

## **Standard Summary Project Fiche for the Transition Facility**

### **1. Basic Information**

**1.1 CRIS Number:** 2007/019-303.06.02

**1.2** Twinning light contract BG/07/IB/FI/01/TL

**1.3 Title:** Enhancement of the Implementation Mechanisms of the Intrastat System in Bulgaria

**1.4 Sector:** Finance

**1.5 Location:** National Revenue Agency, Sofia, Bulgaria

### **2. Objectives**

#### **2.1 Overall Objective(s):**

Improvement of the rules and practices of implementation of the Intrastat system in accordance with new European regulations and guidelines in this area

#### **2.2 Project purpose:**

Elaboration and deployment into practice of new methods for determination of obligations and monitoring of compliance of Intrastat operators and for treatment of specific goods and movement of goods.

#### **2.3 Justification:**

The proposed project is fully targeted towards improvement of the administrative capacity of NRA for implementation of the European legislation connected to the operation of the Intrastat system in EU Member States, recommended in EU monitoring reports.

In 2006 two new European documents have been entered into force, stipulating new or amended rules for treatment of trade transactions with goods within the EU and especially for reporting of trading of specific goods and specific movements of goods:

Regulation (EC) 1915/2005, entered into force as of 01 January 2006, amending Regulation (EC) 1982/2004 for the practical implementation of the Intrastat system in the EU Member States (MSs) and especially concerning the collection of data and reporting the trading of specific goods and movements of goods;

Guidelines for the Implementation of the Intrastat Legislation, adopted by the European Committee for Foreign Trade Statistics and GD Eurostat of EC, which are intended to be used by the MSs as the Europe-wide standard for methodology and collection of data through the Intrastat system.

### **3. Description**

#### **3.1 Background and justification:**

The Intrastat system, which has been implemented and operates in all MSs, is applied for the collection of data for the movement of goods between MSs within the established European "common market". A specific feature of the system is that it does not cover transactions in

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services or other non-goods transactions. The activities within the frame of the Intrastat system are regulated by Council Regulation (EEC) № 638/2004 and Commission Regulation (EC) 1982/2004, amended by Commission Regulation (EC) № 1915/2005.

The implementation of the Intrastat system in each country is carried out on the basis of the a.m. EU regulations and a national legislation, which defines the powers and responsibilities of the administrative structure(s) engaged in the operation of the system. It also determines the obligations for submission of the required information by the Intrastat operators (IOs).

In accordance with the Bulgarian Act on Statistics of Intra-Community Trading of Goods (ASICTG), the National Revenue Agency (NRA) is the responsible national authority (NA) for the implementation and operation of Intrastat system. NRA provides for the collection of data for the trade between traders of Bulgaria and other EU MSs and the submission of this data to the National Statistical Institute (NSI). NSI is responsible for summarising, correction and monthly submission to DG Eurostat of the data related to trading of goods between Bulgarian and EU MSs.

ASICTG was entered into force as of 01 September 2006, i.e. 4 months before the effective accession of Bulgaria into the EU. On this basis a 4-months pilot implementation of the Intrastat system was carried out on a nation-wide scale, resulting in the 4 rounds of preparation and submission by the Intrastat operators and collection by NRA of around 14000 Intrastat declarations for each of the reporting months. This pilot implementation was of crucial importance for achieving the required preparedness for implementation of the Intrastat system in real conditions from the moment of accession of the country into the EU.

### 3.2 Linked activities:

The overall preparation for implementation of the Intrastat system in Bulgaria was so far supported by 2 Phare projects:

- Twinning-light project under national Phare 2003 Programme, implemented together with a team of experts from the National Revenue Agency of Spain, which covered the non-computer based activities, including harmonization of legislation, methodology and logistics (working procedures, forms, supporting documentation, etc.), estimation of operational costs and determination of thresholds;
- Technical Assistance project BG 0006.04.02 "Technical Assistance for Development of the National Statistical System" implemented at NSI, which covers the obligations of NSI in connection with the preparation of final Bulgarian data for Intra-Community trading of goods (based on Intrastat data), quality of data and submission to DG Eurostat and dissemination of data.
- In addition to this, NRA has benefited from the Phare Multi-Beneficiary Program for Development of Statistics - 2003 and 2004, under the frame of which financing has been secured for participation of NRA experts in a number of European Committees for Foreign Trade and specialized working group meetings.

