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## **ORGANIZATIONAL AND TAX ASPECTS OF THE FREIGHT FORWARDING ACTIVITIES IN BULGARIA**

**Abstract:** *The research is aimed at a specific sub-sector of the economy, with importance for the development of many business ventures. Knowledge of the main regulatory documents, the essence, the place and the role of forwarding in the company's processes is a leading factor for the accurate, reliable, timely and high-quality implementation of logistics. Freight forwarders act as intermediaries between consignors and transport operators when transporting goods between different countries. They organize all stages of the transport process and can also carry out the transport themselves. When sending goods on different routes, the participation of one or more carriers may be necessary, in addition, different requirements and conditions are imposed for the execution of the transaction. Forwarding services are intended to provide and coordinate the entire process of preparing and carrying out shipments in order to satisfy customer requirements. The aim is to analyze the main organizational aspects and the peculiarities of the taxation of forwarding activity in Bulgaria on the basis of theoretical studies and practical results. A historical approach, methods of synthesis, analysis and comparison are used. The time period is 2020, 2021, 2022. The leading thirty companies in the industry were analyzed, and results were compared based on revenue and dynamics of change. The regulations of the Commercial Law, tax and accounting acts have been interpreted. Basic schemes for organizing freight forwarding activities and features of taxation are commented on. On the basis of literary sources, official databases and own summaries, the main hypothesis has been proven, namely: the correct forecasting of the factors that influence the activity of forwarding companies and the choice of flexible solutions are a prerequisite for successful commercial activity.*

**Keywords:** *freight forwarder, forwarding contract, transport, taxation.,*

**JEL classification:** *L91*

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## სატრანსპორტო - საექსპედიტორო საქმიანობის ორგანიზაციული და საგადასახადო ასპექტები ბულგარეთში

**აბსტრაქტი.** კვლევა მიზნად ისახავს ეკონომიკის კონკრეტულ ქვესექტორს, რომელიც მნიშვნელოვანია მრავალი ბიზნეს საწარმოს განვითარებისთვის. ძირითადი მარეგულირებელი დოკუმენტების, არსის, ადგილისა და როლის ცოდნა კომპანიის პროცესებში არის წამყვანი ფაქტორი ლოჯისტიკის ზუსტი, საიმედო, დროული და ხარისხიანი განხორციელებისთვის. სხვადასხვა ქვეყნებს შორის საქონლის გადაზიდვისას სატვირთო ექსპედიტორები მოქმედებენ როგორც შუამავლები ტვირთგამგზავნებსა და სატრანსპორტო ოპერატორებს შორის. ისინი აწყობენ სატრანსპორტო პროცესის ყველა ეტაპს და ასევე შეუძლიათ თავად განახორციელონ ტრანსპორტირება. საქონლის სხვადასხვა მარშრუტზე გაგზავნისას შესაძლოა საჭირო გახდეს ერთი ან მეტი გადამზიდველის მონაწილეობა, გარდა ამისა, ტრანზაქციის განსახორციელებლად დაწესებულია განსხვავებული მოთხოვნები და პირობები. საექსპედიტორო მომსახურება მიზნად ისახავს უზრუნველყოს და კოორდინაცია გაუწიოს ტვირთების მომზადებისა და განხორციელების მთელ პროცესს, რათა დააკმაყოფილოს მომხმარებელთა მოთხოვნები.

სტატიის მიზანია თეორიული კვლევებისა და პრაქტიკული შედეგების საფუძველზე ბულგარეთში საექსპედიტორო საქმიანობის დაბეგვრის ძირითადი ორგანიზაციული ასპექტებისა და თავისებურებების ანალიზი. ნაშრომში გამოყენებულია ისტორიული მიდგომის, სინთეზის, ანალიზისა და შედარების მეთოდები. დროის პერიოდია 2020, 2021, 2022. გაანალიზდა ინდუსტრიის წამყვანი ოცდაათი კომპანია და შედეგები შეადარებული იქნა შემოსავლებისა და ცვლილებების დინამიკის მიხედვით. განმარტებულია კანონის დებულებები, საგადასახადო და საალრიცხვო აქტები. კომენტირებულია სატრანსპორტო საექსპედიტორო საქმიანობის ორგანიზების ძირითადი სქემები და დაბეგვრის მახასიათებლები. ლიტერატურული წყაროების,

