continue to apply;
3. their export grants subsidy.

(2). Derogation from the provisions in paragraph 1, pt. 2 may be determined in accordance with the Rules.

Article 149.

(1). Authorization to use the outward processing procedure shall be issued at the request of the person who arranges the performance of the processing operations.

(2). Where the processing operations consist in incorporating Bulgarian goods into goods obtained outside the Republic of Bulgaria and imported as compensating products, authorization for the use of the outward processing procedure may be granted to another person under the provisions provided for in this Act. The authorization shall be granted where it helps to promote the sale of exported goods

without adversely affecting the essential interests of local producers of products identical or similar to the imported compensating products.

(3). The cases in which and the specific arrangements under which the provisions laid down in paragraph 2 shall apply shall be determined in the Rules.

Article 150.

Authorization is granted to persons established in the Republic of Bulgaria, where:

1. it will be possible to establish that the compensating products have resulted from processing of the temporary export goods. Derogation from this provision may apply under conditions determined in accordance with the Rules.

2. authorization to use the outward processing procedure shall not seriously harm the essential economic interests of Bulgarian producers.

Article 151.

(1). The customs authorities shall specify the period within which the compensating products must be re-imported into the customs territory of the Republic of Bulgaria. Such period may be extended on submission of duly substantiated request by the holder of the authorization.

(2). The customs authorities shall set the rate of yield of the operation, and where necessary, the method determining that rate.

Article 152.

(1). The total or partial relief from import duties provided for in Article 153, paragraph 1, shall take effect under condition where the compensating products are declared for release for import on behalf of :

1. the holder of the authorization; or

2. any other person established in the Republic of Bulgaria, who has agreement by the holder of the authorization, under condition that the authorization is fulfilled.

(2). The total or partial relief from import duties provided for in Article 153, paragraph 1, shall not take effect where one or some of the requirements provided for the outward processing procedure are not fulfilled, with the exception of cases where such omission has not adversely affected the functioning of the procedure.

Article 153.

(1). The total or partial relief from import duties provided for in Article 147, paragraph 1, shall be effected by deducting from the amount of the import duties applicable to the compensating products released for import, the amount of the import duties that would be applicable on the same date to the temporary export goods, if they were imported into the customs territory of the Republic of Bulgaria from the country, where they underwent the processing operation or last processing operation.

(2). The amount deducted in pursuance of paragraph 1 shall be calculated on the basis of the quantity and nature of the temporary exported goods on the date of acceptance of the declaration placing them under the outward processing procedure and on the basis of the other items of charge applicable to them on the date of acceptance of the declaration relating to the release for import of the compensating products.

(3). Special cases for calculation of the amount of deductions in respect of the outward processing procedure shall be laid down in the Rules.

(4). Where in the context of trade between the Republic of Bulgaria and third countries provisions provide for relief from import duties in respect of certain compensating products, the provisions laid down in this Article shall not apply.

Article 154.

(1). Where the purpose of processing is the repair of the temporary export goods, they shall be released for import with total relief from import duties, where it is established that the said goods were repaired free of charge, due either because of guarantee obligation or of manufacturing defect.

(2). Paragraph 1 shall not apply where the defect was taken into account at the time when the goods in question were released for import for the first time.

Article 155.

Where the purpose of processing is the repair of the temporary export goods in return of payment, the partial relief from import duties shall be granted by establishing the amount of the duties applicable on the basis of taxation elements to the compensating products at the date of acceptance of the declaration for release for import of those products, the amount of the customs value shall be equal to the repair costs, provided that those costs represent the only consideration provided by the holder of the authorization and are not influenced by any links between him and the operator.

Article 156.

(1). The compensating product may be replaced by an imported product - hereinafter referred to as a replacement product, under the application of the standard exchange system and the provisions laid down in Articles 156-161.

(2). The customs authorities shall allow the standard exchange system to be used where the processing operation involves the repair of Bulgarian goods.

(3). The provisions applicable to compensating products shall also apply to replacement products, with the exceptions of those products in Articles 149, paragraphs 2 and 3, and 149.

(4). The customs authorities may permit, under conditions they lay down, prior import of replacement products to the export of the temporary exported goods.

(5). In such event a security shall be provided to cover the amount of import duties.

Article 157.

(1). Replacement products must have the same tariff classification, same commercial quality and technical characteristics as the temporary export goods, had the latter undergone the repair in question.

(2). Where the temporary export goods have been used before being exported, the replacement products must also have been used. Derogation from this rule may be granted by the customs authorities if the replacement product has been supplied free of charge due to guarantee or to manufacturing defect.

Article 158.

Standard exchange shall be authorized only where it is possible to verify that the conditions laid down in Article 157 are fulfilled.

Article 159.

(1). In case of prior importation, the export goods shall be temporarily exported within a period of two months from the date of acceptance of the declaration for the release of the replacement products for import.

(2). The customs authorities may extend that period on submission of a duly substantiated request by the holder of the authorization.

Article 160.

In case of prior importation and where Article 153 is applied, the amount to be deducted shall be determined on the basis of the items of charge applicable to temporary export goods on the date of acceptance of the declaration placing them under the outward processing procedure.

Article 161.

Article 149, paragraphs 2 and 3 and Article 150 shall not apply in the context of standard exchange.

Article 162.

The procedures provided for in the framework of outward processing procedures shall also apply for the purposes of implementing non-tariff commercial policy measures.

**CHAPTER SEVENTEEN
EXPORT**

Article 163.

(1). The export procedure shall allow Bulgarian goods to leave the customs territory of the Republic of Bulgaria and entails the application of exit formalities, including commercial policy measures and, where appropriate, export duties.

(2). All Bulgarian goods intended for export shall be placed under the export procedure. This provision shall not apply for goods placed under the outward processing procedure or the temporary exportation procedure.

(3). The export declaration shall be lodged at the customs office responsible for supervising the place where export goods are packed or loaded for export shipment. Exceptions from this provision may be included in the Rules.

(4). For local goods produced under legally defined financial preferential regime, as they were intended for export, the export procedure may apply even in cases where the goods do not leave the customs territory of the Republic of Bulgaria under conditions provided for in the Rules.

Article 164.

Release for export is granted on condition that the goods are in unaltered state when they leave the customs territory of the Republic of Bulgaria, as when the declaration for export was accepted.

**CHAPTER EIGHTEEN
TEMPORARY EXPORT**

Article 165.

(1). The temporary export procedure shall allow the use of Bulgarian goods outside the customs territory of the Republic of Bulgaria under condition of they being re-imported, without having undergone any change except normal depreciation due to the use made of them.

(2). Conditions, cases and time limits concerning the temporary export procedure, as well as the authorization goods under that procedure to waive re-importation, shall be laid down in the Rules.

**PART THREE
OTHER TYPES OF CUSTOMS-APPROVED TREATMENT OR USE**

**CHAPTER NINETEEN
FREE ZONES AND FREE WAREHOUSES**

**SECTION ONE
GENERAL PROVISIONS**

Article 166.

Free zones and free warehouses shall be parts of the customs territory of the Republic of Bulgaria or premises situated in that territory and separated from the rest of it in which:

1. Non Bulgarian goods are considered, for the purpose of import duties and commercial policy import measures, as not being on the customs territory of the Republic of Bulgaria, provided they are not released for import or placed under another customs procedure or used or consumed under conditions other than those provided for in the customs regulations;

2. Bulgarian goods for which such provision is made under Bulgarian legislation governing the export of goods, in case where there are provisions in the bylaws and acts of the Council of Ministers.

Article 167.

- (1). Free zones shall be enclosed with defined entry and exit checkpoints.
- (2). The construction of any building in a free zone shall require consideration to the customs authorities regarding the possibility for customs supervision and control. Conformation shall take place within a period of thirty days. Whereas the customs authorities do not notify the applicant, the approval shall be deemed as performed.

Article 168.

- (1). The perimeter and the entry and exit points of free zones or free warehouses shall be subject to supervision by the customs authorities.
- (2). Persons, means of transport and conveyed by them goods entering or leaving a free zone or free warehouse may be subject to customs check.
- (3). Access to a free zone or free warehouse may be denied to persons who do not follow the rules provided for in this code.
- (4). The customs authorities may check goods entering, leaving or remaining in a free zone or free warehouse. To enable such checks to be carried out, all necessary documents, which shall accompany goods entering or leaving, shall be handed to, or kept at the disposal of, the customs authority by any person designated for this purpose by such authorities. The customs authorities may require presentation of other documents. Where such checks are required, the goods shall be made available to the customs authorities.

**SECTION TWO
PLACING OF GOODS IN FREE ZONES OR FREE WAREHOUSES**

Article 169.

- (1). Both Bulgarian and non-Bulgarian goods may be placed in a free zone or free warehouse.
- (2). The customs authorities may require that goods which present a danger or are likely to spoil other goods or which, for other reasons, require special facilities be placed in premises specially equipped to receive them.

Article 170.

- (1). Without prejudice to Article 168, paragraph 4, goods entering a free zone or free warehouse need not be presented to the customs authorities, nor need a customs declaration to be lodged.
- (2). Goods shall be presented to the customs authorities and undergo the prescribed customs formalities only when:
 1. they have been placed under a customs procedure which is discharged when they enter a free zone or free warehouse; however, where the customs procedure in question permits exemption from the obligation to present goods, such presentation shall not be required;
 2. they have been placed in a free zone or free warehouse on the authority of a decision to grant repayment or remission of import duties, provided it allows to place these goods in free zone or free warehouse;
 3. the quality for the measures referred to in Article 166, pt. 2.
- (3). Customs authorities may require goods subject to export duties or to other export provisions to be notified to the customs department.
- (4). At the request of party concerned, the customs authorities shall certify the Bulgarian or non-Bulgarian status of goods placed in a free zone or free warehouse.

