

DEVELOPMENT OF THE BULGARIAN TAX LEGISLATION IN THE TAXATION OF THE AGRICULTURE INCOME IN THE PERIOD 1878-1945

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Abstract

The tax system of each country is one of the most accurate indicators of the national economy. Taxes directly affect every economic decision that an individual makes. The types of taxes, the methods of collection and taxation, the tax administration are the key components of the tax system, which undergo a different evolution. It is especially interesting when taxing some of the earliest incomes covered by our tax legislation, namely those from agriculture. The periods during which their development passes can be divided into three according to each total change of the laws. Each of them is different with its specific features, and one of the most interesting is the first, which began immediately after the liberation of Bulgaria and bears the heavy legacy of the Ottoman cruel tax system.

Keywords: agricultural income, taxation, tax legislation

INTRODUCTION

Until the 1950s, agriculture is a leading industry in Bulgaria, accounting for more than half of the country's GDP. During the research period (1870–1945) almost 80% of the active population of Bulgaria is employed in the sector, and its share in the GDP is between 55 and 65% in the different years. (Ivanov, 2012). In the last few years, there has been a steady trend towards a declining share of agriculture and employment in the sector (Georgieva, 2012). The reasons are very diverse and can be both historical and economic. The influence of taxation, both as a way of taxation and as a way of collection, which has undergone serious dynamics in the period after the restoration of the Bulgarian state, has a serious contribution to this trend. It can be conditionally divided into three periods, each of which is characterized by a total change in tax legislation: 1878-1945, 1944-1999, and 2000-present.

The main purpose of this study is to trace the impact of changes in the legislation in the taxation of the agricultural income on the development of the industry in the first of the three periods, characterized by a total change in the laws. Each of them leads to a significant change in the taxation of the farmer's income, and hence a change in his behavior.

MATERIALS AND METHODS

The clarification of the problems related to the taxation of agriculture in the period 1878-1945

is based on the study and systematization of a wide range of literature, Internet sources, as well as on the legal framework regulating the issues on the subject. Information obtained on the basis of periodic statistical reporting was also used.

A system of logical methods is applied, such as the methods of induction and deduction, analysis and synthesis, the method of comparative analysis, the historical method, graphical method.

RESULTS AND DISCUSSION

For centuries Bulgarian people have been under the weight of one of the most discriminatory and cruel tax systems in the world at the time, that of the Ottoman Empire. The same cruel tax system with few exceptions is in force after the restoration of the Bulgarian state in 1978. The tax burden takes away a significant part of the income of workers in the village (Dimova, 2017).

A basic tax is the tithe, which takes 10% of the main product of the crop production namely cereals. The remaining crop products are not taxed with tithe, but they have a relatively low share in the total crop production of the country. Some of them like the viticulture are subject to other taxes.

The villagers also pay a tax on sheep and goats (beglik) and a tax on pigs (serchim). They represent a fixed amount that is paid for each animal owned. Their size corresponds to approximately 1/10 of the value of the small livestock owned. In 1895 the serchim is abolished, and after the reduction of the size of the beglik in 1896 and 1899, it dropped to about 1/15. Farmers

also pay an emlyak tax on their real estate, which is usually valued higher than townhouses. It is between 0.4 to 1% of the value of all real estate - land and buildings. The "emlyak registers" are intended for the registration of the immovable property in order to guarantee by the administrative authority the ownership over them and their taxation. They are kept in each municipality. They describe the real estate in the municipality, regardless of where their owners live. The land is described by plots - cultural type (levels, vineyards, natural meadows, etc.), area (in decares), location, boundaries, category, and value (BGN). The buildings are described by location, type, construction, number of stories, built-up area, built-up volume, value. The facilities are described by location, construction, power, and value. Documents for ownership of a property are issued on request on the basis of the emlyak register.

In the post-Liberation period, the tax burden on the rural population is higher than on the urban population. Until 1885, the urban population pays a "temetuat" tax, which was 3% of net income, and after that year a patent tax, which is around 3 and 8% of net income. According to Gabe, by 1890 the farmer pays 6 times more than the average tax for craftsmen and freelancers and 2.7 times more than the average tax for a trader. (Gabe, 1980, p.17)

However, the tithe remains the heaviest for the rural population. It is originally a natural tax, but the Provisional Government abolishes its payment in kind. The state delegated its collection to private collectors and has not controlled the amount collected. This leads to arbitrariness on the part of collectors.