ოფიციალური მონაცემთა ბაზებისა და საკუთარი რეზიუმეების საფუძველზე და-  
დასტურდა მთავარი ჰიპოთეზა, კერძოდ: საექსპედიტორო კომპანიების საქმიანობა-  
ზე მოქმედი ფაქტორების სწორი პროგნოზირება და მოქნილი გადაწყვეტილებების  
არჩევანი წარმატებული კომერციული საქმიანობის წინაპირობაა.

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*JEL კლასიფიკაცია:* L91

### **Introduction and review of literature**

A major trend in recent years is the globalization of economic relations. It manifests itself in the growth of trade, the mobility of factors of production, the migration of capital and labor. Under these conditions, the role and importance of the transport system and related forwarding activity is constantly growing. By its very nature, forwarding activity is an entrepreneurial activity that takes place in the field of services and is an important component of the transport process. The level at which it is organized reflects directly on the trade. With the development of market relations, the growth of the volume, the amount of commercial transactions, the choice of the type of transport becomes more and more difficult. This, in turn, necessitates the appearance and functioning of the freight forwarder. The aim of the study is to analyze the main organizational aspects and the peculiarities of the taxation of freight forwarding activities in Bulgaria on the basis of theoretical studies and practical results. Emphasis is placed on defining the essence, outlining the main possibilities for organizing and interpreting the tax regulations related to freight forwarding. A literary resource for theoretical summaries and an empirical database from official sources of information were used. The first thirty freight forwarding companies in Bulgaria by economic indicators were subjected to a study, and the time frame is 2020, 2021 and 2022. The main hypothesis is that the correct forecasting of the factors that influence the activity of forwarding companies and the choice of flexible solutions are a prerequisite for successful commercial activity. The basis of the theoretical part of the research are: basic normative documents - Commercial Law, Ordinance No. 7 for the acquisition of qualification in the profession "Forwarder-Logistics", Law on Value Added Tax, Law on Corporate Income Taxation; previous author's developments and opinions of other researchers, such as Hristina Nikolova (2021), K. Goranova (2024), Krivins, Petrova & Marinov (2022), Iliev et al (2023) etc. An empirical resource has been accumulated by the National Statistical Institute; organizations in the branch - National Association of Bulgarian Forwarders, Bulgarian Association for Forwarding, Transport and Logistics; Kapi - Capital's database, which contains company information and financial indicators for over 400,000 companies.

### **Methodology**

#### **1. Organizational aspects of forwarding activity**

Forwarding services occupy an important place in the modern business world. The function of the freight forwarder is key to the implementation of the entire process of transporting the

cargo from the starting point to the final point. Usually, corporations have their own fleet of vehicles and transport their cargo themselves. There are other economic agents, however, who for one reason or another do not have their own vehicles. Therefore, if necessary, they use the services of specialized companies. In global practice, the transport of mass, uniform cargo is carried out directly between economic agents, quite often requiring the use of separate forwarding services. In cases where complex tasks related to cargo transportation, customs, insurance, control and other activities are being solved, it is necessary to use the services of a forwarder. The task of the forwarding agent is to find a reliable carrier for the cargo of the respective client, to coordinate the transportation process and to ensure compliance with the agreed deadlines. In order to carry out his activity successfully and efficiently, he must permanently monitor the policies implemented by the various transport companies, monitor the transport market, know the various tariffs, conventions and, accordingly, their legal regulation.