**SECTION THREE
OPERATION OF FREE ZONES AND FREE WAREHOUSES**

Article 171.

- (1). There shall be no limit to the length of time goods may remain in free zones or free warehouses.

(2). Specific time limits may be imposed in accordance with the procedures in the Rules.

Article 172.

(1). Any industrial, commercial or service activity shall, under the conditions laid down in this Act, be authorized in a free zone or free warehouse. The carrying on of such activities shall be notified in advance to the customs authorities.

(2). The customs authorities may impose certain prohibitions or restrictions on the activities referred to in paragraph 1, having regard to

1. the nature of the goods concerned;
2. the requirements of customs supervision.

(3). The customs authorities may prohibit persons who do not follow the provisions laid down in this Act from carrying on an activity in a free zone or free warehouse.

Article 173.

(1). Non-Bulgarian goods placed in a free zone or free warehouse may:

1. be released for import under the conditions laid down by that procedure and by Article 178;
2. undergo the usual forms of handling referred to in Article 114, paragraph 1, without authorization;
3. be placed under the inward processing procedure under the conditions laid down by that procedure;
4. be placed under the procedure for processing under customs control under the conditions laid down by that procedure;
5. be placed under the temporary importation procedure under the conditions laid down by that procedure;
6. be abandoned in accordance with Article 180;
7. be destroyed, provided that the person concerned supplies the customs authorities with all the information they judge necessary.

(2). Where goods are placed under one of the procedures referred to in paragraph 1, pts. 3,4 and 5, customs supervision conditions of the free zones or free warehouses, adapt the control arrangements.

Article 174.

(1). The Bulgarian goods referred to in Article 166, pt. 2 shall undergo only the forms of handling expressly prescribed for their conservation. Such handling may be undertaken without authorization.

(2). Under customs control the Bulgarian goods referred to in Article 166, pt. 2 shall undergo forms of handling other than the expressly prescribed for their conservation under customs control of customs authorities, provided these are intended to leave the customs territory of the Republic of Bulgaria after finishing the handling.

(3). The Bulgarian goods which have not undergo the measures referred to in Article 166, pt. 2, shall undergo other forms of handling than the expressly prescribed for their conservation under customs control.

Article 175.

(1). With the exception where Article 166, pt. 2 concerning Bulgarian goods and Article 173 for non-Bulgarian goods, are applied, goods referred to in other Articles shall not be consumed or used in free zones or in free warehouses.

(2). Without prejudice to the provisions applicable to supplies of ships, aircraft and trains, performing international transport, and within the limits referred to by the provisions of paragraph 1, shall not preclude the use or consumption of goods, the release for import or temporary importation of which would not entail application of import duties or measures under the common commercial policy.

Article 176.

(1). All persons carrying on an activity involving the storage, working or processing, or sale or purchase, of goods in a free zone or free warehouse shall keep stock records in a form approved by the customs authorities. Goods shall be entered in the stock records as soon as they are brought into

the premises of such person. The stock records must enable the customs authorities to identify the goods, and must record their movements.

(2). Where goods are transshipped within a free zone or free warehouse, the documents relating to the operation shall be kept at the disposal of the customs authorities. The short-term storage of goods in connection with such transshipment shall be considered to be an integral part of the operation.

SECTION FOUR

REMOVAL OF GOODS FROM FREE ZONES OR FREE WAREHOUSES

Article 177.

(1). Without prejudice to special provisions adopted under customs legislation governing specific fields, goods leaving a free zone or free warehouse may be:

1. exported or re-exported from the customs territory of the Republic of Bulgaria;
2. brought into another part of the customs territory of the Republic of Bulgaria

(2). The provisions of Title III, with the exception of Articles 55 to 60 where Bulgarian goods are concerned, shall apply to goods brought into other parts of that territory except in the case of goods which leave that zone by sea or air without being placed under a transit or other customs procedure.

Article 178.

(1). Where a customs debt is incurred in respect of non-Bulgarian goods and the customs value of such goods is based on a price actually paid or payable which includes the cost of warehousing of preserving goods while they remain in the free zone or free warehouse, such costs shall not be included in the customs value if they are shown separately from the price actually paid or payable for the goods.

(2). Where the said goods have undergone, in a free zone or free warehouse, one of the usual forms of handling within the meaning of Article 114, paragraph 1, the customs value and the quantity to be taken into consideration in determining the amount of the import duties shall, at the request of the declarant and provided that such handling was covered by an authorization granted in accordance with Article 114 paragraph 2, be those which would be taken into account at the moment of the customs debts is incurred in respect of those goods, if they haven't undergone these forms of handling.

(3). Derogation from the above-said paragraph may, however, be determined in the Rules.

Article 179.

(1). While goods are placed and re-placed in a free zone or free warehouse shall be assigned a treatment or use for the whole territory of the Republic of Bulgaria or by placing them under customs procedure, the identification pursuant Article 170, paragraph 4, may serve to prove the Bulgarian or non-Bulgarian status of the said goods..

(2). Where the goods have no defined status, they are considered:

1. Bulgarian goods - for imposing export duties and application of the export trade policy.
2. Non-Bulgarian goods in all other cases.

CHAPTER TWENTY

RE-EXPORTATION, DESTRUCTION AND ABANDONMENT OF GOODS TO STATE

Article 180.

(1). Non Bulgarian goods may be:

1. Re-exported from the customs territory of the Republic of Bulgaria
2. Destroyed - abandoned to the exchequer where national legislation makes provisions to that effect.

(2). Re-exportation shall, where appropriate, involve application of the formalities laid down for goods leaving, including commercial policy measures. Cases in which non-Bulgarian goods may be placed under a suspensive arrangement with a view to non-application of commercial policy measures on exportation may be determined in accordance with the Rules by the Council of Ministers.

(3). Re-exportation or destruction shall be subject of prior notification of the customs authorities. The customs authorities shall prohibit re-exportation should the formalities or measures referred to in the

first subparagraph of paragraph 2 so provide. Where goods placed under an economic customs procedure when on the customs territory of the Republic of Bulgaria are intended for re-exportation, a customs declaration within the meaning of Article 66 to 84 shall be lodged. In such cases, Article 163, paragraph 3, shall apply.

(4). Destruction or abandonment for the Exchequer, shall be under the provisions of the Rules.

(5). Any waste of scrap resulting from destruction shall be assigned a customs-approved treatment or use prescribed for non-Bulgarian goods. It shall remain under customs supervision until the time laid down in Article 44, paragraph 2.

TITLE FIVE PRIVILEGED CUSTOMS OPERATIONS

CHAPTER TWENTY-ONE RELIEF FROM CUSTOMS DUTY

Article 181.

(1). The Rules govern the cases of granting relief from customs duty both in export and import of goods.

(2). Relief from fees, as granted in other legal acts, does not imply relief of fees pursuant Article 12 of the present Law, except for cases solved.

(3). Relief from customs duties shall not be granted for goods sold within the zone for customs control in the border checkpoints, except for:

1. generally delivered fuel and product supplies of ships and aircraft;
2. retail sale of goods on ports and airports after the customs control;
3. retail sale of goods aboard on aircraft and ships performing international transport;
4. retail in specialised shops servicing the Diplomatic body.

CHAPTER TWENTY-TWO PRODUCTS OF SEA-FISHING AND OTHER PRODUCTS TAKEN FROM THE SEA

Article 182.

Without prejudice to Article 30, paragraph 2, pt. 6, the following shall be exempt from import duties when they are released for import:

1. products of sea-fishing and other products taken outside the territorial sea of the Republic of Bulgaria by vessels registered or recorded in the Republic of Bulgaria and flying its flag;
2. products obtained from products referred to in pt. 1 on board factory-ships fulfilling the conditions laid down in that subparagraph.

CHAPTER TWENTY-THREE RETURNED GOODS

Article 183.

(1). Bulgarian goods which, having been exported from the customs territory of Bulgaria, are returned to that territory and released for import within the period of one year shall, at the request of the person concerned, be granted relief from import duties.

(2). the one year period may be exceeded by the Director General of the Customs Directorate in order to take account of special circumstances;

(3). where prior to their exportation from the customs territory of Bulgaria, the returned goods had been released for import at reduced or zero import duty because of their use for a particular purpose exemption from duty under paragraph 1 shall be granted only if they are to be re-imported for the same purpose.

(4). where the purpose for which the goods in question are to be imported is no longer the same, the amount of import duties chargeable upon them shall be reduced by any amount levied on the goods when they were first released from import. Should the latter amount exceed that levied on the entry for import of returned goods, no refund shall be granted.

Article 184.

The relief from import duties provided for in Article 183 shall be granted only if goods are re-imported in the same state in which they were exported. The circumstances in which and the conditions under which this requirement may be waived shall be determined in accordance with the procedure in the Rules.

Article 185.

(1). Articles 183 and 184 shall apply mutatis mutandis to compensating products originally exported or re-exported subsequent to an inward processing procedure.

(2). The amount of import duty legally owed shall be determined on the basis of the rules applicable under the inward processing procedure, the date of re-export being regarded as the date of release for import.

**TITLE SIX
CUSTOMS DEBT**

**CHAPTER TWENTY-FOUR
SECURITY TO COVER CUSTOMS DEBT**

Article 186.

(1). Where, in accordance with customs rules, the customs authorities require security to be provided in order to ensure payment of a customs debt, such security shall be provided by the person who is liable or who may become liable for that debt.

(2). The customs authorities shall require only one security to be provided in respect of one customs debt.

(3). The customs authorities may authorize the security to be provided by a person other than the person from the whom it is required.

(4). Where the person who has incurred or who may incur a customs debt is a public authority, the Director General of the Customs Directorate may release the said person of security requirements.

