



# *Prerequisites and realization of the interaction in the system of the tax and social insurance control*

*Bistra Nikolova\**

## **Introduction**

Since the establishment of the National Revenue Agency (NRA) - so far in its strategic plans for development an important place is occupied by the planned activities and events related to the achievement of efficient and coordinated interaction (co-operation, partnership) with the executive, judicial and legislative authorities in the country; with the business, branch and other non-governmental organizations; with the media; with the institutions of the European Union, the revenue administrations of other countries, as well as with other key partners in order to ensure a possibility for the realization of the strategic objectives of the Agency.

The reason for the special attention that is given to these questions is that in each area of the financial control, including also the field of tax and social insurance control carried out by the NRA, the interaction is used as a means to increase its efficiency, considered both as a fundamental principle of control and as a criterion for evaluation of its implementation, which requires to compare the results achieved and the resources used. For example, the joint actions of the control authorities in the field of tax control by several EU Member States in conducting international audits leads to shortening the time limits for implementation of subsequent control. In addition to the fact that the interaction reflects positively on the effectiveness of the control by creating a possibility for reduction of the time limits, costs and efforts in achieving the

control impact, it is also relevant to its efficiency, since the cooperation is a prerequisite for increasing the detection and improving the counteraction of tax and social security violations and frauds.

The interaction in the NRA system is implemented on the basis of the existing normative legal base, which sets out the legal framework (normative prerequisites) for the implementation of the legitimate actions and events in this direction. Given the actuality and significance of the interaction in the NRA system, in the following statement will be reviewed the regulatory provisions regulating it, will be derived the forms and guidelines for its implementation, as well as the authorities, institutions and persons with whom, through rules to that effect, is regulated the implementation of interaction, will be performed a comparative analysis of the envisaged normative possibilities for interaction and the actually performed activities and events, which will make it possible to reveal the degree of conformity between "de jure" and "de facto" in this field.

## **1. Laws regulating the interaction in the NRA system.**

### ***1.1. Regulatory options for implementation of interaction, provided for in the National Revenue Agency Act (NRAA).***

Functions and powers of the Agency (NRA) are regulated to carry out exchange of information with the European Commission and other institutions of the European Community and to perform securing and forced collection of receivables under decisions of the European Commission, the Council of the European Union, the Court of Justice of the European Communities and the European Central bank, imposing monetary obligations subject to execution.

There is a separate Chapter Five "Exchange of Information and Interaction" which regulates:

a/ The ongoing provision of information by competent authorities and institutions of the NRA, based on joint instructions:

- The state and municipal authorities competent to register or issue permits for carrying out certain types of commercial activities shall notify the Agency of the registered persons or sites and of the permits issued as well as of the terminated registration or the revoked permits;

- The authorities competent to register

\* Chief Assistant Dr. Bistra Nikolova  
University of Economics Varna



vehicles, including aircrafts and vessels, shall notify the Agency of the vehicles registered, unregistered and prohibited;

- The registration judges shall notify the Agency of the real estate rights transferred, established, altered or terminated, as well as of established, altered and deleted mortgages;

- The municipalities shall notify the Agency of the declared real estate, vehicles, found heritages, acquired property against payment and free of charge under the Local Taxes and Fees Act, as well as for the registered commercial sites;

- The National Statistical Institute shall process the annual activity reports of the persons obliged to provide them in accordance with the Corporate Income Tax Act and the Personal Income Taxes Act and shall provide the data from them for the purposes of the National Revenue Agency.

b/ The procedure for ensuring the current exchange of information between - the Agency, the Ministries, the Control Bodies of the Ministry of Finance (MF), the National Social Security Institute (NSSI), the National Health Insurance Fund (NHIF), the General Labor Inspectorate Executive Agency and the municipalities, based on instructions.

c) The collection and provision of data and information necessary for the performance of the functions and powers of the Agency, from the courts and municipalities, the state and municipal authorities and the National Statistical Institute (NSI).

d/ The notification by the commercial banks to the Agency of the open or closed bank accounts of the taxable persons.

e/ The provision of access by the Bulgarian National Bank to the Agency for the information on the monetary liabilities of the clients to the banks and to the financial institutions as well as to payment institutions and electronic money companies.

f/ The Agency's interaction with other bodies - the Ministry of Interior (MOI) and the Prosecutor's Office, the control bodies of the Ministry of Finance and other state and municipal authorities perform joint actions in connection with the implementation of their functions based on joint instructions.

