

**IMPLEMENTING ARRANGEMENT**  
**REGARDING**  
**TAX EXEMPTIONS AND TAX RELIEF**  
**IN IMPLEMENTATION OF THE AGREEMENT BETWEEN**  
**THE GOVERNMENT OF THE REPUBLIC OF BULGARIA**  
**AND**  
**THE GOVERNMENT OF THE UNITED STATES OF AMERICA**  
**ON DEFENSE COOPERATION**

Pursuant to the Agreement between the Parties to the North Atlantic Treaty Regarding the Status of Their Forces, done at London on June 19, 1951, (hereinafter "NATO SOFA"), and pursuant to the "Agreement between the Government of the Republic of Bulgaria and the Government of the United States of America on Defense Cooperation," signed in Sofia on April 28, 2006 (hereinafter "the Agreement"), it is agreed as follows:

1. The purpose of this Implementing Arrangement (IA) is to establish policies, guidelines, and procedures for processing and effecting the tax exemptions and tax relief granted to United States forces, its personnel, its activities, and its contractors in the Republic of Bulgaria.
2. Prompt and uncomplicated tax exemption and tax relief procedures for United States forces, its personnel, its activities, and its contractors are essential to enhance cooperation between the Republic of Bulgaria and the United States as provided in the Agreement. Consequently, the Government of the Republic of Bulgaria and its agencies will endeavor to facilitate and expedite United States forces requests for tax exemptions and tax relief.
3. Addresses and areas of competence of the United States offices and the competent Bulgarian authorities for tax exemptions and tax relief purposes are listed in Annex A, which may be updated through notification to the Joint Committee as necessary.
4. Definitions: For the purposes of this Implementing Arrangement and tax exemptions and tax relief, the following terms have the meanings stated:
  - a. "Contractor" means any legal entity supplying goods or services ultimately for the use or benefit of the United States forces, including construction, under a contract or subcontract with or for the United States forces, when those goods or services or construction are certified by the United States forces as being for the ultimate use of the United States forces.
  - b. Contractors "who are present in the territory of the Republic of Bulgaria to supply goods and services in the territory of the Republic of Bulgaria to United States forces under a contract or subcontract with or for the United States forces" shall include:
    - (1) contractors exclusively supporting United States forces, or
    - (2) contractors that have other business activities in the Republic of Bulgaria as long as they properly account for all business related to United States forces. Such accounting must be detailed and analytical in nature. In such case, any exemptions from income and

corporate profit taxes shall apply only to that portion of the business solely supporting the United States forces or to a subsidiary that exclusively supports United States forces.

c. "Materials, supplies, services, equipment and other property acquired or imported for the ultimate use by the United States forces or which are ultimately to be incorporated into articles or facilities used by United States forces" means materiel, supplies, services (including construction), equipment and other property acquired directly by the United States forces or by contractors:

(1) for delivery to United States forces (for example, bottles of water that are to be delivered unopened to United States forces under a contract); or

(2) which are ultimately to be incorporated into articles or facilities used by United States forces (for example, construction materials and items to be used in fulfilling a construction contract, spare parts to be used under an equipment repair contract, cleaning supplies).

5. Income Tax Withholding exemptions provided for in Article XVI, paragraph 2 of the Agreement. This exemption shall not apply to members of the force or of the civilian component or dependents when acting as an employer in their personal and individual capacity.
6. Income Tax Rate Determination (Article XVII, paragraph 2 of the Agreement). Income exempt from taxation according to Article X NATO SOFA and Article XVII paragraph 2 of the Agreement shall not be taken into consideration when establishing the tax rate on other income of members of the force or of the civilian component or dependents, which is subject to taxation in the Republic of Bulgaria.
7. Tax Exemption and Tax Relief. Exemption and relief from Value Added Taxes (VAT), excise duties, and similar taxes, including future taxes of this kind, on articles and services acquired by the United States forces or by contractors acting for or on behalf of the United States forces shall be granted at the point of sale. The acquisition of articles and services acquired free of tax shall be documented using the form found in Annex B of this IA. These forms shall be certified by the authorities of the United States forces and the purchaser shall provide the form to the vendor to document the tax exemption or tax relief at the point of sale. Upon request the authorities of the United States will provide copies of these tax exemption certifications to the designated Bulgarian tax office.
8. For personal purchases of tangible, movable property by the members of the force, the civilian component, and dependents and for official purchases in which tax exemption or tax relief was not obtained at the point of sale, reimbursement of taxes paid shall be obtained by using the forms in Annexes B and C. These forms shall be certified by the authorities of the United States forces and the purchaser shall present the certified form with the proof of purchase and invoice, to the appropriate Bulgarian tax office for reimbursement of the paid taxes. The tax reimbursement shall be paid in local currency by the Bulgarian tax office upon presentation of the certification and invoice.
9. The United States forces shall establish a tax relief office that will be responsible for fulfillment of the United States forces' obligations under this Implementing Arrangement and will coordinate directly with the Bulgarian tax authorities.
10. Local taxes: United States forces, members of the force or of the civilian component, or dependents, or contractors acting exclusively for or on behalf of the United States forces shall be exempt from any local taxes imposed by any local Bulgarian tax authorities.