(5). The customs authorities may waive the requirement for provision of security where the amount to be secured is not of economic significance.

Article 187.

(1). Where customs legislation provides that the provision of security is optional, such security shall be required at the discretion of the customs authorities in so far as they consider that a customs debt which has been or may be incurred is not certain to be paid within the prescribed period.

(2). Where the security referred to in the preceding paragraph is not required the customs authorities may nevertheless require from the person referred to in Article 186, paragraph 1, an undertaking to comply with the obligations which that person is legally obliged to fulfill.

(3). The security referred to in the first subparagraph of paragraph 1 shall be required:

1. at the time of application on the rules requiring such security to be provided, or
2. at any subsequent time when the customs authorities find that the custom debt which has been or may be incurred is not certain to be paid within the prescribed period.

Article 188.

At the request of the person referred to in Article 186, paragraph 1 or 3, the customs authorities shall allow comprehensive security to be provided to cover two or more operations in respect of which a customs debt has been or may be incurred.

Article 189.

(1). Where customs legislation makes it compulsory for security to be provided, the customs authorities shall fix the amount of such security at level equal to:

1. the precise amount of customs debt or debts in question where that amount can be established with certainty at the time when the security is required; or
2. in other cases the maximum amount, as estimated by the customs authorities, of the customs debt or debts which have been or may be incurred.

(2). Where comprehensive security is provided for customs debts which vary in amount over time, the amount of such security shall be set at a level enabling the customs debts in question to be covered at all times.

(3). Where customs legislation provides that the provisions of security is optional and the customs authorities require security to be provided, the amount of the security shall be fixed by those authorities so as not to exceed the level provided for in paragraphs 1 and 2.

(4). The circumstances in which and the conditions under which a different rate security may be provided shall be determined in accordance with the procedure of the Rules.

Article 190.

Security may be provided by either a cash deposit, or bank guarantor. The Rules shall define the cases in which the security shall be accepted in different means.

Article 191.

A cash deposit shall be made in the currency and forms as provided in the legislation in force.

Article 192.

The customs authorities are not liable to pay interest upon deposits collected.

Article 193.

(1). The bank guarantor shall undertake in writing to pay jointly and severally with the debtor the secured amount of a customs debt which falls to be paid.

(2). The customs authorities may refuse to approve the bank guarantor or type of security proposed, where latter do not appear certain to ensure payment of the customs debt within the prescribed period.

Article 194.

(1). The person required to provide security shall be free to choose between the types of securities laid down in Article 190.

(2). The customs authorities may refuse to approve the type of security proposed, where it is incompatible with the proper functioning of the customs procedure concerned. The customs authorities may require that the type of security chosen be maintained for a specific period.

Article 195.

The customs authorities shall refuse to approve the security proposed by the debtor, where they do not consider such security is certain to ensure payment of the customs debt.

Article 196.

Where the customs authorities establish that the security provided does not ensure, or is no longer certain or sufficient to ensure, payment of the customs debt within the prescribed period, they shall require the person referred to in Article 186, paragraph 1, at his option, to provide additional security or to replace the original security with a new security.

Article 197.

(1). The security shall not be released until such time as the customs debt in respect of which it was given is extinguished or can no longer arise. Once the customs debt is extinguished or can no longer arise, the security shall be released forthwith.

(2). Once the customs debt has been extinguished in part or may arise only in respect of part of the amount which has been secured, part of the security shall be released accordingly at the request of the person concerned, unless the amount involved does not justify such action.

Article 198.

Provisions derogating from those contained in this chapter shall, where necessary, be adopted in order to take account of international conventions adopted by the Republic of Bulgaria.

**CHAPTER TWENTY-FIVE
INCURANCE OF A CUSTOMS DEBT**

Article 199.

(1). A customs debt on importation shall be incurred through:

1. the release for import of goods liable to import duties, or
 2. the placing of such goods under the temporary importation procedure with partial relief from import duties.
 3. the unlawful introduction of goods into the customs territory of the Republic of Bulgaria violating the provisions under Articles 45 to 48;
 4. the unlawful introduction into another part of the country's customs territory of goods located in free zones or free warehouses, violating the provisions set forth in Article 177, paragraph 1, pt 2;
 5. the unlawful removal from customs supervision of goods liable to import duties;
 6. non-fulfilment of one of the obligations arising, in respect of goods liable to import duties, from their temporary storage or from the use of the customs procedure under which they are placed;
 7. non-compliance with some of the conditions governing the placing of the goods under that procedure or the granting of a reduced or zero rate of import duty by virtue of the end use of the goods;
 8. the consumption or use, in a free zone or in free warehouse, of goods liable to import duties, under conditions other than those laid down by the legislation in force. Where goods disappear and where their disappearance cannot be explained to the satisfaction of the customs authorities, those authorities may consider the goods as having been consumed or used in the free zone or free warehouse;
 9. issue of documents necessary to grant preferential treatment in third countries, where agreements concluded allow granting of preferential customs treatment or use, to goods with originating in Bulgaria, upon condition that such goods have been produced under the inward processing customs procedure, and where for all non-Bulgarian goods included in the production of the said goods, are fully paid all customs duties and taxes due.
- (2). Provisions in paragraph 1, pt. 6 and 7 shall apply in cases other than those defined in paragraph 5, where omissions found have caused the real application and functioning of the customs procedure for temporary storage or any other customs procedure.
- (3). A customs debt on importation shall be incurred:
1. at the moment of acceptance of the customs declaration under paragraph 1, pt. 1 and 2;
 2. at the moment when the goods are unlawfully introduced under paragraph 1, pt. 3 and 4;
 3. at the moment when the goods are unlawfully removed from customs supervision under paragraph 1, pt. 5;
 4. at the moment when the obligation whose non-fulfilment gives rise to the customs debt under paragraph 1, pt.6;
 5. at the moment when the goods are placed under the customs procedure concerned under paragraph 1, pt. 7;
 6. at the moment when the goods are first used or consumed under conditions other than those laid down by the legislation in force, for the cases under paragraph 1, pt. 8;

7. at the moment of acceptance of the customs declaration for export of goods supplied with documents for use of preferential customs tariff treatment under paragraph 1, pt. 9;
- (4). Special cases of customs debt incurred, which are not discussed in paragraph 1, and the cases where no customs debt incurs, shall be provided for in the Rules.

Article 200.

- (1). A customs debt on exportation shall be incurred through:
 1. the exportation from the customs territory of the Republic of Bulgaria, under cover of a customs declaration, of goods liable to export duties;
 2. the removal from the customs territory of the Republic of Bulgaria of goods liable to export duties without a customs declaration,;
 3. failure to comply with the conditions under which the goods are allowed to leave the customs territory of the Republic of Bulgaria with total or partial relief from export duties.
- (2). A customs debt on exportation shall be incurred:
 1. at the moment of acceptance of the customs declaration under paragraph 1, pt. 1;
 2. at the time when the goods actually leave the territory of the country under paragraph 1, pt. 2;
 3. at the time when the goods reach a destination other than that for which they were allowed to leave the country's customs territory with total or partial relief from customs duties, or should the customs authorities be unable to determine that time - the moment of expiry of the time limit set for the production of evidence that the initial conditions have been fulfilled, for the cases under paragraph 1, pt. 3;

Article 201.

- (1). The customs debt referred to in Article 199, paragraph 1 and Article 200, paragraph 1 shall incur even if it relates to goods subject to prohibition or restriction on importation or exportation of any kind whatsoever.
- (2). No customs debt shall incur on the unlawful introduction into the customs territory of the Republic of Bulgaria of counterfeit currency, narcotic drugs or psychotropic substances for which is provided liability under the Criminal Code.

Article 202.

- (1). The debtor for payment of the customs debt shall be:
 1. the declarant - for cases under Article 199, paragraph 1, pt. 1,2 and 9 and Article 200, paragraph 1, pt. 1 and 3, in the event of indirect representation, the person on whose behalf the customs declaration is made;
 2. for cases under Article 199, paragraph 1, pt. 3 and 4:
 - a. the person or persons who introduced or participated in the unlawful introduction of the goods;
 - b. the person or persons who acquired or held the goods being aware or should reasonably have been aware that such introduction was unlawful;
 3. for cases under Article 199, paragraph 1, pt. 5:
 - a. the person or persons who removed the goods from customs supervision or participated in such removal;
 - b. the person or persons who acquired or held the goods being aware or should reasonably have been aware that the goods have been removed from customs supervision;
 4. for cases under Article 199, paragraph 1, pt. 6 and 7 - the person or persons required to fulfill the obligations arising from temporary storage of the goods or from the use of the customs procedure under which those goods were placed;
 5. for cases under Article 199, paragraph 1, pt. 8 - the person or persons who consumed or used the goods under conditions other than those laid down in the legislation in force;
 6. for cases under Article 200, paragraph 1, pt. 2 - the person or persons who removed the goods and the person or persons who participated in such removal and who aware or should reasonably have been aware that a customs declaration have not been lodged for the goods.

(2). Where several persons are liable for payment of one customs debt, they shall be jointly and severally liable for such debt.

Article 203.

(1). Save as otherwise expressly provided by this Act, the amount of import duty or export duty applicable to goods shall be determined on the basis of the rules of assessment appropriate for those goods at the time when the customs debt in respect of them is incurred.

(2). Without prejudice to paragraph 1, specific cases may be defined in the Rules.

Article 204.

(1). A customs debt shall be incurred at the place where the events from which it arises occur.

(2). Where it is not possible to determine the place referred to in paragraph 1, the customs debt shall be deemed to have been incurred at the place where the customs authorities conclude that the goods are in a situation in which a customs debt has incurred.

(3). Where a customs procedure is not discharged for goods, the customs debt shall be deemed to have been incurred at the place where the goods were placed under the said procedure.

