**Decree No. 2242 on Free Zones (Title amended, SG No. 15/1998)**

Promulgated State Gazette No. 55/17.07.1987, amended, SG No. 4/13.01.1989, SG No. 84/1.10.1993, amended and supplemented, SG No. 26/26.03.1996, amended, SG No. 15/16.02.1998 (effective 1.01.1999) - amended 89/3.08.1998, amended and supplemented, SG No No. 153/23.12.1998 (effective 1.01.1999), amended, SG No. 53/22.06.2004 (effective 1.01.2005), supplemented, SG No. 113/28.12.2004 (effective 1.01.2005)

Text in Bulgarian: УКАЗ № 2242 за свободни зони (Загл. изм. - [ДВ, бр. 15 от 1998 г](http://web2.apis.bg/sofiacouncil/p.php?i=5832" \t "_blank).)

**Chapter One
GENERAL PROVISIONS**

**Article 1.** This Decree shall govern the procedure for establishment of free zones on the territory of the People's Republic of Bulgaria and the conditions for pursuing therein manufacturing, commercial and other economic activities.

**Article 2.** (1) Free zones shall be established to encourage the business initiative for manufacturing of goods, rendering of services, commercial and other activities necessary for the diversification and increase of exports.

(2) (Amended, SG No. 53/2004) The activities under paragraph (1) may be conducted by persons, which have been registered as merchants within the meaning of the [Commerce Act](http://web2.apis.bg/sofiacouncil/p.php?i=25345" \t "_blank) or under their own national legislation.

**Article 3.** (1) (Amended, SG No. 4/1989) A free zone shall be a delimited part of the territory of the People's Republic of Bulgaria, where the pursued economic activities shall be exempted from taxation with customs duties.

(2) The zone shall be enclosed and marked according to the established procedure.

(3) Where a zone consists of several separate parts, each part should be individually enclosed and marked.

**Article 4.** (1) Zones may be established in sea or river harbours, at international airports, at transport-shipment centers, along major transport highways, as well as in individual industrial and other economic regions.

(2) In the field of tourist services zones may also be established in other parts of the territory of the People's Republic of Bulgaria.

**Article 5.** All payments related to activities conducted on the territory of such zones shall be in free convertible currency.

**Article 6.** Property of foreign legal and natural persons in such zones may not be subject to appropriation or confiscation by administrative procedure.

**Article 7.** The laws of the People's Republic of Bulgaria and the regulations issued and based thereon shall be binding upon foreign citizens, temporarily resident or working in such zones, except where otherwise provided by law, decree or act of the Council of Ministers.

**Chapter Two
ESTABLISHMENT OF FREE ZONES**

**Article 8.** (1) Free zones shall be established by the Council of Ministers on the initiative of Government bodies or interested self-managed economic organizations.

(2) The act of the Council of Ministers shall determine the location and boundaries of the zone, approve its charter, and establish the enterprise which shall organize the construction and conduct the management of the zone.

(3) The establishment act of the zone shall also determine its administration management, which shall provide administrative service and control, inclusive of admission, tax and customs control over the activities pursued, in view of compliance with the regime of free zones and the general legal regime of the People's Republic of Bulgaria.

**Article 9.** (1) The economic enterprise organizing the construction and management of the zone shall be a legal person with complete self-financing, inclusive of financing in foreign currency.

(2) The enterprise under paragraph (1) shall organize the construction of the basic infrastructure of the zone - transport, power supply, communications, etc., as well as of projects for business, social-utility and cultural purposes; on its own or with Bulgarian economic organizations and banks on contract basis.

**Article 10.** (1) (Amended, SG No. 53/2004) Terrains, buildings and other projects shall be used subject to lease or other forms of temporary usage based on contract between the enterprise managing the zone and the persons under Article 2 (2).

(2) Rents, fees and prices for services rendered shall be set in convertible currency and collected by the enterprise managing the zone.

**Article 11.** The workers needed for operations in the zones - Bulgarian citizens, shall be provided by the enterprise managing the zone.

**Article 12.** Enterprises, associations and banks, established on the territory of the zones, shall be registered with the zone administration.

**Chapter Three
RULES FOR ECONOMIC ACTIVITIES IN THE FREE ZONES**

**Article 13.** (1) Encouraged in free zones shall be manufacturing, commercial and other export-oriented economic activities.

(2) Imported and exported goods and services rendered, from and to foreign countries, subject to manufacturing, commercial and other economic activities in the zones, shall be exempted from customs duties. This shall also apply to exchange of goods and services between free zones on the territory of this country.

(3) (New, SG No. 26/1996) The exemption from duties under paragraph (2), as well as exemption from taxes, fees and excise duties provided under other laws, shall not apply to alcoholic beverages and tobacco products subject to business activities within the zones. The entry of such goods from this country into the zones shall not be considered as export, but their entry from abroad into the zones shall be considered as import, in the same way as for other parts of this country.

