

## **Income Taxes on Natural Persons Act**

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### **PART ONE GENERAL PROVISIONS**

#### **Chapter One SUBJECT MATTER, SCOPE OF TAXATION AND TAXABLE PERSONS**

Subject Matter of Act

**Article 1.** This Act regulates taxation of income accruing to natural persons, including income from activity in a sole-trader capacity.

#### Scope of Taxation

**Article 2.** Taxation under this Act shall apply to income accruing to resident and non-resident natural persons.

#### Taxable Persons

**Article 3.** Taxable persons under this Act shall be:

1. any resident and non-resident natural persons, who are liable to taxes under this Act;
2. any resident and non-resident persons, who are obliged to withhold and remit taxes under this Act.

#### Resident Natural Persons

**Article 4.** (1) "Resident natural person" regardless of nationality, shall be any person:

1. who has a permanent address in Bulgaria, or
2. who is present within the territory of Bulgaria for a period exceeding 183 days in any twelve-month period, or
3. who is sent abroad by the Bulgarian State, by bodies and/or organisations thereof, by Bulgarian enterprises, and the members of the family of any such person, or
4. whose centre of vital interests is situated in Bulgaria.

(2) For the purposes of Item 2 of Paragraph (1), a person shall be deemed to be a resident during the year wherewithin the presence thereof in Bulgaria exceeds 183 days. The day of exit from and the day of entry into the country shall be treated separately as days of presence in the country.

(3) For the purposes of Item 2 of Paragraph (1), the period of residence in Bulgaria for the sole purpose of study or medical treatment shall not be deemed to be a presence in Bulgaria.

(4) For the purposes of Item 4 of Paragraph (1), the centre of vital interests shall be situated in Bulgaria where the interests of the person are closely related to the country. Upon determination of such interests, consideration may be given to family, property, the place from which the person carries out a labour, professional or economic activity, and the place from which the person manages the property thereof.

(5) Any person, who has a permanent address in Bulgaria but whose centre of vital interests is not situated in the country, shall not be a resident natural person.

#### Non-resident Natural Persons

**Article 5.** "Non-resident natural person" shall be any person who is not a resident person within the meaning given by Article 4 herein.

#### Liability for Tax of Resident Natural Persons

**Article 6.** Any resident natural person shall be liable to taxes in respect of any income acquired thereby from sources inside and outside the Republic of Bulgaria.

#### Liability for Tax of Non-resident Natural Persons

**Article 7.** Any non-resident natural person shall be liable to taxes in respect of any income acquired thereby from sources inside the Republic of Bulgaria.

#### Sources of Income inside Republic of Bulgaria

**Article 8.** (1) Any income derived from economic activity carried out through a fixed base within the territory of the Republic of Bulgaria or from disposition of the property of any such fixed base shall have its source inside the Republic of Bulgaria.

(2) Any income derived from work performed within the territory of the

Republic of Bulgaria, or from services performed within the territory of the Republic of Bulgaria, shall have its source inside the Republic of Bulgaria.

(3) Any dividends and share in any liquidation surplus, arising from participating interests in resident legal persons and unincorporated associations, including agreements on joint activity, shall have their source inside the Republic of Bulgaria.

(4) Any income derived from transfer of the enterprise of a sole trader registered in the Republic of Bulgaria shall have its source inside the Republic of Bulgaria, regardless of whether the transferor is a resident person.

(5) (Amended, SG No. 113/2007) Any prizes and remunerations for activity performed within the territory of the country by non-resident natural persons who are public figures, or such active in science, art, culture and sports, including where the income has been paid/charged through a third party, such as a performer-management agency, a production company and other intermediaries, shall have its source inside the country.

(6) The following income, charged/paid by resident persons, by representative offices, as well as by a permanent establishment or a fixed base in the Republic of Bulgaria, shall likewise have its source inside the Republic of Bulgaria:

1. any damages and indemnities accruing in lieu of or together with another income from a source inside the Republic of Bulgaria;

2. any cash prizes and merchandise awards awarded at games, competitions and contests which are not provided by an employer or a commissioning entity;

3. any remunerations other than remunerations under employment relationships, paid to: an employee or a member of a management or supervisory body of a Bulgarian legal person, of a subsidiary wholly owned by a non-resident person, an employee of a representative office of a non-resident person, or to any other person who performs identical or similar functions;

4. any interest payments, including interest under a lease contract;

5. any income from rent or other provision for use of movable or immovable property;

6. any payments received under franchising agreements and factoring contracts;

7. any copyright and licence royalties;

8. any technical assistance fees;

9. any compensations under enterprise management and control contracts;

10. (new, SG No. 113/2007) any scholarships for study in Bulgaria and abroad;

11. (new, SG No. 113/2007) any income from social and commercial insurance.

(7) (Amended, SG No. 113/2007) Any income covered under Paragraph (6), which is charged by resident legal persons or by resident sole traders through a permanent establishment or a fixed base outside the country or which are paid by resident natural persons through a fixed base outside the country, shall not have its source inside the country.

(8) Any income derived from shares, interests, compensation instruments, investment vouchers and other financial assets, issued by the Bulgarian State, the municipalities, resident legal persons, unincorporated associations and other forms of joint activity, as well as from any transactions therein, shall have its source inside Bulgaria.

(9) Any income derived from agriculture, forestry, hunting ground management and fisheries within the territory of the country shall have its source inside the country.

(10) Any income derived from use, sale, exchange or other transfer of immovable property, including any such transfer of an undivided interest in or a limited right in rem to any such property situated within the territory of the country, shall have its source inside the country.

(11) (New, SG No. 94/2010, effective 1.01.2011, amended, SG No. 1/2014

effective 1.01.2014) ▫ Penalties and indemnities of any kind, excluding benefits under insurance policies, charged by resident legal persons, resident sole traders or non-resident legal persons and sole traders through a permanent establishment or a fixed base in the country in favour of non-resident natural persons established in preferential tax treatment jurisdictions, shall be income having its source in Bulgaria.

(12) (Renumbered from Paragraph (11), SG No. 94/2010, effective 1.01.2011) Upon determination of the source of income under this Article, the place of payment of the income shall be ignored.

#### Documenting and Accounting for Income

**Article 9.** (1) (Amended, SG No. 23/2013, effective 8.03.2013) The taxable persons shall be obliged to register and account for any sale of goods and services as effected at retail outlets by means of issuing a fiscal cash receipt printed by a fiscal device (fiscal slip) or by means of issuing a cash receipt from an integrated automated commercial activity management system (system receipt) according to a procedure established by an ordinance of the Minister of Finance, except where the payment is effected by bank transfer or through an offset.

(2) (Supplemented, SG No. 23/2013, effective 8.03.2013, amended, SG No 95/2015, effective 1.01.2016, SG No. 104/2020, effective 1.01.2021) Any taxable persons, who are not obliged to issue a fiscal cash receipt printed by a fiscal device or a cash receipt from an integrated automated commercial activity management system according to Paragraph (1), shall issue a document on the income acquired thereby from sources referred to in Items 3 and 4 of Article 10 (1) herein, containing the essential elements covered under Article 6 (3) of the Accountancy Act. The said document shall be issued in two copies, one copy being provided to the payer of the income and the second copy being kept by the natural person.

(3) (Supplemented, SG No. 99/2011, effective 16.12.2011, amended, SG No 104/2020, effective 1.01.2021) ▫ The document referred to in Paragraph (2) shall not be issued where:

1. the payer issues a Statement of Amounts Paid, as provided for this Act, in respect of the income, or
2. a final tax has been levied on the income according to the procedure established by Chapter Six herein, or
3. the income is exempted from taxation in pursuance of Item 24 of Article 13 (1) herein, or
4. the income has been paid into a bank account of the natural person, except in the cases referred to in Paragraph (4).

(4) (New, SG No. 104/2020, effective 1.01.2021) ▫ Where the payer of income under Item 3 of Article 10 (1) is an enterprise or a self-insured person which or who is obliged to apply the Accountancy Act and to issue a Statement of Amounts Paid in pursuance of Article 45 (6) herein, the natural person who has acquired the income shall include the essential elements referred to in Item 3 of Article 6 (1) of the Accountancy Act in the document referred to in Paragraph (2).

## Chapter Two INCOME AND TAXES

### Types of Income

**Article 10.** (1) Depending on the source, there shall be the following types of income under this Act:

1. income from employment relationships;
2. income from economic activity in a sole-trader capacity;
3. income from other economic activity;
4. income from rent or from other onerous provision for use of rights or

property;

5. income from transfer of rights or property;

6. (amended, SG No. 113/2007) income from sources referred to in Article 35 herein, as well as income whereon final taxes are leviable under this Act.

(2) Depending on the form of payment, income may be cash and non-cash.

(3) Any cash income derived in a foreign currency shall be translated into Bulgarian lev terms along the exchange rate of the Bulgarian National Bank as applicable at the date of acquisition.

(4) The non-cash income shall be translated into Bulgarian lev terms at market price at the date of acquisition.

#### Acquisition of Income

**Article 11.** (1) Save as otherwise provided for by this Act, any income shall be deemed to be acquired on the date of:

1. payment: in the case of cash payment;

2. crediting the account of the recipient of the income or receipt of the cheque: in the case of non-cash payment;

3. receipt of the consideration: in the case of non-cash income.

(2) In the cases of sale, exchange or other onerous transfer of rights or property covered under Article 33 (3) herein, the income shall be deemed to be acquired as at the date of the transfer.

(3) Income shall furthermore be deemed to be acquired by a natural person where the payment or consideration is received by a third party on the order of the said natural person or under an agreement between the said natural person and the payer. For determination of the date of acquisition, Paragraphs (1) and (2) shall apply.

(4) (Amended, SG No. 113/2007, SG No. 94/2010, effective 1.01.2011) Any income referred to in Article 33 (11) herein shall be deemed to be acquired on the date of recording of the transfer with expungement of the sole trader.

(5) (New, SG No. 94/2012, effective 1.01.2013, amended, SG No. 105/2014 effective 1.01.2015) Upon advance payment of interest on deposit accounts subject to levy of a final tax under Article 38 (13) herein, such income shall be deemed to be acquired on the due date of the deposit or on the date of early termination thereof.

#### Taxable Incomes

**Article 12.** (1) Taxability under this Act shall apply to income derived from all sources acquired by a taxable person during the tax year, with the exception of the income which is non-taxable by virtue of a law.

(2) Where deduction of expenses is provided for in this Act, the expenses determined under this Act shall be taken into consideration upon determination of the taxable income from the relevant source.

#### Non-Taxable Income

**Article 13.** (1) Taxability shall not apply to:

1. any income acquired during the tax year from the sale or exchange of:

(a) (amended, SG No. 95/2009, effective 1.01.2010) one residential immovable property, provided that more than three years have elapsed between the date of acquisition and the date of sale or exchange;

(b) up to two immovable properties, as well as any number of agricultural and forest properties, provided that more than five years have elapsed between the date of acquisition and the date of sale or exchange;

2. any income accruing from the sale or exchange of movable property, with the exception of:

(a) means of transport by road, air and water, provided that the period from the date of acquisition to the date of sale or exchange is less than one year;

- (b) works of art, collectors' items and antiques;
  - (c) shares, interests, compensation instruments, investment vouchers and other financial assets, as well as the income accruing from trade in foreign exchange;
  - (d) movable property delivered to persons who have the right to carry out collection, transport, recovery or disposal of waste in accordance with the Waste Management Act;
3. (amended, SG No. 106/2008, effective 1.01.2009) any income accruing from disposition of financial instruments within the meaning given by Item 11 of § 1 of the Supplementary Provisions herein;
  4. any profit or another source of owners' equity distributed in the form of new interests and shares in commercial corporations, as well as any profit or another source of owners' equity distributed in the form of an increase of the nominal value of the previously issued interests and shares;
  5. any income accruing to persons indemnified according to the procedure of a statutory instrument from the sale or exchange of compensation instruments and investment vouchers received as indemnity;
  6. any income accruing from compulsory social insurance in Bulgaria or abroad;
  7. any income accruing from supplementary voluntary social insurance received after attainment of entitlement to supplementary pension; any income accruing from investment of the technical provisions received under contracts of insurance; and income accruing from investments of the assets of the supplementary retirement insurance funds, apportioned to the individual accounts of the insured persons;
  8. (amended, SG No. 106/2008, effective 1.01.2009, SG No. 94/2012, effective 1.01.2013, repealed, SG No. 105/2014, effective 1.01.2015);
  9. (amended, SG No. 32/2009, effective 1.01.2010) any interest payments and discounts made on Bulgarian government, municipal and corporate bonds; as well as on similar bonds issued according to the legislation of another Member State of the European Union or of a State that is party to the Agreement on the European Economic Area;
  10. any interest on claims established by a court of law, which are not subject to taxation, and any indemnities awarded for court costs;
  11. any compensations and other such payments awarded for medium and grievous bodily harm, occupational disease or death;
  12. any compensations for property taken by eminent domain for state and municipal needs;
  13. any compensations for damage to property and personal injury, with the exception of the compensations for lost profit;
  14. any insurance benefits, when an insured event has occurred;
  15. (amended, SG No. 105/2018, effective 1.01.2019) any social assistance allowances and benefits received in pursuance of the Persons with Disabilities Act, the Child Protection Act, the Family Allowances Act or of another statutory instrument, as well as any unemployment benefits and allowances received in pursuance of a statutory instrument;
  16. any assistance from organisations with social activity, established by a law, and from non-profit legal persons registered for pursuit of public benefit activities;
  17. any amounts received in pursuance of the Family Allowances Act, as well as any alimony and child support payments received by entities according to the provisions of the Family Code;
  18. any scholarships in favour of natural persons for the study thereof in Bulgaria and abroad;
  19. any sums of money and merchandise awards received in pursuance of a statutory instrument by donors of blood, blood components and biological products for human purposes;
  20. (amended, SG No. 97/2016, effective 1.01.2017) any winnings and

merchandise awards received through participation in games of chance organised under a licence issued according to the procedure established by the Gambling Act or according to the legislation of another Member State of the European Union, or of a State that is party to the Agreement on the European Economic Area;

21. (amended, SG No. 113/2007, SG No. 97/2016, effective 1.01.2017) any prizes given in the form of an additional gaze or a merchandise award of insignificant value, given by amusement arcade machines within the meaning given by the Gambling Act or according to the legislation of another Member State of the European Union, or of a State that is party to the Agreement on the European Economic Area as well as any merchandise awards of insignificant value from other games of chance, other than those referred to in Item 20;

22. (amended, SG No. 94/2012, effective 1.01.2013, amended and supplemented, SG No. 97/2016, effective 1.01.2017) any State and national awards bestowed on creative artists in the field of culture and to athletes, any prizes of laureates of competitions under projects and programmes financed in whole or in part by the Culture National Fund, as well as any State cash prizes bestowed for special services to the Bulgarian State and the nation, as well as any awards bestowed on pupils of prominent talent for participation in national and international Olympiads, competitions and contests;

23. (amended, SG No. 106/2008, effective 1.01.2009) any amounts received for travel and accommodation expenses under legal relationships other than employment relationships, where for the account of the commissioning entity and where documented according to the procedure established by effective legislation, as well as the per diem expenses, but not more than their double amount fixed for persons under employment relationships;

24. any income derived from ground rent, rent charge or from other onerous provision for use of agricultural land;

25. any remunerations drawn by: the members of the staff of diplomatic missions in accordance with the Vienna Convention on Diplomatic Relations; the members of consulates in accordance with the Vienna Convention on Consular Relations; the employees of inter-state and inter-governmental organisations according to the international treaty concluded with the respective organisation, and the members of the family of any such persons, insofar as this is provided for in the relevant international treaty;

26. any income accruing from the sale or exchange of any property acquired by legal or testamentary succession, as well as of any property restituted according to the procedure established by a statutory instrument;

27. any consumer dividends distributed by cooperatives established under the Cooperatives Act;

28. (new, SG No. 95/2015, effective 1.01.2016) any resources received under 'Erasmus+', the European Union programme for education, training, youth and sport;

29. (new, SG No. 32/2016, effective 1.01.2017) any income from the activity of passenger transport by taxi, carried out by natural-person drivers, on behalf of a registered carrier but for their own account, if a tax on passenger transport by taxi has been paid according to the procedure established by the Local Taxes and Fees Act for the automobile used to carry out the activity.

(2) (Amended, SG No. 95/2009, effective 1.01.2010) Any property devolved by legal or testamentary succession or acquired by donation, as well as any property received with a restored right of ownership according to the procedure established by a statutory instrument, shall not be treated as income.

(3) (Repealed, SG No. 95/2009, effective 1.01.2010).

(4) (New, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 97/2016, effective 1.01.2017) No tax shall be assessed at the date of acquisition of any shares and interests allotted in consideration of non-cash contributions made to commercial corporations. Where the commercial corporation subsequently sells,

exchanges or otherwise onerously transfers the property whereof the non-cash contribution consists and, as a result of this, reduces the capital thereof or effect a payment (in cash or in kind) in favour of the person who made the non-cash contribution, for tax purposes the natural person who is a partner or shareholder in the said corporation shall be deemed to have effected a sale of the property on the date of entry of the non-cash contribution in the Commercial Register. In such cases, the income shall be deemed to be acquired by the natural person on the date of entry of the reduction of capital in the Commercial Register and shall be taxed according to the procedure established by Article 33 herein, unless exempted from taxation according to the procedure established by Paragraph (1).

(5) (Renumbered from Paragraph (4), amended, SG No. 95/2009, effective 1.01.2010, supplemented, SG No. 31/2011, effective 1.01.2011, amended, SG No 100/2013, effective 1.01.2014, SG No. 12/2015) The provisions of Paragraphs (1), (2) and (4) shall not apply to any income accruing from economic activity in a merchant capacity within the meaning given by the Commerce Act, including in a sole-trader capacity, nor to any natural persons registered as farmers who determine taxable income under Article 26 herein.

#### Taxation of Income

**Article 14.** (Amended, SG No. 113/2007) (1) (Supplemented, SG No. 31/2011, effective 1.01.2011) A tax on the aggregate annual tax base shall be levied on the income covered under Chapter Five herein which has been acquired during the tax year, with the exception of the income from economic activity in a sole-trader capacity, and on the income from other economic activity referred to in Article 29a herein.

(2) (Supplemented, SG No. 31/2011, effective 1.01.2011) A tax on the annual tax base under Article 28 herein shall be levied on the income from economic activity in a sole-trader capacity and on the income from other economic activity referred to in Article 29a herein.

(3) A final tax shall be levied on the income covered under Chapter Six herein.

(4) Natural persons, including sole traders, shall be liable to a licence tax for income from licence activities under the terms and according to the procedure established by the Local Taxes and Fees Act. The persons shall be taxed on the income from any other activities according to the procedure established by this Act.

(5) (New, SG No. 32/2016, effective 1.01.2017) A tax on passenger transport by taxi shall be levied according to the procedure established by the Local Taxes and Fees Act on any sole traders who are treated as taxable persons within the meaning given by Article 61s of the said Act. The persons shall be taxed on the income from any other activities, with the exception of the cases under Paragraph (4), according to the procedure established by this Act.

## **PART TWO AGGREGATE ANNUAL TAX BASE**

### **Chapter Three GENERAL PROVISIONS**

#### Tax Year

**Article 15.** The tax year shall be concurrent with the calendar year.

#### Determination of Taxable Income and of Tax Base

**Article 16.** (1) The taxable income and the tax base shall be determined for each source of income separately according to the provisions of this Act.

(2) (Supplemented, SG No. 113/2007, SG No. 32/2016, effective 1.01.2017)



Any income subject to levy of final taxes according to the procedure established by this Act or of final taxes according to the procedure established by the Corporate Income Tax Act, as well as any income subject to levy of a licence tax and/or a tax on passenger transport by taxi, according to the procedure established by the Local Taxes and Fees Act, shall be excluded upon determination of the taxable income.

#### Aggregate Annual Tax Base

**Article 17.** (Amended, SG No. 113/2007) The aggregate annual tax base shall be the sum total of the annual tax bases under Articles 25, 30, 32, 34 and 36 herein, net of the tax reliefs provided for in this Act.

### Chapter Four TAX RELIEFS

#### Tax Relief for Persons with Reduced Working Capacity

**Article 18.** (Amended, SG No. 113/2007) (1) The sum total of the annual tax bases referred to in Article 17 herein for any person who has lost 50 per cent and more than 50 per cent of the working capacity thereof, which loss has been determined by an effective decision of a competent authority, shall be debited with BGN 7,920, including for the year of occurrence of the loss of working capacity and for the year of expiry of validity of the decision.

(2) The monthly tax rate under Article 42 (2) herein in respect of income from employment relationships accruing to any person who has lost 50 per cent and more than 50 per cent of the working capacity thereof, shall be debited with BGN 660, including for the month of occurrence of the loss of working capacity and for the month of expiry of validity of the decision.

#### Tax Relief for Personal Voluntary Social and Commercial Insurance Contributions

**Article 19.** (1) (Amended, SG No. 113/2007) The sum total of the annual tax bases under Article 17 herein shall be debited with any personal voluntary social insurance contributions made during the year to an aggregate amount not exceeding 10 per cent of the sum total of the annual tax bases under Article 17 herein, as well as with any personal voluntary health insurance contributions and premiums/payments remitted during the year under contracts of life assurance to an aggregate amount not exceeding 10 per cent of the sum total of the annual tax bases under Article 17 herein.

