

PRICES ACT

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Chapter One

GENERAL PROVISIONS

Article 1

There are established by this Act the general principles of pricing concerning goods and services supplied to the domestic market, and the procedure for stating, monitoring and analysing such prices, and for controlling the calculation of such prices as are subject to government regulation.

Article 2

(1) The prices of goods and services shall be set in accordance with domestic supply and demand.

(2) Where prices are subject to government regulation, the following factors shall also be taken into account:

1. economically justified production costs and selling expenses;
2. economically justified profit;
3. international market prices.

Article 3

Government regulation of prices shall be aimed at preventing the acquisition or abuse of monopoly power, and at preventing unfair competition, and ensuring consumers' protection.

Article 4

(1) Sellers shall state the prices of goods and services in advance by price lists, catalogues or labels, or in any other appropriate form, visible to buyers.

(2) Prices must be shown clearly as part of the offer or advertisement, and be easily identifiable and legible.

(3) Goods, in accordance with their features, shall be supplied to the domestic market with information in writing, and in Bulgarian, about:

1. Kinds of materials used.
2. Quality.
3. The reference numbers of applicable standards.
4. Recommended storage, transportation, use and maintenance.
5. The date of production and the duration of shelf-life, or the expiry date.
6. The warranty period.
7. Other statutory requirements.

(4) Sellers must provide the relevant information under paragraph 3 above, even though some of it may be incapable, or reasonably incapable, of being provided in writing.

(5) Articles of food must in all cases be accompanied with information about ingredients, basic nutrients content and calorific value.

Article 5

The prices of goods and services shall be freely negotiable, with the exception of those under Chapter Two.

Article 6

No person may abuse its monopoly power in negotiating prices.

Article 7

Sellers must in all cases issue an invoice or a sales slip, to be completed legibly and in conformity to statutory requirements. Exceptions shall only be allowed concerning some specific trading methods where such sales documents are not required.

Article 8

Sellers shall promptly notify buyers of, and negotiate price discounts for:

1. goods of expired validity, where selling such goods is allowed;
2. goods of lower than stated quality, or such as exhibit deviations from applicable standards, where selling such goods is allowed;
3. goods or services deviating from conditions stated in advance of, and serving as the basis of, price negotiations.

Chapter Two

GOVERNMENT REGULATION OF PRICES

Article 9

Within the set of instruments used to achieve market equilibrium, the government shall regulate the prices of a limited group of goods and services:

1. where statutory measures are provided to protect consumers or promote the production of certain goods or services;
2. to prevent or limit any critical shortage on the domestic market of certain articles of food, or any other goods or services of particular importance to the national economy;
3. where domestic market competition is restricted or there exists a monopoly power within the meaning of the Protection of Competition Act.

Article 10

Price regulation may be done in the following forms:

1. setting fixed or maximum prices; or maximum mark-ups, discounts or commissions; or minimum prices; or support purchase prices;
2. imposing rules or standards of pricing, including such to

govern the calculation of production costs and selling expenses;

3. introducing temporary, of up to six months' duration, price freezes for certain goods or services.

Article 11

The Council of Ministers shall:

1. implement government price policies;
2. regulate prices under such conditions, and in such forms, as hereby provided.

Article 12

(1) The National Prices Commission at the Council of Ministers shall analyse:

1. market prices and their effects on the production and consumption of the main groups of, or any particular, goods or services;
2. supply and demand ratios on the domestic market;
3. the effect of movements in international market prices on domestic prices and production costs.

(2) The National Prices Commission shall produce:

1. forecasts of the expected effect of certain forms of government regulation of prices;
2. draft government strategies and policies on prices;
3. draft proposals, and opinions on such proposals, to introduce or modify certain forms of government regulation of prices, within one month of submission of any such proposal, or of access to further information.

(3) The National Prices Commission shall discuss with producers' and distributors' trade associations measures limiting price rises.

(4) The National Prices Commission shall control government regulated prices.

Article 13

(1) Government Ministers, the chief executive officers of other government agencies, and Regional Governors may, in accordance with powers vested in them, propose to the Council of Ministers, subject to consultations with the National Prices Commission, the introduction of measures to regulate or change prices.

