

CONVENTION BETWEEN THE GOVERNMENT OF REPUBLIC OF BULGARIA AND THE GOVERNMENT OF THE RUSSIAN FEDERATION FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

Prom. SG. 3/9 Jan 1996

The Government of the Republic of Bulgaria and

The Government of the Russian Federation

Confirming their desire to extend and promote their mutual co-operation as to consider the interests of both States;

Desiring to conclude a Convention for the avoidance of double taxation with respect to taxes on income and on capital,

have agreed as follows:

Personal Scope

Art. 1

This Convention shall apply to persons who, for the purposes of taxation, are residents of one or both of the Contracting States.

Taxes Covered

Art. 2

1. This Convention shall apply to taxes on income and on capital imposed by the Contracting States, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total value of capital, or on separate elements of income or of capital, including taxes on gains from the alienation of movable or immovable property.

3. The existing taxes to which the Convention shall apply are in particular:

(a) In the case of the Republic of Bulgaria

(i) the tax on total income;

(ii) the tax on profits, and

(iii) the tax on buildings; (hereinafter referred to as "Bulgarian tax")

(b) In the case of the Russian Federation: the tax on profits, the tax on income and the tax on capital collected in accordance with the following laws of the Russian Federation:

(i) "For the tax on profit of enterprises and organizations";

(ii) "For the tax on income of banks";

(iii) "For the tax on Insurance activity";

(iv) "For the income tax on natural persons";

(v) "For the tax on enterprises' capital";

(vi) "For the tax on capital of natural persons", (hereinafter referred to as "Russian tax")

4. The Convention shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this Convention in addition to, or in place of, the existing taxes. In accordance of the provisions of the Art. 26 the competent authorities of the Contracting States shall notify each other on any substantial changes which have been made in their respective taxation laws necessary as to the application of this convention.

General Definitions

Art. 3

1. For the purposes of this Convention, unless the context otherwise requires:

(a) the term "the one Contracting State" and "the other Contracting State" means the Republic of Bulgaria or the Russian Federation /Russia/, as the context requires;

(b) the term "Bulgaria" means the Republic of Bulgaria and when used in a geographical sense means the territory over which the Republic of Bulgaria exercises its sovereignty, including its exclusive economic zone and the continental shelf within which the Republic of Bulgaria exercises sovereign rights and jurisdiction in accordance with the International Law;

(c) the term "the Russian Federation" when used in geographical sense means its territory including the territorial waters, as well as its economic zone and continental shelf over which this State exercises its sovereign rights and jurisdiction in accordance with the international law and where its taxation laws are in force.

(d) the term "person" includes an individual, a legal persons, a company or any other body of persons treated as body corporate for tax purposes;

(e) the terms "enterprise of one of the Contracting States" and "enterprise of the other Contracting State" means, respectively, business activity carried on by a resident of one Contracting State and economic activity carried on by a resident of the other Contracting State;

(f) the term "international traffic" means any transport operated by a resident of the one of the Contracting States, except when the transport is operated solely between places in the one of the Contracting States;

(g) the term "competent authority" means:

I. In the Republic of Bulgaria -- the Minister of Finance or his duly authorised representative;

II. In the Russian Federation -- the Ministry of Finance or its duly authorised representative;

2. As regards the application of this Convention by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Resident

Art. 4

1. For the purposes of this Convention, the term "resident of one of the Contracting States" means any person who, under the law of this State is liable to tax therein by reason of his nationality, permanent residence, permanent sojourn, place of registration for a legal person or any other criterion of a similar nature.

2. Where according to the provisions of paragraph 1 of this Art. an individual is a resident of both Contracting States then its status shall be determined as follows:

(a) he shall be deemed to be a resident of this State in which he has a permanent home; if he has a permanent home in both States, he shall be deemed to be resident of the State with which his personal and economic relations are closest (centre of vital interests);

(b) if the State in which he has his centre of vital interests cannot be determined, or if he has no permanent home in either Contracting State, than he will be deemed as a resident of the State in which he has habitual abode;

(c) if has habitual abode in both States or in neither of them, then he will be deemed as a resident of this Contracting State, of which he is a national;

(d) if each of the Contracting States is considering this person as its national or he is not national of either of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provision of paragraph 1 of this Art. a person, other than individual, is a resident of both Contracting States, then he shall be deemed to be a resident of the State, in which the place of its effective management is situated.

