

New rules on price formation for socially important products

1 July 2016

In brief

The Regulation on price formation for socially important products (“SIP”) has been approved.

In detail

The Regulation* establishes the list of SIP to which the mark-up rates apply.

The new list includes only food SIP. Several food products have been removed from the list (e.g. meat and meat products, sugar etc.).

Consumption features have also been introduced for SIP exempted from the pricing rules.

The mark-up marketing thresholds on SIP are as follows:

- 10% for bread and other traditional bakery products;
- 40% cumulatively for marketing of processed products, both imported and domestic;

- 20% for SIP not mentioned above.

For the purposes of SIP pricing rules:

- the purchase price of imported SIP and delivery price of local SIP do not include VAT, which will be deducted;
- the wholesaler is not considered a manufacturer if it performs processing operations that do not change the product characteristics. The wholesaler is only considered to be a manufacturer if imported products delivered domestically by it are identified as unsafe, especially if its logo appears on the packaging.

The requirement to indicate on the invoices / tax invoices the

purchase price / delivery price and the cumulative mark-up marketing thresholds applied on SIP marketing has been maintained.

The Financial Inspectorate and the State Tax Inspectorate are responsible for supervising compliance with the provisions of the Regulation.

[Source: Government Decision no. 774 dated 20 June 2016 on price formation for socially important products, Official Gazette no. 169-183 dated 24 June 2016].*

The takeaway

The Regulation entered into force on 24 June 2016.

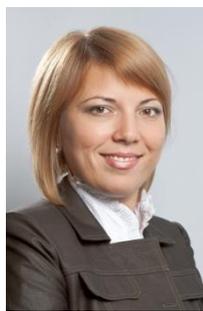
It updates the previous regulatory framework on SIP pricing mechanism, while abolishing a series of regulations in this area.

Let's talk

For a deeper discussion of how this new legislation might affect your business, please contact:



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