### ***1.2. Regulatory options for implementation of interaction, provided for in the Tax and Social Insurance Procedure Code (TSIPC).***

a/ Fiscal control actions on the movement of

goods - for the purpose of identifying the means of transport carrying goods with high fiscal risk, the revenue authorities interact with the authorities of the Ministry of Interior in accordance with a procedure set out in a joint instruction for interaction.

b/ Procedure for administrative cooperation with the Member States of the European Union in the field of taxation, including the local taxes, established by the Member States of the European Union (EU), with the exception of: Value added tax, customs duties and excise duties; Mandatory social security contributions; Fees for issuing certificates and other documents issued by state and local authorities; Contractual receivables, including remunerations under public service contracts.

The administrative cooperation shall be implemented through:

1. Exchange of information upon request on the basis of an application made by a requesting authority of a Member State of the European Union to a requested authority of another Member State of the European Union on a case-by-case basis.

2. Automatic exchange of information in the field of taxation - the systematic provision to another Member State of the European Union of pre-defined information on local persons of that Member State, without a request, at a fixed interval.

3. Spontaneous exchange of information upon which the Member States of the European Union provide one another with information on their own initiative an information which is relevant for the establishment of tax liabilities.

4. Application for service, including: *Application for service made by a local applicant authority*, of acts and documents issued by the revenue authorities associated with the enforcement of the tax legislation; *Application for service by an applicant authority of another Member State of the European Union* of acts and documents issued by the administrative authorities of the other Member State relating to the enforcement of the tax legislation.

5. Presence and participation in administrative proceedings - according to an agreement between the competent authorities of the Member States of the European Union, officials authorized by a Member State may be present both in the services where the authorities of another Member State carry out their duties and in the



administrative proceedings conducted in the other Member State.

The agreement may provide for a possibility that the authorized officials of a Member State of the European Union, when present in an administrative procedure, may request explanations from natural persons and may have access to any information relating to the implementation of administrative cooperation under the procedure laid down in the TSIPC.

6. Parallel checks and audits when the tax obligations of one or more taxable persons are of mutual interest to two or more Member States of the European Union, the competent authorities of those States may, by mutual consent, carry out parallel checks or audits within their competence in order to exchange the information received.

c/ Evidence collected by other control bodies - when performing an audit or inspection, the revenue authority that performs it may request in writing from other control bodies to carry out actions with a view of collecting evidence to establish liabilities or administrative criminal liability.

d/ Disclosure of tax and social insurance information at the request of the authorities and persons authorized by the TSIPC.

### ***1.3. Regulatory options for implementation of interaction, provided for in the Value Added Tax Act (VATA).***

#### **Exchange of Information:**

- The customs administration shall provide to the revenue administration information by electronic means about the accepted customs documents for import and the received payments of the import tax;

- The National Revenue Agency shall provide on request to the Bulgarian Food Safety Agency information on the existence of public liabilities of a person who is a food bank operator;

- The National Revenue Agency shall notify the Bulgarian Food Safety Agency when a property sanction has been imposed on the food bank operator with an effective penal decree for violating the provisions of the Value Added Tax Act.

**Exchange of information with the tax administrations of other Member States** relating to the levying of value added tax, determination of tax liabilities of individuals and/or in the course of appealing the amount of such tax liabilities. The

Information received from other Member States may be used as evidence of the determination of the liabilities under the VATA as well as in administrative and judicial proceedings.

Regarding the registration under VATA of a foreign person who has not established in the country, a definition of "Third country with which our country has legal instruments for mutual assistance" is given in item 63 of the additional provisions to VATA. This is a third country with which our country has legal instruments for mutual assistance in the recovery of receivables related to certain levies, duties, taxes and other measures and on administrative cooperation in the field of value added tax.