(2) The proponent under paragraph 1 above must provide the necessary further information to the authority concerned.

Chapter Three

PRICE CONTROL

Article 14

(1) Price control shall be exercised by the National Prices Commission, any other competent government authorities, and regional and municipal administrations.

(2) The authorities under paragraph 1 above shall control all government regulated prices.

(3) The Chairman of the National Prices Commission, the chief executive officers of the other competent government agencies, Regional Governors and Municipal Mayors may use non-staff services for the purpose of price control.

(4) Non-staff services under paragraph 3 above may be provided by graduates or non-graduates, and the selection, training and pay of such persons shall be governed by ordinance made by the controlling authority concerned.

Article 15

The controlling authorities shall inspect:

1. government regulated prices, mark-ups, discounts and commissions;
2. compliance with approved pricing rules and standards;

3. compliance with such prices as may be temporarily frozen or otherwise restricted in pursuance of this Act;

4. the allowed inclusion in prices of established taxes, excise duties, customs duties, customs fees, etc.

Article 16

For the purposes of price control, controlling authorities shall have the right:

1. to free access to subject premises;
2. of requiring necessary documents;
3. of taking samples for laboratory testing;
4. of seeking expert advice where the inspection is particularly complicated or requires specialist knowledge.

Article 17

Controlling authorities shall have the duty:

1. to ascertain the actual facts and report inspection results fairly;
2. to rule on objections in connection with irregularities established;
3. to keep official and business secrets and not to divulge any data relating to the inspection before the inspection is completed, and not to use any information gained from the inspection for any unrelated purpose.

Article 18

Persons engaged in business shall have the duty:

1. to keep for three years the information relating to government regulated price calculations and changes, except as otherwise may be provided by statute or regulation;
2. to ensure good working conditions for controlling authorities

and allow them freedom of access to shops, warehouses, workshops, etc, for the purposes of verifying data concerning the quantity, specification and quality of goods and services;

3. to produce payment or other documents, statements and explanations in connection with the calculation and application of government regulated prices.

Article 19

The National Prices Commission shall from time to time report on price control activities to the Council of Ministers, aggregating the relevant information from other controlling authorities.

Chapter Four

FUNDS

Article 20

(1) There shall be created at the Council of Ministers a Work Facilities, Training and Incentives Fund of Pricing Staff.

(2) The Fund shall be raised by appropriations from fines and confiscations imposed hereunder, the size of such appropriations to be determined by the Council of Ministers.

(3) Allocations from the Fund to regions and municipalities shall be spent as follows: 20 per cent on work facilities development; 30 per cent on regional or municipal social policy issues; and 50 per cent on performance related staff incentives, but not to exceed 24 gross monthly salaries in any calendar year, and on new jobs, non-staff compensations, price control activities and the related requirements.

(4) Allocations from the Fund to the National Prices Commission shall be spent as follows: up to 10 per cent on performance related staff incentives, but not to exceed 24 gross monthly salaries in any calendar year, and the remaining 90 per cent, on work facilities development, staff training, non-staff compensations and related work requirements, and support for organisations involved by the Commission in price control activities.

(5) The Council of Ministers shall make an Ordinance concerning the management and operation of the Work Facilities, Training and

Incentives Fund of Pricing Staff.

Article 21

The National Prices Commission, and the regional and the municipal administrations, shall provide additional accident insurance for their respective staff involved in price control, to be funded from the Work Facilities, Training and Incentives Fund of Pricing Staff.

Article 22

(1) There shall be created at the Council of Ministers a Price Compensations Fund to support government intervention on the government regulated prices of goods or services of particular importance to the national economy and living standards.

(2) Within three months of the coming into force of this Act, the Council of Ministers shall make an Ordinance concerning the raising, allocation and management of the Price Compensations Fund.

Article 23

National Budget appropriations to the Price Compensations Fund shall be determined by the National Budget Act.

Chapter Five

ADMINISTRATIVE SANCTIONS

Article 24

For any offences against this Act, the controlling authorities shall impose sanctions on the offenders concerned and shall prescribe mandatory measures to remove established irregularities.

Article 25

Whosoever – a producer, importer or seller – commits an offence, or allows an offence to be committed, in connection with the calculation, approval, statement, labelling or application of any price, shall pay a fine from BGL5,000 to 50,000, unless a more severe punishment is provided.