(4). Without prejudice to paragraph 1, specific cases may be defined in the Rules.

**CHAPTER TWENTY-SIX
RECOVERY OF THE AMOUNT OF THE CUSTOMS DEBT**

**SECTION ONE
ENTRY IN THE ACCOUNTS AND COMMUNICATION OF THE AMOUNT OF DUTY TO
THE DEBTOR**

Article 205.

(1). The amount of duty resulting from a customs debt shall be calculated by the customs authorities as soon as they have the necessary particulars, and entered by those authorities in the accounting records or on any other equivalent medium, which is entry in the accounts.

(2). The cases where paragraph 1 shall not be applied, and the proceedings and time limits for entry into accounts shall be defined in the Rules.

Article 206.

(1). As soon as it has been entered in the accounts, the amount of duty shall be communicated to the debtor in accordance with appropriate procedures.

(2). Where the amount of duty payable has been entered, for guidance, in the customs declaration, the authorities may specify that it shall not be communicated in accordance with paragraph 1 unless the amount of duty indicated does not correspond to the amount determined by the authorities. Release of the goods by the customs authorities shall be equivalent to communication to the debtor of the amount of duty entered in the accounts.

(3). Communication to the debtor shall not take place after the expiry of a period of three years from the date of which the custom debt was incurred. However, where it is as a result of an act that could give rise to criminal court proceedings, that the custom authorities were unable to determine the exact amount legally due, such communications may, in so far as the provisions in force so allow, be made after the expiry of such three-year period.

SECTION TWO

TIME LIMIT AND PROCEDURES FOR PAYMENT OF THE AMOUNT OF DUTY

Article 207.

Amount of duty communicated in accordance with Article 206 shall be paid by debtors within the time period provided for by the Rules.

Article 208.

- (1). Payment shall be made in cash in the customs office or by adjustment of credit balance.
- (2). At person's request payment may be made through deduction by the customs authorities of unduly collected customs duties from the said person.

Article 209.

- (1). The customs authorities may at debtor's request grant deferment of payment of the customs duties under the conditions and time limits provided by the Rules.
- (2). The granting of deferment of payment shall be conditional on the provision of security by the applicant.
- (3). For additional services performed in relation to granting deferment of payment the customs authorities collect additional fees for expenses made.

Article 210.

An amount of duty owed may be paid by a third person instead of the debtor.

Article 211.

- (1). Where the amount of duty due has not been paid within the prescribed period:
 1. the customs authorities shall avail themselves of all options open to them under the provisions of this Act and the legislation in force, including enforcement, to secure payment of that amount. Enforcement and appeals concerned are set upon in the Rules.
 2. interest on arrears shall be charged over and above the amount of duty.
- (2). Under the provisions of paragraph 1 the payment of interest on arrears and other Government receivable collected by the customs authorities is secured where these are not paid within the time limit provided by the legislation.

CHAPTER TWENTY-SEVEN

EXTINCTION OF CUSTOMS DEBT

Article 212.

- (1). Without prejudice to the provisions in force relating to the time-barring of a customs debt and non-recovery of such a debt in the event of the legally established insolvency of the debtor, a customs debt shall be extinguished:
 1. by payment of the amount of duty;
 2. by remission of the amount of duty;
 3. where, in respect of goods declared for a customs procedure entailing the obligation to pay duties:
 - a). the customs declaration is invalidated,
 - b). the goods before their release, are either seized and simultaneously or subsequently confiscated, destroyed on the instructions of the customs authorities, destroyed or abandoned in accordance with Article 190, or destroyed or irrevocably lost as a result of their actual nature or of unforeseeable circumstances or force majeure.
 4. where goods in respect of which a customs debt is incurred in accordance with Article 199, paragraph 1, pt 3 and 4, are seized upon their unlawful introduction and are simultaneously or subsequently confiscated.
- (2). The collection of customs debt shall be deemed to be extinguished within the period of five years from the date of its occurrence.

(3). The provisions referred in paragraph 1 shall not be applied in cases of judicial proceeding in court for debtor's insolvency or bankruptcy.

Article 213.

A customs debt, shall also be extinguished under special provisions provided in the Rules.

**CHAPTER TWENTY-EIGHT
REPAYMENT AND REMISSION OF CUSTOMS DUTY**

Article 214.

(1). Repayment of customs duties is the total or partial refund of import duties or export duties which have been paid.

(2). Repayment of customs duties shall be made where it is established that at the time of payment, the customs duties were not legally owed or the obligation for payment of such duties is no longer valid.

Article 215.

(1). Waiving of customs duties means:

a). decision to waive all or part of the amount of customs import or export duties;
b). decision to render void an entry into the accounts of all or part of the amount of export or import duty, which has not been paid.

(2). Remission of customs duties shall be made in so far as it is established that they were entered in the accounts without being legally owed or that their account entry is no longer valid.

Article 216.

(1). No repayment or remission shall be granted when the facts which led to the payment or entry in the accounts of an amount which was not legally owed are the result of deliberate action by the person concerned

(2). Import duties or export duties shall be repaid or remitted upon submission of an application to the appropriate customs office within a period of three years from the date on which the amount of those duties was communicated to the debtor.

Article 217.

The Rules may define specific cases and conditions, other than those referred to in the previous Articles, allowing repayment or remission of import duties or export duties.

Article 218.

The Rules may define the minimum amount for export or import duties below which it shall not be allowed repayment or remission of such duties.

Article 219.

Where the customs authorities discover that repayment or remission of export or import duties was made by fault, the initial amount of those duties shall become payable and due.

**TITLE SEVEN
RIGHT OF APPEALS**

Article 220.

Any person shall have the right to appeal against decisions taken by the customs authorities and concerning him, as provided in the Law for Administrative Procedures.

Article 221.

Where the disputed decision has the effect of causing import or export duties to be charged, suspension of implementation of that decision shall be subject to the existence or lodging of a security up to the level of disputed duties.

Article 222.

The provisions in this title shall not apply to appeals lodged with a view to the annulment or revision of decisions taken by the customs authorities on the basis of the provisions made in this Act.

TITLE EIGHT
PROVISIONS ON ADMINISTRATIVE PENALTIES
CHAPTER TWENTY-NINE
GENERAL PROVISIONS

Article 223.

Where the violation of the customs legislation is not a criminal offence, the customs authorities shall examine, inquire, determine and sanction each such violation of attempt of violation.

Article 224.

This Act shall lay down the actions considered as customs legislation violations, the sanctions applicable to such violations and the liability related to such violations.

Article 225.

(1). The determination of violations, the issue of penal provisions concerning such violations and the right of appeals shall be laid down in the provisions of this Act and the Rules in the Administrative Violations and Sanctions Act.

(2). Unless otherwise provided in this Act, the Administrative Violations and Sanctions Act shall rule the application and enforcement of penal provisions and rulings which enter into legal force.

Article 226.

(1). Persons having perpetrated violation of customs regulations within the customs territory of the Republic of Bulgaria shall be liable under the existing administrative and penal provisions.

(2). Derogation made for penalty of fine, any complicity in perpetrating or attempting to perpetrate a violation of the customs legislation, which violation may be laid down in the provisions for administrative sanctions, shall require joint and several liability, in respect of the customs duties and other Government receivable collected by the customs authorities due, by the immediate person or persons responsible for, motivating, assisting or concealing such violation.

(3). Where confiscation for the Exchequer shall not be possible, or where the customs authorities waive such confiscation, the persons listed in paragraph 2, shall jointly pay an amount equal to the amount of the violation in question.

(4). Where confiscation for the Exchequer is not laid down in the provisions, the legal person in question shall pay the customs duties and other Government receivable due, collected by the customs authorities.

CHAPTER THIRTY
ADMINISTRATIVE PENALTIES AND FINES

Article 227.

(1). In cases of violation of the customs legislation shall apply the following penalties:

1. fine;
2. temporary prohibition of export and import operations, where legal persons or sole traders are liable;

3. fine, where legal persons or sole traders are liable, amounting at 200 percent on the goods' customs value.

(2). The temporary prohibition of export and import operations shall be a temporary measure applied for a period from six months to two years. The longer the period shall be, where the customs contraband is of especially important cases, or in cases of continuous violation of the provisions laid down in this Act.

Article 228.

The customs authorities may, where minor offence of the customs legislation is established, fine the person committing such offence on the place of action, and according the amount ruled in Article 39 of the Administrative Violations and Sanctions Act.

Article 229.

(1). The customs authorities may confiscate and retain under their control the goods subject to customs violation, including movable, means of transportation, as well as other means used to conceal, import or export from the customs territory of the Republic of Bulgaria the said goods; as well as material evidence, necessary or related to the judicial inquiry, and goods and amounts in cash as security to cover payments under the penal ruling.

(2). Goods confiscated and retained under the control of the customs authorities shall be stored in the customs office, where are applied any penal act or ruling by the Court in respect of such goods.

(3). The customs authorities shall act according Article 83 of the National Health Act where are confiscated narcotic drugs or psychotropic substances.

(4). The customs authorities shall immediately deliver to the authorities of the Ministry of the Internal Affairs any confiscated firearms, ammunition and explosives.

(5). Where the goods subject to customs violation should not be confiscated for the Exchequer, all customs duties and other Government receivable concerned are collected by the customs authorities under the provisions of existing legislation.

**CHAPTER THIRTY-ONE
LEGAL PROCEDURE ON CASES VIOLATING THE CUSTOMS PROCEDURE**

Article 230.

The customs authorities shall issue penal act in all cases where any customs procedure is violated.

Article 231.

The Director General of the General Customs Directorate, or where applicable persons appointed by him, shall issue the penal acts referred to in Article 223.

Article 232.