### ***1.4. Regulatory options for implementation of interaction, provided for in the Corporate Income Tax Act (CITA).***

The implementation of the European Commission's decision on state aid for regional development is provided by the Bulgarian Investment Agency, the National Revenue Agency and the Ministry of Finance according to their competence, including:

1. by the Bulgarian Investment Agency - confirmation of the conditions and issuance of the order for the granting of state aid for regional development in the form of a remitted tax for a project for initial investment;

2. by the National Revenue Agency - as regards the control, reporting and transparency of the scheme;

3. by the Ministry of Finance - management of the scheme and notification to the European Commission of all plans for the amendment of the scheme under the State Aid Act.

### ***1.5. Regulatory options for implementation of interaction, provided for in the Personal Income Tax Act (PITA).***

#### **Obligation to provide information for the purposes of the automatic exchange:**

- The enterprises and the self-insured persons paying income shall provide the National Revenue Agency with information on the income from rent or other provision against payment for use of immovable property as well as on the income from management and control from participation in management and control bodies of enterprises,



accrued and/or paid to the benefit of natural persons resident in another Member State of the European Union;

- Pension insurance companies shall provide the National Revenue Agency with information on the pensions accrued and/or paid in favor of natural persons resident in another Member State of the European Union;

- The insurers shall provide the National Revenue Agency with information on the income from insurance benefits/premiums paid in the event of an insurance event occurring under life insurance contracts when they do not fall within the scope of any other exchange of information between the Member States of the European Union;

- The employers shall provide the National Revenue Agency with information on income on employment relationships, accrued and/or paid to the benefit of natural persons resident in another Member State of the European Union.

#### **Obligations for the provision of information by public authorities:**

- The Ministry of the Interior shall, at the request of the revenue authorities, provide the necessary information to establish whether a person is resident or a foreign national;

- The Ministry of Regional Development and Public Works annually shall submit to the National Revenue Agency up-to-date data on the population by current address, aggregated by settlements.

#### ***1.6. Regulatory options for implementation of interaction, provided for in the Customs Act (CA).***

In the functions and tasks of the Customs Agency is envisaged the establishment of cooperation and interaction with other state bodies and organizations, as the conditions and procedure of interaction shall be regulated by joint instructions.

It is regulated that, when carrying out an inspection, the customs authorities may ask in writing for assistance from other authorities to carry out actions in order to establish liabilities or obligations of the inspected person.

At the written request of the Director of the Customs Agency and the Chiefs of Customs, the authorities of the National Revenue Agency shall provide data on subsequent transactions concerning

the quantity, type, value and origin of goods subject to import/export operations for amounts subject to deposit or refund under the Value Added Tax Act and the Excise Duties and Tax Warehouses Act, as well as for detected by the authorities of the National Revenue Agency violations committed by persons carrying out import and export activities.

The procedure and the way of electronic exchange of information between the Customs Administration and the National Revenue Agency shall be determined by a joint instruction of the Director of the Customs Agency and the Executive Director of the National Revenue Agency.

#### ***1.7. Regulatory options for implementation of interaction, provided for in the State Financial Inspection Act (SFIA).***

In the functions of the Agency is regulated that it carries out interaction and exchange of information with other state bodies; cooperates with the financial control bodies and organizations of other state and international organizations. The authorities of the Prosecutor's Offices, the Ministry of Interior and the Agency (State Financial Inspection Agency) shall cooperate in conducting financial inspections.

#### ***1.8. Regulatory options for implementation of interaction, provided for in the National Audit Office Act (NAOA).***

When carrying out its activities the National Audit Office shall cooperate with:

1. State authorities in order to increase the effectiveness of the control system and fight against crime and corruption

2. Professional and non-governmental organizations in order to exchange good practices and professional development.

3. The European Court of Auditors and other supreme audit institutions.

The specific forms of cooperation with the institutions and organizations are determined by joint agreements.

On its website the National Audit Office shall publish the results of the inspections awarded to the NRA:

- Results from inspections of the NRA with respect to persons for whom the audit of the National Audit Office under Art. 7 of the Public Disclosure of Property of Persons Occupying High State Positions Act (PDPPOHSPA) concluded with





a conclusion for non-conformity;

- Results from inspections of the NRA in respect of persons under the PDPPOHSPA who have not submitted declarations or notifications in due time or have submitted them after the deadline.