*Currently under implementation is a Phare project covering the IT-related activities for the operation of the Intrastat system:*

- BG National FM2004 Technical assistance project "Development of computer tools and experimental implementation of the Intrastat system in Bulgaria", which covers the development of the Declarants' Register, the software applications for the Intrastat operators, the web-based tools for collection of Intrastat declarations, and for automated verification/validation of data, and also the experimental implementation of the system in year 2007.

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### 3.3 Results:

The following results in the form of final applicable documents will be achieved as a result of the implementation of the project:

- 3.3.0:** Compiled report with observations and recommendations for elaboration of rules, guidelines or methodologies on:
- determination of annual and current obligations;
  - treatment of specific goods and movements of goods, including for the purpose of computer processing;
  - analysis of compliance;
  - quality of collected data.
- 3.3.1:** Elaborated Methodology for determination of annual or current obligations for Intrastat reporting by Bulgarian intra-community traders of goods based on volumes of trade.
- 3.3.2:** Elaborated National guidelines for treatment and Intrastat reporting of specific goods and movements of goods, based on European regulations .
- 3.3.3:** Elaborated Codification rules for Intrastat reporting of specific goods and quantity by supplementary unit for the purposes of computer preparation and processing of Intrastat declarations.
- 3.3.4:** Elaborated Methodology for analysis of fulfilment of obligations (compliance) and risk assessment of Intrastat operators
- 3.3.5:** Elaborated Methodology for analysis and assessment of exhaustiveness and coverage of reported Intrastat data.

### 3.4 Activities:

The activities (from 3.4.0. to 3.4.5.) and the detailed steps for their implementation necessary to meet the project objectives and to achieve the results as per p.3.3 (from 3.3.0. to 3.3.5. respectively) are as follows:

- 3.4.0. Study visit to an EU Member States for acquaintance with, and study of, the model of operation of the Intrastat system and its components in the areas, related to the development and implementation activities of the project (one visit to a MS –up to 5 BG experts x 4 days)**

The experts participating in the study visit will compile a report that will be distributed within the administration and train the colleagues on the newly acquired skills as appropriate.

- 3.4.1. Elaboration of Methodology for determination of annual or current obligations for Intrastat reporting by Bulgarian intra-community traders of goods based on volumes of trade.**
- Detailed discussions on data sources and methods for their usage for determination of obligations (Workshop in Bulgaria, 3 MS experts x 3 days)
  - Drafting of the document by Bulgarian experts and consultations by e-mail;
  - Discussions and acceptance of the document (Workshop in Bulgaria – 2 MS experts x 3 days)
- 3.4.2. Elaboration of National guidelines for treatment and Intrastat reporting of specific goods and movements of goods, based on European regulations and guidelines.**

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- Determination of the methodological framework for the treatment of specific goods and movements of goods and detailed analysis of relevant European legislation and recommendations (Workshop in Bulgaria – 4 MS experts x 3 days)
- Drafting of the document by Bulgarian experts and consultations by e-mail;
- Discussions and acceptance of the document (Workshop in Bulgaria – 3 MS experts x 3 days)

**3.4.3. Elaboration of Codification rules for Intrastat reporting of specific goods and quantity by supplementary unit for the purposes of computer preparation and processing of Intrastat declarations.**

- Drafting of the document by Bulgarian experts and consultations by e-mail;
- Discussions and acceptance of the document (Workshop in Bulgaria – 2 MS experts x 2 days)

**3.4.4. Development of Methodology for analysis of fulfilment of obligations (compliance) and risk assessment of Intrastat operators.**

- Determination of the methodological framework for the analysis of compliance and risk assessments of Intrastat operators (Workshop in Bulgaria – 3 MS experts x 3 days)
- Drafting of the document by Bulgarian experts and consultations by e-mail;
- Discussions and acceptance of the document (Workshop in Bulgaria – 3 MS experts x 3 days)