(4) (Repealed, SG No. 4/1989, renumbered from Paragraph 3, SG No. 26/1996) During their stay in the zones, goods under paragraph (2) shall be subject to customs supervision.

**Article 14.** (1) The import of goods and services from the zone to this country shall be effected on contract basis, in convertible currency, and in compliance with the customs legislation of the People's Republic of Bulgaria.

(2) (Repealed, SG No. 84/1993).

**Article 15.** Exports from and imports to the zone shall be subject to mandatory declaration before the customs authorities.

**Article 16.** Within the free zones may not be pursued activities:

1. prohibited by the legislation of the People's Republic of Bulgaria or such that are contradictory to international law and practices;

2. incompatible with the sanitary requirements or the requirements for environment protection in the People's Republic of Bulgaria, as well as such incompatible with international conventions to which the People's Republic of Bulgaria is a party, and with the adopted by this country recommendations of international organizations in the humanitarian and environmental fields.

**Chapter Four
TYPES OF ECONOMIC ACTIVITY**

**Article 17.** Within the free zones may be pursued manufacturing, commercial and other related economic activities, and in particular:

1. organization of manufacturing of goods and rendering of services on modern technical and technological levels, intended for export;

2. loading, unloading and transport handling of uncustomed goods, imported with designation for export;

3. warehousing and storage of imported uncustomed goods, intended for export;

4. handling of uncustomed goods for export (sorting, marking, packing, packaging, etc.);

5. commercial activities, agency and intermediary activities;

6. providing supplies to vessels and other means of transport, carrying out international shipments;

7. banking, lending and other financial operations, insurance and reinsurance of property.

**Article 18.** Temporary duty free import from the zone to this country shall be allowed in the case of repair, processing and other specialized services, as well as for the purpose of organization of exhibitions and other promotional events.

**ADDITIONAL PROVISIONS**

**§ 1.** The employment relations and the social security arrangements of employees - Bulgarian citizens, shall be governed in the zones by the Bulgarian legislation.

**§ 2.** Residence permits and work permits for foreign citizens in the zones shall be issued by the competent authorities with priority, within shortened terms and pursuant to the Act on Residence of Aliens in the People's Republic of Bulgaria.



**§ 3.** (New, SG No. 153/1998) In the event of conflict of this Decree and the [Customs Act](http://web2.apis.bg/sofiacouncil/p.php?i=25270) (promulgated, SG No. 15/1998, amended, SG No. 89/1989) the provisions of the Customs Act shall apply.



**§ 3a.** (New, SG No. 113/2004) Regardless of the terms of validity of the respective contracts, the activity under Article 17 (6) of re-supply with liquid fuels of road transportation means shall take place only through facilities, which already were in existence on 1 January 2004 , and shall be terminated if so mandated by a commitment on behalf of the Republic of Bulgaria for conformity to European Union requirements.

**FINAL PROVISIONS**

**§ 4.** (Renumbered from § 3, SG No. 153/1998) The Council of Ministers shall adopt Rules on the application of this Decree.

**§ 5.** (Renumbered from § 4, SG No. 153/1998) The general management, coordination and control of activities in the free zones shall be conducted by the Minister of trade and the Minister of finance.

**§ 6.** (Renumbered from § 5, SG No. 153/1998) The Minister of trade, the Minister of finance and the Minister of transport shall set the procedure for current operations in the zones.

The implementation of this Decree shall be hereby assigned to the Minister of trade and the Minister of finance.

Act to Amend and Supplement the DECREE No. 56 on Economic Activity

Promulgated SG No. 84/1993

TRANSITIONAL AND FINAL PROVISIONS

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§ 16. (1) Article 14 (2) of Decree No. 2242 on Duty Free Zones shall be hereby repealed (Promulgated, SG, No. 55 /1987, amended, No. 4/1989)

(2) Persons enjoying reliefs under Article 90 (4), Article 108 (2), until their amendment by this Act, under the currently repealed Articles 111 and 112 of Decree No. 56 on Economic Activity and under Article 14 (2) of Decree No. 2242 on Duty Free Zones shall continue to enjoy them until expiry of the term, for which they had been granted.

Act to Amend and Supplement the DECREE No. 2242 on Duty Free zones

Promulgated SG No. 26/26.03.1996

TRANSITIONAL PROVISION

§ 2. The alcoholic beverages and tobacco products located within the free zones at the time of coming into force of this Act shall be subject to customs clearance within three months following the coming into force of this act.

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[Customs Act](http://web2.apis.bg/sofiacouncil/p.php?i=25270" \t "_blank)

Promulgated, State Gazette No. 15/6.02.1998, amended, SG No. 89/1989

TRANSITIONAL AND FINAL PROVISIONS

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§ 8. In Decree No. 2242 on Duty Free Zones (promulgated, State Gazette No. 55/1987; amended, SG No. 4/1989, SG No. 84/1993, SG No. 26/1996), everywhere the words "duty-free zones" shall be replaced passim by "free zones."

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§ 14. (Amended, SG 89/1998) This Act shall enter into force on 1 January 1999 and shall repeal:

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