(2) (Amended, SG No. 113/2007) The monthly tax base under Article 42 (2) herein, in respect of income from employment relationships, shall be debited with the personal supplementary social insurance contributions remitted during the month through an employer, to an aggregate amount not exceeding 10 per cent of the monthly tax base under Article 42 (2) herein, as well as with the personal voluntary health insurance contributions and premiums/payments remitted during the month under contracts of life assurance for the account of the person to an aggregate amount not exceeding 10 per cent of the monthly tax base under Article 42 (2) herein.

(3) The tax relief referred to in Paragraphs (1) and (2) shall be enjoyable where, according to the contract concluded with the commercial insurance company or social insurance company, the natural person who is liable for the tax is commercially or socially insured.

(4) The tax relief referred to in Paragraphs (1) and (2) shall furthermore be enjoyable where, by agreement with the persons, the commercial insurance company or the social insurance company is replaced and the resources raised theretofore are moved by bank transfer.

#### Tax Relief for Personal Contributions for Contributory Service upon Retirement

**Article 20.** (Supplemented, SG No. 113/2007, amended, SG No. 31/2011, effective 1.01.2011) The sum total of the annual tax bases under Article 17 shall be debited with the social insurance contributions remitted during the year for the account of the person under Article 9a of the Social Insurance Code.

#### Order of Enjoyment of Tax Reliefs

**Article 21.** (Amended, SG No. 113/2007, SG No. 105/2014, effective 1.01.2015) The tax reliefs covered under Article 18 (1), Article 19 (1), Article 20, 22c and 22d herein shall be enjoyable in the following order:

1. from the sum total of the annual tax bases under Articles 25, 30, 32, 34 and 36 herein;

2. (amended, SG No. 31/2011, effective 1.01.2011) from the annual tax base under Article 28 (1) herein.

#### Tax Relief for Donations

**Article 22.** (1) (Amended, SG No. 113/2007) The sum total of the annual tax bases under Article 17 herein shall be debited with any donations made during the year:

1. (amended, SG No. 113/2007) up to 5 per cent, where the donation is in favour of:

(a) any health-care facilities covered under Items 1 to 3 of Article 21 (2) of the Health Act;

(b) any medical-treatment facilities;

(c) (amended, SG No. 51/2011, SG No. 24/2019, effective 1.07.2020 - amended, SG No. 101/2019) any social services for residential care according to the Social Services Act, as well as of the Social Assistance Agency and of the Social Protection Fund under the Minister of Labour and Social Policy;

(d) (amended, SG No. 79/2015, effective 1.08.2016, repealed, SG No. 24/2019, effective 1.07.2020 - amended, SG No. 101/2019);

(e) any creches, kindergartens, schools, higher schools or academies;

(f) any public-financed enterprises, within the meaning given by the Accountancy Act;

(g) any religious denominations registered in the country;

(h) (amended, SG No. 105/2018, effective 1.01.2019) any specialised enterprises or cooperatives of persons with disabilities, entered in the register referred to in Article 83 of the Persons with Disabilities Act, as well as in favour of the Agency for Persons with Disabilities;

(i) the Bulgarian Red Cross;

(j) any cultural institutes, any chitalishte, as well as for the purposes of cultural, educational or research exchange under an international treaty whereto the Republic of Bulgaria is a party;

(k) (amended, SG No. 74/2016, effective 1.01.2018) any non-profit legal persons with public benefit status, with the exception of any organisations supporting culture within the meaning given by the Financial Support for Culture Act;

(l) (supplemented, SG No. 35/2011, effective 3.05.2011) the Bulgaria Energy Efficiency and renewable sources Fund;

(m) any therapeutic communities for narcotics-dependent persons, as well as of narcotics-dependent persons for the therapy thereof;

(n) (new, SG No. 106/2008, effective 1.01.2009) the United Nations Children's Fund (UNICEF);

2. up to 15 per cent for a donation for culture;

3. (supplemented, SG No. 95/2009, effective 1.01.2010, amended, SG No. 99/2011, effective 1.01.2012, SG No. 97/2016, effective 1.01.2017, SG No. 102/2018 effective 1.01.2019) up to 50 per cent, where the donation is in favour of the National Health Insurance Fund: for activities related to the medical treatment of

children which are financed by transfers from the budget of the Ministry of Health, and/or the Assisted Reproduction Centre.

(2) The aggregate amount of the tax relief for donations may not exceed 65 per cent of the sum total of the annual tax bases referred to in Paragraph (1).

(3) Where the donation is a non-cash asset, the amount thereof shall be the cost of acquisition as shown in the documents on acquisition of the gift by the donor, provided that the said acquisition occurred within three months before the date of donation. In the rest of the cases, the amount of the donation shall be the market price at the date of provision of the gift.

(4) The date of acquisition of the donation by the donee within the meaning given by Article 11 herein shall be deemed to be the date on which the donation was made.

(5) (Repealed, SG No. 113/2007, new, SG No. 32/2009, effective 1.01.2010) Tax relief for donations shall furthermore be enjoyable for donations made in favour of persons identical or similar to those listed in Paragraph (1), which are established in another Member State of the European Union or in a State that is party to the Agreement on the European Economic Area.

#### Tax Relief for Young Married Couples

**Article 22a.** (New, SG No. 106/2008, effective 1.01.2009, repealed, SG No. 95/2009 effective 1.01.2010, new, SG No. 99/2009, effective 1.01.2010) (1) Resident natural persons may enjoy tax relief for young married couples by deducting the interest payments made during the year on mortgage loans intended for the purchase of a dwelling unit from the sum total of the annual tax amounts under Article 17 herein, where the following conditions are simultaneously fulfilled:

1. the mortgage loan agreement has been concluded by a taxable person and/or by a spouse with whom the said persons have contracted a civil marriage;
2. the taxable person and/or the spouse have not attained the age of 35 years by the date of conclusion of the mortgage loan agreement;
3. the mortgaged dwelling unit is a sole residence for the family during the tax year.

(2) Where the amount of the mortgage loan exceeds BGN 100,000, the tax relief referred to in Paragraph (1) shall be enjoyable for interest payments made during the year on of the first BGN 100,000 of the principal.

(3) (Amended, SG No. 98/2018, effective 1.01.2019) The tax relief shall be enjoyed up to the amount of the sum total of the annual tax bases under Article 17 herein and provided that the spouses will not claim the tax relief for the relevant tax year.

(4) The circumstances and conditions under Paragraphs (1) to (3) shall be declared by the person in the annual tax return under Article 50 herein.

(5) (New, SG No. 100/2013, effective 1.01.2014) The tax relief for young married couples shall furthermore be enjoyed by non-resident natural persons established for tax purposes in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area.

(6) (New, SG No. 98/2018, effective 1.01.2019) Where both spouses have enjoyed the tax relief in violation of the condition referred to in Paragraph (3), each of the persons shall be liable for the portion of the tax corresponding to the amount of the relief enjoyed.

**Article 22b.** (New, SG No. 109/2013, effective 1.01.2014, repealed, SG No. 105/2014 effective 1.01.2015).

#### Tax Relief for Children

**Article 22c.** (New, SG No. 105/2014, effective 1.01.2015) (1) Resident natural persons and non-resident natural persons established for tax purposes in a Member State of

the European Union or in another State that is party to the Agreement on the European Economic Area shall enjoy tax relief for children by deducting the following from the sum total of the annual tax bases under Article 17 herein:

1. two hundred leva: in respect of one child who has not attained legal majority;
2. four hundred leva: in respect of two children who have not attained legal majority;
3. six hundred leva: in respect of three and more children who have not attained legal majority.

(2) The tax relief shall be enjoyable where the following conditions are simultaneously fulfilled:

1. by the 31st day of December of the tax year, the child is a resident person in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area;

2. the child has not attained legal majority;

3. (amended, SG No. 24/2019, effective 1.07.2020 - amended, SG No 101/2019) by the 31st day of December of the tax year, the child is not placed in a social or integrated health and social service for residential care fully maintained by the State.

(3) The tax relief shall be enjoyable by a person referred to in Paragraph (1) who, by the 31st day of December of the tax year, is:

1. a parent who has not been deprived of parental rights, and provided that:

(a) the child is not placed outside the family, and

(b) curatorship or tutorship is not instituted, or

2. a tutor or curator: in the cases of tutorship and curatorship, or

3. a member of the immediate or extended family: in the cases where the child is placed for a period of not less than six months with immediate or extended family within the meaning given by the Child Protection Act, or

4. a foster parent: in the cases of long-term placement of the child for raising with a foster family within the meaning given by the Child Protection Act.

(4) (Amended, SG No. 98/2018, effective 1.01.2019) The tax relief shall be enjoyed up to the amount of the sum total of the annual tax bases under Article 17 herein and provided that the other foster parent or member of the immediate or extended family, as the case may be, will not claim the rebate for the respective tax year. Where the amount of the tax relief exceeds the sum total of the annual tax bases under Article 17 herein, the difference may be enjoyed by the other parent or by the other foster parent or member of the immediate or extended family by means of submission of the annual tax return under Article 50 herein.

(5) (Repealed, SG No. 98/2018, effective 1.01.2019).

(6) (Amended, SG No. 98/2018, effective 1.01.2019) The tax relief shall nonetheless be enjoyable by a parent who has not been awarded the exercise of the parental rights in the cases of divorce, where the conditions referred to in Paragraphs (1) to (3) apply thereto.

(7) The tax relief shall be enjoyable including for the years wherein the child was born and attained legal majority.

(8) The circumstances and conditions under Paragraphs (1) to (7) shall be declared by a declaration completed in a standard form.

(9) (New, SG No. 98/2018, effective 1.01.2019) Where multiple persons have enjoyed the full amount of the tax relief in violation of the condition referred to in Paragraph (4), each of the persons referred to in Paragraph (3) shall be liable for the portion of the tax corresponding to the amount of the relief enjoyed.

#### Tax Relief for Children with Disabilities

**Article 22d.** (New, SG No. 105/2014, effective 1.01.2015) (1) The sum total of the annual tax bases under Article 17 herein of resident natural persons and of non-

resident natural persons established for tax purposes in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area shall be debited with BGN 2,000 for raising a child with a type and extent of disability of 50 per cent and more than 50 per cent, determined by an enforceable decision of a competent authority.

(2) The tax relief shall be enjoyable including for the year during which the type and extent of the disability were determined and for the year of expiry of validity of the decision, where the following conditions are simultaneously fulfilled:

1. by the 31st day of December of the tax year, the child is a resident person in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area;

2. (amended, SG No. 97/2016, effective 1.01.2017) the child has not attained legal majority by the 1st day of January of the tax year;

3. (amended, SG No. 24/2019, effective 1.07.2020 - amended, SG No 101/2019) by the 31st day of December of the tax year, the child is not placed in a social or integrated health and social service for residential care fully maintained by the State.

(3) The tax relief shall be enjoyable by a person referred to in Paragraph (1) who, by the 31st day of December of the tax year, is:

1. a parent of a child with a type and extent of disability of 50 per cent and more than 50 per cent, who has not been deprived of parental rights, and provided that:

(a) the child is not placed outside the family, and

(b) curatorship or tutorship is not instituted, or

2. a tutor or curator of a child with a type and extent of disability of 50 per cent and more than 50 per cent: in the cases of tutorship and curatorship, or

3. a member of the immediate or extended family of a child with a type and extent of disability of 50 per cent and more than 50 per cent: in the cases where the child is placed for a period of not less than six months with immediate or extended family within the meaning given by the Child Protection Act, or

4. a foster parent of a child with a type and extent of disability of 50 per cent and more than 50 per cent: in the cases of long-term placement of the child for raising with a foster family within the meaning given by the Child Protection Act.

(4) (Amended, SG No. 98/2018, effective 1.01.2019) The tax relief shall be enjoyed up to the amount of the sum total of the annual tax bases under Article 17 herein and provided that the other foster parent or member of the immediate or extended family, as the case may be, will not claim the rebate for the respective tax year. Where the amount of the tax relief exceeds the sum total of the annual tax bases under Article 17 herein, the difference may be enjoyed by the other parent or by the other foster parent or member of the immediate or extended family by means of submission of the annual tax return under Article 50 herein.

(5) (Repealed, SG No. 98/2018, effective 1.01.2019).

(6) (Amended, SG No. 98/2018, effective 1.01.2019) The tax relief shall nonetheless be enjoyable by a parent who has not been awarded the exercise of the parental rights in the cases of divorce, where the conditions referred to in Paragraphs (1) to (3) apply thereto.

(7) The circumstances and conditions under Paragraphs (1) to (6) shall be declared by a declaration completed in a standard form.

(8) (New, SG No. 98/2018, effective 1.01.2019) Where multiple persons have enjoyed the full amount of the tax relief in violation of the condition referred to in Paragraph (4), each of the persons referred to in Paragraph (3) shall be liable for the portion of the tax corresponding to the amount of the relief enjoyed.

#### Tax Relief for Non-Cash Payments Effected

**Article 22e.** (New, SG No. 97/2016, effective 1.01.2017) (1) Natural persons may

enjoy tax relief for non-cash payments effected during the year where the following conditions are simultaneously fulfilled:

1. during the year the person has acquired income subject to levy of a tax on the aggregate annual tax base;
2. one hundred per cent of the cash income referred to in Item 1 have been received by bank transfer;
3. the non-cash payments effected by the person amount to 80 per cent or more than 80 per cent of the income referred to in Item 1.

(2) The tax relief referred to in Paragraph (1) shall amount to 1 per cent of the aggregate annual tax base but not more than BGN 500.

(3) The circumstances and conditions under Paragraphs (1) shall be declared by the person in the annual tax return under Article 50 herein.

#### Tax Relief for Improvements and/or Repair of Residential Immovable Property

**Article 22f.** (New, SG No. 104/2020, effective 1.01.2021) (1) Resident natural persons and non-resident natural persons established for tax purposes in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area shall enjoy tax relief by deducting the payments for work effected in connection with improvements and/or repair of one residential immovable property to an aggregate amount not exceeding BGN 2,000 from the aggregate annual tax base where the following conditions are simultaneously fulfilled:

1. the residential immovable property is located within the territory of the Republic of Bulgaria;

2. the taxable person owns or co-owns the residential immovable property;

3. the improvements and/or the repair are made by persons who are resident persons in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area;

4. the residential immovable property is not part of the enterprise of a person carrying out economic activity in a merchant capacity within the meaning given by the Commerce Act;

5. the taxable person holds a document on the work paid in connection with the making of improvements and/or repair of the residential property, containing the essential elements covered under Article 6 (1) of the Accountancy Act, accompanied by a document on the payment for the said work (a fiscal slip, receipt, bank document or another document);

6. the taxable person and the person who performed the repair are not related parties.

(2) The tax relief shall be enjoyed up to the amount of the sum total of the annual tax bases under Article 17 herein.

(3) Where the residential immovable property is owned by multiple natural persons, the relief shall be enjoyable by each co-owner, provided that the aggregate amount of the relief enjoyed by all co-owners for the property does not exceed the amount referred to in Paragraph (1).

(4) Where a larger amount of the tax relief has been enjoyed in violation of the condition referred to in Paragraph (3), each of the persons who enjoyed the relief shall be liable for the portion of the tax corresponding to the amount of the relief enjoyed.

(5) The circumstances and conditions under Paragraphs (1) and (3) shall be declared by the person in the annual tax return under Article 50 herein.

#### Enjoyment of Tax Reliefs

**Article 23.** (1) (Previous text of Article 23, SG No. 97/2016, effective 1.01.2017) The tax reliefs shall be enjoyed by submission of a tax return under Article 50 herein, attaching thereto:

1. (amended, SG No. 95/2009, effective 1.01.2010, SG No. 40/2012, repealed

SG No. 96/2019, effective 1.01.2020);

2. (repealed, SG No. 96/2019, effective 1.01.2020);

3. (repealed, SG No. 113/2007);

4. (supplemented, SG No. 32/2009, effective, 1.01.2010) copies of documents certifying that the donee is among the persons listed in Article 22, paragraph (1) herein and that the gift has been received: in respect of the tax relief covered under Article 22, paragraph (1) herein;

5. (new, SG No. 106/2008, effective 1.01.2009, repealed, SG No. 95/2009, effective 1.01.2010, new, SG No. 99/2009, effective 1.01.2010, supplemented, SG No. 100/2013, effective 1.01.2014) a document issued by the lending bank certifying the amount of the interest payments made during the year on the first BGN 100,000 of the principal of the mortgage loan for the purchase of a dwelling unit: in respect of the tax relief referred to in Article 22a herein. Where the lending bank is established for tax purposes in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area, the document shall be accompanied by a legalised translation into the Bulgarian language performed by a sworn translator;

6. (new, SG No. 32/2009, effective 1.01.2010) an official legalised document, attesting to the status of the recipient of the donation, issued or certified by a competent authority of the relevant foreign State and the Bulgarian translation of the said document performed by a sworn translator: in the cases referred to in Article 22 (5) herein;

7. (new, SG No. 100/2013, effective 1.01.2014) official legalised documents certifying the existence of the conditions referred to in Article 22a (1) herein, issued by the competent authorities of the relevant foreign State, and the Bulgarian translation of the said documents performed by a sworn translator: in the cases referred to in Article 22a (5) herein;

8. (new, SG No. 105/2014, effective 1.01.2015) a declaration under Article 22c (8) herein: in respect of the tax relief referred to in Article 22c herein; where the tax relief is enjoyed by a non-resident natural person who is resident in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area, copies of official documents proving the existence of the conditions for enjoyment of the tax relief referred to in Article 22c herein, as well as the Bulgarian translation of the said documents performed by a sworn translator, shall also be attached to the declaration under Article 22c (8) herein;

9. (new, SG No. 105/2014, effective 1.01.2015, amended, SG No. 96/2019, effective 1.01.2020) a declaration under Article 22d (7) herein: in respect of the tax relief referred to in Article 22d herein; where the tax relief is enjoyed by a non-resident natural person who is resident in a Member State of the European Union or in another State that is party to the Agreement on the European Economic Area, copies of official documents proving the existence of the conditions for enjoyment of the tax relief referred to in Article 22d herein, as well as the Bulgarian translation of the said documents performed by a sworn translator, shall also be attached to the declaration under Article 22d (7) herein.

(2) (New, SG No. 97/2016, effective 1.01.2017, supplemented, SG No. 98/2018, effective 1.01.2019) The tax reliefs shall be enjoyed provided that the taxable person does not incur any public obligations subject to coercive enforcement by the time of submission of the annual tax return, including where the return is submitted according to the procedure established by Article 53 (2) herein, as well as according to the procedure established by Articles 103 and 104 of the Tax and Social-Insurance Procedure Code.

(3) (New, SG No. 97/2016, effective 1.01.2017) The documents referred to in Items 1, 2, 4, 8 and 9 of Paragraph (1) shall not be attached to the annual tax return where the said documents have been presented to the employer under the principal employment relationship and the reliefs referred to in Articles 18, 20, 22, 22c and 22d

herein have been enjoyed in full according to the procedure established by Article 49 (3) and (4) herein.

## **Chapter Five ANNUAL TAX BASES**

### **Section I Income from Employment Relationships**

#### Taxable Income

**Article 24.** (1) The taxable income accruing from employment relationships shall comprehend the labour remuneration and all other payments in cash and/or in kind from an employer or for the account of an employer with the exception of the income covered under Paragraph (2).