In 1880, the Second Ordinary National Assembly votes a law regulating the tithing. The Liberal Party with Finance Minister Petko Karavelov proposes not only preserving it as a tax but also restoring it in natural form. Radev writes: "He not only introduced the Turkish dajdas - emlyak, ijar, temetuat, etc. - but also ruled that they would be collected according to the old estimates. It was not unknown to Karavelova that the modern financial science condemns the numerous small taxes, but he said that the best tax is the one to which the population is mostly accustomed and which is the easiest to collect "(Radev, 1990, p. 207). The reason for this is the insufficient revenue in the state treasury. "While before the Liberation the Bulgarian territories paid to the Treasury amounts, which, equated in francs, were from 17 to 18 million, now the revenues are only 7 million (Statelova, 1991, p. 197). The Tithe Act makes improvements to the technique of taxation by creating the nomone as a method of determining average yields and abolishes the redemption.

However, the situation of the farmers is very aggravating by the just overcome agrarian crisis and the new tax, which has mainly fiscal incentives (Rusenov, 1947). In 1880 a new assessment of the properties for the emlyak is made by commissions appointed for this purpose.

According to Peev, one year is enough to see all the shortcomings of natural tithe. (Peev, 1994). Since 1881, the measure introduced by the Russian government has been adopted by the local administration to decide whether to collect tithing in kind or in cash. A decisive role, in this case, is played by the circumstance of whether there are warehouses in which to keep the collected production. The process of transforming the tithe into money has been suspended since the State Coup in 1881.

The government's attention is again focused on the basic tax that provides the most money - tithing. A State Council is established and the Frenchman Emmen Kaye is brought in as an adviser. E. Kaye prepares a project to collect tithing in cash. The project is presented to the State Council, which approves it and in 1882, the Third Ordinary National Assembly voted to transform the tithe back into a monetary one, calculated on the basis of the average yield and the current market prices. In the first session of the meeting, it is announced that "... the new tax presents many advantages over the old one: better soil processing, as the farmer will pay the same tax for both smaller and larger crops, there will be no mischief with the sheaves in the fields because everyone is free to go home, the state will not spend unnecessary amounts to describe the harvest, selling the collected in kind, etc. "(Yaranov, 1934, p. 18). According to a report by the Minister of Finance, Georgi Zhelyazkovic, dated June 12, 1882, these expenses represent 12% of the amount of the tithe collected. The existing collection system creates favorable conditions for abuse, which turns controllers into kidnappers.

In February 1882, Rules for the Collection of Beglik and Serchim are adopted, reintroducing the tax on pigs. The abolition of this tax would take place in 1895 when the pig farmers begin to pay the occupation tax (Peev, 1994).

The tithe is the most important tax and is the backbone of Bulgaria's tax system for the period considered. It gives the state almost a third of all the revenues and about 54% of the direct tax revenues. (Dimitrov, 1902, p.388). No other tax can be compared with it in this respect. This high profitability makes the tax irreplaceable from a fiscal point of view, but this also places a serious task for the state to find a more socially acceptable way to collect it.

In 1889, the tithe becomes natural again in four years. The change is part of Stefan Stambolov's government tax policy. "This change is not due to the pursuit of any policy, but to deliver more funds to the state treasury. With the larger revenues expected from the tax in kind, Stambolov intends to build railways if he does not find a loan" (Yaranov, 1934, p. 28). During this period, the sale of the properties to the outstanding taxpayers is introduced and the state tax collector becomes a gravedigger of many independent farmers (Todorov et al., 1981, p.226).

In 1892, the Fourth Ordinary National Assembly passes the Tithe Payment Act. With it, the natural tithing system is replaced by a monetary payment. The average for the last four years during which it is paid in kind will be taken as a norm. From the amount thus determined, the costs of transporting food collected are deducted and some amounts that have not been received due to natural damage are added (Yaranov, 1934, p. 28). Two years later, in 1894, the Occupation Tax Act is approved. It taxes the income of employees in industry and trade. "The discrepancy in the taxation of the agriculture and other occupations is to the detriment of the former" (Danailov, 1896, p.395). The financial policy of the state strongly protects the trade and industry, which are developing relatively quickly at the expense of agriculture. According to Hinkov, "the wholesale trade and industry participate in the general expenditures of the state to a very small extent, which is unjustified for their current state" (Hinkov, 1905, p. 353).