Article 26

(1) For any offence against the provisions of Articles 6-8 and 18, the offender concerned shall pay a fine of up to BGL250,000.

(2) For a second offence, the fine shall range from BGL100,000 to 500,000.

Article 27

(1) Where unlawful income is established, the relevant penal order shall award to the buyer concerned an equivalent cash compensation plus statutory interest from the date of the unlawful transaction, even though the buyer may not have filed a claim.

(2) Where the buyer concerned is unknown, the cash equivalent of such unlawful income shall be transferred to the National Budget.

Article 28

For receiving unlawful income, where the offender is a legal person, a property confiscation shall be imposed, and where the offender is a sole proprietor, a fine shall be imposed, equivalent, in either case, to double the amount of unlawful income, to be transferred to the National Budget.

Article 29

Any officer, or equal-status non-staff, of controlling authorities who makes use of, or divulges, information that is an official or business secret, unless such action constitutes a criminal offence, shall pay a fine from BGL20,000 to 200,000.

Article 30

(1) Offences shall be established by a statement made by the price controlling authority concerned. As necessary, the authorities of the Ministry of Internal Affairs and those of the Ministry of Finance shall assist price controlling authorities.

(2) Penal orders shall be issued by the Chairman of the National Prices Commission, or by Regional Governors or Municipal Mayors, or by such other officers as they may authorise.

(3) The establishment of offences, and the issuance, appeal and execution of penal orders, shall be governed by the Administrative Offences and Sanctions Act.

ADDITIONAL PROVISIONS

?? 1 Within the meaning of this Act:

1. *Government regulated prices* are:

- (a) fixed prices, ie, precisely defined prices from which the corresponding sales prices may not differ;
- (b) maximum prices, mark-ups, discounts or commissions, ie, the highest levels allowed of prices, mark-ups, discounts or commissions which may not be exceeded by the corresponding negotiated prices, mark-ups, discounts or commissions;
- (c) minimum prices, ie, setting the lowest level allowed of the corresponding negotiated prices.

2. *Critical shortage on the domestic market* is a state of the market where the supply is inadequate, production is incapable of rapid adjustment to the market situation and the undersupply is incapable of being overcome by imports.

3. *Unlawful income* is the difference between:

- (a) higher sales prices, mark-ups, discounts or commissions and the corresponding fixed, or maximum, prices, mark-ups, discounts or commissions;
- (b) fixed or minimum prices and the corresponding lower sales prices;
- (c) higher sales prices and the corresponding prices calculated in accordance with approved mandatory rules and standards concerning pricing and price application;
- (d) higher sales prices and the corresponding temporarily frozen prices;
- (e) sales prices and the corresponding sales prices less reduced or lifted taxes, customs duties, fees, mark-ups or commissions, etc;
- (f) stated and the corresponding higher (lower than support

purchase) prices charged.

4. *Unlawful income* is, also, any cash gain from defrauding a buyer by providing goods or services of lesser quantity (measured by weight or otherwise) or lower quality, or under terms and conditions less favourable, than those specified in standards or defined by government authorities, or stated together with the corresponding prices and the relevant agreements/documents.

5. *Defrauding* is not the case where the buyer concerned includes such higher than lawful prices in its production cost.

6. A *second offence* is such as committed within one year from the effective date of the penal order concerning an offence of the same kind by the same offender.

?? 2 Where there are distinct phases of a production process concerning goods or services subject to government regulated pricing, the regulated profit margin shall only accrue on costs attributed to each phase/activity.

CONCLUDING PROVISIONS

?? 3 Article 86 of Decree No 56 concerning economic activity (published, *DV* 4/1989, with all amendments and addenda) is hereby repealed.

?? 4 Decree No 115 concerning the prevention of unlawful price rises (published, *DV* 11/1988) is hereby repealed.

?? 5 This Act is hereby assigned to the Council of Ministers for implementation under the relevant Rules to be made by the same.

Enacted by the Thirty-Seventh National Assembly on the fourteenth day of September nineteen hundred and ninety-five under the State Seal.

For the Chairman of the National Assembly: Nora Ananieva