(2) The taxable income from employment relationships shall exclude:

1. the value of:

(a) the free food and/or food additives, provided in kind under Article 285 of the Labour Code;

(b) the free preventive food and antidotes provided in kind according to the procedure established by other laws;

(c) the free food provided in kind to: members of ships crews for the days of service, fishermen for the days of catch, and divers for the days of diving, to the duty personnel working 12-hour shifts at medical-treatment facilities, to surgical teams, emergency medical care teams and to blood collection teams;

(d) (supplemented, SG No. 28/2008, amended, SG No. 35/2009, effective 12.05.2009, SG No. 16/2010, effective 26.02.2010, supplemented, SG No. 61/2015 effective 1.11.2015, amended, SG No. 98/2016, supplemented, SG No. 60/2020 effective 1.08.2020) food and refreshing drinks of the employees of the Ministry of Interior according to Article 181 (3) of the Ministry of Interior Act, free food provided to servicepersons and civilian employees according to item 3 of Article 224 (1) and Item 1 of Article 286 (1) of the Republic of Bulgaria Defence and Armed Forces Act Article 67 of the National Service for Protection Act and to the personnel members according to Item 1 of Article 74 (2) of the State Agency for National Security Act;

(e) (supplemented, SG No. 28/2008, amended and supplemented, SG No. 43/2008, supplemented, SG No. 25/2009, amended, SG No. 35/2009, effective 12.05.2009, amended and supplemented, SG No. 16/2010, effective 26.02.2010, amended, SG No. 53/2014, supplemented, SG No. 61/2015, effective 1.11.2015) the monetary ration allowance paid in pursuance of the Civil Aviation Act, the Implementation of Penal Sanctions and Detention in Custody Act, the State Agency for National Security Act, the Republic of Bulgaria Defence and Armed Forces Act, the National Service for Protection Act and the amounts referred to in Article 181 (1) of the Ministry of Interior Act;

(f) the food vouchers received in the amount and according to the procedure established by the Corporate Income Tax Act;

2. the value of the special working clothes and individual protective means which are provided in kind under terms and according to a procedure provided for in a statutory instrument;

3. the value of the working clothes, uniforms and presentable clothing provided under terms and according to a procedure provided for in a statutory instrument;

4. (amended and supplemented, SG No. 28/2008, supplemented, SG No. 61/2015, effective 1.11.2015) the general supplies and accoutrements ensured in pursuance of the Ministry of Interior Act, the Republic of Bulgaria Defence and Armed Forces Act, the National Service for Protection Act and the State Agency for National Security Act;



Security Act;

5. the value of:

(a) any travel and accommodation expenses, where documented according to the procedure established by effective legislation;

(b) any per diem expenses, but not more than the double amount thereof as stated in a statutory instrument;

6. (amended and supplemented, SG No. 113/2007) any additional food expenses which are paid in lieu of per diem expenses to factory and office workers in road transport and rail transport, in dining cars, in mobile post offices, in mobile security protection and in other such activities whereat the work duties are performed during travel to another nucleated settlement or facility: up to the double amount of the minimum amount of such additional expenses as fixed in a statutory instrument;

7. (amended and supplemented, SG No. 28/2008, amended, SG No. 35/2009 effective 12.05.2009, SG No. 16/2010, effective 26.02.2010, SG No. 53/2014) the compensation amounts referred to in Article 226c (1) and Article 298a of the Republic of Bulgaria Defence and Armed Forces Act, in Article 186 of the Ministry of Interior Act and in Article 81 of the State Agency for National Security Act;

8. (amended, SG No. 64/2007, supplemented, SG No. 28/2008, amended, SG No. 35/2009, effective 12.05.2009, SG No. 95/2009, effective 1.01.2010, SG No. 53/2014, supplemented, SG No. 61/2015, effective 1.11.2015) any compensations covered under Article 200, Items 1 and 2 of Article 216 (1), Article 216 (2) and (3), Article 222 (2) and (3) and Article 226 (3) of the Labour Code, any compensations covered under Articles 227, 229 and 232 of the Republic of Bulgaria Defence and Armed Forces Act, under Article 67, paragraphs 2 and 3, Article 121, and Article 124 of the National Service for Protection Act, under Article 234 (1) - (7) and Article 236 of the Ministry of Interior Act, under Article 74 (4) and Article 117 of the State Agency for National Security Act, under Article 225, Article 277, (3) and Article 354 of the Judiciary System Act, and any compensations covered under Article 78, Article 81b (4), Article 82 (5), Article 85 (5), Article 104 (3) and (4) and Article 106 (3) of the Civil Servants Act;

9. any expenses on fringe benefits for the account of the employer, as taxed according to the procedure established by the Corporate Income Tax Act, as well as any expenses on transport from the place of residence to the place of work for the account of the employer, which are not subject to taxation according to the Corporate Income Tax Act;

10. the lump-sum allowances for medical treatment, provided by the employer for the account of the expenses on fringe benefits: up to the value of the treatment;

11. (amended, SG No. 113/2007, supplemented, SG No. 79/2019) the value of the lump-sum allowances provided by the employer for the account of the expenses on fringe benefits upon: child birth or adoption, contracting of civil marriage or death of a member of the family: not exceeding, in aggregate, BGN 2,400;

12. (supplemented, SG No. 113/2007) the expenses on fringe benefits incurred by the employer of up to BGN 60 monthly for each insured person on payments/premiums for supplementary voluntary social insurance, voluntary health insurance and/or life assurance, as reported by the enterprises and the representative offices, regardless of whether they carry out economic activity;

13. the expenses incurred by the employer on any commercial insurances defined as compulsory by a statutory instrument;

14. (supplemented, SG No. 113/2007, amended, SG No. 100/2010, effective 1.01.2011) the benefits and allowances covered under Part One of the Social Insurance Code, including such benefits and allowances paid in pursuance of Article 40 (5) of the same Code;

15. the cash prizes and merchandise awards received in pursuance of and according to the procedure established by a statutory instrument;

16. (amended and supplemented, SG No. 28/2008, amended, SG No. 35/2009

effective 12.05.2009, SG No. 16/2010, effective 26.02.2010, SG No. 53/2014 supplemented, SG No. 61/2015, effective 1.11.2015) the cash referred to in Article 226h and Article 298a of the Republic of Bulgaria Defence and Armed Forces Act, the financial assistance under Article 69(1) of the National Service for Protection Act, in Article 182 (1) of the Ministry of Interior Act and in Article 76 (1) of the State Agency for National Security Act;

17. (new, SG No. 79/2015, effective 1.11.2015) the cash benefits under Article 67 (1 - 5), Article 69 (1), Article 108 and Article 111 (1) of the State Intelligence Agency Act.

(3) (New, SG No. 75/2016, effective 1.01.2016) Employers may opt to levy a tax on expenses under Item 4 of Article 204 (1) of the Corporate Income Tax Act the income in kind constituting expenses in kind within the meaning given by Item 83 of § 1 of the Supplementary Provisions of the Corporate Income Tax Act under the terms established by the said Act. The option shall be exercised according to the procedure established by Article 217 (3) of the Corporate Income Tax Act and may not be applied to separate natural persons.

(4) (New, SG No. 75/2016, effective 1.01.2016) Any income in kind taxed according to the procedure established by Item 4 of Article 204 (1) of the Corporate Income Tax Act shall be excluded from the taxable income under Paragraph (1).

(5) (New, SG No. 18/2020, effective 1.01.2020) The taxable income from employment relationships shall not include any resources for travel and subsistence that are borne by the European Union, an international organisation or a host country and are determined and provided according to the rules thereof in connection with the posting by the employer of factory and office workers at public-financed enterprises.

#### Annual Tax Base

**Article 25.** (Supplemented, SG No. 113/2007) (1) (Previous text of Article 25, SG No 95/2009, effective 1.01.2010) The annual tax base in respect of the income from employment relationships shall be determined by debiting the taxable income referred to in Article 24 herein, acquired by the taxable person during the tax year, with the compulsory social insurance contributions withheld by the employer which are for the account of the natural person, according to the procedure established by the Social Insurance Code and of the Health Insurance Act, as well as with the compulsory social insurance contributions remitted abroad, which are for the account of the natural person.

(2) (New, SG No. 95/2009, effective 1.01.2010) The annual tax base referred to in Paragraph (1) of any self-insured persons who have acquired any income from employment relationships referred to in Item 26 (i) of § 1 of the Supplementary Provisions herein shall furthermore be debited with the social insurance contributions which the self-insured person is obliged to make for the tax year for his or her own account according to the procedure established by the Social Insurance Code and the Health Insurance Act.

(3) (New, SG No. 95/2009, effective 1.01.2010) The annual tax base in respect of the income acquired in a seafarer capacity shall be 10 per cent of the annual tax base as determined under Paragraph (1).

## **Section II**

### **Income from Activity in Sole-Trader Capacity**

#### Taxable Income

**Article 26.** (1) The taxable income accruing from activity in a sole-trader capacity shall be the taxable profit formed according to the procedure established by the Corporate Income Tax Act, including the financial result from the transfer of the sole trader's enterprise without expungement of the sole trader in the Commercial

Register.

(2) The taxable income referred to in Paragraph (1) shall exclude the accounting financial result formed by activities:

1. on which alternative taxes are levied under the Corporate Income Tax Act;
2. (amended, SG No. 113/2007) on which a licence tax is levied according to the procedure established by the Local Taxes and Fees Act;
3. (repealed, SG No. 95/2009, effective 1.01.2010, new, SG No. 32/2016, effective 1.01.2017) on which a tax on passenger transport by taxi is levied according to the procedure established by the Local Taxes and Fees Act.

(3) Upon formation of the tax profit, sole traders shall apply the provisions on carry-forward of a tax loss under the Corporate Income Tax Act.

(4) For the purposes of determining the taxable income referred to in Paragraph (2), the portion of undistributable expenses corresponding to the activities referred to in Paragraph (2) shall be arrived at by multiplying the total amount of undistributable income/expenses by the proportion of the net income accruing from the activities referred to in Paragraph (2) and the total net turnover.

(5) Any sole traders, who carry out activities which are subject to levy of alternative tax within the meaning given by the Corporate Income Tax Act, shall be taxed under the terms and according to the procedure established by the said Act.

(6) (New, SG No. 106/2008, effective 1.01.2009) The taxable income referred to in Paragraph (1) shall furthermore include any excess over the double amount, specified in a statutory instrument, of the per diem expenses of the owner of the enterprise of the sole trader.

(7) (Renumbered from Paragraph (6), amended, SG No. 106/2008, effective 1.01.2009) Taxability according to Paragraphs (1) to (6) shall furthermore apply to any income from economic activity accruing to a natural person who is a merchant within the meaning given by the Commerce Act but is not registered as a sole trader.

#### Use of Natural Person's Personal Property for Activity in Sole-Trader Capacity

**Article 27.** (1) Any natural person, who owns the sole trader's enterprise, may incorporate into the property of the sole trader any items of movable and immovable property acquired by the said person which:

1. are not in a co-ownership regime, or
2. are not part of matrimonial community property.

(2) The items of property referred to in Paragraph (1) shall be entered into the accounts of the sole trader at the documented cost of acquisition thereof.

(3) In the cases under Paragraph (1), the natural person who owns the sole trader shall draw up a memorandum, stating therein the type of the item of property and the cost referred to in Paragraph (2).

(4) In the cases referred to in Item 2 of Paragraph (1), the other spouse shall declare, by a notarised declaration, the consent thereof to incorporation of the item of property into the property of the sole trader.

(5) If any item of property referred to in Paragraph (1) be subsequently excluded from the property of the sole trader and passes to the natural-person owner, for tax purposes the natural person who owns the sole trader shall be deemed to effect a sale of the said item of property at a market price, notwithstanding the circumstances covered under Article 13 herein. The taxable income shall be determined as a difference between:

1. the market price and the tax value: in respect of any tax depreciable assets under the Corporate Income Tax Act;
2. the market price and the documented cost of acquisition: in respect of any other items of property.

(6) The temporary tax differences, within the meaning given by the Corporate Income Tax Act, which are related to any item of property referred to in Paragraph (1), shall be disregarded at the time of the sale referred to in Paragraph (5) and in the

subsequent years.

(7) The market price referred to in Paragraph (5) shall be presumed as a cost of acquisition upon a subsequent sale or exchange of the item of property by the natural-person owner, as well as upon a subsequent application of Paragraph (2).

Annual tax base

**Article 28.** (Amended, SG No. 113/2007) (1) The annual tax base in respect of income from economic activity in a sole-trader capacity shall be determined by debiting the taxable income referred to in Article 26 herein for the tax year with the contributions which the self-insured person is obliged to make for the tax year for his or her own account according to the procedure established by the Social Insurance Code and of the Health Insurance Act, as well as with the compulsory social insurance contributions remitted abroad, which are for the account of the natural person.

(2) The annual tax base referred to in Paragraph (1) shall be debited with:

1. any personal voluntary social insurance contributions made during the year to an aggregate amount not exceeding 10 per cent of the annual tax base referred to in Paragraph (1), as well as with any personal voluntary health insurance contributions and premiums/payments remitted during the year under contracts of life assurance to an aggregate amount not exceeding 10 per cent of the annual tax base referred to in Paragraph (1);

2. the difference between BGN 7,920 and the amount of the relief enjoyed under Article 18 (1) herein, including for the year of occurrence of the loss of working capacity and for the year of expiry of validity of the decision: applicable to persons who have lost 50 per cent and more than 50 per cent of the working capacity thereof, which loss has been determined by an effective decision of a competent authority;

3. (amended, SG No. 31/2011, effective 1.01.2011) the difference between the social insurance contributions under Article 9a of the Social Insurance Code made during the year and the amount of the relief enjoyed under Article 20 herein;

4. (new, SG No. 105/2014, effective 1.01.2015) the difference between the admissible amount of the tax relief referred to in Article 22c herein and the amount of the relief enjoyed from the sum total of the annual tax bases;

5. (new, SG No. 105/2014, effective 1.01.2015) the difference between BGN 2,000 and the amount of the tax relief referred to in Article 22d herein.

### **Section III** **Income from Other Economic Activity**

Taxable Income

**Article 29.** (1) (Amended, SG No. 113/2007, previous text of Article 29, SG No 31/2011, effective 1.01.2011) The taxable income from economic activity accruing to any natural persons who are not merchants within the meaning given by the Commerce Act shall be determined by debiting the income acquired with operating expenses as follows:

1. (new, SG No. 95/2009, effective 1.01.2010, amended, SG No. 100/2013, effective 1.01.2014, SG No. 12/2015) by 60 per cent for the incomes accruing from the business of production of unprocessed farmers, carried on by natural persons registered as agricultural producers, with the exception of the incomes accruing from growing of ornamental plants;

2. (renumbered from Item 1, SG No. 95/2009, effective 1.01.2010) by 40 per cent for:

(a) (amended, SG No. 95/2009, effective 1.01.2010) any income accruing from the business of production of processed or unprocessed agricultural products (including from the sale of grown ornamental plants), of processed or unprocessed forestry products (including from the harvesting of wild herbs, mushrooms and

berries), of processed or unprocessed products of hunting ground management, and of processed or unprocessed fisheries products, carried on by natural persons;

(b) any copyright and licence royalties, including for income from sale of inventions, works of science, culture and art by the authors thereof, as well as for any royalties for performance of performing artists;

(c) any income from the practice of a skilled craft on which a licence tax is not levied according to the procedure established by the Local Taxes and Fees Act;

3. (renumbered from Item 2, SG No. 95/2009, effective 1.01.2010) by 25 per cent for any income from the practice of a liberal profession or any remunerations under non-employment relationships.

(2) (New, SG No. 31/2011, effective 1.01.2011) The taxable income referred to in Paragraph (1) shall exclude any incomes which were involved upon the formation of taxable income according to the procedure established by Article 26 herein for prior tax years.

(3) (New, SG No. 97/2016, effective 1.01.2017) The taxable income referred to in Paragraph (1) shall include any incomes which, according to Article 11 herein, were acquired during a period of levy of a tax under Article 14 (2) herein and were not involved upon the formation of the accounting financial result for the year of acquisition but would have been involved upon the formation of the accounting financial result for the current year if the person were taxed according to the procedure established by Article 29a herein.

Taxation of Income from Economic Activity of Natural Persons Registered as Farmers  
(Heading amended, SG No. 12/2015)

**Article 29a.** (New, SG No. 31/2011, effective 1.01.2011, amended, SG No. 100/2013 effective 1.01.2014) (1) (Amended, SG No. 12/2015) Any natural persons registered as farmers may opt for taxation of the income from economic activity thereof on the annual tax base under Article 28 herein.

(2) The taxable person of the persons referred to in Paragraph (1) shall be arrived at according to the procedure established by Article 26 herein, and the said income:

1. shall exclude the financial respect of any incomes which, according to Article 11 herein, have been acquired during tax years preceding the tax year as from which a tax under Article 14 (2) herein commences to be levied on the incomes and in respect of which the income arises and should be charged within the period of levy of the same tax;

2. shall include the financial result in respect of any incomes which, according to Article 11 herein, have been acquired during the period of levy of a tax under Article 14 (2) herein and which are not involved upon the formation of the accounting financial result for the year of acquisition or for subsequent years.

(3) The procedure for levy of a tax on the annual tax base under Article 28 herein, opted for by the persons referred to in Paragraph (1), shall apply for a period not shorter than five consecutive tax years.

(4) The option of the persons referred to in Paragraph (1) shall be exercised by means of submission of a declaration completed in a standard form not later than the 31st day of December of the previous year.

(5) (New, SG No. 97/2016, effective 1.01.2017) Newly registered farmers shall declare the option under Paragraph (1) for the year of the registration thereof in the annual tax return under Article 50 herein for the same year.

(6) (New, SG No. 97/2016, effective 1.01.2017) After the expiry of the time limit referred to in Paragraph (3), the person may:

1. continue to be taxed according to the procedure opted for, and in such case shall not need to submit a new declaration under Paragraph (4);

2. opt to be taxed according to the procedure established by Article 29 herein, exercising the option thereof in the declaration under Paragraph (4) not later than the

31st day of December of the previous year.

(7) (Renumbered from Paragraph (5), SG No. 97/2016, effective 1.01.2017) The persons referred to in Paragraph (1) shall apply the Accountancy Act and, to this end, shall be treated as equivalent to sole traders.

Annual tax base

**Article 30.** (Supplemented, SG No. 113/2007, amended, SG No. 95/2015, effective 1.01.2016) The annual tax base shall be determined by debiting the taxable income referred to in Article 29 herein, as acquired during the tax year, with:

1. the contributions which the self-insured person is obliged to make for the tax year for his or her own account or, if the person is not self-insured, with the compulsory social and health insurance contributions withheld, which are for his or her own account, according to the procedure established by the Social Insurance Code and the Health Insurance Act;

2. the compulsory social insurance contributions remitted abroad, which are for the account of the natural person;

3. the contributions which the person is obliged to make for the tax year for his or her own account according to the procedure established by Article 40 (5) of the Health Insurance Act, where the taxable income referred to in Article 29 herein is included upon the annual balancing of the contributory income.

#### **Section IV**

### **Income from Rent or from Other Onerous Provision for Use of Rights or Property**

Taxable Income

**Article 31.** (1) (Amended, SG No. 113/2007) The taxable income accruing from rent or from other onerous provision for use of rights or immovable property shall be determined by debiting the income acquired with 10 per cent expenses.

(2) The payments acquired under a lease contract, which does not expressly provide for transfer of the right of ownership to the property, shall be treated as income from rent referred to in Paragraph (1).

(3) The taxable income accruing from any payments under franchising agreements and factoring contracts, as well as under other contracts for provision for use of rights, shall be determined according to the procedure established by Paragraph (1).

Annual tax base

**Article 32.** (Supplemented, SG No. 99/2011, effective 1.01.2012, SG No. 95/2015 effective 1.01.2016) The annual tax base for the income accruing to resident natural persons from rent or other onerous provision for use of rights and property shall be determined by debiting the taxable income referred to in Article 31 herein, as acquired during the tax year, with the contributions which the person is obliged to make for the tax year for his or her own account according to the procedure established by Article 40 (5) of the Health Insurance Act, where the taxable income referred to in Article 31 herein is included upon the annual balancing of the contributory income.

#### **Section V**

### **Income from Transfer of Rights or Property**

Taxable Income

**Article 33.** (1) The taxable income accruing from the sale or exchange of immovable property, including of limited rights in rem to any such property, shall be determined

by debiting the positive difference between the selling price and the cost of acquisition of any such property with 10 per cent expenses.

(2) Taxable income shall be the positive difference between the selling price and the cost of acquisition upon sale or exchange of:

1. means of transport by road, air and water;
2. works of art, collectors' items and antiques.

(3) The taxable income accruing from the sale or exchange of shares, interests, compensation instruments, investment vouchers and other financial assets, as well as from trade in foreign exchange, shall be the sum total of the profits realised during the year, determined for each particular transaction, debited with the sum total of the losses realised during the year, determined for each particular transaction.

(4) The realised profit/loss referred to in Paragraph (3) shall be determined by debiting the selling price with the cost of acquisition of the financial asset. Where any financial assets of one and the same type, issued by one and the same person, have different costs of acquisition and part of the said assets is subsequently sold and it cannot be proven which part is sold, the cost of acquisition of each such asset shall be the weighted average price determined on the basis of the cost of acquisition of the financial assets of the same type and issuer held at the date of the sale.

(5) The selling price shall include everything acquired by the person in connection with the sale/exchange, including any consideration other than money.

(6) The cost of acquisition referred to in Paragraphs (1), (2) and (4) shall be:

1. the documented cost of acquisition of the property;
2. the documented cost of acquisition of the property, credited with the documented payment due by the natural person: in the cases of exchange with additional payment;

3. (supplemented, SG No. 113/2007) nil: where there is no documented cost of acquisition, including for any property acquired as a donation, or for any shares and interests received upon distribution of property or another source of owners' equity; the cost of acquisition referred to in Paragraph (1) shall furthermore be nil upon a subsequent sale or exchange of the lot referred to in Item 8, including of limited rights in rem thereto;

4. the documented additional payment due by the natural person: in the cases of exchange with additional payment, where there is no documented cost of acquisition of the property;

5. (supplemented, SG No. 95/2009, effective 1.01.2010) the portion of the non-cash contribution entered in the Memorandum of Incorporation, in the Memorandum of Association or in the Articles of Association of a commercial corporation, corresponding to the shares and interests sold or exchanged: in the cases of non-cash contributions made to a commercial corporation, where the contribution consists of a property the income from the sale or exchange whereof is non-taxable within the meaning given by Article 13 (1) herein at the date of entry of the contribution in the Commercial Register;

6. the market price referred to in Article 10 (4) herein of the property acquired upon exchange: in the cases of sale/exchange of property acquired upon exchange;

7. the documented cost of acquisition of the property, adjusted until 1997 inclusive for the overall consumer price index as announced by the National Statistical Institute: in the cases of sale or exchange of property acquired prior to the 1st day of January 1998;

8. (new, SG No. 113/2007) the documented cost of acquisition of the lot corresponding to the part for which a building right has been created: in the cases of creation of a building right;

9. (new, SG No. 95/2009, effective 1.01.2010) the documented cost of acquisition of the property whereof a non-cash contribution to a commercial corporation consists: in the cases of sale or exchange of shares and interests allotted

in consideration of non-cash contributions made to a commercial corporation, with the exception of the cases referred to in Item 5;

10. (new, SG No. 94/2012, effective 1.01.2013) the tax value of the property at the time of expungement of the sole trader from the commercial register: in the cases of expungement of a sole trader, where the property of the enterprise has passed to the natural-person owner;

11. (new, SG No. 97/2016, effective 1.01.2017) where a non-cash contribution to a commercial corporation consists of any shares and interests allotted in consideration of non-cash contributions made to another commercial corporation, upon the sale or exchange of the newly acquired shares and interests, with the exception of the cases referred to in under Article 38 (7) herein, the cost of acquisition shall be the documented cost of acquisition of the property whereof the non-cash contribution originally consisted, if the income accruing from the sale or exchange of the said property was taxable within the meaning given by this Act by the date of entry of the said contribution in the Commercial Register.