In 1894, a new law introduces a land tax in place of tithing. It is paid per unit area depending on the quality of the land. This tax is levied on fields, meadows, vineyards, gardens, buchchi, gullies, rice fields, pastures, forests, swamps, woodlands, and empty spaces. The reasons for the introduction of the tax are similar to the previous ones: abuses in collecting, waiting for threshing and scattering of sheaves and grain by elements, people and cattle, transportation far away of the tithe in kind, etc. (Yaranov, 1934, p. 36). In the same year, the emlyak (tax on covered and uncovered real estate) is replaced by a tax on buildings. The purpose of its introduction is to tax the covered real estate and those uncovered that are not subject to taxation under the Land Tax Act. In the reasons behind the bill, Geshev says, "The justice requires that the wealthier taxpayer make progressively greater sacrifices for the state than the poorer one. The owner of buildings with a value of up to BGN 5,000 are taxed at the current rate of 4 ‰, for a value more than BGN 5,000 and up to BGN 10,000 with a rate 4.5‰, for a value between BGN 10,000 and 15,000 - 5 ‰ and for a value

greater than - 6 ‰". The fiscal significance of the tax is negligible. (BAS, 1926). With the Family Real Estate Bill, Geshov proposes in Bulgaria to be considered an inviolable family property, which cannot be described and sold for a debt if it is not mortgaged a house of up to BGN 600 for the villages and four decares of fields together with five decares meadows or instead of fields and meadows only nine acres of vineyards or nine acres of gullies.

Todor Ivanchov's government (1899–1901) decided again to replace the land tax with the natural tithe hated by the Bulgarian people. The bill for the introduction of natural tithes provides for the payment of tithes in kind for cereals produced in 1900 and the next few years: wheat, rye, barley, oats, millet, spelt, and corn. For the hay from meadows, rose gardens, rice fields, gardens, watermelons, pastures, swamps, and fields sown with beets, poppies, sesame, anise, resine, rapeseed, flax, hemp, cotton, beans, peas, lentils, chickpeas, potatoes and etc. payment of a tithe is foreseen. For the vineyards, the tax with which they were previously taxed is retained, and for the forests, a tax of 40% on the value was envisaged. The vegetable gardens in the mountainous places smaller than 1/2 decare, the fields sown with tobacco, the newly planted vineyards with American sticks, etc. are exempt from taxation. Even at the time of the discussion of the bill in the 10th Ordinary National Assembly, an unorganized rural movement against the restoration of the natural tax begin (Hristov, 1962). In the period from the summer of 1899 to the early 1900s, more than 190 protest rallies and meetings are organized. After the adoption of the Land Tax Act 1900–1901, the rural discontent grows into open riots, culminating in the dramatic events of Shabla, Trastenik, and Durankulak (Strashimirov, 1968).

During the period 1879-1900, the revenues in the state budget are formed mainly by direct taxes, the largest share being the tithing (land tax). Revenues in the state budget from indirect taxation are increasing. (Table 1).

In 1901, the Eleventh Ordinary National Assembly approved the Land Tax Act. According to art.1. of the Law "Land tax is levied on all uncovered real estate, such as a) fields, meadows, gardens, bahchi, watermelons, gullies, rice fields, arable land, pastures, empty spaces, and others; b) vineyards; (c) forests, swamps, woodlands and places where sumac grows. "The land tax is scattered, which means that its total amount is determined in the budget and distributed (scattered) by tax districts by a special commission. Above the tax paid per decare, a different number of peaks is charged in favor of the municipality, county, or

various state funds in a total amount of about 100% of the amount (i.e. the tax is paid twice, once for the

budget and a second time for the peaks).