Where the perpetrator is an unknown person, or is a known person not found on the address shown at the time of handling the form for administrative violation to him, or has left the customs territory of the Republic of Bulgaria, or has designated and address outside of the said territory, the penal act shall not be handled to him. The same act shall be deemed to being entered in force two months from the date of being issued.

**CHAPTER THIRTY-TWO
CUSTOMS VIOLATIONS AND PROCEDURE IN DEFINING ADMINISTRATIVE
PENALTIES**

Article 233.

(1). Any person who carries or transports goods through the state border of the Republic of Bulgaria, or any person who attempts to do so without having notified the customs authorities, or without their

authorization, and the said act is not a crime, shall be liable of customs contraband and fined at an amount between 50 and 150%

(2). When goods for which excise duty is collected, or which are prohibited for export and import, are subject of the customs contraband, the fine shall be between 100 and 200 percent of the customs value of the said goods.

(3). The goods subject to customs contraband shall be confiscated for the Exchequer, and without taking into account who their owner is. Where the said goods are missing or have been confiscated at a previous stage, an amount equal to their customs value shall be ruled for payment.

(4). The goods referred to in paragraph 3 are confiscated for the Exchequer in all cases, even where the stipulator is unknown.

(5). Means of transport and movable serving for the transportation of goods subject to customs contraband, shall be confiscated for the Exchequer, notwithstanding who the owner is, except in cases where their value is obviously much greater than the goods in question.

Article 234.

Without prejudice to the previous paragraph, penalties and confiscation of means of transport shall apply as well for cases of customs fraud, where:

1. person acting in order to avoid or circumvent the totality or part of the customs duty or other Government receivable collected by the customs authorities, or prohibitions and restrictions in the export and import of goods, or the application of measures of the commercial policy;
2. person defers goods with customs-approved treatment or use, or customs procedure, where not fulfilling the conditions and time limits provided for in the customs legislation or determined by the customs authorities.

Article 235.

(1). Any person, who is liable for trying or doing such actions as to sell, buy, give as present or accept as present, store, use, lease or mortgage goods, which he knows or should reasonably have known, being imported under partial customs duty relief or duty-free, before the expiration of the time limit determined for their being under customs procedure, shall pay fine of amount up to 1 million BGL.

(2). Where the provisions in paragraph 1 apply for goods subject to customs violations referred to in Articles 233 and 234, the goods in question are confiscated for the Exchequer.

(3). The penalty ruling shall not dispense such persons from payment of the customs duties due, or other Government receivable collected by the customs authorities, with derogation to cases referred to in paragraph 2.

Article 236.

Penalties referred to in paragraph 1 shall apply to persons who do not comply with their obligations pursuant to Article 235, paragraph 1 in this Act.

Article 237.

The goods which by virtue of their nature or their quantity do not have commercial character, but are required as particulars in the customs declaration, where visitors passing through the state border do not comply, and said goods are discovered at the customs offices in customs control, are immediately confiscated for the Exchequer.

Article 238.

(1). Any violation of the existing legislation for goods under customs supervision, where established by the customs authorities shall be penalized with fine, pursuant Article 235, paragraph 1, if no other provision is provided.

(2). The same penalty shall apply for any person, who is resisting the customs authorities in time of performance of the duties, or who refuses to present to the customs authorities goods, documents or information, as required in this Act.

TITLE NINE
DISPOSAL WITH GOODS SEIZED OR ABANDONED FOR THE EXCHEQUER OF THE
REPUBLIC OF BULGARIA AND DISTRIBUTION OF THE SUMS ACQUIRED

Article 239.

The customs authorities shall dispose of goods confiscated or abandoned for the Exchequer under provisions laid down in the Rules.

Article 240.

(1). From the amounts in cash entered in the accounts after the sale of abandoned or confiscated for the Exchequer goods shall be deducted the expenses made by the customs authorities for finding, transportation and storage of the said products, adding the expenses made for appraisal and the actual sale.

(2). After deducting the expenses made, the amount referred to in paragraph 1 and an amount equal to the value of the goods confiscated for the Exchequer missing or confiscated at a previous stage, shall be credited to the extra-budgetary account of the General Customs Directorate pursuant Article 14.

ADDITIONAL PROVISIONS

§ 1. For the purposes of this Act, the following definitions shall apply:

1. "Release of goods" means the act whereby the customs authorities make goods available for the purposes stipulated by the customs procedure under which they are placed;
2. "Import duties" means customs duties and charges having an equivalent effect to customs duties, payable on the importation of goods;
3. "Customs declaration" means the act whereby a person indicates in the prescribed form and manner a wish to place goods under a given customs procedure;
4. "Export duties" means customs duties and charges having an equivalent effect to customs duties, payable on the exportation of goods;
5. "Persons established in the Republic of Bulgaria" means in the case of natural persons, anyone who is citizen of the Republic of Bulgaria; as well as any legal persons that has its registered office in the Republic of Bulgaria, according the Bulgarian legislation in force;
6. "Bulgarian goods" means goods:
 - a). wholly obtained or produced in the customs territory of the Republic of Bulgaria under the conditions referred to in Article 30 and not incorporating goods imported from other countries. The Rules shall set forth specific cases, where shall not be accounted as Bulgarian goods the goods produced while being placed under the customs procedure of deferred payment of customs duty;
 - b). imported under any of the customs procedure from countries outside the customs territory of the Republic of Bulgaria and released for import;
 - c). produced within the customs territory of the Republic of Bulgaria either from goods referred to in pt. "b" alone or from goods referred to in pt. a and b.
7. "Customs debt" means the obligation on a person to pay the amount of the import duties - import customs debt, or export duties - export customs debt, which apply to specific goods under the legislation in force;
8. "Customs-approved treatment or use of goods" means:
 - a). the placing of goods under a customs procedure;
 - b). their entry into a free zone or free warehouse;
 - c). their re-exportation from the customs territory of the Republic of Bulgaria;
 - d). their destruction;
 - e). their abandonment for the Exchequer;

9. "Customs authorities" means the officials in the customs offices applying customs supervision and control;
10. "Customs procedure" means:
- a). release for import;
 - b). transit;
 - c). customs warehousing;
 - d). inward processing;
 - e). processing under customs control;
 - f). temporary admission;
 - g). outward processing;
 - h). export;
 - i). temporary export.
11. "Customs status" means the status of goods for customs purposes as Bulgarian or non-Bulgarian goods.
12. "Presentation of goods to customs" means the notification of customs authorities, in the manner laid down, of the arrival of the goods at the customs office or at any other place designated or approved by the customs authorities;
13. "Decision" means any official act by the customs authorities pertaining to the application of customs rules on a particular case and having legal effects on one or more specific or identifiable persons. The term covers inter alia the binding tariff information within the meaning of Article 23.
14. "Goods" means all kind of objects carried through the state border, including inter alia pipelines and electrical lines, means of transport, luggage and other parcels;
15. "Holder of the authorization" means the person to whom an authorization has been granted;
16. "Holder of the procedure" means the person on whose behalf the customs declaration was made or the person to whom the rights and obligations of the above mentioned person in respect of a customs procedure has been transferred;
17. "Non-Bulgarian goods" means goods other than the Bulgarian goods as referred to in paragraph 6. Bulgarian goods shall lose their status as such when they are actually removed from the customs territory of the Republic of Bulgaria.
18. "Tariff quota" means the quantity of goods defined in a value or units of measure, for which for a defined period shall apply a reduced customs duty, whereas the quantity is exhausted the customs duty shall account the level of the customs tariff.
19. "Tariff ceiling" means the quantity of goods defined in a value or units of measure, for which shall apply a reduced customs duty, whereas in case of greater amounts shall apply the customs tariff duty as provided in the corresponding act.
20. "Fees charged on additional services rendered" mean fees pursuant the provisions of Article VIII of the General Agreement on Tariff and Trade and connected with activities, such as: issue of licenses, statistical services, currency control, issue of documents and certifying, analyze and inspection, as well as customs activity out of the working place and hours.
21. "Customs territory of the Republic of Bulgaria" means the territory of the Republic of Bulgaria.

TEMPORARY AND FINAL PROVISIONS

§ 2. The Excise Duty Act (publ. State Gazette, No. 19/1994; rectified and amended in Nos. 58 and 70/1995, 21, 56 and 107/1996 and 51/1997) shall be rectified and amended as follows:

1. Article 5 shall be amended as follow:
- a). words in paragraph 4 "temporary import procedure" shall be "customs procedure with suspensive arrangements, except for transit";
 - b). paragraph 5 shall be cancelled.
2. Within § 2 of the section "Additional Provisions" shall be add the following content in points 7 and 8:

“7. “Enterposed warehouse” is a customs warehouse functioning and managed under the provisions laid down in Articles 104 to 117 of the Customs Act;

8. “Duty-free zones” means free zones and free warehouses functioning and managed under the provisions laid down in Articles 166 to 179 of the Customs Act.

§ 3. The Value Added Tax Act (publicized in State Gazette, No. 90/1993; rectified and amended in No. 57/1995; 16, 56 and 104/1996 and 51, 86 and 111/1997) shall be rectified and amended as follows:

1. Article 23 shall be amended as follows:

“Article 23.