(7) Where the selling price referred to in Paragraph (1) is paid by instalments in different tax years, the taxable income shall be determined according to the following formula for each of the said tax years:

$$TITY = [(SP - CA) - 0,10 \times (SP - CA)] \times \frac{PPR}{SP}$$

where:

TITY shall be the taxable income for the tax year;

SP shall be the selling price;

CA shall be the cost of acquisition;

PPR shall be the part payment received during the tax year.

(8) Where the selling price referred to in Paragraph (2) is paid by instalments in different tax years, the taxable income shall be determined according to the following formula for each of the said tax years:

$$TITY = (SP - CA) \times \frac{PPR}{SP}$$

where:

TITY shall be the taxable income for the tax year;

SP shall be the selling price;

CA shall be the cost of acquisition;

PPR shall be the part payment received during the tax year.

(9) The income received in connection with the provision of property under a lease contract which expressly provides for transfer of the right of ownership to the property shall be subject to taxation notwithstanding the circumstances covered under Article 13 herein. The taxable income shall be determined according to the following formula:

$$TITY = [(CP - CA) - 0,10 \times (CP - CA)] \times \frac{PR}{CP}$$

where:

TITY shall be the taxable income for the tax year;

CP shall be the price of the property as set under the contract;

CA shall be the cost of acquisition;

PR shall be the payments received during the tax year net of the interest paid.

(10) (New, SG No. 113/2007) Upon termination of a lease contract, which expressly provides for transfer of the right of ownership prior to the expiry of the term of validity of the contract and without transfer of the right of ownership to the movable or immovable property subject to the contract, the non-refundable lease payments shall be treated as income from use of property accruing at the time of



termination. The taxable income, determined according to the procedure established by Article 31 herein, shall be debited with the taxable income determined according to the formula under Paragraph (9), and in this case "PR" shall be the sum total of the non-refundable payments under the lease contracts received during prior tax years.

(11) (Renumbered from Paragraph (10), SG No. 113/2007) The taxable income upon transfer of a sole trader's enterprise with expungement of the sole trader shall be the positive difference between the selling price as set by the contract and the owners' equity of the enterprise.

Annual tax base

**Article 34.** (Amended, SG No. 95/2015, effective 1.01.2016) The annual tax base for the income from transfer of rights or property shall be determined by debiting the taxable income referred to in Article 33 herein, as acquired during the tax year, with the contributions which the person is obliged to make for the tax year for his or her own account according to the procedure established by Article 40 (5) of the Health Insurance Act, where the taxable income referred to in Article 33 herein is included upon the annual balancing of the contributory income.

## **Section VI Income from Other Sources**

Taxable Income

**Article 35.** The taxable income shall be the gross sum total of the taxable incomes acquired during the tax year from:

1. any compensations for lost profit and damages of such nature;
2. (repealed, SG No. 98/2018, effective 1.01.2019);
3. (supplemented, SG No. 94/2012, effective 1.01.2013) any interest, including such within payments under a lease contract, with the exception of the interest under Article 38 (13) herein;
4. any producer dividends distributed by cooperatives;
5. exercise of intellectual property rights by succession;
6. all other sources which are not expressly specified in this Act and whereon final taxes are not levied according to the procedure established by this Act or whereon final taxes are not levied according to the procedure established by the Corporate Income Tax Act.

Annual tax base

**Article 36.** (Supplemented, SG No. 99/2011, effective 1.01.2012, SG No. 95/2015 effective 1.01.2016) The annual tax base in respect of the income from other sources shall be determined by debiting the taxable income referred to in Article 35 herein, as acquired during the tax year, with the contributions which the person is obliged to make for the tax year for his or her own account according to the procedure established by Article 40 (5) of the Health Insurance Act, where the taxable income referred to in Article 35 herein is included upon the annual balancing of the contributory income.

## **PART THREE FINAL TAXES**

### **Chapter Six FINAL TAX ON INCOME FROM SOURCE INSIDE AND OUTSIDE BULGARIA**

Taxation of Non-resident Persons' Income

**Article 37.** (1) (Supplemented, SG No. 113/2007, SG No. 94/2010, effective

1.01.2011) A final tax, notwithstanding the circumstances covered under Article 13 herein, shall be levied on the income referred to in Article 8 (11) herein and the following income from a source inside Bulgaria, charged/paid in favour of any non-resident natural person, where not realised through a fixed base within the country:

1. any compensations for lost profit and damages of such nature;
2. any scholarships for study in Bulgaria and abroad;
3. (supplemented, SG No. 107/2014, effective 1.01.2015) any interest payments, including interest within payments under a lease contract except for interest on bonds or other debt securities, issued by the state or municipalities and admitted to trade in a regulated market in Bulgaria or a European Union Member State, or another State that is party to the Agreement on the European Economic Area;
4. any income from rent or from other onerous provision for use of movable or immovable property, including any payments under a lease contract which does not expressly provide for transfer of the right of ownership to the property;
5. any payments received under franchising agreements and factoring contracts;
6. any copyright and licence royalties;
7. any technical assistance fees;
8. (amended, SG No. 113/2007) any remunerations for activity performed within the territory of the country by non-resident natural persons who are public figures, or such active in science, art, culture and sports, including where the income has been paid/charged through a third party, such as a performer-management agency, a production company and other intermediaries;
9. any income from management and control, from participation in management and supervisory bodies of enterprises;
10. any income from sale, exchange or other onerous transfer of immovable property;
11. (supplemented, SG No. 113/2007) any payments under a lease contract which expressly provides for transfer of the right of ownership to immovable property;
12. any income from sale, exchange or other onerous transfer of shares, interests, compensation instruments, investment vouchers and other financial assets, with the exception of the income from exchange covered under Article 38 (5) herein.

(2) (Amended, SG No. 113/2007, supplemented, SG No. 94/2010, effective 1.01.2011) The final tax on the income covered under Items 1 to 9 of Paragraph (1) and under Article 8 (11) herein shall be assessed on the gross sum total of the incomes charged/paid.

(3) (New, SG No. 113/2007) The final tax on the income covered under Items 10 and 11 of Paragraph (1) shall be assessed on the positive difference between the selling price and the documented cost of acquisition of the property debited with 10 per cent expenses.

(4) (New, SG No. 113/2007) The final tax on the income covered under Item 12 of Paragraph (1) shall be assessed on the positive difference between the selling price and the documented cost of acquisition of the property.

(5) (New, SG No. 113/2007) Where part of the selling price has been paid, the part of the selling price received and the part of the documented cost of acquisition corresponding to the said part shall be presumed as a selling price and a documented cost of acquisition of the property upon assessment of the final tax under Paragraphs (3) and (4).

(6) (New, SG No. 113/2007) Upon termination of a lease contract, which expressly provides for transfer of the right of ownership prior to the expiry of the term of validity of the contract and without transfer of the right of ownership to the movable or immovable property subject to the contract, the non-refundable lease payments shall be treated as income from use of property accruing to the non-resident person at the time of termination. The final tax under Items 3 and 11 of

Paragraph (1), remitted until the time of termination of the lease contract, shall be deducted from the final tax due under Item 4 of Paragraph (1).

(7) (Renumbered from Paragraph (3), SG No. 113/2007, amended, SG No 106/2008, effective 1.01.2009) No final tax shall be levied on any income under Paragraph 1, exempted from taxation under Article 13 herein and charged/paid in favour of non-resident natural persons established for tax purposes in a Member State of the European Union or in another Member State of the European Economic Area.

(8) (Renumbered from Paragraph (4), SG No. 113/2007, amended, SG No 106/2008, effective 1.01.2009) The circumstances referred to in Paragraph (7) shall be certified to the payer of the income by a document issued by the tax administration of the State in which the person is established for tax purposes, and by a declaration by the person who has acquired the income, to the effect that the circumstances covered under Article 13 herein exist.

#### Recalculation of Final Tax under Article 37

**Article 37a.** (New, SG No. 95/2009, effective 1.01.2010) (1) Any non-resident natural person, who is a resident person for tax purposes of a Member State of the European Union or of another State that is party to the Agreement on the European Economic Area, shall have the right to opt for a recalculation of the final tax on income under Article 37 herein. Where the non-resident person opts for a recalculation of the final tax, the said recalculation shall be made in respect of all incomes acquired by the person during the year which are subject to levy of a final tax under Article 37 herein.

(2) Where the non-resident person opts for a recalculation of the final tax on the incomes under Article 37 herein, the tax as recalculated shall be equal to the tax on the aggregate annual tax base or to the tax on the annual tax base under Article 28 herein which would have been due on such incomes in case the said incomes were acquired by a resident natural person. Where the non-resident person has effected any expenses associated with the incomes referred to in sentence one, whereon a tax on expenses would have been due according to the procedure established by the Corporate Income Tax Act, in case the said expenses have been effected by a resident natural person, the said tax shall be added to the sum total of the tax as recalculated.

(3) Where the amount of the final tax on income under Article 37 herein as remitted exceeds the amount of the tax as recalculated under Paragraph (2) for the same incomes, the difference shall be refundable up to the amount of the final tax under Article 37 herein which the non-resident person cannot deduct from the tax due on the said incomes in the State where the said person is resident for tax purposes.

(4) The option of recalculation of the final tax under Article 37 herein shall be exercised by means of submission of the annual tax return under Article 50 herein. All other incomes subject to declaring by the non-resident natural person shall also be included in the tax return.

(5) The refund of tax under Paragraph (3) shall follow the procedure established by the Tax and Social-Insurance Procedure Code.

(6) Paragraphs (1) to (5) shall not apply in the cases where the non-resident person is resident for tax purposes of State that is party to the Agreement on the European Economic Area but which is not a Member State of the European Union wherewith the Republic of Bulgaria:

1. does not have an effective convention for the avoidance of double taxation, or
2. has an effective convention for the avoidance of double taxation which does not provide for:
  - (a) exchange of information, or
  - (b) cooperation in tax collection.

#### Income of Resident and Non-resident Natural Persons

**Article 38.** (1) (Amended, SG No. 99/2011, effective 1.01.2012) A final tax shall be levied on the taxable income from:

1. dividends in favour of a sole trader;
2. dividends and liquidation shares in favour of:

(a) any resident or non-resident natural person, where accruing thereto from a source inside Bulgaria;

(b) any resident natural person, where accruing thereto from a source outside Bulgaria.

(2) The final tax on any income from dividends shall be assessed on the gross sum total as determined by the decision on the distribution of dividend.

(3) (Amended, SG No. 99/2011, effective 1.01.2012, SG No. 96/2019, effective 1.01.2020) The final tax on any income from dividends in the form of a hidden profit distribution shall be assessed on the gross sum of the amounts constituting a hidden profit distribution.

(4) The final tax on share in any income from shares in a liquidation surplus shall be assessed on the positive difference between the value of the said share and the documented cost of acquisition of the participating interest in the company/cooperative.

(5) (Amended, SG No. 113/2007) A final tax shall be levied on any taxable income acquired from exchange of shares and interests in connection with transformation of corporations under Section II of Chapter Nineteen of the Corporate Income Tax Act:

1. by resident natural persons upon the exchange of shares and interests in domestic commercial corporations for shares and interests in domestic commercial corporations or in commercial corporations abroad;

2. by resident natural persons upon the exchange of shares and interests in commercial corporations abroad for shares and interests in commercial corporations abroad or in domestic commercial corporations;

3. by non-resident natural persons upon the exchange of shares and interests in domestic commercial corporations for shares and interests in domestic commercial corporations or in commercial corporations abroad.

(6) The taxable income referred to in Paragraph (5) shall be determined at the time of the exchange and shall be the positive difference between the market price of the shares/interests acquired upon the exchange and the cost of acquisition under Article 33 (6) herein of the shares or interests in the transforming corporation.

(7) The market price referred to in Paragraph (6) shall be presumed to be a cost of acquisition under Article 33 (6) herein upon a subsequent sale or exchange of the shares and interests in the acquiring/newly established corporation, as well as upon a subsequent application of Paragraph (6).

(8) A final tax shall be levied on the gross sum total of the taxable income from supplementary voluntary social insurance, from voluntary health insurance and life assurances, acquired at the date of:

1. recovery of the amounts remitted for life assurances;

2. recovery of the amounts remitted for voluntary health insurance, with the exception of the cases of refund of expenses on health services and provision of health services and goods to the insured person upon occurrence of the events provided for in the contracts of health insurance;

3. receipt of the amounts remitted for supplementary voluntary social insurance prior to attainment of entitlement to supplementary pension;

4. transfer of amounts from an individual account to the account of a third party;

5. modification of the contract of insurance, in respect of which a relief under Article 19 herein has been enjoyed, into a contract for which the said relief may not be enjoyed;

6. drawing on the amounts under a contract for assurance for repayment of a loan, where a life assurance is used to secure an obligation of the natural person.

(9) (Supplemented, SG No. 95/2015, effective 1.01.2016) No final tax shall be levied on any income referred to in Paragraph (8), corresponding to the portion of the payments/premiums for which a tax relief has not been enjoyed according to the procedure established by Article 19 or Item 12 of Article 24 (2) herein.

(10) A final tax shall be levied on the gross sum total of the income acquired by the person upon the sale or exchange of movable property under Item 2 (d) of Article 13 (1) herein.

(11) (New, SG No. 19/2011, effective 8.03.2011) A final tax shall be levied on the taxable income acquired by a member of the cooperative from interest on loans granted by the cooperative.

(12) (New, SG No. 99/2011, effective 1.01.2012) A final tax shall be levied on any income from rent or other onerous provision of property having a condominium project status, managed in the form of a general meeting of owners, which has been charged/paid by enterprises and self-insured persons.

(13) (New, SG No. 94/2012, effective 1.01.2013, amended, SG No. 105/2014 effective 1.01.2015) A final tax shall be levied on the gross sum total of the incomes acquired by non-resident natural persons from interest payments on bank accounts.

(14) (New, SG No. 98/2018, effective 1.01.2019) A final tax shall be levied on the gross sum total of any cash prizes and merchandise awards awarded at competitions and contests which are not provided by an employer or a commissioning entity.

(15) (New, SG No. 98/2018, effective 1.01.2019) A final tax shall be levied on the gross sum total of the taxable income acquired by natural persons not registered as farmers, received in the form of State aids, subsidies and other support from the European Agricultural Guarantee Fund, the European [Agricultural] Fund for Rural Development and from the State budget.

**Chapter Seven**  
**TRANSITION FROM LEVY OF LICENCE TAX TO TAXATION ACCORDING**  
**TO**  
**THE STANDARD PROCEDURE**  
**(Heading amended, SG No. 113/2007)**

Taxation of Income from Licence Activity according to Standard Procedure

**Article 39.** (Amended, SG No. 113/2007) (1) Where the grounds for levy of a licence tax according to the procedure established by the Local Taxes and Fees Act lapse within the current tax year, the income accruing to the natural persons, including the sole traders, for the current tax year shall be taxed according to the standard procedure established by this Act.

(2) In the cases referred to in Paragraph (1), the natural persons, including the sole traders, shall not be liable to make tax prepayments for the current year within the meaning given by this Act.

(3) Where any one person deregisters under the Value Added Tax Act within the current tax year, the said person shall be taxed according to the standard procedure established by this Act for the entire tax year.

Deduction of Licence Tax

**Article 40.** (Amended, SG No. 113/2007, SG No. 94/2012, effective 1.01.2013) (1) In the cases referred to in Article 39 (1) herein, the licence tax, due and remitted according to the procedure established by the Local Taxes and Fees Act as of the date of submission of the declaration on lapse of the grounds for levy of a licence tax, shall be deducted from the tax on the aggregate annual tax base or from the tax on

the annual tax base in respect of income from economic activity in a sole-trader capacity.

(2) The amount of the licence tax under Paragraph (1) shall be certified by a document issued by the competent municipality.

**Article 41.** (Repealed, SG No. 113/2007).□

**PART FOUR  
TAX RATES. TAX ASSESSMENT, WITHHOLDING AND REMITTANCE.  
DECLARING**

**(Heading amended, SG No. 113/2007) □**

**Chapter Eight  
WITHHOLDING OF TAX PREPAYMENTS**

Withholding of Tax Prepayments on Income from Employment Relationships

**Article 42.** (Amended, SG No. 113/2007) (1) The tax prepayment on income from employment relationships shall be determined by the employer monthly on the basis of a monthly tax base.

(2) (Supplemented, SG No. 95/2009, effective 1.01.2010) The monthly tax base shall be arrived at by debiting the tax base referred to in Article 24 herein, as charged for the relevant month, with the compulsory social insurance contributions, withheld by the employer, which are for the account of the natural person, according to the procedure established by the Social Insurance Code and the Health Insurance Act or for compulsory social insurance abroad. The monthly tax base of any self-insured persons in respect of any income from employment relationships referred to in Item 26 (i) of § 1 of the Supplementary Provisions herein shall be determined by debiting the taxable income under Article 24 herein, charged for the respective month, with the social insurance contributions remitted in advance which the self-insured person is obliged to make for the tax year for his or her own account according to the procedure established by the Social Insurance Code and the Health Insurance Act.

(3) The monthly tax base shall be debited with:

1. the tax relief for reduced working capacity referred to in Article 18 (2) herein;

2. the tax relief referred to in Article 19 (2) herein, where the amounts have been withheld by the employer upon payment of the income from an employment relationship.

(4) (Supplemented, SG No. 95/2009, effective 1.01.2010) The amount of the tax due shall be arrived at by multiplying the monthly tax base referred to in Paragraph (3) by a tax rate of 10 per cent and, in respect of any income acquired in a seafarer capacity, by a tax rate of 1 per cent.

(5) The tax referred to in Paragraph (4) shall be withheld by the employer upon the final payment of the taxable income charged for the relevant month.

(6) Where only part payments for the relevant month or another month have been made during the relevant month, the employer shall remit the tax referred to in Paragraph (4) determined on the gross amount of the sum total of the part payments.

(7) The tax remitted by the employer under Paragraph (6) shall not be withheld from the part payment but shall be deducted from the tax withheld under Paragraph (5).

(8) (Amended, SG No. 94/2012, effective 1.01.2013) Paragraph (6) shall not apply to part payments for the relevant month, where the full amount of the income from an employment relationship as charged by the employer for the said month is paid until the 25th day of the next succeeding month.

(9) The tax referred to in Paragraphs (1) to (8) shall be remitted within the time limits and according to the procedure established by Articles 65 and 66 herein.

## Tax Prepayment on Income from Economic Activity

**Article 43.** (Amended, SG No. 113/2007, SG No. 106/2008, effective 1.01.2009) (1) Any person, who has acquired income from economic activity referred to in Article 29 herein, shall be liable to make a tax prepayment on the difference between the taxable income and the contributions which the self-insured person is obliged to make for the account thereof for the months of the quarter during which the taxable income was acquired, and if the person is not self-insured, on the difference between the taxable income and the compulsory social insurance contributions withheld.

(2) Any person, who has lost 50 per cent and more than 50 per cent of the working capacity thereof, shall be liable to make a tax prepayment on income from economic activity referred to in Article 29 herein after the taxable income of the person acquired from all sources of income since the beginning of the tax year and subject to levy of a tax on the aggregate annual tax base, debited with the compulsory social insurance contributions withheld from or paid for the account of the person, exceeds BGN 7,920.

(3) The amount of the tax due shall be calculated by multiplying the difference referred to in Paragraph (1) by a tax rate of 10 per cent.

(4) Where the payer of the income from economic activity is an enterprise or a self-insured person, the amount of the tax shall be determined and the tax shall be withheld by the payer of the income upon the payment of the income.

(5) Paragraph (4) shall not apply where the person acquiring the income is a self-insured person within the meaning given by the Social Insurance Code and declares this circumstance by a written declaration to the payer of the income.

(6) Where the payer of the income from economic activity is not an enterprise or a self-insured person, as well as where the person acquiring the income is a self-insured person and has declared this circumstance to the payer of the income, the amount of the income shall be determined and the tax shall be remitted by the person who has acquired the income.

(7) The tax referred to in Paragraph (3) shall be remitted within the time limits and according to the procedure established by Articles 65 to 68 herein.

(8) (Supplemented, SG No. 31/2011, effective 1.05.2011, SG No. 97/2016 effective 1.01.2017, amended, SG No. 104/2020, effective 1.01.2021) Any persons, who or which carry out economic activity in a merchant capacity within the meaning given by the Commerce Act, including any sole traders, as well as any natural persons in the cases referred to in Article 29a herein, shall remit tax prepayments at the rate of 15 per cent under the terms and according to the procedure established by the Corporate Income Tax Act.

(9) (Amended, SG No. 95/2009, effective 1.01.2010, SG No. 40/2012) In the cases under Paragraph (2), the person acquiring the income shall certify the extent of reduced working capacity by an expert decision of the Territorial Medical Expert Board/National Medical Expert Board, valid at the date/dates of payment of the income, a copy of which decision shall be presented on a single occasion to the payer of the income, where the said payer is obliged to withhold and remit the tax.

## Tax Prepayment on Income from Rent or from Other Onerous Provision for Use of Rights or Property

**Article 44.** (1) (Amended, SG No. 113/2007) Any person, who has acquired income from rent or from other onerous provision for use of rights or property, shall be liable to make a tax prepayment on the difference between the taxable income under Article 31 herein and the social insurance contributions which the person is obliged to make for the own account thereof.