Table 1 State revenues in 1879-1900 in million BGN
Source: Statistical Yearbook of the Bulgarian Kingdom, year IV, 1912

Revenues	Year			
	1879	1886	1882	1900
Tithe	9	20.1	28.2	20.2
Other taxes on income and property	8	9.5	11.8	10.1
Other direct taxes and duties	2.8	4.2	4.4	7.9
All direct taxes	19.8	33.8	44.4	38.2
Indirect taxes (excise duties, customs duties, excise stamps, state monopolies)	4.6	9.8	16.3	22.6
Revenues from fees for the use of state services, stamps, fines, income from state property and enterprises	4.5	6.5	15.9	20.4
All regular budget revenues	28.9	50.1	76.6	81.2

In 1903, the Sheep and Goat Tax Act, called the Beglik, is passed. According to it 50 stotinki have to be paid for sheep, 70 stotinki for the goats. While considering the bill, MP D. Dragiev quoted a study by the former Secretary-General of the Ministry of Finance Piperov, according to which the money invested in livestock pay 25 times more tax than those invested in profitable real estate, trade, or industry (Yaranov, 1934, pp. 36). The Minister of the Finance Serafimov argues that this is the most regularly paid tax and it does not affect the number of livestock. Although the majority of MPs believe that the tax is heavy and should be abolished, they decide that for now there is nothing to replace it with. In the same year, they make changes in the land tax. The reasons for changing it are to make this tax fairer. It is proposed that 2/5 of the total tax to be considered as a basic tax, which is paid for each decare regardless of the quality of the land, and 3/5 is scattered according to the quality of the land. Only basic tax is paid on vacant lands. The lowest tax is 18-20 cents. The dates of payment have been changed - November 1 and May 1, as at that time the villagers have more money.

In 1905, in the Thirteenth Ordinary National Assembly, a Bill is introduced and adopted to reduce the deposit of vineyards. The reason for this is the devastation of phylloxera. In return, the forest stake increases. In 1907, the vineyards sown with American seedlings and treated with preparations recommended by the Ministry are exempted from taxes for 12 years. In 1908, the Cadastre Act is adopted (SG, issue 8 of 1908) to facilitate the fair distribution of the land tax. In Art. 1 of the law

defines its purpose - "The cadastre aims at the physical and legal definition of real estate. It is carried out in a way to serve for the proper scattering of the land tax, to introduce the land books and for works related to the planimetry and altimetry (relief mapping) of the country ". The establishment of a cadastral system, which under those conditions and technical armament is quite a difficult and time-consuming activity, does not complete until 1912. In this situation the land tax in Bulgaria until the end of the period is determined without assessing the profitability of the land benefits, without being categorized by regions and fertility, without introducing a system for determining the tax according to the crops grown, the distance from market centers, etc. (Dimitrov, 2014, p. 46)

The period 1879 - 1918 is the period in which the tithe and later the land tax brings the main revenues to the state budget. Tithing is constantly changing its form from natural to monetary and vice versa. This tax, with its many shortcomings, hinders the development of agriculture and forces farmers to pay significantly more than officials, traders, and manufacturers. After 1900 there was a decrease in the tax burden of the peasants. According to Popov, the burden of the tithe tax, and later the land tax per capita in the period 1879-1911, changes as follows on the basis of 1879-1883 - 100%: (Fig 1)

According to Sakarov, by the end of the period under review, the collection of the land tax became quite formal. The annual revenues from it in the budget are set at BGN 20 million, which indicates

that the same properties are taxed. Further evidence of this statement is the results of the actual amounts of tax received, which are also almost constant between BGN 19.5 and 19.9 million per year. Two conclusions can be drawn: 1) the tax is collected mainly from the agricultural holdings, whose land can be easily determined by the commissions, and these are holdings exclusively in the flat regions of the country, which are generally the most profitable and the largest participants in the formation of the income from

agriculture; 2) those properties the size of which is difficult to determine are excluded from the taxation - these are properties in the mountainous and semi-mountainous regions, that are difficult to cultivate and have low incomes. Therefore, despite the reduction in the land tax revenues since the early twentieth century, it cannot be argued that the tax burden on the rural population is decreasing because the most productive farmers are being burdened. (Sakarov, 1918, p.4)