The commercial law regulates the freight forwarding contract, which is the main regulatory framework of the activity (LEX.BG, Commercial law, 2024) "... the freight forwarder undertakes for a fee to conclude a contract for the carriage of cargo on his own behalf at the expense of the principal. The freight forwarder can carry out all or part of the transport himself. In this case, he has the rights and obligations of the carrier. The forwarder is obliged to comply with the principal's instructions for the route, direction and method of transport, as well as for the selection of carriers and subsequent forwarders." Like any other type of commercial contract, the forwarding contract is concluded by submitting an offer and after its acceptance, and its execution begins with the order from the customer. If there is no general contract concluded between the client and the freight forwarder, with which the general conditions of the transports are agreed, each freight forwarder's offer for transport must contain at least the following details: type and name of the cargo; type of transport and means of transport with which the transport will be carried out; franking ; cost of forwarding service; services included in the price; services excluded from the price; legal basis; free time; delivery time; method of payment; transport route; date of loading; validity of the contract and general conditions.

The main requirements for acquiring the third degree of professional qualification for the specialty "Forwarding, transport and warehouse logistics" of the profession "Forwarder-Logistics" are laid down in Ordinance No. 7 (LEX.BG, Ordinance No. 7 for the acquisition of qualifications in the profession "Forwarder-Logistics", 2018). The basic knowledge, skills and competencies are defined regarding the basics of the market economy and knowledge of the main characteristics of the production activity in the enterprise, namely the candidate: knows the general theory of the market economy; is familiar with economic problems - scarcity, resources, choice, etc.; knows the role of the state in the market economy; knows the types of economic entities in business; learn about successful practical examples of managing various business ventures; is able to identify successful practical examples of managing business ventures by explaining the role of each economic entity involved in the business; knows the basics of market demand and market supply; defines economic concepts - income, expenses, profit, profitability, etc.; explains economic concepts in the context of the enterprise's activity; is able to analyze economic principles in the context of the production activity of a given enterprise.

According to H. Nikolova's summaries (Nikolova, Transport and expedition, 2018, ctp. 179-180), forwarding represents the production and sale of services. The technological cycle of this activity includes: market research and definition of the services to be offered; organizing the production of forwarding services through appropriate external subcontractors; marketing and

sales of the services; production (performance) of forwarding services; pricing and invoicing of services; collection of receivables; settlement of complaints and claims; information exchange within the forwarding company and with its customers and subcontractors.

According to the Bulgarian Association for Forwarding, Transport and Logistics, (BAFTL, 2024) a forwarder is a trader who, by profession, performs for general use services and related transactions related to the storage, handling and documentation of cargo.

The National Association of Freight Forwarders in Bulgaria was established in 1992 and validates the professional knowledge, skills and competencies of freight forwarders with work experience who do not have an official document of acquired qualification. The Manual for professional training of freight forwarders in accordance with FIATA standards is extremely useful (NABF, 2018).

The main schemes for carrying out forwarding activity can be presented as follows (see figures 1, 2, 3, 4 and 5):

Figure 1. First option for carrying out forwarding activity



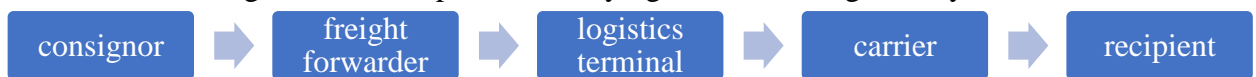
Source: Developed by the authors

Figure 2. Second option for carrying out forwarding activity



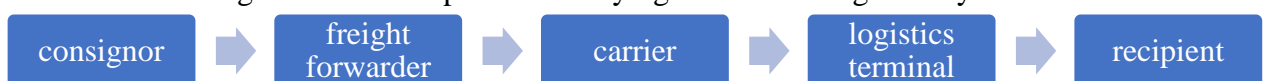
Source: Developed by the authors

Figure 3. Third option for carrying out forwarding activity



Source: Developed by the authors

Figure 4. Fourth option for carrying out forwarding activity



Source: Developed by the authors

Figure 5. Fifth option for carrying out forwarding activity



Source: Developed by the authors

In practice, the freight forwarder can operate as: agent; Sales Representative; operator (Iliychevski, 2013, crp. 167-169), (Nikolova, International transport and forwarding, 2011, crp. 216). In the first variant, the freight forwarder performs services and related transactions on