(2) (New, SG No. 106/2008, effective 1.01.2009) Any person who has lost 50 per cent and more than 50 per cent of the working capacity thereof, shall be liable to make a tax prepayment on income from rent or from other onerous provision for use of

rights or property after the taxable income of the person acquired from all sources of income since the beginning of the tax year and subject to levy of a tax on the aggregate annual tax base, debited with the compulsory social insurance contributions withheld from or paid for the account of the person, exceeds BGN 7,920.

(3) (Amended, SG No. 113/2007, renumbered from Paragraph (2), SG No 106/2008, effective 1.01.2009) The amount of the tax due shall be arrived at by multiplying the difference referred to in Paragraph (1) by a tax rate of 10 per cent

(4) (New, SG No. 94/2010, effective 1.01.2011) Where the payer of the income from rent or from other onerous provision for use of rights or property is an enterprise or a self-insured person, the amount of the tax shall be determined and the tax shall be withheld by the payer of the income upon the payment of the income. In such cases, the amount of the prepayment due shall be arrived at by multiplying the taxable income referred to in Article 31 herein by a tax rate of 10 per cent.

(5) (New, SG No. 94/2010, effective 1.01.2011, amended, SG No. 40/2012) In the cases under Paragraph (2), the person acquiring the income shall certify the extent of reduced working capacity by an expert decision of the Territorial Medical Expert Board/National Medical Expert Board, valid at the date/dates of payment of the income, a copy of which decision shall be presented on a single occasion to the payer of the income where the said payer is obliged to withhold and remit the tax.

(6) (Renumbered from Paragraph (3), amended, SG No. 106/2008, effective 1.01.2009, renumbered from Paragraph (4), amended, SG No. 94/2010, effective 1.01.2011) The tax referred to in Paragraphs (3) and (4) shall be remitted within the time limits and according to the procedure established by Articles 65 to 68 herein.

#### Tax Prepayment on Income from Other Sources under Article 35

**Article 44a.** (New, SG No. 95/2015, effective 1.01.2016) (1) A tax prepayment shall be levied on the cash income referred to in Article 35 herein, where the payer of the income is an enterprise or a self-insured person. The amount of the tax shall be calculated by multiplying the taxable income referred to in Article 35 herein by a tax rate of 10 per cent.

(2) The tax prepayment referred to in Paragraph (1) shall be determined and withheld by the payer of the income upon the payment of the income.

(3) Where the recipient of the income referred to in Article 35 herein is a person who has lost 50 per cent and more than 50 per cent of the working capacity thereof, a tax prepayment under Paragraph (1) shall be due after the taxable income of the person acquired from all sources of income since the beginning of the tax year and subject to levy of tax on the aggregate annual tax base, debited with the compulsory social insurance contributions withheld from or paid for the account of the person, exceeds BGN 7,920. In such cases, the person acquiring the income shall certify the extent of reduced working capacity by an expert decision of the Territorial Medical Expert Board/National Medical Expert Board, valid at the date/dates of payment of the income, a copy of which decision shall be presented on a single occasion to the payer of the income, where the said payer is obliged to withhold and remit the tax.

(4) The tax referred to in Paragraph (1) shall be remitted within the time limits and according to the procedure established by Articles 65 and 66 herein.

#### Issuing Documents on Income Paid and Tax Withheld

(Heading amended, SG No. 94/2010, effective 1.01.2011, SG No. 98/2018 effective 1.01.2019)

**Article 45.** (Supplemented, SG No. 113/2007, amended and supplemented, SG No 94/2010, effective 1.01.2011, SG No. 99/2011, effective 1.01.2012, supplemented, SG No. 95/2015, effective 1.01.2016, amended, SG No. 98/2018, effective 1.01.2019) (1) Upon request by the person, the employer shall issue a certificate in a standard form showing the taxable income acquired during the year and the tax and compulsory



social insurance contributions withheld during the year. Where the certificate is issued by an employer under the principal employment relationship of the factory or office worker at the 31st day of December of the tax year, the tax withheld or refunded to the person upon the determination of the annual amount of the tax according to the procedure established by Article 49 herein shall be stated as well.

(2) The circumstance that the employer is not an employer under the principal employment relationship at the 31st day of December of the tax year shall be ascertained by a written declaration provided by the factory or office worker;

(3) In the event of discontinuance of the activity of employers who or which do not have a successor in title, the certificates referred to in Paragraph (1) shall be issued by the last representative of the employer or by the competent local division of the National Social Security Institute where the payrolls and the documents attached thereto have been delivered according to the procedure established by the Social Insurance Code.

(4) An enterprise or a self-insured person within the meaning given by the Social Insurance Code, which or who is a payer of income referred to in Article 29 or 31 herein, shall issue a statement of amounts paid in a standard form, showing the income paid and the tax withheld according to the procedure established by Articles 43 and 44 herein, and shall provide the said statement to the person who has acquired the income or to a person authorized thereby.

(5) Upon request by the person, the enterprise or the self-insured person, which or who is a payer of income referred to in Article 29 or 31 herein, shall issue a certificate in a standard form, showing the tax and compulsory social insurance contributions withheld during the year.

(6) The statement of amounts paid referred to in Paragraph (4) and the certificate referred to in Paragraph (5) shall not be issued in the cases referred to in Article 43 (5) herein.

(7) Upon request by the person, the enterprise or the self-insured person, which or who is a payer of income from other sources referred to in Article 35 herein, shall issue a certificate in a standard form, showing the income paid and the tax withheld during the year.

(8) The certificates referred to in Paragraphs (1), (5) and (7) shall be issued within 14 days after the date on which they are requested.

## **Chapter Nine** **TAX RATES OF FINAL TAX UNDER CHAPTER SIX** **(Heading amended, SG No. 113/2007)**

### Rates of Final Tax under Chapter Six

**Article 46.** (Amended, SG No. 113/2007) (1) (Amended, SG No. 19/2011, effective 8.03.2011, SG No. 99/2011, effective 1.01.2012, SG No. 94/2012, effective 1.01.2013 SG No. 100/2013, effective 1.01.2014, SG No. 98/2018, effective 1.01.2019) The tax rate shall be 10 per cent for any income referred to in Article 37 and Article 38 (5), (8), (10), (11), (12), (14) and (15) herein.

(2) The tax rate shall be 7 per cent for any income referred to in Article 38 (8) herein in the cases of receipt of amounts after the expiry of the term of validity of a contract of life assurance, which term is fifteen years or more.

(3) The tax rate shall be 5 per cent for any income referred to in Article 38 (1) herein.

(4) (New, SG No. 100/2013, effective 1.01.2014, amended, SG No. 105/2014 effective 1.01.2015) The tax rate shall be 8 per cent for any income referred to in Article 38 (13) herein.

(5) (Renumbered from Paragraph (4), SG No. 100/2013, effective 1.01.2014) The final tax under Chapter Six herein shall be withheld and remitted within the time

limits and according to the procedure established by Article 65 to 68 herein.

#### Final Taxes Applicable

(Heading amended, SG No. 31/2011, effective 1.01.2011).<sup>□</sup>

**Article 47.** (Supplemented, SG No. 31/2011, effective 1.01.2011) (1) (Previous text of Article 47, SG No. 97/2016, effective 1.01.2017) Any persons who carry out economic activity in a merchant capacity within the meaning given by the Commerce Act, including any sole traders, as well as any natural persons in the cases referred to in Article 29a herein, shall apply the provisions of the Corporate Income Tax Act on taxation of expenses and on withholding taxes.

(2) (New, SG No. 97/2016, effective 1.01.2017, repealed, SG No. 104/2020 effective 1.01.2021).<sup>□</sup>

## **Chapter Ten ANNUAL TAXATION**

#### Arrival at Amount of Tax

**Article 48.** (Amended, SG No. 113/2007) (1) The amount of tax on the aggregate annual tax base shall be arrived at by multiplying the aggregate annual tax base under Article 17 herein by a tax rate of 10 per cent.

(2) (Supplemented, SG No. 31/2011, effective 1.01.2011) The amount of tax on the aggregate tax base in respect of income from economic activity in a sole-trader capacity, as well as in respect of the incomes from economic activity referred to in Article 29a herein, shall be arrived at by multiplying the annual tax base under Article 28 (2) herein by a tax rate of 15 per cent.

(3) The tax prepayments withheld and/or remitted during the tax year shall be deducted from the taxes arrived at under Paragraphs (1) and (2).

(4) The final tax on income under Article 37 herein, withheld from and/or respectively remitted by a natural person who is treated as a resident natural person for the tax year, shall likewise be deducted from the tax arrived at under Paragraph (1).

(5) (Amended, SG No. 31/2011, effective 1.01.2011, repealed, SG No 94/2012, effective 1.01.2013, new, SG No. 98/2018, effective 1.01.2019)<sup>□</sup> The tax relief referred to in Article 22e (2) herein shall be deducted from the tax arrived at under Paragraph (1).

(6) (New, SG No. 95/2009, effective 1.01.2010, amended, SG No. 105/2014 effective 1.01.2014, SG No. 12/2015)<sup>□</sup> Any persons registered as farmers shall be allowed to retain up to 60 per cent of the tax on the annual tax base in respect of any income from economic activity in a sole-trader capacity, applicable to the annual tax base in respect of the business of production of unprocessed plant and animal produce under the terms established by the Corporate Income Tax Act for corporation tax retention in the form of a tax relief constituting State aid for agricultural producers.

(7) (New, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 100/2013, effective 1.01.2014, amended, SG No. 12/2015, SG No. 22/2015, effective 1.01.2014)<sup>□</sup> The tax retention under Paragraph (6), constituting State aid for farmers, shall not apply with regard to:

1. any person which is an undertaking in difficulty;
2. any person which is a large enterprise;
3. any natural person carrying out economic activity under Article 29a herein;
4. any person which has not implemented a decision of the European Commission on recovery of any unlawful and incompatible State aid received and has not recovered the aid in full;
5. any investments into irrigation.

(8) (New, SG No. 99/2011, effective 1.01.2012, amended, SG No. 98/2018 effective 1.01.2019) The tax referred to in Paragraphs (1) and (2) shall be rounded down to the nearest whole lev after the deductions referred to in Paragraphs (3) to (6), where a rebate is not enjoyed, or after a rebate has been enjoyed.

#### Annual Tax on Income from Employment Relationships

**Article 49.** (1) (Supplemented, SG No. 95/2009, effective 1.01.2010) Not later than the 31st day of January of the following tax year, the employer shall calculate the annual tax base referred to in Article 25 (1) and (3) herein, debited according to the procedure established by Paragraph (3), and shall determine the annual amount of the tax where the said employer is an employer under the principal employment relationship of the factory or office worker at the 31st day of December of the tax year.

(2) Where the factory or office worker has or has had an employment contract for additional work with another employer or has had a principal employment relationship with another employer during the tax year, the employer referred to in Paragraph (1) shall include the income acquired at the other employer upon calculation of the annual tax base and shall determine the annual amount of the tax if the factory or office worker submits thereto a certificate referred to in Article 45 herein from the other employer.

(3) (Supplemented, SG No. 95/2009, effective 1.01.2010) The annual tax base referred to in Article 25 (1) and (3) herein shall be debited with the annual amount of:

1. the tax reliefs referred to in Articles 19 and 22 herein, where the amounts have been withheld by the employer upon payment of the income from an employment relationship;

2. (amended, SG No. 113/2007, SG No. 105/2014, effective 1.01.2015) the tax reliefs referred to in Articles 18, 20, 22c and 22d herein.

(4) Paragraph (3) shall apply where the factory or office worker provides to the employer, within a period commencing on the 30th day of November and ending on the 31st day of December of the tax year, the following documents:

1. a copy of a valid decision of the Territorial Medical Expert Board/National Medical Expert Board: in respect of the tax relief referred to in Article 18 herein;

2. copies of the contracts with the commercial insurance/social insurance company: in respect of the tax relief referred to in Article 19 herein;

3. copies of the documents certifying the contributions made: in respect of the tax relief referred to in Article 20 herein;

4. (repealed, SG No. 113/2007);

5. copies of documents certifying that the donee is among the persons listed in Article 22 herein and that the gift has been received: in respect of the tax relief covered under Article 22 herein;

6. (new, SG No. 105/2014, effective 1.01.2015) a declaration under Article 22c (8) herein, including the attachments thereto: in respect of the tax relief referred to in Article 22c herein;

7. (new, SG No. 105/2014, effective 1.01.2015) a copy of a valid decision of the Territorial Medical Expert Board/National Medical Expert Board and a declarator under Article 22d (7) herein, including the attachments thereto: in respect of the tax relief referred to in Article 22d herein;

8. (new, SG No. 97/2016, effective 1.01.2017) a written declaration to the effect that the declarant does not incur any public obligations subject to coercive enforcement by the time of submission of the declaration to the employer or that the declarant will submit an annual tax return for the tax year.

(5) Where the annual amount of the tax as determined exceeds the amount of the tax withheld from the factory or office worker during the year, the balance shall be withheld from the person not later than the 31st day of January of the following year.

(6) Where the annual amount of the tax as determined is less than the

amount of the tax prepayments withheld, the employer shall refund the balance to the person not later than the 31st day of January of the following year.

(7) (Amended, SG No. 95/2015, effective 1.01.2016) The amount refunded under Paragraph (6) shall be set off from the employer successively against the succeeding payments to the State budget in respect of taxes on income from employment relationships of the person or of other persons.

(8) (New, SG No. 95/2009, effective 1.01.2010) Any income from employment relationships referred to in Item 26 (i) of § 1 of the Supplementary Provisions herein shall be excluded upon determination of the annual tax base and of the annual tax according to the procedure established by the foregoing paragraphs.

## **Chapter Eleven DECLARING**

### **Section I Annual Tax Return**

#### Obligation to Submit Annual Tax Return

**Article 50.** (\*) (1) (Amended, SG No. 113/2007) The resident natural persons shall submit an annual tax return, completed in a standard form, in respect of:

1. the income acquired during the year and subject to levy of a tax on the aggregate annual tax base and of a tax on the annual taxable income under Article 28 herein;

2. (amended, SG No. 99/2009, effective 1.01.2010, supplemented, SG No 32/2016, effective 1.01.2017, amended, SG No. 97/2016, effective 1.01.2017) the income subject to levy of a licence tax and/or a tax on passenger transport by taxi according to the procedure established by the Local Taxes and Fees Act, as well as in respect of the income referred to in Item 29 of Article 13 (1) herein;

3. (amended, SG No. 106/2008, effective 1.01.2009, SG No. 94/2012, effective 1.01.2013, supplemented, SG No. 97/2016, effective 1.01.2017) the tax due under Article 67 (4) herein on the income acquired during the year from a source outside Bulgaria from:

(a) dividends;

(b) share in a liquidation surplus;

(c) (amended, SG No. 98/2018, effective 1.01.2019) income referred to in item 2 of Article 38 (5) and Article 38 (8), (13) and (14) herein;

4. shares and participating interests held in corporations, a permanent establishment, a fixed base and immovable property abroad;

5. (new, SG No. 99/2009, effective 1.01.2010) the loans of money as extended/received, as follows:

(a) the outstanding portion of the loans of money extended during the tax year, if the total amount thereof exceeds BGN 10,000;

(b) the balances of loans of money extended during the same and in the five previous tax years which are outstanding at the end of the tax year, if the total amount of the said balances exceeds BGN 40,000;

(c) the outstanding portion of the loans of money received during the tax year, if the total amount thereof exceeds BGN 10,000, with the exception of the loans received, as extended by credit institutions within the meaning given by the Credit Institutions Act;

(d) the balances of loans of money received during the same and in the five previous tax years which are outstanding at the end of the tax year, with the exception of the loans received, as extended by credit institutions within the meaning given by the Credit Institutions Act, if the total amount of the said balances exceeds BGN 40,000.

(2) (Amended, SG No. 113/2007, supplemented, SG No. 99/2009, effective 1.01.2010) Any non-resident natural persons shall submit an annual tax return referred to in Paragraph (1) in respect of the income referred to in Items 1 and 2 of Paragraph (1) and in the cases referred to in Article 37a herein.

(3) (Amended, SG No. 99/2009, effective 1.01.2010) Any resident and non-resident natural persons, who have acquired income from employment relationships referred to in Item 26 (f) and (i) of § 1 of the Supplementary Provision herein, shall submit an annual tax return referred to in Paragraph (1) in respect of the said income.

(4) (Amended, SG No. 113/2007, repealed, SG No. 98/2018, effective 1.01.2019).

(5) (Amended, SG No. 113/2007, SG No. 97/2017, effective 1.01.2018) Resident natural persons shall attach to the annual tax return referred to in Paragraph (1) proof of the amount of the taxes and compulsory social insurance contributions remitted abroad.

(6) (New, SG No. 113/2007, amended, SG No. 97/2017, effective 1.01.2018) In respect of any income from a source outside Bulgaria, upon the taxation whereof a method of exemption with progression applies according to an effective tax convention, resident natural persons may present proof of the amount of the tax remitted under Paragraph (5).

(7) (New, SG No. 113/2007, supplemented, SG No. 31/2011, effective 1.01.2011) Any persons carrying out economic activity in a merchant capacity within the meaning given by the Commerce Act, including any sole traders, as well as any natural persons in the cases referred to in Article 29a herein, shall declare, by the annual tax return referred to in Paragraph (1), the taxes on expenses due and remitted according to the procedure established by the Corporate Income Tax Act.

(8) (New, SG No. 113/2007) The annual tax return referred to in Paragraph (1) in respect of income accruing to any natural persons who have not attained the age of 14 years, who have attained the age of 14 years but have not attained the age of 18 years, and who are interdicted shall be submitted by the parents or by the tutors or curators, as the case may be.

(9) (New, SG No. 97/2016, effective 1.01.2017) The annual tax return referred to in Paragraph (1) in respect of income accruing to any deceased persons may be submitted by the legal or testamentary heirs, as well as by the legatees or by the legal representatives thereof. A return submitted by one heir shall benefit the rest of the heirs as well.

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(\*) Editor's Note. According to § 27 (2) to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 13 March 2020 (SG No. 28/2020): "In 2020, the time limit for submission of the annual tax return under Article 50 of the Income Taxes on Natural Persons Act for 2019 and for remittance of the tax due under the return on the annual tax base by the persons referred to in Article 51 (1) of the said Act shall be extended until the 30th day of June."

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#### Possibility to Declare Non-Taxable Income

**Article 50a.** (New, SG No. 97/2017, effective 1.01.2018) Resident natural persons may declare any income covered under Article 13 herein acquired during the year, any property acquired by legal or testamentary succession and by donation, as well as any property received with a restored right of ownership according to the procedure established by a statutory instrument, in the annual tax return under Article 50 herein.

## Submission of Annual Activity Report

**Article 51.** (Amended, SG No. 95/2009, effective 1.01.2010) (1) (\*) (Supplemented, SG No. 31/2011, effective 1.01.2011, SG No. 38/2020, effective 1.01.2022) Any persons who carry out economic activity in a merchant capacity within the meaning given by the Commerce Act, including any sole traders, as well as any natural persons in the cases referred to in Article 29a herein, shall present together with the annual tax return an annual activity report submitted by electronic means under a procedure and in a manner according to Article 20 (5) of the Statistics Act.

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(\*) *Editor's Note.* According to § 27 to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 13 March 2020 (SG No. 28/2020): "(2) In 2020, the time limit for submission of the annual tax return under Article 50 of the Income Taxes on Natural Persons Act for 2019 and for remittance of the tax due under the return on the annual tax base by the persons referred to in Article 51 (1) of the said Act shall be extended until the 30th day of June. (3) In 2020, the rate rebate referred to in Article 53 (6) of the Income Taxes on Natural Persons Act shall be enjoyed by the persons referred to in Article 51 (1) of the said Act if the return is submitted and the balance of tax due is remitted not later than the 31st day of May 2020."

According to § 28 to the Act on the Measures and Actions during the State of Emergency Declared by a Resolution of the National Assembly of 13 March 2020 (SG No. 28/2020): "The persons referred to in Article 51 (1) of the Income Taxes on Natural Persons Act shall apply § 25 herein mutatis mutandis, and the time limit for submission of the return referred to in § 25 (2) herein shall be the 30th day of April 2020."

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(2) (Amended, SG No. 98/2018, effective 1.01.2019) The persons referred to in Paragraph (1), who or which have not carried out activity within the meaning given by the Accountancy Act during the tax year, shall not submit an annual activity report.

### Excuse from Obligation to Submit Annual Tax Return

**Article 52.** (1) (Previous text of Article 52, SG No. 95/2009, effective 1.01.2010) The obligation to submit an annual tax return shall not apply to any persons who have received solely:

1. (amended, SG No. 95/2009, effective 1.01.2010, SG No. 99/2011, effective 1.01.2012) income from employment relationships, where the person has an employer under a principal employment relationship at the 31st day of December of the tax year and the said employer has determined the annual amount of the tax for all incomes from employment relationships acquired during the tax year and the full amount of the tax for the tax year has been withheld until the 31st day of January of the following year, and/or

2. (new, SG No. 99/2011, effective 1.01.2012) income from employment relationships where the person does not have an employer under a principal employment relationship at the 31st day of December of the tax year or does have such an employer but the said employer has not determined an annual amount of the tax in respect of all incomes from employment relationships acquired during the tax year, if the following conditions are simultaneously fulfilled:

(a) the tax on the aggregate annual tax base is equal to the tax prepayment under Article 42 herein, and

(b) the person does not enjoy any tax reliefs according to the procedure established by Article 23 herein, and/or;

3. (amended, SG No. 113/2007, SG No. 95/2009, effective 1.01.2010 renumbered from Item 2, SG No. 99/2011, effective 1.01.2012, amended, SG No 97/2016, effective 1.01.2017) non-taxable income, with the exception of such referred to in Item 29 of Article 13 (1) herein, and/or

4. (supplemented, SG No. 113/2007, renumbered from Item 3, SG No 99/2011, effective 1.01.2012) income on which a final tax is leviable under Article 38 herein, with the exception of the income referred to in Item 3 of Article 50 (1) herein, and/or

5. (supplemented, SG No. 95/2009, effective 1.01.2010, renumbered from Item 4, SG No. 99/2011, effective 1.01.2012) income accruing to non-resident persons, on which a final tax has been levied, with the exception of the cases referred to in Article 37a herein.

