

Bulgaria

1. Bulgaria was first reviewed during the 2017/2018 peer review. This report is supplementary to Bulgaria's 2017/2018 peer review report (OECD, 2018^[1]). The first filing obligation for a CbC report in Bulgaria applies to reporting fiscal years commencing on or after 1 January 2016.

Summary of key findings

2. Bulgaria's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[2]).

Part A: The domestic legal and administrative framework

3. Bulgaria has primary law in place for implementing the BEPS Action 13 minimum standard¹ (hereafter the "regulations") establishing the necessary requirements, including the filing and reporting obligations. Guidance has also been published.² Bulgaria has provided an update with respect to the processes it has in place to ensure effective implementation.

(a) Parent entity filing obligation

4. No changes were identified with respect to the parent entity filing obligation.

(b) Scope and timing of parent entity filing

5. No changes were identified with respect to the scope and timing of parent entity filing.

(c) Limitation on local filing obligation

6. No changes were identified with respect to the limitation on local filing obligation.

(d) Limitation on local filing in case of surrogate filing

7. No changes were identified with respect to the limitation on local filing in case of surrogate filing.

(e) Effective implementation

8. Bulgaria's 2017/2018 peer review included a general monitoring point concerning the fact that there was no specific process that would allow it to take appropriate measures in case Bulgaria is notified by another jurisdiction that such other jurisdiction has reason to believe that an error may have led to incorrect or incomplete information reporting by a Reporting Entity or that there is non-compliance of a Reporting Entity with respect to its obligation to file a CbC report. Since the 2017/2018 peer review, Bulgaria has provided updated information, explaining that, in such a situation: the Tax Treaties Directorate (TTD) is responsible for notifying the Reporting Entity in cases of non-compliance or incorrect or incomplete information reporting. The TTD may request assistance from the

competent local revenue authorities if necessary. The Director of the TTD and the Executive Director of the National Revenue Agency are in charge of monitoring the process. In addition to the considerable penalties, the failure to provide the requested information may lead to a tax audit or examination. In view of this update and specific process, the monitoring point is removed.

9. No other changes were identified with respect to the effective implementation.

Conclusion

10. There is no change to the conclusion in relation to the domestic legal and administration framework for Bulgaria since the previous peer review. Bulgaria meets all the terms of reference relating to the domestic legal and administrative framework.

Part B: The exchange of information framework

(a) Exchange of information framework

11. As of 31 May 2019, Bulgaria has 66 bilateral relationships in place, including those activated under the CbC MCAA and under the EU Council Directive (2016/881/EU). Within the context of its international exchange of information agreements that allow automatic exchange of information, Bulgaria has taken steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions.³ Regarding Bulgaria's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

12. Bulgaria has processes in place that are intended to ensure that each of the mandatory fields of information as required in the CbC template are present in the information exchanged. It has provided details in relation to these processes.

13. Peer input was received from one jurisdiction in relation to the content of information exchanged. There are no concerns to be reported in respect of the content of information exchanged.

(c) Completeness of exchanges

14. Bulgaria has processes in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs. It has provided details in relation to these processes.

15. Peer input was received from one jurisdiction in relation to the completeness of exchanges. There are no concerns to be reported in respect of the completeness of exchanges.

(d) Timeliness of exchanges

16. Bulgaria has processes in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAAs and terms of reference. It has provided details in relation to these processes.

17. Peer input was received from one jurisdiction in relation to the timeliness of exchanges. There are no concerns to be reported in respect of the timeliness of exchanges.⁴

(e) Temporary suspension of exchange or termination of QCAA

18. Bulgaria has processes in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA. It has provided details in relation to those processes.

19. Peer input was received from one jurisdiction in relation to a temporary suspension of exchange or termination of a QCAA. There are no concerns to be reported in respect of the temporary suspension of exchange or termination of QCAA.

(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance

20. Bulgaria has processes that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA or that the other Competent Authority has caused a systemic failure. It has provided details in relation to those processes.

21. Peer input was received from one jurisdiction in relation to the requirement for a consultation before determining systemic failure or significant non-compliance. There are no concerns to be reported in respect of consultation with the other Competent Authority before determining systemic failure or significant non-compliance.

(g) Format for information exchange

22. Bulgaria confirms that it uses the OECD XML Schema and User Guide (OECD, 2017^[3]) for the international exchange of CbC reports.

23. Peer input was received from one jurisdiction in relation to the format for information exchange. There are no concerns to be reported in respect of the format of information exchange.

(h) Method for transmission

24. Bulgaria indicates that it uses the Common Transmission System to exchange CbC reports.⁵

25. Peer input was received from one jurisdiction in relation to the method for transmission. There are no concerns to be reported in respect of the method used for transmission.

Conclusion

26. Bulgaria has in place the necessary processes to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework. Bulgaria meets all the terms of reference regarding the exchange of information.

Part C: Appropriate use

27. No changes were identified in respect of appropriate use. There were no recommendations issued in the 2017/2018 peer review.

28. No information or peer input was received for the reviewed jurisdiction suggesting any issues with appropriate use. There are no concerns to be reported in respect of appropriate use.

Conclusion

29. Bulgaria meets all the terms of reference relating to the appropriate use of CbC reports.

Summary of recommendations on the implementation of country-by-country reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	-
Part B	Exchange of information framework	-
Part C	Appropriate use	-

Notes

¹ Primary law consists of the amended Tax and Social Security Procedure Code in relation to the CbC reporting (adopted by Parliament on 20 July 2017 and published in the State Gazette on 4 August 2017). See Articles 143s to 143z, Article 268a, Paragraph 1, items 33-45 of the Additional provisions and paragraphs 25-26 of the Transitional and final provisions of the Tax Code. An amendment to the Tax Code was published in the State Gazette on 17 November 2017 which amends Article 143w only. See <http://dv.parliament.bg/DVWeb/showMaterialDV.jsp?idMat=119626>.

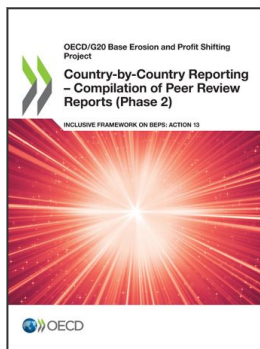
Secondary legislation is not foreseen but nevertheless, according to Art. 143u, para 3 of the Tax Code, the country-by-country report will be filed electronically on an annual basis and under a procedure and in a format approved by an order of the executive director of the National Revenue Agency, which shall be published on the webpage of the National Revenue Agency.

² Guidance including instructions for filling in and filing a CbC report under Article 143t of the Tax Code was published on the website of the National Revenue Agency (NRA): <http://nap.bg/document?id=15669>. Order 1410/31.10.2017 of the executive director of the NRA regulating the manner of filing the CbC reports and their format was published on the webpage of the NRA: <http://nra.bg/document?id=15491>.

³ No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.

⁴ Delays due entirely to the fact that an exchange partner was not able to participate in the exchange of CbC reports are not considered to raise concerns with respect to the jurisdiction under review.

⁵ Countries exchanging under the EU Council Directive (2016/881/EU) use the Common Communication Network (CCN).



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