

# *Dimitrov, Petrov & Co.*

BULGARIAN LAW FIRM

## **Partners:**

George Dimitrov  
Bogdan Petrov  
Alexander Todorov  
Metodi Baykushev  
Hristo Nihrizov  
Zoya Todorova  
Plamena Georgieva  
Boyana Milcheva  
Desislava Krusteva

## **Associates:**

Dimitar Karabelov  
Sylvina Beleva  
Encho Simeonov  
Donka Stoyanova  
Emil Tumbev  
Boyan Ivanov  
Dimitar Benev  
Bilyana Stefanova  
Pavlina Ivanova  
Tsvetelina Georgieva  
Gergana Georgieva  
Pencho Stanchev  
Nikoleta Stoyanova  
Albena Angelova  
Radina Tomanova  
Martin Zahariev

## **Requirements and Restrictions to Cash Operations, Cash Transportation and Payment in Cash**

Dimitrov, Petrov & Co.'s Banking & Finance team has prepared an overview of the general legal framework on transportation of money and cash handling. In their presentation, however, the lawyers have not commented on any specific requirements and restrictions that might apply to the transportation of money and cash handling by persons that are subject to specific legal regimes (e.g. banks and other financial institutions, investment intermediaries, collective investment schemes, etc.).

### **1. LIMITATIONS TO CASH PAYMENTS**

**Legal framework:** Limitation of Cash Payments Act

#### **Main rules:**

Any payments exceeding BGN 10.000 (approx. EUR 5.100) or the equivalent in another currency should be made by bank transfer or by depositing cash into a bank account. That means such payments should not be made directly in cash.

The above rule also applies where the amount of the particular payment is below BGN 10.000, but it represents only a part of the full payment under a contract, where the overall value of the contract exceeds the said threshold. That means that payments exceeding the threshold cannot be made in several instalments in order to avoid the limitation.

### **2. RULES REGARDING TRANS-BORDER TRANSFERS**

#### **2.1. Limitations to carrying cash through the border**

**Legal framework:** Foreign Exchange Act

#### **Main rules:**

Individuals may carry through the Bulgarian border unlimited amounts of money. Generally, money cannot be sent in post packages unless their value has been declared.

**A) Transportation of money to and from a third country (non-EU Member State)**

Sofia 1303, Bulgaria  
28 Todor Alexandrov Blvd,  
fl. 7 and fl. 10  
tel.: +359 2 421 42 01  
fax: +359 2 421 42 02  
e-mail: [mail@dpc.bg](mailto:mail@dpc.bg)

Varna 9000, Bulgaria  
13 Neofit Bozveli Str,  
office 13  
tel.: +359 52 694 505  
e-mail: [varna@dpc.bg](mailto:varna@dpc.bg)  
website: <http://www.dpc.bg>

- (i) The transportation of money equal to or exceeding the amount of EUR 10.000 **to or from** a third country (a **non**-EU member state) is subject to declaration before the customs authorities.
- (ii) The transportation of money equal to or exceeding the amount of BGN 30.000 **to** a third country (a **non**-EU member state) is only allowed if the person presents a certificate from the Bulgarian National Revenue Agency (the NRA) for lack of obligations or a document certifying that the person is not registered in the register of the NRA.
- (iii) If a foreign individual carries the amount under the previous paragraph to a third country (a **non**-EU member state) and the money has been already declared, the individual shall only declare to the customs authorities the type and amount of the money.
- (iv) In case of reasonable doubt of any illegal activities related to transportation of money, even for amounts below EUR 10.000, the customs authorities can still demand information about the money.

## **B) Transportation of money to and from an EU Member State**

- (i) Transportation of money equal to or exceeding the amount of EUR 10.000 **to or from** an EU Member State is subject to declaration before the customs authorities upon request by the latter.
- (ii) In case of reasonable doubt for illegal activities related to the transportation of money, even for amounts below EUR 10.000, the customs authorities can still demand information about the money.

## **2.2. Information flow regarding the movement of money**

**Legal framework:** Foreign Exchange Act, Ordinance No. 28 of 2012 regarding the data and documents to be presented to the payment services providers upon effecting trans-border transfers and payments to a third country.

### **Main rules:**

**2.2.1.** The payment services providers (e.g. banks) may effect trans-border transfers and payments only if the grounds of the transfer are specified to them.