***1.9. In the Public Sector Internal Audit Act (PSIAA) are not provided for regulatory opportunities for implementing the interaction with the NRA.***

***1.10. In the Independent Financial Audit Act (IFAA) are not provided for regulatory opportunities for implementing the interaction with the NRA.***

## **2. Regulations governing the interaction in the NRA system.**

Regulatory provisions regulating the issues of the interaction between the NRA and other bodies, organizations and institutions are provided for also in sub-statutory acts - instructions, agreements, contracts and memoranda. At present, such are signed with:

- The National Social Security Institute (NSSI) for the provision of personal data; For exchange of information between the NRA and the NSSI; Performing joint actions under the control on the compliance with the social security legislation, revenues and expenses; The procedure and conditions for submission and access to the necessary information, registers, archives and documents, pending proceedings, the training of the NRA employees, receipt of funds on NRA accounts, and other activities related to the passing of the "Collection" function from the NSSI to the NRA; The procedure for preparation and exchange of statistical and management information between the NSSI and the NRA; The reporting of the NRA and the NSSI to the Ministry of Finance; The relationships, terms and conditions for transferring documents from the NSSI to the NRA on paper for the keeping of the so-called "Special Register"; Joint work when using the NSSI information system for processing of data on the collection and administration of the compulsory social security contributions;

- Pension insurance companies for transferring the contributions and interest on them received by NRA;

- The Registry Agency for cooperation and interaction through free of charge data exchange and access to the same;

- National Association of Municipalities in the Republic of Bulgaria for interaction in the administration of local taxes and fees;

- The commercial banks for making transfers, transmitting information about the state and movement on the accounts opened and serviced by the bank of the NRA and its subdivisions;

- "Bulgarian Posts" EAD for awarding the service of messages, the acceptance of declarations and other functions under Art. 10, para. 4 of the NRAA;

- District Administration Blagoevgrad, Lovech, Gabrovo for awarding the service of messages, the acceptance of declarations and other functions under Art. 10, para. 4 of the NRAA;

- "Guaranteed Receivables of Workers and Employees in Case of Insolvency of the Employer" Fund for the ongoing information exchange;

- The Ministry of Labor and Social Policy (the Agency for Social Assistance) for the ongoing exchange of information;

- The Ministry of Regional Development and Public Works for the ongoing exchange of information;

- The NSI for providing data on the intra-Community trade in goods, the procedure for exchange of information for the "Intrastat" system; For interaction between the NRA and the NSI in relation to the processing of the annual activity reports of the persons obliged to submit them according to the Corporate Income Tax Act and the Personal Income Tax Act;

- The Ministry of Agriculture and Forestry to ensure the ongoing exchange of information;

- The National Grain and Feed Service and the NRA for interaction;

- The "Security - Military Police and Military Counterintelligence" Service for interaction and information exchange;

- The municipalities for the provision of information from municipalities to the NRA;

- The Ministry of Education and Science to ensure the ongoing exchange of information;

- The Agency for Economic Analysis and Forecasts for Information Exchange;

- The Bulgarian-German Center for Vocational Training - the town of Pleven, Pazardzhik and Stara Zagora for the provision of



personal data;

- The Ministry of Economy and Energy for cooperation;

- The Employment Agency for the provision of personal data;

- The NHIF for interaction and provision of information;

- The State Agency for National Security (SANS) for interaction and information exchange; control and prevention of money laundering and the financing of terrorism;

- The Geodesy, cartography and cadastre agency for provision of data and references from the cadastral map and the registers;

- The Ministry of State Administration and Administrative Reform, the Municipality of Dryanovo and the Municipality of Shabla for provision of the possibility for electronic payment of taxes, fees and other public and private receivables in the provision of electronic administrative services through the inclusion of participants in the environment providing electronic payments in the process of provision of administrative services by electronic means;

- The Commission for the Protection of Competition for common interaction;

- The Executive Agency Automotive Administration for interaction;

- The national tax administrations of the other EU Member States; the National tax administrations of Croatia, Macedonia, Serbia, Turkey and others in connection with participation in the "Fiscalis 2013" Programme;

- Bulgarian Construction Chamber for exchange and provision of information and consultancy;

- The providers of telecommunication services for cooperation in connection with the implementation of the NRA activities;

- The Military Police Service for interaction and exchange of information;