(2) (New, SG No. 95/2009, effective 1.01.2010, amended, SG No. 99/2011 effective 1.01.2012) Notwithstanding the circumstances referred to in Paragraph (1), resident natural persons shall be obliged to submit an annual tax return in the cases referred to in Items 4 - 5 of Article 50 (1) and Article 50 (3) herein.

#### Time Limit for and Manner of Submission of Annual Tax Return

**Article 53.** (Supplemented, SG No. 99/2011, effective 1.01.2012, amended, SG No 105/2014, effective 1.01.2015, SG No. 97/2016, effective 1.01.2017) (1) (Amended, SG No. 98/2018, effective 1.01.2019, supplemented, SG No. 104/2020, effective 1.01.2021) The annual tax return shall be submitted from the 10th day of January until the 30th day of April of the year following the year of acquisition of the income except for the annual tax return for the persons referred to in Article 51 (1) herein, which shall be submitted from the 1st day of March until the 30th day of June of the year next succeeding the year of acquisition of the income.

(2) Upon detection of any error in the data and circumstances as declared, the tax base and the liability for tax as determined after the expiry of the time limit referred to in Paragraph (1), the taxable persons shall have the right, on a single occasion not later than the 30th day of September of the year following the year of acquisition of the income, to make changes by means of submission of a new return.

(3) In the cases referred to in Article 50 (9) herein, the annual tax return may be submitted even after the expiry of the time limit referred to in Paragraph (1) but not later than six months after the opening of the succession.

(4) Any income whereof the legal or testamentary heirs became aware after the expiry of the time limits referred to in Paragraphs (1) and (3) shall be declared within one month after the awareness. In such cases, the tax due shall be recalculated.

(5) Where a return under Article 50 (9) herein has not been submitted, the liability may be ascertained by an instrument under Article 106 of the Tax and Social-Insurance Procedure Code.

(6) (Amended, SG No. 97/2017, effective 1.01.2018, SG No. 98/2018, effective 1.01.2019, SG No. 104/2020, effective 1.01.2021) Any person, who submits the annual tax return on or before the 31st day of March of the next succeeding year by electronic means, shall enjoy a rate rebate of 5 per cent of the balance of tax due under Article 48 (1) and (2) herein, provided that the said person does not incur any public obligations subject to coercive enforcement by the time of submission of the return and the balance of tax is remitted not later than the 31st day of March. The aggregate amount of the rate rebate enjoyed for the taxes under Article 48 (1) and (2) herein may not exceed BGN 500.

(7) (New, SG No. 98/2018, effective 1.01.2019) The annual tax return of self-insured persons within the meaning given by the Social Insurance Code shall be submitted by electronic means only.

#### Place of Submission of Annual Tax Return

**Article 54.** (1) (Amended, SG No. 95/2009, effective 1.01.2010) The annual tax return shall be submitted to the National Revenue Agency territorial directorate exercising competence over the permanent address of the natural person, including the sole trader, who is liable for the tax.

(2) (New, SG No. 113/2007) In the cases referred to in Article 50 (8) herein, the annual tax return shall be submitted to the National Revenue Agency territorial directorate exercising competence over the permanent address of the person who has not attained the age of 14 years, who has attained the age of 14 years but has not attained the age of 18 years, and who is interdicted.

(3) (New, SG No. 97/2016, effective 1.01.2017) In the cases referred to in Article 50 (9) herein, the annual tax return shall be submitted to the territorial directorate of the National Revenue Agency exercising competence over the last permanent address of the ancestor.

(4) (Renumbered from Paragraph (2), SG No. 113/2007, renumbered from Paragraph (3), SG No. 97/2016, effective 1.01.2017) Where the annual tax return of a non-resident natural person is submitted through an attorney-in-fact who has a permanent address in the country, the said submission shall be effected at the National Revenue Agency territorial directorate exercising competence over the permanent address of the said attorney-in-fact.

(5) (Renumbered from Paragraph (3), amended, SG No. 113/2007, renumbered from Paragraph (4), amended, SG No. 97/2016, effective 1.01.2017) Outside the cases referred to in Paragraphs (1) to (4), the annual tax return shall be submitted to the Sofia Territorial Directorate of the National Revenue Agency.

## **Section II**

### **Tax Return in Respect of Taxes Due**

**(Heading amended, SG No. 94/2012, effective 1.01.2013)**

#### Obligation to Submit Tax Return in Respect of Taxes Due

**Article 55.** (Amended, SG No. 113/2007, SG No. 94/2012, effective 1.01.2013) (1) The enterprises and the self-insured persons, which or who are payers of income and which or who are obliged to withhold and remit taxes according to the procedure established by this Act, shall submit a tax return in a standard form in respect of the taxes due.

(2) (Amended, SG No. 23/2013, effective 8.03.2013, supplemented, SG No 97/2016, effective 1.01.2017) The tax return referred to in Paragraph (1) shall be submitted by the natural person who has acquired the income where the payer of the income is not obliged to withhold and remit the tax, except in the cases referred to in Article 67 (4) herein.

(3) (Amended, SG No. 98/2018, effective 1.01.2019) The tax return referred to in Paragraph (1) shall not state the tax on incomes from employment relationships, due from employers, in respect whereof information shall be submitted according to a procedure and in a manner established in an ordinance issued by the Minister of Finance.

(4) (New, SG No. 100/2013, effective 1.01.2014) The tax return referred to in Paragraph (1) shall not be submitted by any enterprises in respect of which a centralised payment scheme for the taxes due under this Act applies under the Public Finance Act.

#### Time Limit for Submission of Tax Return in Respect of Taxes Due

**Article 56.** (Amended and supplemented, SG No. 113/2007, amended, SG No 94/2012, effective 1.01.2013) (1) (Previous text of Article 56, SG No. 97/2017, effective 1.01.2018) The tax return referred to Article 55 (1) herein shall be submitted within the time limits for remittance of the taxes due.



(2) (New, SG No. 97/2017, effective 1.01.2018, supplemented, SG No 98/2018, effective 1.01.2019) The enterprises which are payers of income, as well as the self-insured persons within the meaning given by the Social Insurance Code, shall submit the tax return referred to in Article 55 (1) herein by electronic means only.

(3) (New, SG No. 98/2018, effective 1.01.2019) Upon the expungement or dissolution of the enterprise, the tax return referred to in Article 55 (1) herein shall be submitted within the time limit and according to the procedure for submission of the tax return under Article 162 of the Corporate Income Tax Act. The taxes due under the said return shall be remitted within the same time limit.

#### Place of Submission of Tax Return in Respect of Taxes Due

**Article 57.** (Amended, SG No. 94/2012, effective 1.01.2013) The tax return referred to in Article 55 (1) herein shall be submitted to the National Revenue Agency territorial directorate whereto the taxes due are subject to remittance.

#### Certificate on Tax Paid by Non-resident Natural Person

**Article 58.** (Supplemented, SG No. 106/2008, effective 1.01.2009) (1) (Previous text of Article 58, amended and supplemented, SG No. 95/2009, effective 1.01.2010) A certificate on tax remitted according to the procedure established by this Act by a non-resident natural person shall be issued in a standard form at the request of any such person. Any such request shall be submitted to the National Revenue Agency territorial directorate whereto the tax return referred to under Article 50 or under Article 55 herein has been submitted or is subject to submission.

(2) (New, SG No. 95/2009, effective 1.01.2010) At the request of the non-resident person, the certificate on tax remitted on the aggregate annual tax base and/or on tax remitted on the annual tax base under Article 28 herein shall be issued separately for the separate types of income under Article 8 herein except in the cases where the income was realised through a fixed base.

### **Section III** **(Repealed, SG No. 113/2007)** **Tax Return on Levy of Final Annual (Licence) Tax**

**Article 59.** (Repealed, SG No. 113/2007). □

**Article 60.** (Repealed, SG No. 113/2007). □

**Article 61.** (Repealed, SG No. 113/2007). □

### **Section IV** **Time Limits and Place of Submission of Tax Returns on Alternative Taxes Payable by Sole Trader**

#### Obligation and Time Limits for Submission of Tax Returns on Alternative Taxes Payable by Sole Traders

**Article 62.** In respect of the activities taxed under Article 26 (5) herein, the sole traders shall apply the provisions of the Corporate Income Tax Act on declaring of the tax.

#### Place of Submission of Tax Returns on Alternative Taxes Payable by Sole Traders

**Article 63.** The tax returns referred to in Article 62 herein shall be submitted to the National Revenue Agency territorial directorate exercising competence over the permanent address of the natural person.

### **Section V**

## Endorsement of Standard Forms

### Endorsement of Standard Forms

**Article 64.** (1) (Supplemented, SG No. 31/2011, effective 1.01.2011, amended, SG No 105/2014, effective 1.01.2015) The standard forms of the tax returns and the declarations referred to in Article 29a (4), Article 22c (8) and Article 22d (7) under this Act shall be endorsed by an order of the Minister of Finance.

(2) (Repealed, SG No. 106/2008, effective 1.01.2009).

(3) (Amended, SG No. 98/2018, effective 1.01.2019) The standard forms of a statement of amounts paid and of a certificate under this Act, as well as of the certificate referred to in Article 58 herein and of the statements referred to in Article 73 herein, shall be endorsed by an order of the Minister of Finance.

(4) (Amended, SG No. 106/2008, effective 1.01.2009) The orders and the standard forms referred to in Paragraphs (1) and (3) shall be promulgated in the State Gazette.

## Chapter Twelve TAX REMITTANCE

### Section I

#### Time Limits and Place of Remittance of Taxes Withheld by Payer of Income

##### Time Limits for Remittance of Taxes Withheld by Payer of Income

**Article 65.** (1) (Amended and supplemented, SG No. 113/2007, amended, SG No 19/2011, effective 8.03.2011, SG No. 99/2011, effective 1.01.2012, SG No. 94/2012 effective 1.01.2013) The tax referred to in Article 46 herein on the income referred to in Items 1 to 9 of Article 37 (1) and Article 38 (10) and (12) herein shall be withheld and remitted by the enterprise or the self-insured person which or who is a payer of the income not later than at the end of the month following the quarter in which the income was charged by the enterprise or in which the income was paid by the self-insured person.

(2) (Amended, SG No. 94/2012, effective 1.01.2013) The tax referred to in Article 46 herein on the income referred to in Article 38 (2) herein shall be withheld and remitted by the enterprise which is a payer of the income not later than at the end of the month following the quarter during which the decision on the distribution of dividend was made.

(3) (Amended, SG No. 99/2011, effective 1.01.2012, SG No. 94/2012, effective 1.01.2013, SG No. 98/2018, effective 1.01.2019) The tax referred to in Article 46 herein on the income referred to in Article 38 (3) herein shall be withheld and remitted by the enterprise which is a payer of the income not later than at the end of the month following the quarter during which the hidden profit distribution was effected.

(4) (Amended and supplemented, SG No. 94/2012, effective 1.01.2013) The tax referred to in Article 46 herein on the income referred to in Article 38 (4) herein shall be withheld and remitted by the enterprise which is a payer of the income not later than at the end of the month following the quarter during which the share in the liquidation surplus was charged.

(5) Paragraph (4) shall not apply to any income from shares in any liquidation surpluses in the cases of transfer of property upon transformation according to the procedure established by Article 265 of the Commerce Act, in which cases the tax shall be remitted according to the procedure established by Article 67 herein by the sole trader who has acquired the income.

(6) The tax referred to in Article 46 herein on the income referred to in Items 10 to 12 of Article 37 (1) and Article 38 (5) herein shall be remitted according to the procedure established by Article 67 herein by the person who has acquired the income.

(7) (Supplemented, SG No. 106/2008, effective 1.01.2009, amended, SG No 99/2011, effective 1.01.2012, SG No. 94/2012, effective 1.01.2013, SG No. 98/2018 effective 1.01.2019) The tax referred to in Article 46 herein on the income referred to in Article 38 (8), (11) and (14) herein shall be withheld and remitted by the enterprise or by the self-insured person which or who is a payer of the income not later than at the end of the month following the quarter during which the said income was acquired by the natural person.

(8) The commercial insurance/social insurance company referred to in Paragraph (7) shall ascertain the portion of the non-taxable income referred to in Article 38 (9) herein on the basis of a written declaration provided by the natural person who is liable for the tax.

(9) (Amended, SG No. 113/2007, SG No. 99/2011, effective 1.01.2012, SG No 94/2012, effective 1.01.2013) The tax referred to in Article 46 herein on income referred to in Article 38 (13) herein shall be withheld and remitted by the commercial banks and the branches of commercial banks not later than at the end of the month following the month during which the income was acquired.

(10) (New, SG No. 94/2010, effective 1.01.2011, amended, SG No. 94/2012 effective 1.01.2013) The tax referred to in Article 46 herein on the income referred to in Article 8 (11) herein shall be withheld and remitted by the payer of the income not later than at the end of the month following the quarter during which the income was charged by the resident legal person, by the sole trader, by the permanent establishment or the fixed base in the country.

(11) (Renumbered from Paragraph (10), amended, SG No. 94/2010, effective 1.01.2011, SG No. 94/2012, effective 1.01.2013) The tax which the employer is obliged to withhold under Article 42 herein shall be remitted not later than on the 25th day of the month following the month in which the tax was withheld or in which the part payments were made, in the cases referred to in Article 42 (6) herein. The employer under the principal employment relationship shall remit the tax referred to in Article 49 (5) herein not later than on the 25th day of February of the following year.

(12) (Renumbered from Paragraph (11), amended, SG No. 94/2010, effective 1.01.2011, SG No. 94/2012, effective 1.01.2013, SG No. 105/2014, effective 1.01.2015, SG No. 95/2015, effective 1.01.2016) The tax which enterprises and self-insured persons, who or which are payers of income, are obliged to withhold under Article 43 (4), Article 44 (4) and Article 44a (1) herein shall be remitted not later than at the end of the month following the quarter during which the income was acquired.

(13) (New, SG No. 105/2014, effective 1.01.2015, amended, SG No. 95/2015 effective 1.01.2016) A tax prepayment under Article 43 (4), Article 44 (4) and Article 44a (1) herein shall not be withheld and remitted in respect of any income acquired during the fourth quarter of the tax year, unless the person acquiring the income declares in writing to the enterprise or the self-insured person which or who is a payer of the income that the said person wishes a tax withholding. In such cases, the tax withheld shall be remitted by the payer of the income not later than on the 31st day of January of the following year.

(14) (New, SG No. 98/2018, effective 1.01.2019) The tax referred to in Article 46 herein on the income referred to in Article 38 (15) herein shall be withheld and remitted by the administrator of the aid concerned not later than at the end of the month following the quarter during which the income was acquired.

Place of Remittance of Taxes Withheld by Payer of Income

**Article 66.** (1) (Previous text of Article 66, SG No. 95/2009, effective 1.01.2010,

amended, SG No. 95/2015, effective 1.01.2016) The tax referred to in Article 65 herein shall be remitted to the State budget by crediting an account of the National Revenue Agency territorial directorate exercising competence over the place of registration of the payer of the income.

(2) (New, SG No. 95/2009, effective 1.01.2010) Any tax which is overremitted or any amounts for taxes on income referred to in Items 1 to 9 of Article 37 (1) and Article 38 herein, acquired by non-resident natural persons, which are unduly paid, shall be refunded by the National Revenue Agency territorial directorate whereto the income tax on the person is subject to remittance.

## **Section II**

### **Time Limits and Place of Remittance of Taxes by Person Who Has Acquired Income**

#### Time Limits for Remittance of Taxes by Person Who Has Acquired Income

**Article 67.** (1) (Amended, SG No. 94/2012, effective 1.01.2013) Where the payer of the income is not obliged to withhold and remit the tax, the tax referred to in Articles 43, 44 and 46 herein shall be remitted by the person who has acquired the income not later than at the end of the month following the quarter of acquisition of the income.

(2) (Amended, SG No. 106/2008, effective 1.01.2009, SG No. 94/2012 effective 1.01.2013) A tax prepayment under Article 43 (6) and Article 44 (3) herein shall not be remitted in respect of any income acquired during the fourth quarter of the tax year.

(3) (Amended, SG No. 94/2012, effective 1.01.2013) The tax referred to in Article 46 herein, as determined at the time of the exchange referred to in Article 38 (5) herein, shall be remitted by the person who has acquired the income not later than at the end of the month following the quarter during which a subsequent sale or exchange was effected of the shares and interests in the acquiring/newly established corporation, including upon a subsequent exchange of the shares or interests in connection with transformation of commercial corporations.

(4) (New, SG No. 97/2016, effective 1.01.2017) Where the income has been acquired by a resident natural person from a source outside Bulgaria, the tax referred to in Article 46 herein shall be remitted not later than the 30th day of April of the year following the year of acquisition of the income and shall be declared in the annual tax return under Article 50 herein.

(5) (Renumbered from Paragraph (4), SG No. 97/2016, effective 1.01.2017, amended, SG No. 104/2020, effective 1.01.2021) The tax due under Article 48 (1) herein shall be remitted on or before the 30th day of April of the year following the year of acquisition of the income, whereas the tax due under Article 48 (2) herein shall be remitted on or before the 30th day of June of the year following the year of acquisition of the income.

(6) (New, SG No. 98/2018, effective 1.01.2019) The tax due under Paragraphs (4) and (5) in respect of income accruing to any deceased persons in the cases referred to in Article 53 (3), (4) and (5) herein shall be remitted within one month from the date of expiry of the time limit for submission of a tax return by the legal or testamentary heirs.

#### Place of Remittance of Taxes by Person Who Has Acquired Income

**Article 68.** (1) (Amended, SG No. 95/2015, effective 1.01.2016) The tax referred to in Articles 43, 44, 46 and 48 herein shall be remitted to the State budget by crediting an account of the National Revenue Agency territorial directorate exercising competence over the permanent address of the resident natural person, including the sole trader.

(2) (Amended, SG No. 95/2015, effective 1.01.2016) The tax referred to in

Paragraph (1) of any non-resident person who has received income through an attorney-in-fact who has a permanent address in the country shall be remitted to the State budget by crediting an account of the National Revenue Agency territorial directorate exercising competence over the permanent address of the said attorney-in-fact.

(3) (Amended, SG No. 95/2015, effective 1.01.2016) Where the place of submission of the tax cannot be ascertained according to the procedure established by Paragraphs (1) and (2), the tax shall be remitted to the State budget by crediting an account of the Sofia City Territorial Directorate of the National Revenue Agency.

(4) (New, SG No. 95/2009, effective 1.01.2010) Any tax which is overremitted or any amounts for taxes on income referred to in Items 10 to 12 of Article 37 (1) and Article 38 herein, acquired by non-resident natural persons, which are unduly paid, shall be refunded by the National Revenue Agency territorial directorate whereto the income tax on the person is subject to remittance.

### **Section III (Repealed, SG No. 113/2007) Time Limits and Place of Remittance of Final Annual (Licence) Tax**

**Article 69.** (Repealed, SG No. 113/2007).□

**Article 70.** (Repealed, SG No. 113/2007).□

### **Section IV Time Limits and Place of Submission of Alternative Taxes by Sole Traders**

Time Limits for Submission of Alternative Taxes by Sole Traders

**Article 71.** In respect of the activities taxed under Article 26 (5) herein, the sole traders shall apply the provisions of the Corporate Income Tax Act regarding the time limits for remittance of the tax.

Place of Submission of Alternative Taxes by Sole Traders

**Article 72.** (Amended, SG No. 95/2015, effective 1.01.2016) The taxes referred to in Article 71 herein shall be remitted to the State budget by crediting an account of the National Revenue Agency territorial directorate exercising competence over the permanent address of the natural person.

## **PART FIVE DISCLOSURE OF INFORMATION, APPLICABLE PROVISIONS OF OTHER ACTS AND REFUND OF TAX WITHHELD IN ANOTHER MEMBER STATE OF THE EUROPEAN UNION (Heading amended, SG No. 106/2008, effective 1.01.2009)□**

### **Chapter Thirteen DISCLOSURE OF INFORMATION**

Income Payers' Obligations to Disclose Information

**Article 73.** (1) (Amended, SG No. 113/2007, supplemented, SG No. 94/2010, effective 1.01.2011, amended, SG No. 94/2012, effective 1.01.2013, supplemented, SG No 98/2018, effective 1.01.2019)□ The enterprises and the self-insured persons within the meaning given by the Social Insurance Code, which or who are payers of income, shall prepare a statement in a standard form on the income paid during the year and on the tax and compulsory social insurance contributions withheld during the year:

1. under Items 3, 4 and 6 of Article 10 (1) herein, subject to levy of a tax on the aggregate annual tax base;

2. under Chapter Six herein, subject to levy of a final tax, with the exception of the income subject to declaring according to the procedure established by Article 142 (5) of the Tax and Social-Insurance Procedure Code;

3. from transfer of rights or property, with the exception of such referred to in Item 3 of Article 13 (1) herein;

4. (amended, SG No. 105/2014, effective 1.01.2015, SG No. 96/2019, effective 1.01.2020) under Items 3, 7, 9, 20 and 24 of Article 13 (1) herein, where the annual amount of the respective income paid to a natural person exceeds BGN 5000.

