

BULGARIA

SMALL AND MEDIUM ENTERPRISES AND TRANSFER PRICING

1. Have you established a dedicated website/webpage as a single point of information for SMEs on transfer pricing matters? Alternatively, has information for SMEs on transfer pricing matters been made available electronically via an existing website/webpage? In which language(s) is the information available?

Bulgaria has not established a dedicated website/webpage as a single point of information for SMEs. SMEs may use the official website of the National Revenue Agency (www.nap.bg or www.nra.bg). The information is available both in Bulgarian and English languages although some specific guidance and instructions are only in Bulgarian language.

The information made available to the taxpayers includes full texts of the applicable tax acts, both primary and secondary legislation, guidance on the application of the material and procedural tax laws, a wide scope of statements concerning the tax treatment of specific issues uploaded to a dedicated IT application "Questions and Answers", contacts. In particular SMEs may access all tax acts containing regulations in the field of transfer pricing, as well as different guidance and materials on this issue, e.g. Transfer Pricing Guidelines and TP Documentation Guidelines drafted by the National Revenue Agency. The texts of all legislative acts are available both in Bulgarian and English languages.

2. Do you have a single definition of SME that applies for most direct tax purposes?

Bulgaria has not introduced a special definition of SMEs to be applied specifically for tax purposes. However the corporate tax law uses the definition of SMEs contained in Art 22b of the Accountancy Act. According to the mentioned definition SME is an enterprises which does not exceed two of the following three quantitative criteria:

1. book value of assets amounting to BGN 8 000 000;
2. net annual turnover of BGN 15 000 000;
3. average number of employees of 250.

This definition however is only applied in relation to some accounting and tax depreciation requirements.

Another definition of SMEs is provided for in Art. 3 of the Law on SMEs. This provision implements the definition under Commission Recommendation 2003/361/EC.

3. Do you apply a specific SME definition for transfer pricing purposes?

Bulgaria does not apply a special definition for transfer pricing purposes. Companies are not subject to different procedural rules in relation to transfer pricing depending on their size, e.g. assets, employees or turnover. However with a view to reducing the documentation-related burden on SMEs we have introduced some non-legislative rules to facilitate SMEs when preparing TP Documentation. To this end the definition of SMEs under Art. 3 of the Law on SMEs is used.

4. What specific services for SMEs are in place e.g. advanced pricing agreements, dispute resolution (pre- or post-audit), etc.? Is information on these services available electronically on the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?

The only specific service available to SMEs is connected with the general requirements for related companies to produce and maintain TP Documentation. In this regard SMEs are exempted from the obligation to prepare and maintain documentation in cases of controlled transactions undertaken by micro-sized enterprises or are required to prepare less complex documentation in cases of controlled transactions not exceeding BGN 200 000 (for goods and services) and BGN 400 000 (for intangibles). This rule does not ensue from law but is rather an issue of administrative practice. This information could be found at the official NRA website www.nra.bg (Chapter II Documentation, Transfer Pricing Guidelines). At this point of time the relevant texts are available only in Bulgarian.

5. Are training materials made available to SMEs electronically via the website(s) identified in question 1 or elsewhere? In which language(s) is the information available?

Only those referred to in the reply to Q1.

6. Is information on procedures to provide SMEs with advance certainty on transfer pricing issues (e.g. advanced pricing agreements, rulings and clearances) available electronically via the website(s) identified in question 1 or it is only available from some other source? In which language(s) is the information available?

All available information could be found at www.nra.bg.

7. Is there a dedicated contact point available to SMEs for transfer pricing compliance issues?

Bulgaria has not dedicated special resources to deal exclusively with SMEs when transfer pricing is concerned. All taxpayers in Bulgaria, including SMEs, could address their requests or claims to the Head of the Tax Treaty Directorate at the central level of the National Revenue Agency. The Head of the Tax Treaties Directorate is the competent authority for all transfer pricing issues. The contact details of the Bulgarian competent authority are:

Ms. Iskra Slavcheva
Director
Tax Treaty Directorate
National Revenue Agency
Tel.: + 359 2 9859 30 60
E-mail: i.slavcheva@nra.bg

Other contact points in Bulgaria:

Ms. Dessislava Kaludova
Chief revenue expert
Tax Treaty Directorate
National Revenue Agency
Tel.: + 359 2 9859 30 61
E-mail: d.kaludova@nra.bg

8. Is there a dedicated contact point for advanced pricing agreements, clearances and rulings available to SMEs?

See reply to Q7.

9. Is there a dedicated contact point available to SMEs who want to claim relief from double taxation as a result of a transfer pricing adjustment?

See reply to Q7.