- The NSSI and the General Labor Inspectorate Executive Agency for undertaking joint control actions for compliance with labor and social security legislation and interaction;

- The Bulgarian Chamber Of Private Enforcement Agents for interaction and exchange of information;

- The Ministry of Environment and Water for interaction and information exchange;

- The MOI for interaction;

- The State Gambling Commission for interaction;

- The Prosecutor's Office of the Republic of Bulgaria for interaction;

- The Road Infrastructure Agency (RIA) for cooperation in the field of securing and collecting public receivables;

- Executive Agency "Medical Audit" for interaction in the field of securing and collecting of public receivables;

- The Commission for Establishing of Property Acquired from Criminal Activity (CEPACA), the Ministry of Interior (MOI), the Ministry of Finance (MF), the Chief Prosecutor of the Republic of Bulgaria and the National Investigation Service, as the interaction between these authorities and the NRA is carried out based on an instruction through exchange of information and assistance (formation of joint teams, awarding audits under the procedure laid down in Art. 122 of the TSSPC, etc.) in the establishment of the property of the persons acquired from criminal activity, its securing and forfeiture in favor of the state;

- The National Audit Office of the Republic of Bulgaria on - the communication, procedure and deadlines for exchange of information, the access to the databases, the better collection of revenue from public receivables, more efficient implementation of the activities, the provision of expert assistance, the organization of joint workshops, seminars and other forms of training of the personnel, the formation of joint working groups to deal with specific problems encountered, the implementation of financial control of the political parties and their election campaigns as a means to fight the corruption;

- The State Financial Inspection Agency (SFIA) for cooperation in conducting joint control activities, providing expert assistance, exchange of internal acts (instructions, standards, methodological instructions, manuals, etc.) related to the implementation of the control activities, provision of information on the risk areas and areas of corruption;

- The Customs Agency (CA) for - interaction and exchange of information in connection with the implementation of the statutory functions of the CA and the NRA; Interaction to prevent and detect customs, currency, excise and tax violations and crimes;

- Mongolia's principal national tax



administration - Exchange of experience in taxation and collection of compulsory insurance contributions is envisaged in order for the NRA to help the reforming of the tax and social security system in Mongolia through expert consultations, participation in workshops, etc.

On the basis of the review of the regulatory provisions governing the interaction in the system of the tax and social security control, the following conclusions and summaries can be made:

I. The interaction in the NRA system is based on provisions regulated in laws (NRAA, TSIPC, VATA, CITA, PITA, CA, SFIA and NAOA) and sub-statutory instruments (instructions, agreements, contracts and memoranda).

II. The statutory regulated forms of interaction in this field are:

- *Exchange of information* between the NRA, authorities and institutions in the country, EU bodies and institutions, bodies and institutions from third countries;

- *Collection and provision of data and information* necessary for the performance of the functions and powers of the Agency by different bodies and institutions in the country;

- *Exchange of analyzes, assessments and conclusions for the revenue from public receivables;*

- *Making money transfers and notifying* the Agency by the commercial banks for open or closed bank accounts of taxable persons;

- *Providing access to information* to the Agency by the Bulgarian National Bank on the monetary liabilities of the customers to the banks and to the financial institutions as well as to payment institutions and electronic money companies;

- *Execution of joint actions* (including through the formation of joint teams and working groups) of the Agency with the Ministry of Interior and the Prosecutor's Office, the control bodies of the Ministry of Finance, the National insurance institute and the other state and municipal authorities, in connection with the implementation of their functions;

- *Service of acts and documents* on the basis of an Application for service made by a local applicant authority or an Application for service by an applicant authority of another Member State of the European Union;

- *Presence in the services and participation*

*in administrative proceedings* of authorized officials;

- *Performing parallel inspections and audits*, when the tax liabilities of one or more taxable persons are of mutual interest to two or more Member States of the European Union;

- *Collecting evidence from other control authorities* in the course of an audit or inspection in order to establish tax-insurance liabilities or administrative criminal liability;

- *Disclosure of tax and social insurance information* at the request of the authorities and persons authorized by the TSIPC.