(1). Whereas imported goods enter the territory of the Republic of Bulgaria, the value added tax shall not be collected where:”

1. goods shall be placed in free zones, free warehouses or outlets for duty-free trade;

2. goods are valuable metals intended for the Bulgarian National Bank;

3. a bylaw or an international agreement, signed and published as provided in the legislation in force, rules for relief of taxes, fees or other receivables (payments, taxation) with equivalent effect to indirect taxation, where such goods are imported;

4. goods shall serve as humanitarian aid and placed at the disposition of the State or the communities by foreign country, community, legal or natural persons and organizations;

5. goods represent good will aid placed at the disposition of scholar or medical establishments, scientific, cultural, educational and social organizations; ministries, institutions and other state authorities; the Bulgarian Red Cross, the Agency for Foreign Aid;

6. goods represent information related items connected to the participation of the Republic of Bulgaria in the international exchange of editions, whereas the latter are relieved from duties and fees;

7. goods represent armament, equipment and technical items serving the purposes of the Ministry of Defense, the Ministry of Internal Affairs and other authorities of the national security system, whereas the import has been agreed and granted as provided for;

8. goods are imported by travelers within the granted limit for duty free import, or international parcels to natural persons, but not to legal persons, exception made for automotive means of transport;

9. goods are nuclear fuel;

10. goods represent technical equipment and items used to help invalids, including spare parts used for their repair and maintenance, including cars imported by invalids of first category or by persons of six or more years of age and having illness or disability listed in special list certified by the Minister of National Health, the Minister of Labor and Social Policy and the minister of finances. Waiving VAT where cars are imported shall follow the provision of legislation in force for relief of customs duty and up to an amount equal in Bulgarian leva to 900 USD at most. Pursuant the provision should be imported a car for three years period where it is second hand and for five years where it is new;

11. the good represents life supporting and life saving medicine, consumable and medical equipment under centralized delivery for the Ministry of National Health or deliveries for state or community hospital under the premises of a list certified by the Minister of National Health and the Minister of Finance.

(2). The VAT shall not be collected where goods are placed under the customs procedure with suspensive arrangements, temporary import and re-export. Where goods referred to are imported, the VAT entry in account shall be secured against payment of customs duties to an amount and under conditions as provided in the Customs Act and the Rules for its application.”

2. Within “Additional Provisions” shall be added paragraphs 5c and 5d, having the following content:

5c. “Duty-free zones” means free zones and free warehouses functioning and managed under the provisions laid down in Articles 166 to 179 of the Customs Act.”

5d. “Enter posed” is a customs warehouse functioning and managed under the provisions laid down in Articles 104 to 117 of the Customs Act;

§ 4. The Banking Act (publ. State Gazette, No. 52/1997) shall be amended in Article 52, paragraph 5 with new point 4, having the following content:

“ 4. the directors in the General Customs Directorate and in the Regional Customs Houses, where:

- a). an act by the customs authorities establishes that the person checked has in any way blocked control by the customs authorities, or does not enter into account the necessary entries, or has incomplete of false accounts;
- b). an act by the customs authorities establishes customs violation;
- c). shall be necessary to close bank accounts in order to ensure security for the customs duty collected, or security for fines, legal interest due or other similar receivables;
- d). an act by the state authority has established the occurrence of an accidental event, which has destroyed the record in the accounts of the person under customs control.”

§ 5. The Act on the State Savings Counter (publ. State Gazette, No. 95/1967; amended in Nos. 21/1975, 83/1978, 41/1985 and 59/1996) shall be amended in Article 17 as follows:

1. New paragraph 3 shall be added having the following content:

“(3). By request of the directors in the General Customs Directorate and in the Regional Customs Houses, the Court may rule disclosure of information referred to in paragraph 2, where:

- a). an act by the customs authorities establishes that the person checked has in any way blocked control by the customs authorities, or does not enter into account the necessary entries, or has incomplete of false accounts;
- b). an act by the customs authorities establishes customs violation;
- c). shall be necessary to close bank accounts in order to ensure security for the customs duty collected, or security for fines, legal interest due or other similar receivables;
- d). an act by the state authorities has established the occurrence of an accidental event, which has destroyed the record in the accounts of the person under customs control.”

2. the present paragraph 3 shall count as paragraph 4.

§ 6. Within the text of Article 83, paragraph 1 of the Administrative Violations and Sanctions Act (publ. State Gazette, No. 92/1969; rectified and amended in Nos. 54/1978, 28 and 101/1983, 89/1986, 24/1987, 94/1990, 105/1991, 59/1992, 102/1995, and 12 and 110/1996), after the words “legal persons” shall be amended “and sole traders.”

§ 7. Within Article 34 of the Act for Administrative Proceeding (publ. State Gazette, No. 90/1979; rectified and amended in Nos. 9/1983, 26/1988, 94/1990, 25 and 61/1991, 19/1992, 65 and 70/1995, 122/1997), the point 3 shall be cancelled.

§ 8. Within Regulation No 2242 from 1987 (publ. State Gazette, No. 55/1987; rectified and amended in Nos. 4/1989, 84/1993 and 26/1996) about free duty-free zones, on every instance where the words “free duty-free zones” are used shall be changed to “free zones.”

§ 9. (1). Dated from January 1, 1998 and until the entry into force of the present Act, the Customs General Directorate shall create an extra-budgetary account to serve for “Financial funds for fight against fraud and drugs, training, incentives to customs officers and improvement of the infrastructure at the border customs checkpoints.”

(2). Income for the extra-budgetary account shall be collected as follow:

- 1. fees collected for additional services rendered within the amounts fixed by the Council of Ministers. Such fees shall not be considered as customs duties;
- 2. income out of contracts with legal and natural persons for activities approved by the Minister of Finance within the territory of the border checkpoints and other similar places where additional customs control is required;
- 3. income out of fines and seized goods for the Exchequer after deduction of expenses made, and the amounts being the value of the of missing or previously confiscated goods and objects;
- 4. twenty percent from the fines collected for currency violations;
- 5. amounts of income from utilization of buildings and equipment, as well as supply of data;
- 6. interests.

(3). Income out of the extra-budgetary account shall cover expenses for:

- 1. financial coverage of the fight against customs fraud and narcotic drugs smuggling;
- 2. coverage of expenses made for additional services rendered and related to them administrative expenses ;
- 3. development and maintenance of the infrastructure on the territory of the border checkpoints and to serve other needs as defined by the Minister of Finance;

4. training and qualification of customs officers;

5. incentives to customs officers to encourage detection of customs and currency violations and frauds;

(4). Over increase of income as to expense made at the date of entry into force of this Act shall be a temporary profit and shall come into use for the account under Article 14.

(5). The extra-budgetary account shall be determined by the Minister of Finance upon proposition by the Director General of the General Customs Directorate. Special Ordinance by the Minister of Finance shall prescribe the ways how to collect and spend the amounts.

§ 10. Available amounts in cash by 31 December 1997 entered in the Income-Expense Balance covering the Activity of Customs General Directorate, conceived by the Council of Ministers' Ordinance No. 44/1991 cutting budgetary expenses (publ. State Gazette, No. 23/1991; amended in No. 26/191, rectified and amended in Nos. 45 and 70/1991, 40,43,47 and 51/1992, 5, 96 and 104/1993, 2, 6, 24 and 33/1995, 108/1996 and 61/1997), following the execution of the provisions under § 13 of the temporary and final provision of the Act for National Budget of the Republic of Bulgaria for 1997, shall be enter into the income accounts of the Customs General Directorate.

§ 11. Available amounts in cash by 31 December 1997 entered in the Income-Expense Balance pursuant Articles 102 and 103 by the Rules for application of the Customs Act, certified by Ordinance No. 5 of the Council of Ministers of 1975 (publ. State Gazette, No. 12/1975; rectified and amended in Nos. 49/1978, 81/1988, 34/1990, 26 and 30/1991, 15, 20, 81 and 104/1992, 37, 68 and 70/1993, 6, 9, 16, 30 and 62/1997), shall enter in the income account under § 9.

§ 12. The Customs Act (publ. in "Notices" No. 21/1960; rectified and amended in "State Gazette" Nos. 66/1966; 26/1969; 85/1972; 84/1988; 30/1990) shall be amended as follow:

1. Article 17, paragraph 2 the number "2" shall furthering be "5000."

2. Article 56 paragraph 1 the words "from five to fifty" and in paragraph 2, the words "up to 100 BGL" shall furthering change into "up to 1 000 000."

3. Article 58, paragraph 3 the number "5" shall furthering be "1000."

4. Article 66, paragraph 2 the number "30" shall furthering be "2000."

§ 13. Paragraphs 3, pt. 1 and 9, 10, 11 as understood as a whole in the "Temporary and Additional Provisions" shall enter into force dated January 1, 1998, while paragraph 12 - three days post publishing in the State Gazette.

§ 14. This Act shall enter into force six months after its publication in the State Gazette and shall repeal:

1. Customs Act (publ. in "Notices" No. 21/1960; rectified and amended in "State Gazette" Nos. 66/1966; 26/1969; 85/1972; 84/1988; 30/1990);

2. Regulation No 692 from 1951 on incentive pays for customs contraband finders (publ. in "Notices" No. 2/1951).

§ 15. (1). Within six months period of publishing the Act the Council of Ministers shall adopt Rules on the Application of this Act.

(2). The Minister of Finance shall issue provisions and instructions concerning the enforcement of this Act and of its Rules for Application.

§ 16. The enforcement of this Act shall confer to the Minister of Finance and the Director General of the General Customs Directorate.

This Act is concluded this twenty third of January 1998 by the XXXVIII National Assembly and is sealed with the Official State Seal.

Chairman of the National Assembly: Jordan Sokolov.

I. IMPLEMENTING REGULATION OF THE CUSTOMS ACT

PART FOUR CUSTOMS VALUE

Chapter Eight GENERAL PROVISIONS

Art. 65. (1) In applying articles 34-43 of the Act and the provisions of this Part, the provisions set in Annex 7 shall also be complied with. The provisions referred to in the first column of Annex 7 shall apply in the light of the corresponding interpretative note given in the second column.

(2) Where the determination of the customs value requires a reference to generally accepted accounting principles, the provisions of Annex 8 shall apply.