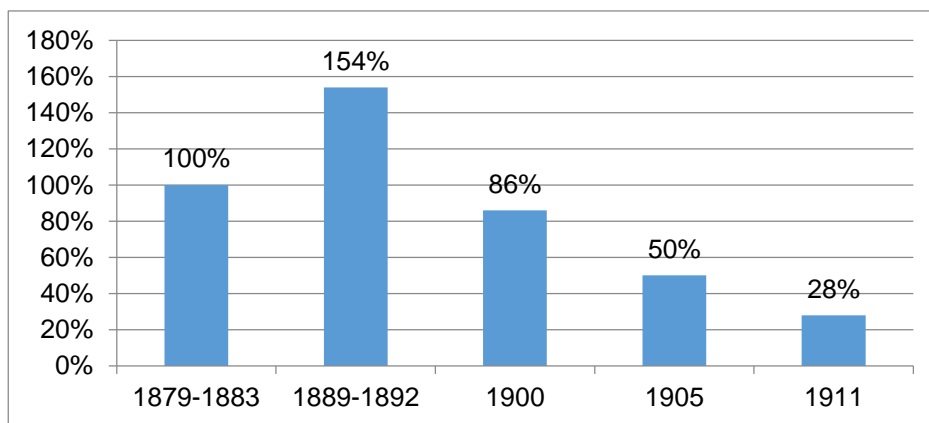


Fig. 1. Change in percentage of the tithe (land tax) in the period 1879-1911

Source: Interpretation of the authors according to Popov, 1918

During the management of the Bulgarian People's Union in the period 1919-1923 the land tax and the tax on crafts are replaced by the tax on the general income and the tax on the companies. This period is characterized as a transition to progressive income taxation (Rusenov, 1947). In 1920, the General Income Tax Act is adopted. According to it, the population is divided into 18 groups with a tax rate between 2 and 35%. The tax does not levy the individuals, but the income of all family members, i.e. the tax is family. There is also a tax-free minimum, different for an individual taxpayer, for a two-member, three-member family, etc. This tax is of an additional nature and does not abolish other direct taxes. The starting point in determining the tax is the completion of a mandatory declaration by all taxpayers. Each taxpayer described in detail his and his family's annual income by type (Dimova, 2013), and then their annual expenses. The completing of the declaration is seriously difficult for the majority of the Bulgarian taxpayers, especially for the farmers, because it is necessary to keep "elementary accounting, which few have" (Rusenov, 1947, p.67). Rusenov writes: "For example, the farmer is asked to determine exactly how much he has spent on food for the harnessed cattle, food for the rest of the cattle, for permanent and hired workers, how

much taxes he has paid, including excise duties and fees, costs for repairing tools, livestock preparation, etc. And at the same time, the declaration wants these details from farmers with 5-10 decares of their own land! The search for the agricultural incomes occupies almost 2/3 of the declaration, and the other occupations and their incomes - the ones in question are included in the other 1/3" (Rusenov, 1947, p.76). The deadline for submitting the declaration is January 20, and for their verification by the tax authorities - February 28. After that date, the determination of the tax began. For income evasion or a part of it, the next tax is collected in a triple amount. For non-submission of a declaration, the taxation is carried out officially and the tax is collected in a triple amount.

A disadvantage of the law is the lack of a definition of taxable income. Art. 8 stipulates that "the taxation of the persons is carried out on their total income from the past calendar year". The ambiguity of how income is calculated (Dimova, 2013) is a source of many misunderstandings between the tax administration and taxpayers. The inherent costs are not exhaustively listed, but only examples are given. The maintenance costs of the taxpayer and his family, the salaries of his family members in his enterprise, the costs of delivery of

machinery are not inherent. The taxable income included the alleged rent for the taxpayer's own home, as well as his own works used for the needs of his family. "It is practically impossible for the semi-natural Bulgarian rural households to calculate the value of the products produced and consumed inside the household itself. This makes it difficult to determine the tax due and creates conditions for arbitrariness on the part of the tax administration" (Penchev, 2005, p. 50).

The law placed a heavy burden on the tax administration. Due to the binding nature of the declarations, their number is very large and the one-month verification period is extremely insufficient. In addition, the tax authorities were responsible for seeking additional information beyond that shown in the tax return. The tax is determined by the district financial chief - for the villages and by the district financial chief - for the cities. Fines are also imposed on officials who failed to fulfill their obligations under the law. Once the tax was determined, it is communicated in writing to the taxpayers. The collection of the tax is assigned to the tax collectors.

In 1922, an Act amending the General Income Tax Act is passed. The changes concern different non-taxable minimum, increase in the tax rate, changes in the procedure for determining the taxable income, and the conversion of the tax into a basic direct tax. The latter happens with the abolition of the land tax and craft tax.