**3.4.5. Development of Methodology for analysis and assessment of exhaustiveness and coverage of reported Intrastat data.**

- Determination of methodological framework for analysis and assessment of exhaustiveness and coverage of reported Intrastat data (Workshop in Bulgaria – 3 MS experts x 3 days);
- Drafting of the document by Bulgarian experts and consultations by e-mail;
- Discussions and acceptance of the document (Workshop in Bulgaria – 3 MS experts x 3 days)

The activities of the project will be implemented through a Twinning-light project.

The EU MS experts should be public sector experts and should have the relevant knowledge, experience and specific competence according to the assigned tasks included in the project activities, in which they will participate, respectively in the areas of European legislation, recommendations and practice of Intrastat system methodology and operations (the required expertise may be shared between different experts proposed).

In addition to the requirements above, the Project Leader from the partner MS should possess the specific organisational, managerial and reporting capabilities necessary for the timely implementation of the project and achievement of the project objectives and foreseen results.

The foreseen activities cover fully the scope of work, required to produce the envisaged results.

**3.5 Lessons learned:**

Current implementation of the Intrastat system in Bulgaria shows the necessity for more detailed and comprehensive determination of operating rules and conditions. That is why the

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project is targeted towards the development of practice-oriented results for direct implementation in the operation of the Intrastat system.

#### 4. Institutional Framework

The project will be implemented in the National Revenue Agency of Bulgaria, which is directly subordinated to the Ministry of Finance. NRA is the responsible authority for all types of taxation and tax control activities, as well as for the collection of all social security payments by natural and legal persons. Based on ASICTG, NRA is also obliged to collect Intrastat declarations, submitted by Intrastat operators, and forward the data to NSI.

Within NRA, a specialized Intrastat Directorate has been established solely for the fulfillment of the obligations by law of NRA in connection with the Intrastat system. The Directorate is sufficiently staffed with qualified and trained experts and is fully prepared to participate in the implementation of the project and absorb the results thereof.

There are no outstanding constraints for the implementation of the project and deployment into practice of the results. The deliverables of the project will improve the operation of the system, without necessitating changes to the institutional framework of the Beneficiary.

The Beneficiary of this project will be the National Revenue Agency (NRA) of Bulgaria, which is the National Collection Authority for the implementation and operation of the Intrastat system, based on the Act on Statistics of Intra-Community Trading of Goods. Also, the National Statistical Institute will be invited to participate in the implementation of the project as a professional partner of NRA in the overall process of collection of data and preparation and submission of information to EC.

#### 5. Detailed Budget

€M	Transition Facility support			Co-financing			Total cost
	Investment	Institution Building	Total Transition Facility (=I+IB)	National Public Funds (*)	Other Sources (**)	Total co-financing of the project	TF plus cofinancing
<b>Contract 1:</b> <i>Enhancement of the Implementation Mechanisms of the Intrastat System in Bulgaria</i>		0.120	0.120				0.120
<b>Total</b>		0.120	0.120				0.120

(\*) Co-financing in volume of up to 10% from IB will be provided from the Bulgarian state budget through the National Fund Directorate at the Ministry of Finance.

#### 6. Implementation Arrangements

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A Project Steering Committee (PSC) will be established including both Project Leaders of the Beneficiary and the Contractor, the Director of the Intrastat Directorate at NRA in the capacity of a business owner of the deliverables and representatives of the CFCU and the Management of EU Funds Directorate at MoF.

## **6.1 Implementing Agency**

**The Implementing Agency for the twinning-light project will be:**

Central Finance and Contracts Unit of the Ministry of Finance  
102 Rakovski St.  
1040 Sofia, BG

- Contact details of PAO:
- Ms Gergana Beremska
- State Treasurer and CFCU PAO
- Tel. +359-2-9859-2772
- Fax +359-2-9859-2773

The responsibility for technical project preparation, implementation and control will remain with the beneficiary institution, i.e. the National Revenue Agency.