Art. 66. (1) For the purposes of this chapter:

1. "the Agreement" means the Agreement on implementation of Article VII of the General Agreement on Tariffs and Trade concluded in the framework of the multilateral trade negotiations of 1973 to 1979 and referred to in Article 37, paragraph 1 of the Act.

2. "produced goods" means goods grown, manufactured or mined;

3. "identical goods" means goods produced in the same country which are the same in all respects, including their physical characteristics, quality and reputation; the existence of minor differences should not preclude goods which in principle conform to the definition from being regarded as identical;

4. "similar goods" means goods produced in the same country which, though not the same in all respects, have the same characteristics and the same component materials which enable them to perform the same functions and to be commercially interchangeable; the quality of the goods, their reputation and the existence of a trademark are among the factors which to be considered in determining whether goods are similar or not;

5. "goods of the same class or kind" means goods falling within a group or range of goods produced by a particular industry or industry sector and including identical or similar goods.

(2) "Identical goods" and "similar goods", as the case may be, do not include goods which incorporate engineering, development, artwork, design work, plans and sketches for which no adjustment has been made in accordance with Article 38, paragraph 1, item 2 (d) of the Act due to the fact that such elements were undertaken in the Republic of Bulgaria.

Art. 67. (1) In applying Article 35, paragraph 1, item 4, and Article 36, paragraph 2, item 3 of the Act, in conformity with the Agreement on implementation of Article VII of GATT - 1994 persons shall be deemed to be related only if:

1. they are officers or directors of one another's businesses;
2. they are legally recognised as partners in their business;
3. they are employer and employee;
4. any person directly or indirectly owns, controls or holds 5% or more of the voting stock or shares of both of them;
5. one of them directly or indirectly controls the other;
6. both of them are directly or indirectly controlled by a third person;
7. together they directly or indirectly control a third person; or
8. they are members of the same family; persons shall be deemed to be members of the same family only if they stand in one of the following relationships to one another:
 - a) husband and wife;
 - b) parent and child;
 - c) brother and sister (whether by whole or half blood);
 - d) grandparent and grandchild,
 - e) uncle or aunt and nephew or niece,

- f) parent-in-law and son-in-law or daughter-in-law;
- g) brother-in-law or sister-in-law.

(2) For the purposes of this Part, persons having a business relationship in that one of is the sole agent, sole distributor or sole concessionaire, however described, of the other shall be deemed related if they fall within the criteria of paragraph 1.

Art. 68. For the purposes of determining the customs value under Article 35 of the Act of goods whose price has not been actually paid at the time of valuation for customs purposes, the contractual price payable at that time shall as a general rule be taken as the basis for customs value.

Art. 69. Where goods declared for import in the Republic of Bulgaria are part of a larger quantity of the same goods delivered under the same contract, the price actually paid or payable for the purposes of Article 35, paragraph 1 of the Act shall be that price represented by the proportion of the total price which the quantity declared bears to the total quantity delivered. Apportioning the price actually paid or payable shall also apply in the case of loss of part of a consignment or where the goods subject to valuation have been damaged before importation in the Republic of Bulgaria.

Art. 70. When the price actually paid or payable for the purposes of Article 35, paragraph 1 of the Act includes amounts in respect of excise duties, taxes and charges in the country of origin or export in respect of the goods imported, the said amounts shall not be incorporated in the customs value provided that the customs authorities are furnished with sufficient evidence that the goods have been or will be exempted from such excise duties, taxes and charges in favour of the buyer.

Art. 71. (1) For the purposes of Article 35 of the Act, the fact that the goods which are the subject of a sale are declared for import into the Republic of Bulgaria, should be considered as a sufficient indication that they were sold for export to the customs territory of the Republic of Bulgaria. In the case of successive before valuation, only the last sale resulting in the introduction of the goods into the customs territory of the Republic of Bulgaria, or a sale made in the customs territory of the Republic of Bulgaria prior to declaring the goods for import shall constitute such indication. Where the price declared relates to a sale preceding the last sale on the basis of which goods are introduced into the customs territory of the Republic of Bulgaria, the customs authorities should be furnished with sufficient evidence that this sale of goods is intended for export to the same customs territory.

(2) Where the goods have been used in another country between the time of sale and the time of their being declared for import into the Republic of Bulgaria, the customs value need not be the contractual value.

(3) The buyer need satisfy no conditions other than that of being a party to the contract for sale.

Art. 72. Where, in applying Article 35, paragraph 1, item 2 of the Act, it is established that the sale or price of imported goods is subject to conditions or considerations the value of which can be determined in respect of the goods being valued, that value shall be considered as an indirect payment by the buyer to the seller and part of the price actually paid or payable, provided that the conditions or considerations do not relate to a factor in respect of which an addition is to be made to the price actually paid or payable according to Article 38 of the Act.

Art. 73. (1) In applying Article 36, paragraph 2, item 1 of the Act, the customs value should be determined by reference to the contractual price of identical goods sold at the same commercial level and in approximately the same quantity as the goods being valued. Where no such sales can be found, the contractual value of identical goods sold at a different commercial level and/or in different quantities, adjusted to take account of the difference attributable to commercial level and/or quantities, shall be used, provided that such adjustment can be made on the basis of evidence clearly establishing the reasonableness and accuracy of the adjustment, whether the latter results in an increase or decrease in the value.

(2) Where the costs referred to in Article 38, paragraph 1, item 5 of the Act are included in the contractual value, an adjustment shall be made to take account of any significant differences that might exist in such type of expenses between the imported goods and the identical goods in question, due to differences in distances and in modes of transport.

(3) If, in applying this article, more than one contractual value of identical goods is found, the lowest such value shall be used to determine the customs value.

(4) In applying this article, the contractual value of identical goods produced by a different person should be taken into account only if no contractual value can be found for identical goods manufactured by the same person as the goods being valued.

(5) For the purposes of this article, the contractual value of identical imported goods means their customs value previously determined in accordance with Article 35 of the Act and adjusted under paragraphs 1 and 2 of this article of the Regulation.

Art. 74. (1) In applying Article 36, paragraph 2, item 2 of the Act, the customs value should be determined by reference to the contractual price of similar goods sold at the same commercial level and in approximately the same quantity as the goods being valued. Where no such sales can be found, the contractual price of similar goods sold at a different commercial level and/or in different quantities, adjusted to take account of the difference attributable to commercial level and/or quantities, provided that such adjustment can be made on the basis of evidence clearly establishing the reasonableness and accuracy of the adjustment, whether the latter results in an increase or decrease in the value.

(2) Where the costs referred to in Article 38, paragraph 1, item 5 of the Act are included in the contractual value, an adjustment should be made to take account of any significant difference that might exist in such type of costs between the imported goods and the similar goods in question because of differences in distances and in modes of transport.

(3) If, in applying this article, more than one contractual value of similar goods is found, the lowest such value shall be used to determine the customs value.

(4) In applying this article, the contractual value of similar goods produced by a different person shall be taken into account only if no contractual value can be found for similar goods manufactured by the same person as the goods being valued.

(5) For the purposes of this article, the contractual value of similar imported goods means their customs value previously determined in accordance with Article 35 of the Act and adjusted under paragraphs 1 and 2 of this article of the Regulation.

Art. 75. (1) Where:

1. the imported goods or identical or similar imported goods are sold in the Republic of Bulgaria in an unaltered condition, the customs value of imported goods determined in accordance with Article 36, paragraph 2, item 3 of the Act, shall be based on the unit price at which the greatest aggregate quantity of goods imported or of identical or similar imported goods is sold at or about the time of importation of the goods being value, to persons who are not related to the persons from whom they buy such goods, and the unit price shall be reduced by:

a) the commissions normally payable or agreed to be paid, or the additions normally made for profit and general expense (including the direct and indirect costs of marketing the goods in question) in connection with sales in the Republic of Bulgaria of imported goods of the same class or kind;

b) the usual costs of transport and insurance, as well as other associated costs in the Republic of Bulgaria;

c) customs duties, taxes, excise duties and charges payable in the Republic of Bulgaria in connection with the import or sale of the goods.

2. neither the imported goods nor identical or similar imported goods are sold at or about the time of importation of the goods being valued, the customs value of imported goods determined in accordance with this article shall be based, subject to the provisions of paragraph 1, item 1, on the unit price at which the imported goods or identical or similar imported goods are sold in the Republic of

Bulgaria in the condition as imported at the earliest date after the importation of the goods being valued but not later than 90 days after the date of importation.

(2) If neither the imported goods nor any identical or similar imported goods are sold in the Republic of Bulgaria in an unaltered condition, then, at the request of the declarant, the customs value should be based on the unit price at which the goods imported, after a further processing, are sold in the greatest aggregate quantity to persons in the Republic of Bulgaria who are not related to the persons from whom they buy such goods, account being taken of the value added by such processing and after deduction of the elements under paragraph 1, item 1.

(3) For the purposes of this article, the unit price at which the goods imported are sold in the greatest aggregate quantity is the price at which the greatest number of units is sold to persons who are not related to the persons from whom they buy such goods at the first commercial level after importation at which such sales take place.

(4) Any sale in the Republic of Bulgaria to a person who supplies directly or indirectly free of charge or at reduced prices for use in connection with the production and sale for export of the imported goods any of the elements listed in Article 38, paragraph 1, item 2 should not be taken into account in establishing the unit price for the purposes of this article.

(5) For the purposes of paragraph 1, item 2, "the earliest date" shall be the date at which the goods imported, or identical or similar imported goods, are sold in quantities sufficient to establish the unit price.