behalf and for the account of the principal and/or the owner. The rights and obligations under the concluded contracts arise directly between the parties, i.e. between the principal and the third party. The relationship between the forwarder and the principal is also regulated by contract. It specifies the basic rights, obligations and the activities that the freight forwarder can carry out for a fee. In the second option, the freight forwarder organizes the conclusion and subsequent execution of commercial transactions for transportation, storage and handling of cargo, etc. services. In his capacity as a commercial representative, he acts on his own behalf, but at the expense of the principal. The freight forwarder has the obligation to transfer the rights and obligations arising from the transactions to the represented trader within the terms and in the manner specified in the relevant contract. Otherwise, the presumption is that the freight forwarder has entered as a party to the transaction and is acting as an operator. Explicitly, when settling the relationship between the merchant and the forwarder, the clause for assuming responsibility "del credere", i.e. the freight forwarder to bear the risks of the customer's insolvency and at the same time is entitled to a special remuneration. Acting as an operator, the freight forwarder presented itself as a contractor of various contracted services – transportation, storage, cargo handling, etc., and issued a forwarding document. In this capacity, he acts in his own name and at his own expense. The forwarder's goal is to find and offer the customer the best combination between: costs; quickness; reliability.

The intermediary nature of the forwarding activity and its connection with the transport system create conditions for it to be organized in the following options:

- from transport companies;
- from the enterprise-owner of the cargo;
- by a specialized forwarding company.

*In the first option*, the transport company independently organizes its partial or complete implementation, adapting it to the needs of the transport process. But certain freight forwarding operations, by their organizational nature, have a bilateral nature, which stems from the fact that the vehicle belongs to one partner in the transport process, and the cargo belongs to the other partner. When the owner of the cargo does not perform the relevant operation in a timely manner, then liability arises in relation to the owner of the means of transport for its unjustified detention and delay. With this option, the possibilities for the occurrence of counter-responsibility in case of untimely or poor-quality execution of certain operations are limited, which adversely affects the organizational level of the transport process.

*In the second option*, forwarding activity is carried out by the owner (supplier or buyer). This means that he must have personnel to carry out the relevant operations, own a fleet of vehicles, etc. The use of this organizational form is justified only when the volume and rhythm of the flow ensure rational utilization of the available labor and material resources. The construction and maintenance of one's own warehouse base, one's own park requires the investment of significant investments for construction and installation works, for equipment and machinery, for means of transport, for the construction of an information system of the warehouse, etc. For this investment, the forwarder expects a number of economic benefits: control over the storage and protection of the cargo; maneuverability in the choice of means of transport and routes, depending on the market situation. The construction or purchase of own warehouses, own fleet, however, carries a higher risk and responsibility for the forwarder in the event that the capacity is not optimally used and storage costs and transport costs increase.

*In the third option*, the forwarding activity is carried out by a specialized company - a

forwarder who is qualified, experienced and has the necessary knowledge to solve the issues related to the preparation and completion of the transport processes. With this form, opportunities are created for the specialization of the mechanical means of the warehouses and the transport fleet, which helps to speed up the delivery and reduce the empty mileage. The forwarding company frees the other economic agents from the need to carry out an activity which, due to its specificity, is not inherent in their main purpose. The freight forwarder facilitates the consignor, but even provides him with a certain economic benefit. The risks for the recipient of the service consist in the fact that the delivery depends on the forwarder, on the transport company.