(2) (New, SG No. 113/2007, amended, SG No. 94/2012, effective 1.01.2013) Upon transformation or transfer of an enterprise, the statement referred to in Paragraph (1) shall be prepared by the transferee.

(3) (New, SG No. 106/2008, effective 1.01.2009, amended, SG No. 99/2011 supplemented, SG No. 94/2012, effective 1.01.2013, amended, SG No. 104/2020 effective 1.01.2021) The income referred to in Item 2 of Article 38 (1) herein shall be included in the statement referred to in Paragraph (1) for the tax year during which the decision on the distribution of dividend was made, for the tax year in which the hidden profit distribution was effected or for the tax year in which the share in the liquidation surplus was charged. In the cases of sale, exchange or other onerous transfer of rights or property under Article 33 (3) herein, the income shall be included in the statement referred to in Paragraph (1) for the tax year of the transfer.

(4) (Renumbered from Paragraph (2), SG No. 113/2007, renumbered from Paragraph (3), SG No. 106/2008, effective 1.01.2009, supplemented, SG No. 95/2009 effective 1.01.2010, amended, SG No. 97/2017, effective 1.01.2018, SG No. 98/2018 effective 1.01.2019) The statement referred to in Paragraph (1) shall be presented not later than the 28th day of February of the following year to the National Revenue Agency territorial directorate exercising competence over the place of registration of the payer of the income. Upon expungement or dissolution of an enterprise, the statement referred to in Paragraph (1) shall be presented within the time limits and according to the procedure for submission of the tax return under Article 162 of the Corporate Income Tax Act.

(5) (Renumbered from Paragraph (3), SG No. 113/2007, renumbered from Paragraph (4), SG No. 106/2008, effective 1.01.2009, amended, SG No. 94/2012 effective 1.01.2013, SG No. 98/2018, effective 1.01.2019) The statement referred to in Paragraph (1) shall be presented by electronic means only in a format and according to a procedure approved by an order of the Executive Director of the National Revenue Agency.

(6) (Renumbered from Paragraph (4), SG No. 113/2007, renumbered from Paragraph (5), SG No. 106/2008, effective 1.01.2009, amended, SG No. 98/2018 effective 1.01.2019) Employers shall prepare a statement in a standard form on the taxable income under employment relationships paid during the year and on the tax and compulsory social insurance contributions withheld during the year. Any such statement shall furthermore include the information related to the determination of the annual tax base and the annual tax according to the procedure established by Article 49 herein for the persons whereof the employers is not an employer under the principal employment relationship at the 31st day of December of the tax year.

(7) (New, SG No. 98/2018, effective 1.01.2019) The statement referred to in Paragraph (6) shall be presented within the time limit and according to the procedure established by Paragraphs (2), (4) and (5).

(8) (New, SG No. 98/2018, effective 1.01.2019) Upon detection of any error in the data presented in respect of a particular natural person according to the procedure established by the foregoing paragraphs, after the time limit referred to in Paragraph (4) the liable persons shall have the right to make changes in the said data not later than the 30th day of September of the year during which the information was

presented.

#### Obligation to Provide Information for Automatic Exchange Purposes

**Article 73a.** (New, SG No. 109/2013, effective 1.01.2014) (1) The enterprises and the self-insured persons within the meaning given by the Social Insurance Code, which or who are payers of income, shall provide the National Revenue Agency with information on the income from rent or other onerous provision for use of immovable property, as well as on the income referred to in Item 9 of Article 37 (1) herein, charged and/or paid in favour of any natural persons who are resident in another Member State of the European Union. The said information shall be provided once a year by the declaration referred to in Article 55 (1) herein, submitted for the fourth quarter of the year.

(2) The retirement insurance companies referred to in Section II of Chapter Nine of the Social Insurance Code shall provide the National Revenue Agency with information on the pensions charged and/or paid in favour of any natural persons who are resident in another Member State of the European Union. Any such information shall be provided by electronic means not later than on the 30th day of April in the year following the year of charging and/or payment of the income, in a format endorsed by an order of the Executive Director of the National Revenue Agency, which shall be promulgated in the State Gazette.

(3) The insurers within the meaning given by the Insurance Code shall provide the National Revenue Agency with information on the income referred to in Item 3 of Article 143h (1) of the Tax and Social-Insurance Procedure Code. Any such information shall be provided by electronic means not later than on the 30th day of April in the year following the year of charging and/or payment of the income, in a format endorsed by an order of the Executive Director of the National Revenue Agency, which shall be promulgated in the State Gazette.

(4) The statement referred to in Article 73 (1) herein shall not include any income paid to any natural persons who are resident in another Member State of the European Union, in respect of which information is provided according to the procedure established by Paragraphs (1) to (3).

(5) (Supplemented, SG No. 98/2018, effective 1.01.2019) The employers shall provide the National Revenue Agency with information on the income under employment relationships charged and/or paid in favour of any natural persons who are resident in another Member State of the European Union. Any such information shall be provided by electronic means only not later than on the 30th day of April in the year following the year of charging and/or payment of the income, according to a procedure, in a manner and in a format specified by an order of the Executive Director of the National Revenue Agency, which shall be promulgated in the State Gazette.

(6) (Amended, SG No. 98/2018, effective 1.01.2019) Upon transformation or transfer of an enterprise, the information referred to in Paragraphs (1) to (5) shall be prepared and provided by the transferee. Upon expungement or dissolution, the information referred to in Paragraphs (1) to (5) shall be provided within the time limits and according to the procedure for submission of the tax return under Article 162 of the Corporate Income Tax Act.

(7) Where the payer of the income is not an enterprise or a self-insured person, the information referred to in Paragraph (1) shall be provided by the non-resident natural person who is resident in another Member State of the European Union.

#### State Bodies' Obligation to Disclose Information

**Article 74.** (1) When so requested by the revenue authorities, the Ministry of the Interior shall provide the information necessary to ascertain whether a person is resident or non-resident according to Chapter One herein.

(2) (Amended, SG No. 66/2013, effective 26.07.2013, SG No. 98/2014 effective 28.11.2014) Annually, on or before the 15th day of December, the Ministry

of Regional Development and Public Works shall provide the National Revenue Agency with up-to-date information on the population according to present address, consolidated by nucleated settlement.

## **Chapter Fourteen** **APPLICABLE PROVISIONS OF OTHER LAWS**

### Priority Application of Tax Convention or Another International Treaty

**Article 75.** In the event of a conflict between the provisions of any tax convention or another international treaty, which has been ratified by the Republic of Bulgaria, has been promulgated and has entered into force, and any provisions of this Act, the provisions of the relevant tax convention or treaty shall prevail.

### Foreign Tax Credit

**Article 76.** (1) Outside the cases referred to in Article 75 herein, upon assessment of the income tax any resident natural person shall be allowed foreign tax credit in respect of identical or similar foreign taxes levied abroad by the respective competent authorities.

(2) Any person referred to in Paragraph (1) shall be allowed foreign tax credit in respect of all taxes on dividends, interest, copyright and licence royalties, technical assistance fees and rents as paid from sources abroad.

(3) The foreign tax credit referred to in Paragraph (2) shall be determined for each State and for each type of income separately and shall be limited to the amount of the Bulgarian income tax which would have been due on such foreign-source income if applied to a domestic-source income.

(4) Where necessary, the Minister of Finance may:

1. determine which taxes are identical or similar to the income tax on natural persons;
2. specify the origin and the particular amount of the domestic-source or foreign-source income accruing from the respective source;
3. disallow foreign tax credit in respect of such foreign taxes whereby the credit has been wrongfully increased.

### Prevention of Tax Evasion

**Article 77.** Upon determination of the liabilities of persons under this Act in the cases of transactions between related parties, of transactions concluded under terms and conditions whereof the fulfilment leads to an evasion of taxation and application of market prices, transfers related to a fixed base, as well as interest arising from a financial lease, the provisions of the Corporate Income Tax Act on prevention of fiscal evasion with respect to tax shall apply, mutatis mutandis.

## **Chapter Fifteen** **(Repealed, SG No. 63/2017, effective 1.01.2022)** **DEDUCTION AND REFUND OF TAX PAID IN ANOTHER MEMBER STATE OF** **EUROPEAN UNION** **(Heading amended, SG No. 106/2008, effective 1.01.2009)**

**Article 78.** (Repealed, SG No. 63/2017, effective 1.01.2022).

**Article 79.** (Amended, SG No. 106/2008, effective 1.01.2009, repealed, SG No 63/2017, effective 1.01.2022).

## **PART SIX** **ADMINISTRATIVE PENALTY PROVISIONS**



**Article 80.** (1) Any person, who submits any tax return under this Act past the due date, shall be liable to a fine or a pecuniary penalty not exceeding BGN 500, unless subject to a severer sanction.

(2) Any person, who fails to state or who misstates any particulars or circumstances in a tax return leading to underassessment of the tax or to exemption from tax, shall be liable to a fine or a pecuniary penalty not exceeding BGN 1,000, unless subject to a severer sanction.

(3) Upon a repeated violation, the fine or pecuniary penalty referred to in Paragraph (1) shall be to an amount not exceeding BGN 1,000, and the fine or pecuniary penalty referred to in Paragraph (2) shall be to an amount not exceeding BGN 2,000, unless the person is subject to a severer sanction.

**Article 80a.** (New, SG No. 99/2009, effective 1.01.2010) (1) Any natural person who, despite being under an obligation to do so, fails to declare or misdeclares the information referred to in Item 5 of Article 50 (1) herein, shall be liable to a fine amounting to 10 per cent of the undeclared amounts.

(2) Upon a repeated violation, the fine referred to in Paragraph (1) shall amount to 15 per cent of the undeclared amounts, unless the person is subject to a severer sanction.

**Article 80b.** (New, SG No. 94/2010, effective 1.01.2011) (1) Any natural person who, despite being under an obligation to do so, fails to issue a document referred to in Article 9 (2) herein on the income acquired thereby, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 500.

(2) For the violations referred to in Paragraph (1), the fine shall be imposed separately for each unissued document.

(3) Upon a repeated violation under Paragraph (1), the fine shall be to an amount of BGN 200 or exceeding this amount but not exceeding BGN 1,000.

**Article 81.** (1) (Previous text of Article 81, SG No. 99/2011, effective 1.01.2012) Any person, who or which is payer of income and, despite being under an obligation to do so, fails to withhold a tax or to remit a tax when due, shall be liable to a fine or a pecuniary penalty not exceeding BGN 1,000, unless subject to a severer sanction.

(2) (New, SG No. 99/2011, effective 1.01.2012) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be to an amount not exceeding BGN 2,000.

**Article 81a.** (New, SG No. 99/2011, effective 1.01.2012) (1) (Amended, SG No 98/2018, effective 1.01.2019) Any person, who or which is a payer of income and, when requested to do so, fails to issue and to provide to the person who has acquired the income the standard forms referred to in Article 45 herein, shall be liable to a fine or to a pecuniary penalty not exceeding BGN 250, unless subject to a severer sanction. For any violations committed in respect of multiple natural persons, the fine or pecuniary penalty shall be imposed separately in respect of each natural person.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be to an amount not exceeding BGN 500.

**Article 82.** (1) (Supplemented, SG No. 109/2013, effective 1.01.2014) Any person blameworthy for a failure to submit or for late submission of the information referred to in Article 73 and Article 73a herein, as well as for stating untrue or incomplete data, shall be liable to a fine or a pecuniary penalty not exceeding BGN 250, unless the person is subject to a severer sanction.

(2) For any violations referred to in Paragraph (1), committed in respect of multiple natural persons, the fine or pecuniary penalty shall be imposed separately in respect of each natural person.

(3) Upon a repeated violation under Paragraph (1), the fine or pecuniary penalty shall be to an amount not exceeding BGN 500.

**Article 83.** (Amended, SG No. 95/2009, effective 1.01.2010) (1) Any person, who or which fails to fulfil the obligation thereof under Article 51 (1) herein to present an annual activity report or who or which presents the said report past the due date, shall be liable to a fine or to a pecuniary penalty not exceeding BGN 500, unless subject to a severer sanction.

(2) Upon a repeated violation under Paragraph (1), the fine or the pecuniary penalty shall be to an amount not exceeding BGN 1,000.

**Article 84.** (1) Any employer under a principal employment relationship, who fails to fulfil the obligation thereof to determine the annual amount of the tax on income from employment relationships, shall be liable to a fine or a pecuniary penalty not exceeding BGN 500.

(2) Upon a repeated violation under Paragraph (1), the fine or pecuniary penalty shall be to an amount not exceeding BGN 1,000.

**Article 85.** (1) The violations under this Act shall be ascertained by a written statement drawn up by a revenue authority.

(2) The penalty decrees shall be issued by the Executive Director of the National Revenue Agency or by an official thereby authorised.

(3) The written statements ascertaining violations and the penalty decrees shall be drawn up, issued and appealed against according to the procedure established by the Administrative Violations and Sanctions Act.

**Article 86.** The provisions of the Administrative Violations and Sanctions Act shall apply to the imposition of administrative sanctions.

## **SUPPLEMENTARY PROVISIONS**

**§ 1.** Within the meaning given by this Act:

1. "Bulgaria" or "the country" shall be the Republic of Bulgaria and, when used in a geographical sense, shall include the territory over which the Republic of Bulgaria exercises the State sovereignty thereof, as well as the continental shelf and the exclusive economic zone wherewithin the Republic of Bulgaria exercises sovereign rights in conformity with international law.

2. (Amended, SG No. 82/2009) "Permanent address" shall be the address within the meaning given by Item 3 of § 1 of the Supplementary Provision of the Bulgarian Personal Documents Act.

3. "Permanent establishment" shall be a permanent establishment within the meaning given by Item 5 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.

4. "Fixed base" shall be a fixed base within the meaning given by Item 7 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.

5. "Dividend" shall be:

(a) income from shares;

(b) income from participating interests, even in unincorporated associations, and from other corporate rights, where treated as income from shares;

(c) hidden profit distribution.

6. (Amended, SG No. 96/2019, effective 1.01.2020) "Share in a liquidation surplus" shall be the distribution of a share in the property of a person upon the dissolution thereof in favour or another person or upon cessation of membership of that other person.

7. "Interest payment" shall be income from debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, including interest payments on deposits with banks and income (premiums) from debentures and bonds.

8. (Supplemented, SG No. 113/2007) "Franchising agreement", "factoring

contract", "hidden profit distribution", "copyright and licence royalties" and "technical assistance fees" shall be the respective notions within the meaning given by the Corporate Income Tax Act.

9. "Market price" shall be the market price within the meaning given by Item 8 of § 1 of the Supplementary Provisions of the Tax and Social-Insurance Procedure Code.

10. "Works of art, collectors' items and antiques" shall be the respective notions within the meaning given by the Value Added Tax Act.

11. (Amended, SG No. 52/2007, SG No. 106/2008, effective 1.01.2009) "Disposition of financial instruments" for the purposes of Item 3 of Article 13 (1) herein shall be any transactions:

(a) (supplemented, SG No. 109/2013, effective 1.01.2014, amended, SG No 95/2015, effective 1.01.2016, SG No. 15/2018, effective 16.02.2018) in units and shares in collective investment schemes and in national investment funds, shares, rights and government securities, effected on a regulated market within the meaning given by Article 152, paragraphs 1 and 2 of the Markets in Financial Instruments Act, "rights" for the purposes of sentence one shall be the securities entitling the holder to subscribe for a specified number of shares in connection with a passed resolution on an increase of capital;

(b) concluded under the terms and according to the procedure of repurchase or redemption by collective investment schemes which have been admitted to public offering in Bulgaria or in another Member State of the European Union, or in a State that is party to the Agreement on the European Economic Area;

(c) (new, SG No. 109/2013, effective 1.01.2014) concluded under the terms and according to the procedure of redemption by national investment funds which have been admitted to public offering in Bulgaria; the distribution of cash upon liquidation of national investment funds of the closed-end type shall furthermore be regarded as redemption;

(d) (renumbered from Littera (c), SG No. 109/2013, effective 1.01.2014) concluded under the terms and according to the procedure of tender offering under Section II of Chapter Eleven of the Public Offering of Securities Act, or transactions of analogous type in another Member State of the European Union, or in a State that is party to the Agreement on the European Economic Area.

12. (Amended, SG No. 106/2008, effective 1.01.2009, amended and supplemented, SG No. 14/2020, effective 1.01.2021) "Supplementary voluntary social insurance" shall be the social insurance covered under Titles Three and Four of Part Two of the Social Insurance Code, as well as the voluntary social insurance implemented according to the legislation of a Member State of the European Union, of another State that is party to the Agreement on the European Economic Area or of another State that is a Member country of the Organisation for Economic Co-operation and Development, by an institution which carries on business directly related to retirement insurance or to vocational-training and unemployment insurance.

13. (Amended, SG No. 106/2008, effective 1.01.2009, amended and supplemented, SG No. 14/2020, effective 1.01.2021) "Voluntary health insurance" shall be the insurance covered under Chapter Three of the Health Insurance Act, as well as the activity of voluntary health insurance implemented according to the legislation of a Member State of the European Union, of another State that is party to the Agreement on the European Economic Area or of another State that is a Member country of the Organisation for Economic Co-operation and Development, by an institution which carries on the business of voluntary (supplementary) health insurance.

14. (Amended, SG No. 106/2008, effective 1.01.2009, SG No. 97/2016 effective 1.01.2017, SG No. 14/2020, effective 1.01.2021) "Life assurances" for the purposes of Article 19, Item 12 of Article 24(2) and Item 1 of Article 28(2) herein, shall be the following, concluded by:

a) insurers licensed according to the Insurance Code, or by insurers with a registered office in a Member State of the European Union, or in another State which is a Contracting Party to the Agreement on the European Economic Area, carrying on business under either the right of establishment or the freedom to provide services:

(aa) life assurance, which covers assurance on survival to a stipulated age, assurance on death only, assurance on survival to a stipulated age or on earlier death, referred to in Item 1 (a) and Item 3 (a) of Section I of Annex No. 1 to the Insurance Code;

(bb) retirement or annuity insurance referred to in Item 1 (b) and Item 3 (b) of Section I of Annex No. 1 to the Insurance Code.

(b) insurers established in a State that is a Member country of the Organisation for Economic Co-operation and Development, assurances analogous to the assurances referred to in Littera (a).

15. "Income accruing from investment of technical provisions" shall be the portion of the net financial income from investment of the resources in the mathematical (premium) provisions as distributed by an insurer to the individual accounts of the insured.

16. "Insurance benefit" shall be insurance benefit within the meaning given by the Insurance Code.

17. "Ground rent" shall be income accruing to the owner of agricultural land for the use of the said land from a cooperative registered under the Cooperatives Act.

18. "Rent charge" shall be income accruing to a lessor by virtue of a contract of tenancy.

19. "Producer dividends" shall be the dividends distributed to the members of a cooperative for output thereby produced and sold to the said cooperative.

20. "Consumer dividends" shall be the dividends distributed for consumer goods which the members of a cooperative purchase from the said cooperative.

21. (Amended, SG No. 95/2009, effective 1.01.2010) "Unprocessed agricultural product" shall be any primary product obtained from plants and animals which is used in its natural form, without being subject to technological processing or treatment as a result of which any physico-chemical changes have occurred in the composition.

22. (Repealed, SG No. 106/2008, effective 1.01.2009).□

23. (Repealed, SG No. 106/2008, effective 1.01.2009).□

24. (Supplemented, SG No. 106/2008, effective 1.01.2009, amended, SG No 32/2009, effective 1.01.2010)□ "Medical-treatment facilities" shall be the medical-treatment facilities under the Medical-Treatment Facilities Act.

25. "Donation for culture" shall be the assistance provided gratuitously under the terms and according to the procedure established by the Financial Support for Culture Act.

