



**REPUBLIC OF BULGARIA  
MINISTER OF FINANCE**

99-00-350/15r.  
05.07.2016r.

4 July 2016

**MR GAVIN ST PIER  
MINISTER FOR TREASURY & RESOURCES  
SIR CHARLES FROSSARD HOUSE  
LA CHARROTERIE  
ST PETER PORT, GUERNSEY  
GY1 1FH**

**Re: Update of the Bulgarian list of jurisdictions with preferential tax regimes**

**Dear Mr Pier,**

Further to our letter of January 12, 2016 concerning the amendments of the criteria used for determination of jurisdictions with preferential tax regimes in accordance with the Bulgarian tax legislation, we would like to give you an update on our progress in information exchange between the Republic of Bulgaria and several third countries listed as jurisdictions with preferential tax regimes according to the Bulgarian tax legislation.

I am pleased to advise that the *Convention on Mutual Administrative Assistance in Tax Matters* and the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (MCAA)* were ratified by the Bulgarian Parliament and promulgated in State Gazette No 50 on 1 July 2016 which is the date of their entry into force.

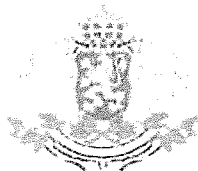
As a result of the enforcement of the Convention and the MCAA, by Order No ZMF-558 dated 24 June 2016, the Minister of Finance has approved a new list of jurisdictions with preferential tax regimes which currently includes 37 countries/territories. That list is published on the website of the Ministry of Finance and in the State Gazette No 50 of 1 July, 2016 and is in force as of the same date.

Since Guernsey and the Republic of Bulgaria now would be able to exchange information on request under the provisions of the Convention and also automatically under the provisions of the Convention and the MCAA, Guernsey was removed from our list of jurisdictions with preferential tax regimes with effect from 1 July 2016.

In conclusion I would like to inform you that we are also very pleased that we now have in place a strong and robust basis for tax information exchange between authorities.

**Sincerely,**

**Vladislav Goranov  
Minister of Finance**



REPUBLIC OF BULGARIA  
MINISTER OF FINANCE

99-00-27

14.07.2016

MR GAVIN ST PIER  
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12 January 2016

Re: Amendments in the criteria for determination of "jurisdictions with preferential tax regime" in accordance with the Bulgarian tax legislation

Dear Mr Pier,

In pursuance of point 4.1 of European Commission recommendation of 6 December 2012 regarding measures intended to encourage third countries to apply minimum standards of good governance in tax matters, the Republic of Bulgaria has introduced into its national legislation a list of jurisdictions with preferential tax regime.

In connection with the accession of Bulgaria to international initiatives of the Organization of Economic Cooperation and Development (OECD) regarding transparency and exchange of information for tax purposes such as the *Convention on Mutual Administrative Assistance in Tax Matters*, the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information* and the Global Forum on Transparency and Exchange of Information for Tax Purposes, amendments in the Bulgarian *Corporate Income Tax Act* concerning the criteria on the bases of which countries/territories will be determined as jurisdictions with preferential tax regime have been in force since 1 January 2016.

According to the provision of paragraph 1, point 64 of the *Corporate Income Tax Act's* supplementary provisions, jurisdictions with preferential tax regime are countries/territories which are not Member States of the European Union and do not exchange information with the Republic of Bulgaria pursuant to Directive 2011/16 / EC of 15 February 2011 on administrative cooperation in the field of taxation and repealing Directive 77/799 / EEC (OJ, L 64/1 of 11 March 2011) and its subsequent amendments, and meet two of the following conditions:

- a) Have no enforceable agreement for the avoidance of double taxation between the Republic of Bulgaria and the relevant country/territory or no enforceable bilateral or multilateral agreement for exchange of information on request between the Republic of Bulgaria or the European Union and the relevant country/territory;

- b) Have an enforceable agreement for the avoidance of double taxation between the Republic of Bulgaria and the relevant country/territory or enforceable bilateral or multilateral agreement for exchange of information between the Republic of Bulgaria or the European Union and the relevant country/territory, but the state/territory refuses or is unable to exchange information upon request;
- c) The due corporate or income tax or the substitute taxes on income listed in the *Bulgarian Individual Income Tax Act* which a foreign person is liable for in the relevant country/territory are 60 percent lower than the income/corporate tax on the same income in the Republic of Bulgaria.

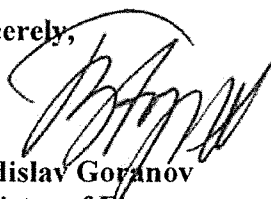
The list of countries/territories with preferential tax regime drawn up pursuant to the above criteria is approved by the Minister of Finance and published in the "State Gazette" and on the website of the Ministry of Finance. The aim of this approach is more flexibility and updating of the list in due course.

By Order № ZMF-1311 from December 21, 2015 (promulgated in "State Gazette" № 102 of 2015), the Minister of Finance has approved the list of jurisdictions with preferential tax regime which includes 50 countries/territories.

In the list of jurisdictions with preferential tax regime, Guernsey is included, too.

In conclusion it is worth pointing out that the *Convention on Mutual Administrative Assistance in Tax Matters* and the *Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information* will be ratified by the National Assembly until the end of March 2016 at the latest. Furthermore once these two international agreements are ratified by the Parliament, the list of jurisdictions with preferential tax will be immediately updated and all countries/territories which are parties to the Convention will be excluded from the list, including Guernsey, for which you will be informed in due course.

Sincerely,



**Vladislav Goranov**  
**Minister of Finance**



## TREASURY AND RESOURCES

A STATES OF GUERNSEY GOVERNMENT DEPARTMENT

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17 December 2015

Dear Minister

Thank you for your letter of 26 October, further to which I can give you an update on our subsequent progress in enhancing effective tax transparency and information sharing between Guernsey and Bulgaria.

Guernsey is now in the process of repealing the provisions of the EU Savings Directive from 31 December 2015. You will have received my letter of 12 November in this regard (copy attached for your ease of reference). I am pleased to advise that the Common Reporting Standards provisions are now in place in Guernsey domestic law, so that they will be fully operative from 1 January 2016. This means that our relationship on tax transparency and information sharing will be underpinned by the following:

- The Common Reporting Standard, of which we are both Early Adopters,
- Through the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, in which we are both participants, and which Guernsey has ratified,
- The bilateral Tax Information Exchange Agreement, which our parliament will ratify in January.

In short, we have in place the legal and technical basis for both automatic exchange of information and exchange of information on request, between Guernsey and Bulgaria – which we as a government warmly welcome.

With that in mind, please could you confirm that under the amended Bulgarian Corporate Income Tax Act (CITA), Guernsey would be removed from the Bulgarian 'Preferential Tax Regime Jurisdictions' list, on the basis of being able to exchange information on request under the provisions of the Multilateral Convention on Mutual Administrative Assistance on Tax Matters, and also automatically under the provisions of the Multilateral Convention on Mutual Administrative Assistance on Tax Matters and the Multilateral Competent Authority Agreement?

Although these multilateral instruments largely overtake the need for bilateral instruments, we remain committed to the early entry into force of our bilateral Tax Information Exchange