

Standard for Automatic Exchange of Information on Tax Matters

We would like to inform you that regarding the multilateral agreement for automatic exchange of financial information (Common Reporting Standard) since 2014 and in connection with the accession of Bulgaria to the multilateral agreement, amendments and supplements of the Tax and Social Insurance Procedure Code was adopted to introduce mandatory requirements for automatic exchange between public administrations.

The subject of legal regulation, of automatic exchange respectively, is any financial information in the field of taxation, namely information about financial accounts, for which information is provided.

The automatic exchange of information is an important tool for increasing the effectiveness of tax collection and a specific form of control with view of the proliferation of cross-border cases of tax fraud and tax evasion in recent years, both within the European Union and worldwide

The standard for information exchange provides for countries to collect financial information from financial institutions and automatically share that information with other participating countries on an annual basis. The information exchanged includes balance on the financial account (of individuals and companies, including trusts and foundations), income from interest, dividends and gains from transfer of financial assets, etc.

The introduction of automatic exchange of financial information with relevant foreign jurisdictions requires the application of due diligence procedures, control of financial accounts and collection of information with specific details and elements from clients upon opening an account. Additional information with respect to existing accounts may be requested from clients.

After identifying the client, banks submit information on a standard form to the National Revenue Agency (NRA) on an annual basis. NRA forwards the information to the competent authority in the country that is a party to the multilateral agreement.

We would like to inform you that UBB AD, in its capacity of a financial institution providing information, collects information from its clients about their indicia to the relevant country for tax purposes, as well as information about their tax numbers, supported with the necessary documentary evidence.