## **6.2 Twinning**

This project will be implemented through a twinning-light project. The Twinning Manual will apply to this project.

The basic location for the implementation of the activities and assignments according to project will be the premises of NRA:

52 Knyaz Dondoukov Blvd.,  
1000 Sofia, BULGARIA

NRA will provide the necessary office space and standard office equipment for the meetings at NRA.

The Project Leader will be:

Mr. Krassimir Stefanov, Deputy Executive Director of NRA;  
Tel.: +359-2-9859-3080,  
Fax: +359-2-9859-3099,  
E-mail: [k.stefanov@nra.bg](mailto:k.stefanov@nra.bg)

**The Contact Point for the Beneficiary will be:**

Mr. Krassimir Ivanov, Director of Intrastat Directorate,  
Tel.: +359-2-9859-3335,  
Fax: +359-2-9859-3340,  
E-mail: [k.ivanov@nra.bg](mailto:k.ivanov@nra.bg)

## **6.3 Non-standard aspects**

N.A.

## **6.4 Contracts**

The project will be implemented through a single Twinning-light project at the value of €120,000 for Institutional Building (IB). Co-financing of up to 10% from IB will be provided from the Bulgarian state budget through the National Fund Directorate at the Ministry of Finance.

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## **7. Implementation Schedule**

### **7.1 Start of tendering/call for proposals**

IVth quarter of 2007.

### **7.2 Start of project activity**

Ist quarter of 2008. The project's implementation will be 6 months and the contract's legal duration – 9 months.

### **7.3 Project Completion**

The last payment under this contract will be made in the IVth quarter of 2008.

## **8. Sustainability**

The Bulgarian counter-part for the implementation of the project will be the Intrastat Directorate of NRA, which is staffed with the required personnel. All the staff of the directorate are employed on a permanent basis and the structural unit as part of NRA as a budgetary organization is secured with the necessary financial resources and legislative basis for the implementation of their operational functions.

## **9. Conditionality and sequencing**

- The implementation of the activities of this project and the deployment of the results thereof are not conditional upon other Phare projects or external engagements, activities or obligations of NRA or third parties.
- The project will be implemented through a single contract, that is why there is no sequencing between contracts.

### **ANNEXES TO PROJECT FICHE**

1. Logical framework matrix in standard format
2. Detailed implementation chart
3. Contracting and disbursement schedule by quarter for full duration of programme (including disbursement period)

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1. ANNEX I TO SPF				Programme name and number	TF-2007
LOGFRAME PLANNING MATRIX FOR <i>Enhancement of the Implementation Mechanisms of the Intrastat System in Bulgaria</i>				Contracting period expires: 15 December 2009	End of execution of Contract expires: 15 December 2010
				Total Budget in MEURO: 0,120	TF contribution MEURO 0,120
<b>Overall objective</b>		<b>Objectively verifiable Indicators</b>		<b>Sources of Verification</b>	
<ul style="list-style-type: none"> <li>IMPROVEMENT OF THE RULES AND PRACTICES OF IMPLEMENTATION OF THE INTRASTAT SYSTEM IN ACCORDANCE WITH NEW EUROPEAN REGULATIONS AND GUIDELINES IN THIS AREA</li> </ul>		<ul style="list-style-type: none"> <li>Deployed new implementation mechanisms for the Intrastat system</li> </ul>		<ul style="list-style-type: none"> <li>Project Reports</li> </ul>	
<b>Project purpose:</b>		<b>Objectively verifiable Indicators</b>		<b>Sources of Verification</b>	
Elaboration and deployment into practice of new methods for determination of obligations and monitoring of compliance of Intrastat operators and for treatment of specific goods and movement of goods.		<ul style="list-style-type: none"> <li>Elaborated, approved and ready for usage documents with practical rules and guidelines for the concerned areas of implementation of the Intrastat system</li> </ul>		<ul style="list-style-type: none"> <li>Project Reports</li> </ul>	
<b>Results:</b>		<b>Objectively verifiable Indicators</b>		<b>Sources of Verification</b>	
<ul style="list-style-type: none"> <li>Compiled report with observations and recommendations for elaboration of rules guidelines or methodologies on:               <ul style="list-style-type: none"> <li>determination of annual and current obligations;</li> <li>treatment of specific goods and movements of goods, including for the purposes of computer processing;</li> <li>analysis of compliance;</li> <li>quality of collected data.</li> </ul> </li> <li>Elaborated Methodology for determination of annual or current obligations for Intrastat reporting by Bulgarian intra-community traders of goods based on volumes of trade.</li> <li>Elaborated National guidelines for treatment and Intrastat reporting of specific goods and movements of goods, based on European regulations and guidelines.</li> <li>Elaborated Codification rules for Intrastat reporting of specific goods and quantity by supplementary unit for the purposes of computer preparation and processing of Intrastat declarations.</li> <li>Elaborated Methodology for analysis of fulfilment of obligations (compliance)</li> </ul>		<ul style="list-style-type: none"> <li>Five finalized and approved by NRA documents as deliverables from the project activities</li> </ul>		<ul style="list-style-type: none"> <li>Project Reports</li> </ul>	
				<b>Assumptions:</b>	
				<ul style="list-style-type: none"> <li>Timely and sufficiently staffed task team of the Beneficiary</li> </ul>	
				<b>Assumptions:</b>	
				<ul style="list-style-type: none"> <li>Guaranteed sufficient development and absorption capacity of the Intrastat Directorate of NRA</li> </ul>	