- *Implementation of control, monitoring and reporting* for the transparency of the scheme in connection with the utilization of state aid;

- *Inspections of persons from the authorities of the NRA for which discrepancies were found* in control actions by the authorities of the National Audit Office;

- *Carrying out audits in special cases under Art.122 of the TSIPC under a written request of a competent authority outside the NRA system* (e.g., the Commission for Establishing Property Acquired from Criminal Activities);

- *Organizing joint workshops, seminars, study visits and other forms of training of the staff;*

- *Consultations and expert assistance;*

- *Exchange of experience, knowledge, good practices and internal acts* (instructions, standards, methodological guidelines, manuals and etc.), related to the implementation of the control activities;

- *Awarding the service of messages, the acceptance of declarations and other functions* under Art. 10, Para 4 of the NRAA;

- *Control and prevention of money laundering and the financing of terrorism;*

- *Provision of a possibility of electronic payment of taxes, fees and other public and private receivables and provision of electronic administrative services;*

- *Cooperation in securing and enforced collection of public receivables.*

III. The authorities, institutions and persons with whom the NRA has provided for a regulatory option to implement interaction are:

- *State and municipal authorities*, competent to register or issue permits to carry out certain types of commercial activities, to register vehicles, etc.;



- *Bodies of the judiciary and the prosecutor's office*, the registration judges, the Bulgarian Chamber Of Private Enforcement Agents;

- *District and municipal administration*, the National Association of municipalities;

- *Specialized institutions and agencies* - the National Statistical Institute (NSI), the National Social Security Institute (NSSI), the National Health Insurance Fund (NHIF), General Labor Inspectorate Executive Agency, the Employment Agency, the Bulgarian Agency for Food Safety, the Bulgarian Investment Agency, "Guaranteed Receivables of Workers and Employees in Case of Insolvency of the Employer" Fund, the National Grain and Feed Service for economic analysis and forecasting, the Geodesy, Cartography and Cadastre Agency for provision of data and references from the cadastral map and the registers, the Executive Agency Automotive Administration for interaction, the Bulgarian Construction Chamber, the Road Infrastructure Agency, the Executive Agency "Medical audit";

- *Ministries and specialized structures* - the Ministry of Interior (MOI), the SANS, the "Security - Military Police and Military Counterintelligence" Service, the Ministry of Finance and the Ministry of Regional Development and Public Works, the Ministry of Labor and Social Policy, the Ministry of Agriculture and Forestry, the Ministry of Education and Science, the Ministry of Economy and Energy, the Ministry of State Administration and Administrative Reform, the Ministry of Environment and Water;

- *Control bodies of the Ministry of Finance* - the "Customs" Agency, the SFIA, the Bulgarian National Audit Office, the State Gambling Commission;

- *Enterprises and other employers under labor contracts, self-insured persons - payers of income*;

- *Insurers, pension insurance companies, banking institutions - commercial banks, the Bulgarian National Bank*;

- *Providers of telecommunications services, "Bulgarian Post" EAD and vocational training centers*;

- *Authorities and institutions of the Member States of the European Union and the European Community* - the administrations on the revenue (taxes, custom duties, fees and social security

contributions), the European Commission, the Council of the European Union, the Court of Justice of the European Communities and the European Central Bank;

- *Authorities and institutions of third countries in connection with certain levies, duties, taxes and etc.*

IV. The regulatory set guidelines of interaction in the NRA system are as follows:

- Provision of data and information to the NRA and the other participants in the interaction;

- Increasing the collection of public receivables;

- Assist the NRA in carrying out some of the technical functions such as - making money transfers, service of messages, acts and documents, acceptance of declarations and etc.;

- Increasing the efficiency and effectiveness of the control activities by conducting joint actions, participating in administrative proceedings, conducting parallel audits and inspections, collecting evidence from other control bodies, inviting the NRA authorities to carry out inspections and audits;

- Raising the qualification and the professional training of the staff;

- Increasing the quality of control activities;

- Prevention and counteraction of financial and economic frauds and crimes of social significance.