Art. 76. (1) In applying Article 36, paragraph 2, item 4 of the Act, the customs authorities may not require or compel any person who has no permanent residence or registered office in the Republic of Bulgaria to produce for examination, or to give access to, any accounting or other documents for the purposes of determining the customs value. However, the information given by the producer of the goods for the purposes of determining the customs value under this article may be verified in another State by the customs authorities of the Republic of Bulgaria with the consent of the producer and provided that the competent authorities of that country are notified in advance and do not object to the investigation.

(2) The costs or value of materials and fabrication referred to Article 36, paragraph 2, item 4 "a" of the Act shall include the cost of elements specified in Article 38, paragraph 1, item 1 "b" and "c" of the Act. They should also include the value, duly apportioned, of any goods and services referred to in Article 38, paragraph 1, item 2 of the Act which have been supplied directly or indirectly by the buyer for use in connection with the production of the imported goods. The value of the elements referred to in Article 38, paragraph 1, item 2 "d" of the Act, which are undertaken in the Republic of Bulgaria, shall be included only to the extent that such elements are paid by the producer.

(3) Where, for the purposes of determining a computed value, information is used other than that supplied by the producer or on behalf of the producer, if the declarant so requests, the customs authorities shall inform him of the source of such information, of the data used and the calculations based on such data, subject to Article 17, paragraph 1, item 5 of the Act.

(4) The "general expenses" referred to in Article 36, paragraph 2, item 4 "b" of the Act include the direct and indirect costs of producing and selling the goods for export which do not fall within the scope of Article 36, paragraph 2, item 4 "a" of the Act.

Art. 77. Where containers referred to in Article 38, paragraph 1, item 1 "b" of the Act are subject to a repeated import, their cost, at the request of the declarant, shall be apportioned in accordance with generally accepted accounting principles.

Art. 78. For the purposes of Article 38, paragraph 1, item 2 "d" of the Act, the cost of research and preliminary design sketches shall not be included in the customs value.

Art. 79. Where the customs value is determined by applying a method other than the contractual value, Article 39, paragraph 6 of the Act shall apply *mutatis mutandis*.

Chapter Nine

PROVISIONS ON ROYALTIES AND LICENCE FEES

Art. 80. In applying Article 38, paragraph 1, item 3 of the Act, royalties and license fees, in conformity with the interpretative notes to the Agreement on implementation of Article VII of GATT - 1994 may also include payments for the use of rights to patents, designs, models, trade marks, registered design, copyright, technological processes embodied in imported goods and relating:

1. to the manufacture of imported goods;
2. to the sale for exportation of imported goods;
3. to the use or resale of imported goods;

Art. 81. (1) Where the imported goods are only ingredients or components of goods manufactured in the Republic of Bulgaria, an adjustment of the price actually paid or payable for the imported goods shall only be made if the royalty or license fee relates to those goods.

(2) Where goods are imported in an unassembled state or only have to undergo minor processing before resale, such as diluting or packing, this shall not prevent a royalty or license fee from being considered related to these goods.

(3) If royalties or license fees relate partly to the imported goods and partly to other ingredient or component parts added to the goods after their importation, or to post-importation activities or services, an appropriate apportionment shall be made only on the basis of objective and quantifiable data, in accordance with the interpretative note to Article 38, paragraph 2 given in Annex 7.

Art. 82. A royalty or license fee in respect of the right to use a trade mark should only be added to the price actually paid or payable for the imported goods where:

1. the royalty or license fee refers to goods which are resold in the same state or which are subject only to minor processing after importation;
2. the goods are sold under a trade mark affixed before or after importation, for which the royalty or license fee is paid, and
3. the buyer cannot obtain such goods from other suppliers unrelated to the seller.

Art. 83. Where the buyer pays royalties or license fees to a third party, the conditions laid down in Article 80, paragraph 2 shall not be considered as fulfilled unless the seller or a person related to him requires the buyer to effect that payment.

Art. 84. Where the method of calculation of the amount of a royalty or license fee is based on the price of the imported goods, it may be assumed in the absence of evidence to the contrary that the payment of a royalty or license fee is related to the goods being valued. Where the amount of a royalty or license fee is calculated regardless of the price of the imported goods, the payment of a royalty or license fee may nevertheless be related to the goods being valued.

Chapter Ten

PROVISIONS ON ENTRY BORDER CHECK-POINTS

Art. 85. (1) For the purposes of Article 38, paragraph 1, item 5 and Article 39, item 1 of the Act, an entry border check-point from which the goods shall be considered to be introduced into the customs territory of the Republic of Bulgaria, shall be:

1. for goods carried by sea or by the Danube, the port of unloading or the port of transshipment, provided that transshipment is certified by the customs authorities of that port;
2. for goods carried by rail or road, the place where the first customs institution is situated;
3. for goods carried by air, the first airport where a customs institution is situated.

(2) The customs value of goods introduced into the customs territory of the Republic of Bulgaria and then carried by sea or by the Danube to another border check-point within this territory shall be

determined by reference to the first entry check-point in the customs territory of the Republic of Bulgaria, provided that the goods are carried direct by the usual route to the place of destination.

(3) Where the conditions of paragraph 2 are not fulfilled, the place of destination of the goods in the customs territory of the Republic of Bulgaria, referred to in paragraph 1, shall be deemed to be the entry border check-point .

Chapter Eleven

PROVISIONS ON TRANSPORT COSTS

Art. 86. In applying Article 38, paragraph 1, item 5 and Article 39, item 1 of the Act:

1. where goods are carried by the same mode of transport to a point beyond the entry check-point inside the country and the transport costs are shown as a total amount, they shall be assessed in proportion to the distance covered outside and inside the territory of the Republic of Bulgaria, unless evidence is produced to the customs authorities to show the transport costs that would have been incurred to the entry check-point of the Republic of Bulgaria under the general schedules of freight rates for the international carriage of goods.

2. where goods are invoiced at a uniform free domicile price which corresponds to the price at the entry check-point, transport costs within the territory of the Republic of Bulgaria shall not be deducted; such a deduction can be made if evidence is produced to the customs authorities that the free-at-Bulgarian frontier would be lower than the uniform free domicile price.

3. where transport is free or provided by the buyer, the customs value shall include the transport costs to the entry border check-point, calculated on the basis of the freight rates normally applied to the same mode of transport.

Art. 87. (1) All postal charges levied up to the place of destination in respect of goods sent by post shall be included in the customs value of these goods, with the exception of the supplementary postal charges levied in the Republic of Bulgaria.

(2) No postal charges shall be added to the value declared in determining the value of consignments of a non-commercial nature.

Chapter Twelve

CUSTOMS VALUE OF CARRIER MEDIA FOR USE IN AUTOMATED DATA PROCESSING EQUIPMENT

Art. 88. (1) In accordance with Article 40 of the Act and by way of derogation from the provisions of articles 35 to 39 of the Act, in determining the customs value of imported carrier media bearing data or instructions for use in automated data processing equipment, only the cost of the carrier medium shall be taken into account. The customs value of imported carrier media bearing data or instructions shall not include the cost or value of the data or instructions, provided that such cost or value is distinguished from the cost or value of the carrier media in question.

(2) For the purposes of this article:

1. the expression "carrier media" does not include integral circuits, semiconductors or similar devices or articles incorporating such circuits or devices;

2. the expression "data or instructions" does not include sound, cinematographic or video recordings.

Chapter Thirteen

CONVERSION OF FOREIGN CURRENCIES INTO BULGARIAN LEVS FOR THE PURPOSE OF CALCULATING CUSTOMS VALUE

Art. 89. For the purposes of Articles 90 and 91:

1. "fixed rate" is the exchange rate of a given currency against the Bulgarian Lev fixed by the Bulgarian National Bank;

2. "published rate" is the exchange rate of the respective currency against the Bulgarian Lev published in at least two central daily newspapers;
3. "currency" is any monetary unit used as a unit of account between the central banks or on the international market.

Art. 90. (1) Where factors used to determine the customs value of goods are expressed, at the time of valuation, in a currency other than the Bulgarian Lev, the exchange rate of the respective currency against the Bulgarian Lev which should be used to determine that value in terms of Bulgarian Levs shall be the rate fixed on the second-last Wednesday of the month and published on that or the following day.

(2) The exchange rate fixed on the second-last Wednesday of the month shall be used during the following calendar month, unless it is replaced by the rate fixed in accordance with Article 91.

(3) Where no rate is fixed on the second-last Wednesday indicated in paragraph 1, or, if fixed, is not published on that or the following day, the last exchange rate fixed for the currency in question and published in the last 14 days shall be deemed to be the exchange rate fixed on that Wednesday.

Art. 91. (1) Where an exchange rate fixed on the last Wednesday of the month and published on that or the following day differs by 5% or more from the rate established in accordance with Article 90 for entry into use the following month, it shall replace the latter rate as the rate to be applied for the purposes of Article 42 of the Act, as of the first Wednesday of that month.

(2) Where, during a period of application as referred to in the foregoing provisions, an exchange rate fixed on Wednesday and published on that or the following day differs by 5% or more from the rate used in accordance with this chapter, it shall replace the latter rate and enter into use as from the following Wednesday as the rate to be used for the purposes of Article 42 of the Act. The replacement rate shall be used for the remainder of the current month provided that this rate is not replaced due to the operation of the provisions of the first sentence of this paragraph.

(3) Where no exchange rate is fixed on Wednesday or, if fixed, is not published on that or the following day, the rate to be used for the purposes of paragraphs 1 and 2 shall be the rate most recently fixed and published prior to that Wednesday.

Art. 92. Where the customs authorities authorise a declarant to furnish or supply at a later date certain details concerning the declaration of import in the form of a periodic declaration, this authorisation may, at the request of the declarant, provide that a single exchange rate be used for converting foreign currency into Bulgarian Levs of elements composing the customs value. In this case, the exchange rate to be used shall be the rate established in accordance with this chapter and applicable on the first day of the period covered by the declaration in question.