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<i>and risk assessment of Intrastat operators.</i>			
<i>Elaborated Methodology for analysis and assessment of exhaustiveness and coverage of reported Intrastat data.</i>			
Activities	Means	Sources of Verification	Assumptions:
<ul style="list-style-type: none"> <li>Study visit to an EU Member State for acquaintance with, and study of, the model of operation of the Intrastat system and its components in the areas, related to the development and implementation activities of the project</li> <li>Elaboration of Methodology for determination of annual or current obligations for Intrastat reporting by Bulgarian intra-community traders of goods based on volumes of trade.</li> <li>Elaboration of National guidelines for treatment and Intrastat reporting of specific goods and movements of goods, based on European regulations and guidelines.</li> <li>Elaboration of Codification rules for Intrastat reporting of specific goods and quantity by supplementary unit for the purposes of computer preparation and processing of Intrastat declarations.</li> <li>Development of Methodology for analysis of fulfilment of obligations (compliance) and risk assessment of Intrastat operators.</li> <li>Development of Methodology for analysis and assessment of exhaustiveness and coverage of reported Intrastat data.</li> </ul>	<p>One contract for Twinning-light project: "Enhancement of the Implementation Mechanisms of the Intrastat System in Bulgaria"</p>	<ul style="list-style-type: none"> <li>Project Reports</li> <li>Regular progress reports</li> </ul>	<ul style="list-style-type: none"> <li>Senior NRA management support</li> <li>Regular review, analysis and reporting on progress</li> <li>Adequate resources available (financial, technical, human)</li> </ul>

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Annex 2

ANNEX 2

DETAILED IMPLEMENTATION CHART

2007	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	2008				2009				2010			
					1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q	1 <sup>st</sup> Q	2 <sup>nd</sup> Q	3 <sup>rd</sup> Q	4 <sup>th</sup> Q

*Institution building*

Service Contract

T C/I I I E

T – Tendering;

C – Contracting;

I – Implementation;

E – Ending.

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Annex 3

Contracting and Disbursement Schedule by quarter (cumulative figures)

Project: Enhancement of the Implementation Mechanisms of the Intrastat System in Bulgaria

TF-2007 funding in MEURO

Year	2007				2008				Total
Quarter	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Contracting									
Project: Enhancement of the Implementation Mechanisms of the Intrastat System in Bulgaria				0.12					
Contract Twinning-Light									0.12
Disbursement									
Project: Enhancement of the Implementation Mechanisms of the Intrastat System in Bulgaria					0.06	0.12	0.12		0.12
Contract Twinning-Light									

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