11. Dissemination: The Bulgarian tax authorities and United States forces agree to promptly inform and train their respective officials, including local tax officials, on the policies and procedures described in and developed pursuant to this IA.
12. This Implementing Arrangement may be amended in writing at any time, by mutual consent.
13. This Implementing Arrangement shall enter into force upon signature and remain in force unless terminated upon one year's written notice. In any event, this Implementing Arrangement shall terminate on the date the Agreement terminates, should that occur.

IN WITNESS THEREOF, the undersigned, being duly authorized, have signed this Implementing Arrangement.

DONE in Sofia, this 28<sup>th</sup> day of February 2008, in duplicate, in the Bulgarian and English languages, both texts being equally authentic.

**FOR THE GOVERNMENT  
OF THE REPUBLIC OF BULGARIA**

**FOR THE UNITED STATES**

**ANNEX A**

**TO THE IMPLEMENTING ARRANGEMENT REGARDING TAX EXEMPTIONS AND TAX  
RELIEF IN IMPLEMENTATION OF THE AGREEMENT BETWEEN THE GOVERNMENT OF THE  
REPUBLIC OF BULGARIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA  
ON DEFENSE COOPERATION**

**Primary Bulgarian Points of Contact:**

**United States Forces Points of Contact:**

HQ, Joint Task Force - East  
ATTN: Command Judge Advocate/USLLO  
[ADD ADDRESS]  
Bulgaria  
Tel. [ADD PHONE NUMBER]  
Fax.  
E-mail:

**ANNEX B**

**TO THE IMPLEMENTING ARRANGEMENT REGARDING TAX EXEMPTIONS AND TAX RELIEF IN IMPLEMENTATION OF THE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF BULGARIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA ON DEFENSE COOPERATION**

**Point of Sale Official Tax Exemption and Tax Reimbursement Form**

<b>UNITED STATES FORCES CERTIFICATE OF TAX EXEMPTION</b>		
<b>Certificate Number:</b>		
<b>Purchaser Information</b> Name: Address: Postal Code, City:		
<b>United States Forces Validation:</b> The Purchaser listed above is purchasing or has purchased materials, supplies, services, equipment, and other property for the ultimate use of the United States forces or are ultimately to be incorporated into articles or facilities used by United States forces.  Date _____ Signature _____  Office: Address: Telephone Number:		
<b>DESCRIPTION OF THE GOODS SUBJECT TO VAT OR OTHER TAX EXEMPTION</b>		
<b>A. Information about the seller:</b>		
(1) Name and address		
(2) Tax Identification Number		
<b>B. Information about the goods</b>		
№	Description of the goods (or reference to the enclosed invoice)	Value
1		
2		
3		
4		
5		
6		
	TOTAL	
US/BG Tax Exempt Form B; Ref. The Agreement Art. XVI, Tax IA Art. 7 and Art. 8		

**ANNEX C**

**TO THE IMPLEMENTING ARRANGEMENT REGARDING TAX EXEMPTIONS AND TAX RELIEF AS PROVIDED IN THE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF BULGARIA AND THE GOVERNMENT OF THE UNITED STATES OF AMERICA ON DEFENSE COOPERATION**

**Personal Tax Exemption and Tax Reimbursement Form**

<b>UNITED STATES FORCES CERTIFICATE OF TAX EXEMPTION FORM</b>		
<b>Certificate Number:</b>		
<b>US Personnel Information</b> Name: Address: Postal Code, City:		
<b>United States Forces Validation:</b> The Person listed above is a member of the United States forces or civilian component in Bulgaria and is authorized VAT, excise or similar tax exemption.  Date _____ Signature _____  Office: Address: Telephone Number:		
<b>DESCRIPTION OF THE GOODS SUBJECT TO VAT OR OTHER TAX EXEMPTION</b>		
<b>A. Information about the seller:</b>		
(1) Name and address		
(2) Tax Identification Number		
<b>B. Information about the goods</b>		
<b>Nº</b>	<b>Description of the goods (or reference to the enclosed invoice)</b>	<b>Value</b>
1		
2		
3		
4		
5		
6		
	<b>TOTAL</b>	
US/BG Tax Exempt Form C; Ref. The Agreement Art. XVII, Tax IA Art. 8		