Instead of a tax-free minimum, a "natural" tax-free minimum is introduced, that exempts part of some livestock income. According to Article 10 of the same law "one cow (outbred) or buffalo, up to 5 sheep, one pig, two beehives, which do not provide external income, but serve to support the farm, are exempt from declaration and taxation."

The changes in the tax rates are also significant. For each group of taxable income, the tax rate is increased by 5 to 7%. In the end, 1/3 of the highest income goes for taxes.

The legislator abandons the method of free calculation of the taxable income by the taxpayers. It is established a Commission at the Ministry of Finance. It shall determine by 15 December at the latest the profitability norms of each decade of meadow, forest and type of cereals and other crops, the profitability of the cattle breeding and other sources of income, and allocate fertility districts. It must indicate the maximum and minimum amounts of those incomes which are subject to declaration in each district and the expenses necessary for obtaining those incomes in which expenses are recognized by law. The decisions of this commission, after the approval of the Ministry of Finance, are applied by the district

finance chiefs. They, in turn, convened a new commission, tasked with dividing the towns and villages of the district into categories of profitability on the basis of the norms of the central commission. These amendments to the Income Tax Act are intended to make it easier for the taxpayers to draw up declarations and in fact, the establishment of the commissions in question has further delayed and bureaucratized the work of determining the tax. On the other hand, those farmers whose incomes are higher than the established norms paid less at the expense of those whose incomes are below the norms. According to Konstantinov, this is even more unfair taxation than a land tax (Konstantinov, 1923).

Together with the General Income Tax Act, in 1920 the National Assembly votes on the Company Tax Act, which is the first such law in Bulgaria. It deals with the taxation of limited liabilities companies and cooperatives. The law divides the companies into three groups: 1) trade, credit, and insurance; 2) industry, mining, and 3) agriculture and cooperative associations. The first two groups of enterprises are progressively taxed on the net profit, taking into account the profitability of the company - with a tax between 10 and 25% for the first and between 8 and 20% for the second group. For the cooperative associations the taxation is also progressive, but on a single floor table with a tax between 6 and 16%. The amount of the annual profit is taken as a basis for taxation, and this profit is established by the financial authorities.

The tax reforms provoke criticism in various social circles. Part of the rural population is dissatisfied that the law taxes for them are more severe than those for the bankers and speculators. The production cooperatives also believe they are illegally taxed on total income. (Turlakov, 1923).

The next government opposes the tax reforms of the Agrarian Union. Initially, only amendments are made to the General Income Tax Act. The absurd obligation of the farmer to declare the production consumed in his family has been deleted. Article 25 (SG No. 56, 1924) practically reimburses the land tax. It provides that the properties joined after the wars 1912-1918 should pay fewer taxes. In the event of natural disasters, villagers have the right to reduction. The taxable incomes are divided into 6 groups, taxed at rates from 2 to 15%.

Despite the disadvantages of the General Income Tax Act and the obstacles to its implementation, the collection of the tax gradually increases, and in 1924 it forms 61% of all direct taxes. (fig. 2)

The tax reform in 1925 consisted of the abolition of the General Income Tax Act, the

restoration of the land tax, and that of crafts, as well as the beglik, the creation of an additional tax on total income. "The essence of the reform is that it returns to the old real taxes and reduces the progressive taxation to a degree of adjustment of the same. After this change, the progressive income tax loses its significance for our financial economy" (Rusenov, 1947, p.79). The direct taxes

gradually begin to lose their significance as a source of revenue for the state budget (for the financial year 1924/1925, 12.6 % are revenues from direct and 36.1% from indirect) (Statistical Yearbook of the Kingdom of Bulgaria 1925). The land tax and beglik have been transferred for collection in favor of the municipalities.