An individual that makes a trans-border transfer or payment **to** a third country (a non-EU member state) equal to or exceeding BGN 30.000 shall present to the payment services provider certain data and documents which are determined in Ordinance No. 28.

Generally, the sample forms necessary to comply with the above requirements are provided for signing by the respective payment services provider, therefore we will not go into further detail.

## **2.2.2. Bulgarian payment balance statistics**

The persons making trans-border money transfers/payments shall provide certain information for the purposes of the Bulgarian payment balance statistics. Such information is generally provided to:

- (i) the payment services providers upon making the transfer/payment;
- (ii) the Bulgarian National Bank (**the BNB**).

Since the sample forms necessary to comply with some of the above requirements are provided for signing by the respective payment services provider, we will not go into further detail.

Certain obligations however require the active behaviour of the person making/receiving the respective transfer:

- (i) Upon receipt of amounts of money from another state, the local recipient should fill in statistical forms within 30 days as of the receipt.
- (ii) Each transaction in connection with:
  - local entities (including companies) making *initial direct investments* abroad;
  - local entities providing or receiving *financial credits* to/from foreign persons exceeding BGN 50.000;
  - local entities opening bank accounts abroad,
  - is subject to **declaration** before the BNB within 15 work days as of the conclusion of the transaction. The Foreign Exchange Act provides legal definitions to the terms *financial credit* and *direct investment*.

When the local person orders a local bank to make a transfer in connection with a transaction under this item (ii), the local bank shall require a certification that the declaration before the BNB has been presented.

- (iii) Local entities should file before the BNB **quarterly declarations** on:
  - the financial operations, balance and other changes of financial credits received from or provided to foreign persons, exceeding the amount of BGN 500.000 (at the time of declaration or at the end of the preceding year);
  - the financial operations and balance in bank accounts opened abroad;
  - certain receivables from foreign persons equal to or exceeding BGN 200.000;
  - certain obligations to foreign persons equal to or exceeding BGN 200.000, etc.

- (iv) The local entities should file before the BNB **annual declarations** on:
- the financial operations, balance and other changes of financial credits received from or provided to foreign persons, where the amount of the financial credit is within the BGN 50.000 – 500.000 range;
  - direct investments in real estate abroad.

### **2.2.3. FATCA Regime**

Bulgaria has recently synchronised its legislation with the EU law in the field of automatic exchange of financial information regarding taxation. Bulgaria is now able to fulfill its obligations under the Agreement to Improve International Tax Compliance entered into with the USA and the application of FATCA.

As a result, currently certain declarations are requested by the banks upon opening of bank accounts. The process of filling in the declarations is administered by the respective bank prior to opening the bank account.

## **3. ANTI-MONEY LAUNDERING MEASURES AND MONEY FROM ILLEGAL ACTIVITY**

### **3.1. Anti-money laundering measures**

**Legal framework:** Measures Against Money Laundering Act

**Main rule:**

A wide range of entities in Bulgaria are legally obliged to apply a “know-your-client policy”. Such are banks, insurance companies, investment intermediaries, notaries, leasing companies, etc. (below – “**liable persons**”). In particular, the following rules shall apply with respect to money:

- (i) The liable persons are obliged to apply the know-your-client policy with respect to:
- opening a bank account;
  - effecting a financial operation or a transaction the value of which exceeds BGN 30.000. For some liable persons the threshold is lower – BGN 10.000. The thresholds shall also apply to complex operations where the value of each particular operation is beneath the threshold, but the overall value exceeds it.
- (ii) Persons effecting a financial operation or a transaction with a liable person at a value exceeding BGN 30.000, respectively BGN 10.000 in case of payment in cash, should declare the origin of money.

### **3.2. Property originating from illegal activities**

**Legal framework:** The Confiscation by the State of Illegally Obtained Property Act

**Main rule:**

Illegally obtained property is any property of which no legal source can be ascertained. Property includes money.

In case a person is subject to investigation, any money found on him/her, in his home or other own or leased premises, vehicles or safes is considered his/her own money.

In view of the above, a person should be able to prove the legal origin of the money.

**Author:**

**Dimitar Karabelov**, *Senior Associate*

Dimitrov. Petrov & Co. Law Firm

28 Todor Alexandrov Blvd., fl.7

1303 Sofia, Bulgaria

Tel.: +359 2 421 42 01

Fax: +359 2 421 42 02

Email: [dimitar.karabelov@dpc.bg](mailto:dimitar.karabelov@dpc.bg)

Website: <http://www.dpc.bg>