Payment for the forwarder's services is among the most important clauses in the contract. The following options exist:

- if there is no expressly agreed due date, the amount is considered due on the 10th day from the date of issuing the invoice by the freight forwarder for customers in Bulgaria and on the 14th day for customers abroad;
- in case of overdue payment, the payer owes a fee for overdue payment;
- if the forwarder has agreed to collect his remuneration from a third party, the client always remains jointly and severally liable for payment of the amount;
- the forwarder has the right to demand an advance payment or security, as well as to dispose of the goods at his discretion, in order to secure and reimburse the costs and damages incurred during the fulfillment of the forwarding order;
- the freight forwarder is not obliged at his own expense to provide guarantees and deposits covering the payment of customs and tax charges, freight, etc., if he does so, he can demand immediate compensation from the client.

## **2. Tax aspects of freight forwarding activity**

For certain economic agents, forwarding operations can express their main subject of activity and form their main income. Therefore, these entities carry out forwarding activity by occupation and develop their functions between the contracting authorities and the transport companies. They are subject to corporate tax according to the Corporate Income Tax Act (LEX.BG, Corporate Income Tax Law, 2024). This requires compliance with both local tax law and the requirements of International Accounting Standard 12 – Income Taxes and Accounting Standard 12 – Income Taxes.

For the purposes of VAT, the definition of forwarding service is specified in Art. 22, para. 5 and Art. 30, para. 3 of the Value Added Tax Act (LEX.BG, Value Added Tax Law, 2024). This is a service for organizing, carrying out or servicing the transport of goods within the EU or outside it and including the activities of transport processing, document processing, warehousing and insurance.

A key point in taxing forwarding services with VAT is the determination of the place of performance of the service. According to the provision of Art. 22, para. 1 place of performance for the delivery of a service for the transport of goods within the Community, provided for the benefit of a non-taxable person, is on the territory of the Member State where the transport begins. For example, a Bulgarian forwarder provides a forwarding service in connection with the transport of goods from Bulgaria to another member state (France) and the recipient of the service is a non-taxable person (does not have a VAT number), the place of delivery is on the territory of our country. When the delivery of a service for the transportation of goods is provided to a non-taxable person outside the EU, the place of performance is where the transport

takes place, in proportion to the distance traveled. It should be noted that according to Art. 22, para. 4 of the VAT, freight forwarding services in connection with the transport of goods within the EU or outside the EU are equated to services for the transport of goods between member states, respectively for the transport of goods outside the EU.

In Bulgaria, the main legal regulation in the activity of freight forwarders is the General Freight Forwarding Conditions, which were adopted by the National Association of Bulgarian Freight Forwarders in 1996. They apply to freight forwarding services where the storage of goods is only part of the technological process of its transportation (intermediate storage). The terms oblige the customer to indemnify the freight forwarder for the damages incurred by him during the fulfillment of the forwarding order due to external causes. This includes the payment of taxes, duties, fines, etc., which the shipper was forced, but not obliged, to pay. The client undertakes to indemnify the forwarder against the claims of third parties, which according to the forwarding contract the client himself has no right to bring against him.

### Results

The latest official data for the top thirty largest forwarding companies in Bulgaria in the period 2020-2022 can be found in the table. 1.

Table 1. The thirty largest forwarding companies in Bulgaria in 2020-2022.

(thousand BGN)