### **3. Carried out activities and events associated with the interaction in the NRA system.**

Each year, the NRA prepares a report on its activities, detailing the carried out activities and events for the respective reporting period, incl. also such that are associated to the interaction. Based on a survey and analysis of the last annual report on the NRA activities<sup>1</sup>, the following summaries can be made about what is actually realized in this field:

- The electronic exchange of information is expanded with some national institutions such as the NHIF, the NSSI, the NSI, the Registry Agency (RA), Civil Registration and Administrative Services (GRAO), the municipalities, the commercial banks, the post offices; The exchange of

<sup>1</sup> *The Annual Activity Report of the NRA is published on the official website of the Agency. The latest published report is currently for the*





information by electronic means is expanded with some European institutions for risk intra-Community transactions, early warning of VAT fraud and "money laundering" across the EU; The exchange of information relating to the administrative cooperation with other EU Member States in the field of collection of public receivables in 2015 has been increased;

- Electronic services for external institutions (MOI, Customs Agency, etc.) have been introduced, or such that improve the interaction of the administration with the NRA's clients within the control proceedings, for example, reports for offsetting and refund are handed to the obligated persons, requests for information, protocols, audit reports and acts;

- Some joint control actions with foreign partners have been realized - participations in projects for joint control actions at the invitation of revenue administrations of other EU Member States, selection of cases for multilateral revision, invitations sent to four Member States to launch joint control actions;

- Activities and events have been carried out which improve the Agency's interaction with the law enforcement agencies and some institutions with control functions in the country - the MOI, the SANS, the Prosecutor's Office, the Customs Agency, the Ministry of Agriculture, the Automobile Administration and the State Agency for Metrological and Technical Supervision in order to identify cases of smuggling and abuse of taxes (mainly VAT and excise duty);

- Joint projects have been realized with tax administration experts from the EU Member States on management of the risk from non-compliance with the tax and social security legislation, the prevention and investigation of financial fraud affecting the EU's own resources system;

- Double Taxation Arrangements (DTA) have been signed with the United Kingdom of Great Britain and Northern Ireland, the Kingdom of Norway and Romania;

- Bulgaria's accession to the multilateral agreement on the automatic exchange of financial information - Common Reporting Standard (CRS) has been prepared and a multilateral convention on mutual administrative cooperation on tax matters has been signed, which enables the tax administrations of more than 90 countries to cooperate in the cases of Cross-border tax evasion,

tax avoidance and tax fraud;

- NRA officials participated in workshops meetings of the European Commission (EC), the EU Council and a joint forum on the issues of transfer pricing;

- Working visits of foreign experts (from Romania and Bangladesh) were carried out to the National Revenue Agency in order to acquire experience and good practices in the field of information technologies, business process reengineering, project management and tax reform planning;

- Representatives of the National Revenue Agency participated at an annual meeting of the heads of the tax administrations of the EU Member States at the 19th General Assembly of the Intra-European Organisation of Tax Administrations (IOTA);

- Participations in international events organized by the European Commission (EC), the EU Council, IOTA, "Fiscalis" Programme, "SOLVIT" network, etc.;

- External communications have been carried out with the Bulgarian Industrial Capital Association (BICA), the Bulgarian Chamber of Commerce and Industry (BCCI) and the trade unions in Bulgaria for a joint campaign "Money in an Envelope" dedicated to the fight against the gray market and payment of wages "under the table".

On the basis of the review made above of the regulatory provisions regulating the interaction in the NRA system as well as on the basis of the study and analysis of the last annual activity report of the NRA, the following conclusions can be **made regarding the correspondence between the regulatory provided possibilities and the actually realized initiatives related to the interaction in the system for tax and social insurance control:**

I. Carried out information exchange between the NRA and some national institutions, such as the NHIF, the NSSI, the RA, GRAO, the NSI, the municipalities, the commercial banks, the post offices; certain European institutions for risk intra-Community transactions as well as the administrative cooperation in the field of collection of public receivables.

II. Cases of joint control actions between the NRA and other authorities and institutions in the country (the Customs Agency, the Ministry of



Interior, the State Agency for National Security, the Prosecutor's Office, the Ministry of Agriculture, the Automobile Administration and the State Agency for Metrology and Technical Supervision) can be mentioned as well as some realized joint control actions with foreign partners, but they are not yet common and widespread practice.