Permanent Establishment

Art. 5

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which an enterprise of one of the Contracting State is wholly or partly carrying out business in the other Contracting State.

2. The term "permanent establishment" includes especially:

a) a place of management;

b) a division (branch);

c) an office (bureau);

d) a factory;

e) a workshop or department;

f) a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources;

g) a building site or construction or installation project constitutes a permanent establishment only if the activities related therewith lasts more than 12 months.

3. Notwithstanding the preceding provisions of this Art. [sic] shall not be considered as "permanent establishment":

(a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

(b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery including goods or items exposed on a fair or an exhibition, which are to be sold after its conclusion;

(c) the maintenance of stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

(d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;

(e) the maintenance of a fixed place exceptionally for activities of a preparatory or auxiliary character;

(f) the maintenance of a fixed place exceptionally for any combination of activities mentioned in subparagraph (a) to (e).

4. Notwithstanding the provisions of paragraph 1 and 2, where a person -- other than an agent of an independent status to whom paragraph 5 applies -- is acting in one of the Contracting States on behalf of an enterprise of the other Contracting State and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, than shall be deemed that this person is a permanent establishment in the first mentioned state in respect of any activity, which the person exercises as representative for this enterprise, unless the activities of this person are limited to those mentioned in paragraph 3, which, if exercised through a fixed place of business, would not make this fixed place of business activities a permanent establishment under the provisions of that paragraph.

5. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status provided that such persons are acting in the ordinary course of their business.

6. The fact that a company which is a resident of a Contracting State controls or is controlled by a company, which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either

company a permanent establishment of the other.

Income From Immovable Property

Art. 6

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. Ships, boats and aircraft and road vehicles shall not be regarded as immovable property.

The term "immovable property" shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the rights to work, mineral deposits, sources and natural resources.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting or use in any other form of immovable property.

4. The provisions of paragraph 1 and 3 shall also apply to income from immovable property of an enterprise and to income from immovable property used for the performance of independent personnel services.

Business Profits

Art. 7

1. The profits derived in a Contracting State by an enterprise of the other Contracting State may be taxed in the first mentioned state solely if derived through a permanent establishment situated therein but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

5. Where profits include items of income which are dealt with separately in other Art.s of this Convention, then the provisions of those Art.s shall not be affected by the provisions of this Art..

Profits (or Income) From International Traffic

Art. 8

1. Profits (or income) derived from the operation of transport vehicles in international traffic shall be taxable only in the Contracting State in which the person owning the transport vehicles is a

resident.

2. The provisions of paragraph 1 of this Art. shall also apply to profits from the participation in a pool, a joint business or international organisation for exploitation of transport vehicles.

Adjustment Of The Taxable Income

Art. 9

1. Where:

(a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of Contracting State and enterprise of the other Contracting State, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those reasons, have accrued to one of enterprises, but, by reason of those conditions have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the income of an enterprise of that State -- and taxes accordingly -- profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the first mentioned State has declared, that the income so included in the profit is a profit which would be received by an enterprise of the first mentioned state, if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of tax charged therein on that income, if the other Contracting State accepts such adjustment as reasonable. In determining such adjustment, due regard shall be paid to the other provisions of this Convention and the competent authorities of the Contracting States shall, if necessary, consult each other.

Dividends

Art. 10

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed 15% of the gross amount of the dividends.

3. The term "dividends" as used in this Art. means income from shares or other rights (but excluding debt claims), participating in profits, as well as income from other corporate rights subject to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

4. The provisions of paragraph 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent professional services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Art. 7 and 14, as the case may be, shall apply.

Interest

Art. 11

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 15 percent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest arising in:

(a) Russia and paid to the Government of the Republic of Bulgaria or to the Bulgarian National Bank shall be exempted from Russian tax;

(b) the Republic of Bulgaria and paid to the Government of Russia or to the Central Bank of Russia shall be exempted from Bulgarian tax.

4. The term "interest" as used in this Art. means income from debt-claims of every kind, income from government securities and income from bonds and other debt claims, including premiums attached to such securities or bonds or debt claims, as well as income which is considered to be income from money lent under the laws of the State in which the income arises.