Enterprise	Income			Amendmen t 22/21%	Profit/Loss		Profitabilit y
	2020	2021	2022		2021	2022	
Gopet Trans	224,016	258,775	335 118	29.50	3,248	6,931	2.07
Schenker	116,932	152,364	173 411	13.81	7,328	30,584	17.64
Marsfeld Zhelezopatna Logistics	116,739	139,759	139,393	-0.26	33,512	10,947	7.85
EISA Shipping Agencies	47,351	77,449	121,012	56.25	2,062	1 794	1.48
World Transport Overseas Bulgaria	34,591	68,420	120,705	76.42	5,091	7,899	6.54
Kuehne+Nagel	45,871	68,803	108,084	57.09	3 197	5,862	5.42
Unimasters Logistics	66,001	80,955	104 005	28.47	-352	581	0.56
Novalog	15,755	24 196	103,314	326.99	276	412	0.40
Delamode Bulgaria	57,957	78,385	98,024	25.05	2,689	3 132	3.20
M&M Militzer & Munche	61,919	73,999	90768	22.66	987	2 242	2.47
Cargo-partner	45,790	62,504	85,090	36.14	788	2 141	2.52
DHL Logistics Bulgaria	58,584	75,457	82,973	9.96	1 839	1 043	1.26
NTZ Transport Bulgaria	29,646	56,837	73,778	29.81	1 487	868	1.18
Temperi Logistics	-	140,690	68,708	-51.16	275	191	0.28
Well done Sped	26,653	35 139	60,703	72.75	163	312	0.51
Transland	34,055	35,541	58,908	65.75	149	2,588	4.39
Bon Marine	41 139	44,317	57,622	30.02	2,271	3,902	6.77
Gebruder Weiss	27,329	33,795	56,068	65.91	1,245	-73	-0.13
Teu Bulgaria	12,807	29,750	50,899	71.09	847	1 450	2.85
DSV Road	38,336	38,309	49,464	29.12	1 578	1 728	3.49
Port infrastructure	47,551	46,608	47,973	2.93	-12,050	-11,581	-



Truck Ferry	25,469	32,903	46,970	42.75	436	4,052	8.63
Eurotrans Ferry Booking	17,888	27,663	41,506	50.04	107	1,220	2.94
CNS - Carrier Network	40,378	37,877	41,375	9.24	1 062	759	1.83
TransTerra Logistics	15,577	31,013	38,300	23.50	799	438	1.14
Orbit	26 198	29,701	37,319	25.65	1 488	400	1.07
MSC Bulgaria	26,290	30,209	36,086	19.45	7 411	8,388	23.24
Alog	19,360	23,409	35,444	51.41	251	390	1.10
Quehenberger logistics	23 183	27,260	34,219	25.53	510	1 203	3.52
RTL 2020	144,266	90,867	33,236	-63.42	578	1 086	3.27

Source: (Capital, 2024) and authors' calculations

In 2022, successful indicators were achieved in the activity of freight forwarding companies in Bulgaria - the first thirty enterprises report BGN 2.4 billion. In 2023, economic indicators are expected to be at lower levels, according to experts in the sector (Goranova, 2024). Gopet Trans demonstrates the best results in the sector – revenues of BGN 335 million in 2022. The company is a regional leader with positions in Greece, Romania, Poland, Spain and Turkey. Offers solutions for road transport with coverage in Europe, regular trips to Turkey and the Middle East, intermodal, sea, air, etc. types of transport. Schenker, part of the international DB Schenker, offers all services for land, air and sea transport. Marsfeld Zhelezopatna Logistika was established in 2019 and in just a few years has maintained high levels of revenue that have placed it in third place. The main subject of activity is forwarding of large quantities of sulphur, and the main routes are in North-Eastern Europe and Asia.

Regarding the dynamics, the following conclusions can be drawn in 2022, compared to 2021: " Novalog " recorded a growth of 327%, when its revenues increased from BGN 24 million to over BGN 100 million. It specializes in forwarding activity in the Black Sea and Danube region. World Transport Overseas Bulgaria reported a 76.4% increase in revenue. It initially focused on shipping full containers by sea, but a few years later it expanded its portfolio and added air cargo. Today it is one of the main maritime consolidators from Asia to the Black Sea and the Adriatic Sea. Well done Sped realized over BGN 60 million and this means 72% growth. As part of " Bulmarket ", the enterprise trades in fuels and is a producer of biodiesel, it also develops transport activities by rail. Teu Bulgaria implemented a change of 71%. The company offers sea freight forwarding, land and air transport. The fifth company is Gebruder Weiss with an increase of about 66%.

When considering freight forwarding services for the transport of goods within the EU or outside the EU, provided to taxable persons, the place of performance is the place where this recipient has established his independent economic activity. In the event that this object is located in a place other than the place where the recipient has established his independent economic activity, then the place is where the permanent object is located.