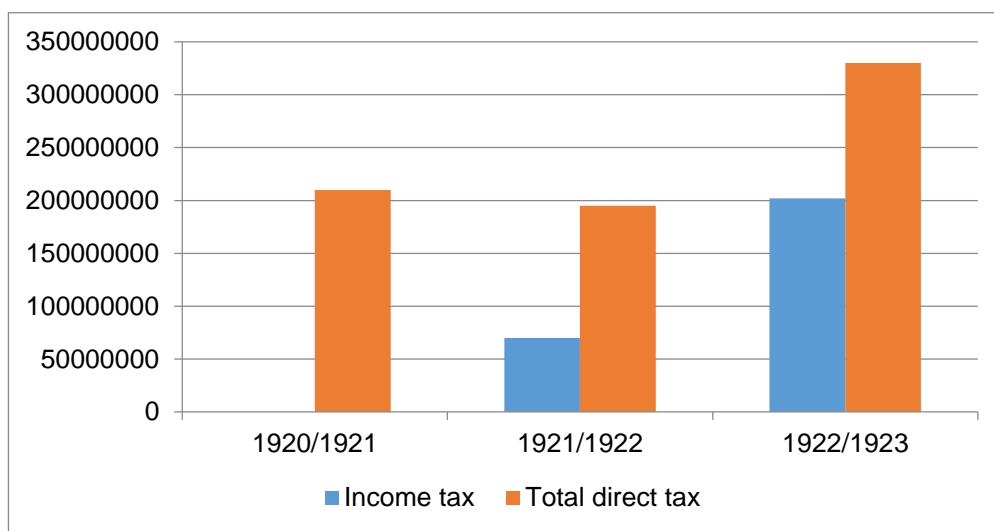


Fig. 2. Collection of income tax for three budget years in the period 1920-1923

Source: Interpretation based on data from the *Statistical Yearbook of the Kingdom of Bulgaria, Sofia, 1924, XII, Finance, p.16-17*

Spasichev in his work "An Attempt for the Financial Circulation in Bulgaria" compares the tax burden of the peasants and citizens. By tax burden, he means the ratio of the total amount of all taxes per person to his annual income. According to data for the financial year 1933/1934, he finds that taxes take between 22.5% and 29.6% of the rural monetary income. Although the citizen pays more in absolute amount, his income is higher and a sufficient amount remains available to him. Berov estimates that the rural population with land under 70 decares, which makes up 66.6% of the active rural population employed in agriculture, has an annual income less than the income of an unqualified general worker in the city (Nathan et al., 1969, pp. 576). The peasant, after paying all his taxes, "has less than BGN 100 at his disposal, of which he must satisfy all his needs, pay interest and debts, buy and sell the inventory, and finally save" (Spasichev, 1939, p.53). Spasichev estimates that 4/5 of the taxes paid by the village are indirect and finds that "the Bulgarian farmer lives in misery that can only exist in the oriental countries." (Spasichev, 1939, p.52). According to him, the reason for this situation should be sought in the low income of agriculture in our country, and

not so much in the tax system. However, Rusenov believes that "not only the small income but also the tax system is to blame for this phenomenon" (Rusenov, 1947, p.76).

Although Spasichev talks about the tax burden on the peasant, not the farmer, and compares it to the "city" in the sense of "non-agricultural classes," however inaccurate his calculations may be, they still describe a reality that makes the peasant leave the village and seek a livelihood in the city.

CONCLUSIONS

- The tax system is the most accurate indicator of the state of an economy, both in years of growth and decline. The years after the Liberation of Bulgaria are characterized by the heavy legacy of the Ottoman cruel tax system and the constant searches of the new Bulgarian government to improve it.

- In the years after the Liberation, the tithing is the most important tax and is the backbone of the tax system of Bulgaria for the period under review. It gives the state almost a third of all its revenues and about 54% of its revenues from direct taxes.

No other tax can be compared with it in this respect. This high profitability makes the tax irreplaceable from a fiscal point of view, but it also poses a serious task for the state to find a more socially acceptable way to collect it.

- The agriculture is also burdened with other taxes such as beglik, serchim, as well as property tax, the valuation of which significantly exceeds the urban properties.

- The tithing is constantly changing its form from natural to monetary and vice versa. This tax, with its many shortcomings, hinders the development of agriculture and forces the farmers to pay significantly more than the officials, traders, and manufacturers.

- In 1901, the tithe is replaced by a land tax, and later by a tax on total income and a tax on companies, that do not have the same fiscal effect.

- At the beginning of the period under review, direct taxes are the main source of revenue in the state budget, with the largest share of tithes, but gradually begin to lose their importance at the expense of indirect ones. The land tax and beglik have been transferred for collection in favor of the municipalities.

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