III. The following case are not used or are limited: Participation in administrative proceedings of authorized officials; Performing parallel inspections and audits; Collection of evidence from other control bodies; Disclosure of tax and social insurance information; Implementation of control, monitoring and reporting for the transparency of the scheme in the utilization of public funds; Inspections of persons from NRA bodies according to established violations and signals received from the National Audit Office; Carrying out audits in special cases under Art. 122 of the TSIPC under a written request of bodies outside the NRA system; Control and prevention of money laundering and the financing of terrorism.

IV. Within EU partnerships, the opportunities are actively used for: Organizing joint workshops, seminars, study visits as well as other forms of staff training; Consultations and expert assistance; Exchange of experience, knowledge and good practices.

V. The emphasis is on ensuring a possibility for electronic payment of taxes, fees and other public and private receivables as well as provision of electronic administrative services and cooperation in securing and enforced collection of public receivables.

VI. Service of acts and documents between the Member States of the EU is carried out; the service of the messages, acceptance of declarations and other functions under Art. 10, Para 4 of the NRAA is awarded.

VII. The NRA systematically performs interaction: mainly with state authorities, district and municipal administration, bodies of the judiciary and the Prosecutor's Office; with some specialized institutions and agencies (the NSI, the NSSI, the NHIF, etc.); individual ministries and specialized structures (the MOI, the SANS and the Ministry of Finance); with certain control bodies of the Ministry of Finance (the "Customs" Agency, the SFIA, the Bulgarian National Audit Office, the State Gambling Commission); with authorities and institutions of the EU; with the enterprises, the

banking institutions, the providers of telecommunications services and "Bulgarian Post" EAD.

It is noticeable that the interaction with the Ministry of Education and Science, as well as with the academic community is not carried out or it is very limited. Active cooperation takes place only with the Ministry of Finance (MF) and the Ministry of Interior and with the other ministries the interaction is limited. Separate joint activities and events are carried out with some of the control bodies within the structure of the MF, as of them - with a systematic and thorough nature are only those with the Customs Agency", resp. there is a potential for expanding the cooperation with the SFIA and the Bulgarian National Audit Office as well as for starting a cooperation with the authorities for internal audit in the public sector. In the presence of a regulatory basis (legal provisions and instructions for joint activities), active cooperation could be realized between the NRA and the system of independent financial audit. There is an active interaction of the NRA with bodies and institutions in the European Union but at the expense of this, the interaction with third countries is limited.

VIII. From the regulatory set guidelines of interaction in the system of the tax and social insurance control according to the legal framework in force (presented in item 1 and item 2 of the present report) are actively realized only - information exchange, incl. by electronic means, Increasing the collection of public receivables, Assisting the NRA in carrying out some of the technical functions. Considerably less attention is paid to: Increasing the quality of the control activities; Raising the qualification and the professional training of the staff; Increasing the efficiency and effectiveness of the control activities by conducting joint actions, participating in administrative proceedings, conducting parallel audits and inspections, collecting evidence from other control bodies, inviting the NRA authorities to carry out inspections and audits; Limited are the actions and operations aimed at interaction in the system of financial control in the country and with foreign control bodies and institutions concerning the prevention and counteraction of financial and economic frauds and crimes of social significance.



## Conclusion

As a result of the research made, on the one hand - of the legal framework, creating the normative prerequisites and on the other hand - of the actual implementation of the interaction in the system of the NRA, the following recommendations in this field can be systematized:

- To extend the implementation of interaction not only in respect of the VAT abuses with VAT and excise duty, but also to the direct taxes;

- To extend the implementation of interaction not only in respect of the establishment of the tax violations, but also to the prevention of these negative phenomena;

- To realize efficient interaction in terms of absorption of the EU funds, European programs and public procurement, since the financial and economic abuses in these aspects are usually accompanied by significant tax violations and fraud;

- To develop regulatory provisions regulating the interaction of the NRA with the authorities for internal audit in the public sector and with the authorities for independent financial audits, by ensuring their effective application;

- To realize a systematic and multilateral interaction of the NRA with the educational institutions and the academic community with a view of: participation in joint scientific projects and implement the scientific achievements related to increasing the efficiency, improving the technology and methodology of the tax and social security control in the administrative practice; quality professional preparation of the revenue authorities; the formation of values and attitudes among young people to comply with tax and social security legislation and to counteract the relevant violations and frauds.

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