In practice, different options are possible depending on the place of performance, on whether the person is a taxable person or a non-taxable person. If dairy products were transported from Bulgaria to Romania and the services of a forwarder were used:

First option: A Bulgarian legal entity hires a Bulgarian freight forwarder to organize and carry out the transportation of the production. The recipient of the forwarding service is a Bulgarian taxable person. The place of performance in this case is on the territory of Bulgaria. The freight forwarder should issue the recipient an invoice for the service and charge 20% VAT.

Second option: A Romanian legal entity, buyer of the dairy products, hires a Bulgarian forwarder to organize the delivery. The place of delivery of the forwarding service is on the territory of Romania. In this case, the tax is payable by the recipient of the service, i.e. the Romanian merchant. The Bulgarian freight forwarder does not charge VAT in the invoice it issues. It indicates the identification number of the Romanian merchant, the reason for non-charge. The freight forwarder should declare this service delivery in the VIES-declaration, according to the requirements laid down in the Regulations for the implementation of the Value Added Tax Act, because the recipient of the service is a taxable person in a member state. In order to apply this tax procedure, the freight forwarder should have evidence that the recipient is a taxable person and the service is not for personal needs. Regardless of the fact that the delivery of the service is performed outside the territory of Bulgaria, the freight forwarder is entitled to deduct a tax credit for the goods and services that he used when performing the freight forwarding service.

Third option: The seller of the dairy products - a Bulgarian taxable person, uses the services of a Romanian freight forwarder to organize the transportation of the products. Under these circumstances, the tax for the forwarding service is payable by the Bulgarian taxable person - the seller of the product. Therefore, he must self-assess a tax on her with a protocol.

More special are the cases when the forwarding service is provided in connection with the international transport of goods between a third country and a member state. For example, a Bulgarian freight forwarder is hired by a Bulgarian merchant - taxable person to organize the transportation of goods from Romania to a merchant from Macedonia. Regarding the tax rate, the provision of Art. 23, para. 3, item 2 of the Regulations for the implementation of the Value Added Tax Act, according to which a zero tax rate is applied to forwarding services, when the recipient is a taxable person established on the territory of the country and the services are provided in connection with international transport between Member State (Romania) and a third country (Macedonia). In order to certify the legality of the application of a zero tax rate, the forwarder must have the necessary evidence - a copy of customs declarations, a transport document, an invoice for the delivery of the transported cargo, etc.

### **Conclusions**

In Bulgaria, there are traditions in the implementation of freight forwarding activity and the organization of the activity is regulated in the relevant normative documents. The latest reported data (for 2022) show the realization of revenues of about BGN 2.4 billion by the leading thirty companies in the industry. There is no official information for 2023, but a decline in business activity is expected, caused by internal, but also many external reasons. World trends affect the activity of freight forwarders in Bulgaria. The contraction in demand for transport services starts at the end of 2022 and is caused by the recession in Western Europe and large economies such as Germany. International companies expect growth in demand in 2024 for air freight forwarding and container trade, as opposed to road transport. In the course of the research, the hypothesis was proven. Small and medium-sized forwarding companies usually do not own their own fixed tangible assets - offices, warehouse space and vehicles. They rent office and warehouse space and outsource activities to subcontractors - warehouse operators or freight forwarders with their own warehouses. Large enterprises more often operate with their own vehicles and warehouse space. For this reason, the management structure includes departments, units, offices for organizing activities, such as transport, storage, personnel, etc. They usually build a network of divisions (branches and subsidiaries) in the country and abroad. In this case,

the headquarters plans, manages, coordinates and controls the activities of these divisions and general regulations and criteria for their operational and financial stability are drawn up. Diversifying a freight forwarding portfolio is an effective strategy for spreading the risk of multiple activities, but requires investment to maintain multiple options. Large companies can afford it, unlike small and medium-sized enterprises. For the latter, it is advisable to concentrate in a few types of freight forwarding services, but to correctly forecast national and global trends. The study covers a specific time period and a limited scope of study, but focuses on an up-to-date trade development sector and current issues to analyze in both theoretical and practical aspects.

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