



The “quick fixes” will be introduced in Bulgaria as of 1 January 2020

The draft Bill for Amending and Supplementing the CIT Act provides for the introduction into national law of the so-called “quick fixes” package. These are a series of provisions, amending the European VAT legislation in order to harmonise some aspects of the VAT system in all EU Member States.

The proposed changes are described on the following pages.



1

Chain supplies

This amendment will affect cases where goods are resold among three or more entities in different EU Member States but the goods will only be transported between two EU Member States. The proposed rules aim to identify which supply in a chain transaction should be treated as the intra-Community supply and therefore which of the suppliers is entitled to apply the zero rate VAT on intra-Community supply.

According to the proposed new rules, the transport in a chain of consecutive supplies of the same goods will be allocated only to the supply of goods carried out between an intermediary operator and its direct supplier. An intermediary operator is a supplier within the chain of supplies, other than the first supplier, who sends or transports the goods himself or through a third party on his behalf.

An exception to this rule will be cases where the intermediary operator has provided to his direct supplier its VAT number issued by the Member State from which the goods have been dispatched or transported. In these cases, the supply from the intermediary operator to his direct customer will be considered as the intra-Community supply.

2

Call-off stock

This regime applies to businesses where a supplier from one EU Member State transports its own goods to a warehouse in another EU Member State and knows at the time of transport who the buyer of these goods will be. The ownership over the goods is transferred only when the buyer "withdraws" the goods from the warehouse.

Currently, foreign suppliers working based on such a model must register for VAT purposes in Bulgaria, where the goods are stored. With the adoption of the amendments, these suppliers will have no administrative obligations in Bulgaria and the acquisition of the goods will be reported by the Bulgarian clients, who will also have to self-assess VAT.

This regime will also apply to Bulgarian suppliers that supply goods to their clients in other EU Member States under call-off stock arrangements. To this end, certain rules on the documentation of the movement of these goods must be followed.

The amendments introduce an additional obligation to maintain a special register of the goods sent/received under a call-off stock regime.

3

Proof of intra-Community supply

New rules on the documentation proofs of transport in cases of intra-Community supply are envisaged.

The draft bill will introduce a presumption, according to which goods are deemed to have been dispatched or transported for the purposes of intra-Community transport of goods when the supplier possesses specific documents listed in the legislation.

The revenue authorities will only be able to refuse the application of the 0% VAT rate for intra-Community supply if they can rebut the presumption i.e. prove that the transport has not taken place and that the goods have not been transported to the Member State of destination.

It should be noted that the list of documents differs from the current documents, described in the Regulation for the Implementation of the VAT Act, and all Bulgarian companies that ship goods to other EU Member States should check whether the documents they collect in the course of their activity fulfill the new conditions.

4

VAT number of the recipient

The proposed amendment will make the valid VAT number of the customer in the EU Member State where the goods are delivered a substantive requirement for the application of the 0% VAT rate in cases of intra-Community supplies. The amendment also provides for a mandatory submission of a VIES return as a condition for applying the zero rate.

With the introduction of the new rules, companies that dispatch goods to EU Member States should take steps to ensure the control and verification of the existence and validity of the VAT numbers of their customers.

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