5. The provisions of paragraph 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries or has carried on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State professional services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Art. 7 or Art. 14, as the case may be, shall apply.

Royalties

Art. 12

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise, and according to the laws of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 15 percent of the gross amount of the royalties.

3. The term "royalties" as used in this Art. means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literature, artistic or scientific work including cinematograph films, or films or tapes for television or radio broadcasting, any patent, trademark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience as well as for the use of, or the right to use, industrial, commercial or scientific equipment including the rendering of technical services connected with use of that equipment.

4. The provisions of paragraph 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Art. 7 or Art. 14, as the case may be, shall apply.

Gains (Income) From the Increase of the Value of Capital

Art. 13

1. Gains /income/ representing an increase of the value of capital, derived by a resident of a

Contracting State from alienation of immovable property referred to in Art. 6 and situated in the other Contracting State may be taxed in that other State.

2. Gains /income/ representing an increase of the value of capital, derived from alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent professional services, including such gains from increase of the value in case of alienation of such a permanent establishment or of such a fixed base may be taxed in that other State.

3. Gains/income/ representing an increase of the value derived by a resident of a Contracting State from the alienation of ships or aircraft and transport vehicles operated in international traffic or movable property pertaining to the operation of such activity shall be taxable only in the Contracting State of which the alienator is a resident.

4. Gains /income/ representing an increase of the value derived from alienation of any other property including shares in companies or bonds, debt claims and other similar [sic] shall be subject to tax in the Contracting State of which the alienator is a resident.

Independent Professional Services

Art. 14

1. Income derived by a resident of a Contracting State from the performance of professional services or other activities of an independent character shall be taxable only in that State unless such services are rendered or have been rendered in the other Contracting State and the income so received is attributable to a fixed base, which the individual has or had permanently at his disposal in that other State.

2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Income From Employment

Art. 15

1. Subject to the provisions of Art. 16, 18, and 20, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such a remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1 of this Art., remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first mentioned State if:

(a) the recipient is present in that other State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned;

(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State;

(c) the remuneration is not born by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Art., salaries and other similar remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall not be taxable in that other State if the employment is exercised directly by individuals:

(a) in connection with a building site, construction or installation project in accordance with sub-paragraph (g) of paragraph 2 of Art. 5 of this Convention;

(b) aboard of a ship or aircraft and transport vehicle operated in international traffic by an enterprise which is a resident in one of the Contracting States;

(c) in connection with remuneration as a journalist, correspondent provided that the remuneration is derived from sources outside of the other Contracting State of which the individual is a resident.

Directors' Fees

Art. 16

Directors' fees and other similar payment derived by a resident of a Contracting State in his capacity as a member of the boards of directors or any similar body of a company or any other legal person which is a resident of the other Contracting State may be taxed in that other State.

Artist and Sportsmen

Art. 17

1. Notwithstanding the provisions of Art. 14 and 15, income derived by a resident of a Contracting State in his capacity of entertainer, such as a theater, motion picture, radio or television artist, or a musician, or as a sportsman from his personal activities as such exercised in other Contracting State, may be taxed in that other State.

2. Where income in respect of personal activities by an entertainer or a sportsman in his capacity as such, accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Art.s 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. Income derived by an artist or sportsman, who is resident of a Contracting State for activities exercised in the other Contracting state shall be exempted from tax in that other Contracting States, if the visit in this last state is supported from State Funds of the first mentioned state, its political subdivision or a local authority thereof.

Income from Government Service

Art. 18

1.

a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the recipient is resident of that State, who:

(i) is a national of that State and is not a national of the first mentioned State, or

(ii) without being national of the first mentioned state he did not become a resident of that Contracting State solely for the purpose of rendering the services.

2. The provisions of paragraph 1 of this Art. shall not apply and the provisions of Art.s 15 and 16 shall apply accordingly with regards to remuneration paid by one of the Contracting States, or its local authority, if such remuneration is paid in respect of services rendered in connection with a business carried on in the other Contracting State.

Pensions

Art. 19

1. Pension and other similar remunerations paid from sources in a Contracting State may be taxed in that State.

Students, Apprentices, Professors and Scientists

Art. 20

1. Payments which a student or apprentice, who is immediately before a Contracting State resident of the other Contracting State and who is present in the first mentioned State solely for the purpose of his education or training, receives for the purpose of his maintenance, education and training shall not be taxed in that other State provided that such payments arise from sources outside that other State.

2. In the same way remuneration which a professor or scientist who is a resident of a Contracting State immediately before visiting the other Contracting State and who is present in the other Contracting State for the purpose of teaching or scientific research for a maximum period of two years in that other State, receives for such teaching or research, shall be exempted from tax in that other State, provided that such remuneration arises from sources outside that other State.

Other Income

Art. 21

1. Other income received by a resident of a Contracting State, wherever arising, not dealt with in the foregoing Art.s of this Convention shall be taxable only in that State.

Capital

Art. 22

1. Immovable property referred to in Art. 6, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed only in that other State.

2. Capital represented by movable property forming part of the assets of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or by movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent professional services, may be taxed in that other State.

3. Capital represented by transport vehicles operated in international traffic and by movable property, necessary for the operation of such transport vehicles are taxable only in the Contracting State in which the owner is a resident.

4. All other elements of capital of a resident of a Contracting State shall be taxable in that State.

Elimination of Double Taxation

Art. 23

1. Where a resident of a Contracting State derives income or owns capital in the other Contracting State which in accordance with the provisions of this Convention may be taxed in the other Contracting State, the amount of a tax on this income or capital owned, which is to be paid in this other Contracting State shall be allowed as a deduction from the tax levied on the income received or capital

owned by, this resident, in the first mentioned State. Such deduction, however, shall not exceed the amount of the income or capital tax which would be payable in the first mentioned State according to its tax legislation.

Non-discrimination

Art. 24

1. The nationals of a Contracting State and legal persons deriving their status from the legislation of that State shall not be subject in the other Contracting State to any taxation or any connected requirements therewith which is other or more burdensome than the taxation and connected requirements to which the nationals or legal persons of that other State in the same circumstances are subject.

2. Enterprises of one of the States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other State, shall not be subjected in the first mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first mentioned State, the capital of which wholly or partly owned or controlled, directly or indirectly by one or more residents of the first mentioned State are or may be subjected.

3. Under the meaning of this Art. the term "taxation" includes taxes which are covered by this Convention.

Mutual Agreement Procedure

Art. 25

1. Where a person, being a resident of the Contracting States considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with provisions of the Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State with a view to the avoidance of taxation which is not in accordance with the Convention.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubt arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraph. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place within the framework of a meeting of a Commission consisting of representatives of the competent authorities of the Contracting States.

Exchange of Information

Art. 26

1. The competent authorities of the Contracting States shall exchange such information as is

necessary for carrying out the provisions of this Convention or of the domestic law of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

(a) to carry out administrative measure at variance with the laws and administrative practices of that or of the other Contracting State;

(b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

(c) to supply information which discloses any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (order public).

Collaborators of Diplomatic Missions and Consular Offices

Art. 27

Nothing in this Convention shall affect the fiscal privileges of collaborators of diplomatic missions and consular offices under the general rules of international law or under the provisions of special agreements.

Entry Into Force

Art. 28

1. This Convention shall be ratified by both Contracting States.

2. This Convention shall enter into force upon exchange of instruments of ratification and its provisions shall apply:

a) in respect of taxes levied at the source -- on amounts paid or accrued on or after 1 of January of the calendar year following that in which this Convention enters into force.

b) in respect of other taxes -- for tax periods beginning on January 1 of the calendar year following that in which this Convention enters into force.

Termination

Art. 29

This Convention shall remain in force indefinitely, but either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination up to 30 of June of each calendar year after the expiration of five years from the year of the exchange of the instruments of ratification.

In such a case, the Convention shall cease to have effect:

a) in respect of taxes levied at the source -- on amounts paid or accrued on or after 1 January in the calendar year following, in which the notice has been given;

b) in respect of other taxes -- for tax period beginning on January 1 of the calendar year following that, in which the notice is given.

Done at Sofia this 9 day of June 1993 in two originals in the Bulgarian and Russian language,
the two texts being equally authentic.

FOR THE GOVERNMENT OF THE REPUBLIC OF BULGARIA

Stoyan Alexandrov

Minister of Finance

FOR THE GOVERNMENT OF THE RUSSIAN FEDERATION

Boris Feodorov

Minister of Finance