26. "Employment relationships" shall be:

(a) the legal relationships with factory and office workers under the Labour Code;

(b) (supplemented, SG No. 61/2015, effective 1.11.2015)□ the legal relationships with civil servants and the legal relationships between the Minister of Defence and the Minister of Interior or officials authorised thereby, of the one part, and the employees of the relevant ministries, of the other part, as well as service employment relations between the head of the National Service for Protection, of the one part, and the officers and sergeants, of the other part;

(c) (supplemented, SG No. 64/2007, amended, SG No. 81/2012, effective 1.09.2012)□ the legal relationships with the members of the Supreme Judicial Council, the Inspector General and the inspectors of the Inspectorate at the Supreme Judicial Council, the judges, prosecutors, investigating magistrates, administrative heads and the deputies thereof in the judicial authorities specified in the Judiciary System Act, including with the junior-judge and junior-prosecutor candidates in relation to the

remuneration during the period of training thereof, as well as the legal relationships under the Constitutional Court Act;

the legal relationships with the members of the Supreme Judicial Council, the Inspector General and the inspectors of the Inspectorate at the Supreme Judicial Council, the judges, prosecutors, investigating magistrates, administrative heads and the deputies thereof in the judicial authorities, including with the junior-judge and junior-prosecutor candidates in relation to the remuneration during the period of training thereof, as well as the legal relationships under the Constitutional Court Act;

(d) the legal relationships between the Bulgarian Orthodox Church or another registered denomination under the Religious Denominations Act, of the one part, and the ministers of the said Church or denomination holding a spiritual title, of the other part;

(e) (amended, SG No. 99/2011, effective 1.01.2012) legal relationships with any persons deriving income from elective office;

(f) (amended, SG No. 113/2007) the legal relationships associated with the hiring of workers by a non-resident person, where the work is performed within the territory of the country, as well as the legal relationships on hiring of workers of a resident natural persons by a non-resident person, where the work is performed outside the territory of the country;

(g) (new, SG No. 113/2007) the legal relationships between an employer referred to in Item 27 and a resident or a non-resident natural person, where the said legal relationships are established under a contract for hiring-out of workers between the employer and a third party;

(h) (new, SG No. 113/2007, supplemented, SG No. 109/2013, effective 1.01.2014) the legal relationships under management and control contracts, inter alia with the members of management and supervisory bodies of enterprises, outside the cases referred to in Item 9 of Article 37 (1) herein;

(i) (new, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 97/2016, effective 1.01.2017) the legal relationships, regardless of the grounds for the formation thereof, with partners and cooperative members, as well as with shareholders owning more than 5 per cent of the capital of the joint-stock company, for performance of work in person at the corporations and cooperatives wherein they are partners, cooperative members or shareholders, outside the cases referred to in Article 37 (1) herein;

(j) (new, SG No. 99/2011, effective 1.01.2012, repealed, SG No. 96/2019, effective 1.01.2020);

(k) (new, SG No. 96/2019, effective 1.01.2020) the legal relationships between a sports club and professional athletes under Article 77 (1) of the Physical Education and Sports Act and the legal relationships between a sports club and coaches under Article 78 (1) of the same Act.

27. (Supplemented, SG No. 113/2007, amended, SG No. 95/2015, effective 1.01.2016) "Employer" shall be:

(a) any resident person, non-resident person carrying out activity through a permanent establishment or a fixed base within the territory of the country, as well as any representative office under the Investment Promotion Act, who or which hires natural persons under employment relationships or is a party to a contract for hiring-out of workers by a non-resident person;

(b) a diplomatic mission of another State, which has elected to assess, to withhold and to remit a tax on income under legal relationships covered under Item 26, concluded with resident natural persons, in connection with the functions implemented by the said mission in the Republic of Bulgaria; the election shall be exercised with the mission notifying the competent National Revenue Agency territorial directorate not later than on the 31st day of December of the previous year that the said mission wishes to withhold and to remit a tax according to the procedure established by this Act in respect of the local staff; the election shall apply

to an indefinite number of tax years without interruption and may be discontinued if the diplomatic mission notifies the competent National Revenue Agency territorial directorate of this in writing not later than on the 30th day of November of the previous year.

28. (Amended, SG No. 98/2018, effective 1.01.2019) "Practice of a skilled craft" shall be the manufacture of articles or the provision of services carried out by a natural person practising a skilled craft under the Skilled Crafts Act, who is not registered as a sole trader.

29. "Persons practising a liberal profession" shall comprehend: professional accountants; consultants; auditors; lawyers; notaries; private enforcement agents; jurors; experts with the court and the prosecuting magistracy; licensed appraisers; industrial property agents; medical specialists; translators and interpreters; architects; engineers; site managers; intellectuals, educators, artists and scientists; insurance agents; other natural persons in respect of whom the following conditions simultaneously exist:

(a) they carry out a professional activity for their own account;

(b) they are not registered as sole traders;

(c) they are self-insured persons within the meaning given by the Social Insurance Code.

30. "Non-employment relationships" shall be the legal relationships other than such referred to in Items 26, 28 and 29, by virtue of which a natural person, who is not a sole trader, owes the achievement of a specific result.

31. "Intellectual property" shall be the property of any scientific, artistic or literary work, including cinematograph films and television films and recordings for transmission by radio or television; the property of any patent, trade mark, industrial design or utility model, drawing, plan, secret formula or process, as well as of information concerning industrial, commercial or scientific experience (know-how).

32. (Amended, SG No. 113/2007) "Owners' equity of an enterprise" in connection with the application of Article 33 (11) herein, shall be the balance-sheet value of the assets net of the balance-sheet value of the liabilities of the enterprise.

33. "Enterprise" shall be an enterprise within the meaning given by the Accountancy Act, as well as a representative office under the Investment Promotion Act and a contribution payment centre established in pursuance of Article 8 of the Social Insurance Code.

34. "Tax convention" shall refer to:

(a) any convention for the avoidance of double taxation with respect to taxes on income;

(b) any convention for the avoidance of double taxation with respect to taxes on income and capital gains;

(c) any convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income;

(d) any convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains;

(e) any convention or treaty for the avoidance of double taxation of income derived from international air transport, regardless of whether the said conventions or treaties are inter-state or inter-governmental.

35. (Amended, SG No. 96/2019, effective 1.01.2020) "Foreign tax credit" shall be the right, enjoyable under conditions as specified by this Act, to deduct a profits tax or a tax on income already paid abroad.

36. "Repeated violation" shall be any violation which is committed within one year after the entry into effect of a penalty decree whereby the offender was penalised for a violation of the same kind.

37. (Repealed, SG No. 113/2007).□

38. (Repealed, SG No. 113/2007).□

39. (Repealed, SG No. 113/2007).□

40. (Repealed, SG No. 113/2007).□
41. (Repealed, SG No. 113/2007).□
42. (Repealed, SG No. 113/2007).□
43. (Repealed, SG No. 113/2007).□
44. (Repealed, SG No. 113/2007).□
45. (Repealed, SG No. 113/2007).□
46. (Repealed, SG No. 113/2007).□

47. "Weighted average price" shall be the price which is determined according to the following formula:

$$WAP = \frac{CA_1 \times NA_1 + CA_2 \times NA_2 + \dots + CA_n \times NA_n}{NA_1 + NA_2 + \dots + NA_n},$$

where:

WAP shall be the weighted average price;

CA<sub>1,2...n</sub> shall be the cost of acquisition of the relevant financial asset;

NA<sub>1,2...n</sub> shall be the number of financial assets acquired at a price of CA<sub>1,2...n</sub>.

48. (Repealed, SG No. 113/2007).□

49. (Repealed, SG No. 63/2017, effective 1.01.2022).□

50. (Repealed, SG No. 63/2017, effective 1.01.2022).□

51. (New, SG No. 113/2007) "Residential immovable property", in connection with the application of Item 1 of Article 13 (1) herein, shall be a corporeal immovable which, at the time of the sale or exchange, may serve for the satisfaction of housing needs.

52. (New, SG No. 95/2009, effective 1.01.2010, supplemented, SG No 94/2010, effective 1.01.2011) "Principal employment relationship" shall be the employment relationship referred to in Item 26, whereof the formation predates the formation of any other employment relationships with the same person. Upon determination of the principal employment relationship, the employment relationships referred to in Item 26 (i) shall be ignored.

53. (New, SG No. 95/2009, effective 1.01.2010) "Annual activity report" shall be the report referred to in Article 20 (4) of the Statistics Act.

54. (New, SG No. 95/2009, effective 1.01.2010) "Seafarer" shall be a natural person occupying a position under an employment relationship as a member of the complement of a seagoing vessel entered into the register of ships of a Member State of the European Union, regardless of whether on shore or on board, holding a licence of competence and a certificate of supplementary and/or specialist training acquired according to the procedure established by the ordinance referred to in Article 87 (1) of the Merchant Shipping Code.

55. (New, SG No. 94/2010, effective 1.01.2011) "Preferential tax treatment jurisdictions" shall be those within the meaning given by the Corporate Income Tax Act.

56. (New, SG No. 31/2011, effective 1.01.2011, amended, SG No. 100/2013 effective 1.01.2014, SG No. 12/2015) "Income accruing from economic activity carried out by natural persons" for the purposes of Article 29a herein shall be the income accruing from the business of production of processed or unprocessed agricultural products, with the exception of incomes from growing of ornamental plants, accruing to any natural persons registered as farmers who are not merchants within the meaning given by the Commerce Act.

57. (New, SG No. 94/2012, effective 1.01.2013) "Tax value" for the purposes of Item 10 of Article 33 (6) herein shall be such value within the meaning given by Article 53 (4) of the Corporate Income Tax Act.

58. (New, SG No. 94/2012, effective 1.01.2013) "Deposit accounts" shall be bank accounts on which money are kept for a fixed term in consideration of remuneration (interest payment).

59. (New, SG No. 94/2012, effective 1.01.2013) "State cash prize for special services to the Bulgarian State and the nation" shall be the State cash prize bestowed on persons for exceptional achievement and lifetime contribution in the field of culture, science, education, defence and national security, healthcare, sports, etc., for strengthening and development of civil society, democratic institutions and protection of human rights and freedoms, for fight against disasters and accidents, for environmental protection and for exhibited personal courage, bestowed according to the procedure established by the Awards of Merits for Exceptional Services to the Bulgarian State and Nation Act.

60. (New, SG No. 105/2014, effective 1.01.2014, amended, SG No. 22/2015 effective 1.01.2014) "Undertaking in difficulty" for the purposes of Article 48 (7) herein shall be an undertaking within the meaning of Commission Regulation (EU) No. 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union and repealing Commission Regulation (EU) No. 1857/2006 (OJ L 193/1 of 1 July 2014).

61. (New, SG No. 22/2015, effective 1.01.2014) "Large enterprises" shall be enterprises that do not meet the criteria, defined in Annex I to Commission Regulation (EU) No. 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union and repealing Commission Regulation (EU) No. 1857/2006.

62. (New, SG No. 97/2016, effective 1.01.2017, amended, SG No. 98/2018 effective 1.01.2019) "Merchandise award of insignificant value" for the purposes of Item 21 of Article 13 herein shall be a merchandise award of a market price not exceeding BGN 100.

**§ 2.** This Act transposes the provisions of Council Directive 90/434/EEC on the common system of taxation applicable to mergers, divisions, partial divisions, transfers or assets and exchanges of shares concerning companies of different Member States and to the transfer of the registered office, of an SE or SCE, between Member States and Council Directive 2003/48/EC on taxation of savings income in the form of interest payments.

## **TRANSITIONAL AND FINAL PROVISIONS**

**§ 3.** The Personal Income Tax Act (promulgated in the State Gazette No. 118 of 1997, modified by Constitutional Court Decision No. 6 of 1998, promulgated in No. 35 of 1998; amended in Nos. 71 and 153 of 1998, Nos. 50, 103 and 111 of 1999, No. 105 of 2000, No. 110 of 2001, Nos. 40, 45, 61 and 118 of 2002, Nos. 42, 67, 95 and 112 of 2003, Nos. 36, 37, 53, 70 and 108 of 2004, Nos. 43, 102, 103 and 105 of 2005, Nos. 17 and 63 of 2006) is hereby superseded.

**§ 4.** (1) Any person, who or which is a principal employer within the meaning given by the Personal Income Tax Act as superseded at the 31st day of December 2006, shall recalculate finally the tax on the income from employment relationships and legal relationships equivalent to an employment relationship on an annual basis according to the procedure established by the said Act not later than the 31st day of January 2007.

(2) Article 49 (5), (6) and (7) herein shall apply to the difference in the tax in connection with the recalculation referred to in Paragraph (1).

(3) The employers within the meaning given by the Personal Income Tax Act as superseded shall issue the certificate referred to in Article 38 of the said Act on the income from employment relationships received during 2006.

**§ 5.** The amount of the tax prepayment upon the final payment of the income in



respect of taxable income from employment relationships within the meaning of this Act, charged but unpaid prior to the entry of this Act into force, shall be determined according to Article 42 (3) herein.

**§ 6.** (1) Any income received prior to the entry of this Act into force, other than income from employment relationships, and which is subject to taxation under the Personal Income Tax Act as superseded, in respect of which the date of acquisition of the income under this Act is after the 1st day of January 2007, shall be deducted upon determination of the taxable income under this Act.

(2) The portion of the taxable income which, in pursuance of Article 22 (2) of the Personal Income Tax Act as superseded, was ignored upon determination of the tax base within the meaning given by the said Act, shall be declared as taxable income under this Act during the following tax years until depletion of the remainder of the years referred to in Article 22 (2) of the Personal Income Tax Act as superseded.

**§ 7.** (1) Any income received in 2006 and subject to declaring according to the procedure established by the Personal Income Tax Act as superseded shall be declared not later than the 15th day of April 2007 by submission of the annual tax return referred to in Article 41 of the said Act.

(2) Any enterprises, which paid any income other than income from employment relationships and pensions to natural persons in 2006, shall submit the statement referred to in Article 57 of the Personal Income Tax Act as superseded not later than the 15th day of April 2007.

**§ 8.** (1) The tax due on any income received during 2006 shall be remitted within the time limits and according to the procedure established by the Personal Income Tax Act as superseded.

(2) A rebate in respect of the tax remitted under Paragraph (1) shall be enjoyed under the terms, according to the procedure and at the rate established by the Personal Income Tax Act as superseded.

**§ 9.** The standard forms of an annual tax return for 2006 and the statement for 2006 referred to in Article 57 of the Personal Income Tax Act as superseded shall be endorsed not later than the 10th day of January 2007 by an order of the Minister of Finance, which shall be promulgated in the State Gazette.

**§ 9a.** (New, SG No. 105/2014, effective 1.01.2015) The incomes accruing from the business of production of unprocessed plant and animal produce, carried on by natural persons registered as tobacco producers and agricultural producers, including such carrying out activity in a sole-trader capacity, with the exception of the incomes accruing from growing of ornamental plants, paid in 2014 in the form of State aids, subsidies and other support from the European Agricultural Guarantee Fund, the European [Agricultural] Fund for Rural Development and from the State Budget, shall be excluded from the taxable income under Articles 26 and 29 [of the Income Taxes on Natural Persons Act] and shall not be subject to levy of a tax where the said incomes are for 2009 or for previous years. The said incomes shall be declared in the annual tax return under Article 50 of the Income Taxes on Natural Persons Act for 2014.

**§ 9b.** (New, SG No. 105/2014, effective 1.01.2015) The provisions of Article 53 hereir shall furthermore apply upon the declaring of the income for 2014 in the annual tax return under Article 50 herein.

**§ 10.** (Effective 24.11.2006) The standard forms of the Statement of Amounts Paic and the certificate referred to in Article 45 (4) herein, of the certificate referred to in Article 58 herein and of the tax return referred to in Article 59 (1) herein shall be endorsed not later than the 31st day of December 2006 by orders of the Minister of

Finance. The said standard forms and orders shall be promulgated in the State Gazette.

**§ 10a.** (New, SG No. 41/2009, effective 1.07.2009) (1) Any persons with a type and extent of disability of 50 per cent and exceeding 50 per cent, as determined by a valid decision of a competent body, shall enjoy the tax relief for persons with reduced working capacity according to the procedure established by this Act.

(2) Any persons in respect of whom an extent of durably reduced working capacity has been determined for life until the 31st day of December 2009 according to the procedure established by the Health Act, and any persons with an extent of durably reduced working capacity has been determined for life by virtue of § 3 of the Transitional and Final Provisions of the Health Act, shall be considered persons with a type and extent of disability determined for life.

(3) (New, SG No. 99/2011, effective 1.01.2012) Any persons who have lost 50 per cent and more than 50 per cent of the working capacity thereof, which loss has been established after attainment of the age required for acquisition of entitlement to contributory-service and retirement-age pension under Article 68 of the Social Insurance Code, as well as any persons who have attained the age required for acquisition of entitlement to contributory-service and retirement-age pension under Article 68 of the Social Insurance Code within the period of the decision of the Territorial Medical Expert Board (National Medical Expert Board), shall enjoy a tax relief for persons with reduced working capacity according to the procedure established by this Act regardless of the period fixed in the expert decision.

**§ 10b.** (New, SG No. 49/2010, effective 1.07.2010) The taxable income under an employment relationships shall exclude the remunerations paid under Item 1 of § 22n of the Transitional and Final Provisions of the Social Insurance Code.

**§ 11.** In the Social Insurance Code (promulgated in the State Gazette No. 110 of 1999; modified by Constitutional Court Decision No. 5 of 2000, promulgated in No. 55 of 2000; amended in No. 64 of 2000, Nos. 1, 35, and 41 of 2001, Nos. 1, 10, 45, 74, 112, 119 and 120 of 2002, Nos. 8, 42, 67, 95, 112 and 114 of 2003, Nos. 12, 38, 52, 53, 69, 70, 112 and 115 of 2004, Nos. 38, 39, 76, 102, 103, 104 and 105 of 2005, Nos. 17, 30, 34, 56, 57, 68 and 82 of 2006), the words "the Personal Income Tax Act" shall be replaced passim by "the Income Taxes on Natural Persons Act".

**§ 12.** In the Protection Against the Harmful Impact of Chemical Substances and Preparations Act (promulgated in the State Gazette No. 10 of 2000; amended in No. 91 of 2002, Nos. 86 and 114 of 2003, Nos. 100 and 101 of 2005, Nos. 30 and 34 of 2006), in Item 17 of § 1 of the Supplementary Provision, the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 13.** In the Health Insurance Act (promulgated in the State Gazette No. 70 of 1998 amended in Nos. 93 and 153 of 1998, Nos. 62, 65, 67, 69, 110 and 113 of 1999, Nos. 1, 31 and 64 of 2000, No. 41 of 2001, Nos. 1, 54, 74, 107, 112, 119 and 120 of 2002, Nos. 8, 50, 107 and 114 of 2003, Nos. 28, 38, 49, 70, 85 and 111 of 2004, Nos. 39, 45, 76, 99, 102, 103 and 105 of 2005, Nos. 17, 18, 30, 33, 34 and 59 of 2006), in Article 42 (1) and (3) and § 19d (5) of the Transitional and Final Provisions, the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 14.** In the Integration of Persons with Disabilities Act (promulgated in the State Gazette No. 81 of 2004; amended in Nos. 28, 88, 94, 103 and 105 of 2005, Nos. 18, 30, 33, 37 and 63 of 2006), in Article 40 (3) and Article 41, the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 15.** In the Act Conferring Certain Rights on Persons Who Have Served as President of the Republic of Bulgaria (promulgated in the State Gazette No. 59 of 2003), in

Article 2 (2), the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 16.** In the Family Allowances Act (promulgated in the State Gazette No. 32 of 2002 amended in No. 120 of 2002, No. 112 of 2003, No. 69 of 2004, No. 105 of 2005, Nos 21, 30, 33 and 68 of 2006), in Item 2 of § 1 of the Supplementary Provisions, the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 17.** In the Local Elections Act (promulgated in the State Gazette No. 66 of 1995 corrected in No. 68 of 1995; modified by Constitutional Court Decision No. 15 of 1995, promulgated in No. 85 of 1995; amended in No. 33 of 1996; modified by Constitutional Court Judgment No. 4 of 1997, promulgated in No. 22 of 1997, amended in Nos. 11 and 59 of 1998, Nos. 69 and 85 of 1999, No. 29 of 2000, No. 24 of 2001, No. 45 of 2002, Nos. 69 and 93 of 2003, No. 28 of 2005, Nos. 17, 24, 30 and 69 of 2006), in Article 33 (2), the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 18.** In the Election of Members of Parliament Act (promulgated in the State Gazette No. 37 of 2001; modified by Constitutional Court Judgment No. 8 of 2001, promulgated in No. 44 of 2001; amended in No. 45 of 2002, Nos. 28, 32 and 38 of 2005, Nos. 24, 30 and 63 of 2006), in Article 15a, the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 19.** In the Tax and Social-Insurance Procedure Code (promulgated in the State Gazette No. 105 of 2005, amended in Nos. 30, 33, 34, 59, 63, 73, 82 and 86 of 2006), in Item 1 of Article 178 (2), the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 20.** In the Election of President and Vice President of the Republic Act (promulgated in the State Gazette No. 82 of 1991; amended in No. 98 of 1991, No. 44 of 1996, No 59 of 1998, Nos. 24, 80 and 90 of 2001, No. 45 of 2002, No. 28 of 2005, Nos. 24 and 63 of 2006), in Article 10l (3), the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

**§ 21.** This Act shall enter into force on the 1st day of January 2007, with the exception of § 10, which shall enter into force on the day of promulgation of the Act in the State Gazette.

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This Act was passed by the 40th National Assembly on the 9th day of November 2006 and the Official Seal of the National Assembly has been affixed thereto.

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## TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Income Taxes on Natural Persons Act

(SG No. 113/2007, effective 1.01.2008)

**§ 48. (1)** A final tax under Article 38 (8) of the Income Taxes on Natural Persons Act shall be levied on the gross amount of taxable incomes from life assurance acquired on the date of modification of the contract of insurance, in respect of which a relief under Article 19 herein has been enjoyed according to the procedure of the Personal Income Tax Act (promulgated in the State Gazette No. 118 of 1997; modified by Constitutional Court Decision No. 6 of 1998, promulgated in No. 35 of 1998; amended in Nos. 71 and 153 of 1998, Nos. 50, 103 and 111 of 1999, No. 105 of 2000, No. 110 of 2001, Nos. 40, 45, 61 and 118 of 2002, Nos. 42, 67, 95 and 112 of 2003, Nos. 36, 37, 53, 70 and 108 of 2004, Nos. 43, 102, 103 and 105 of 2005, Nos. 17, 63 and 102

of 2006; repealed in No. 95 of 2006) as repealed, into a contract in respect of which a tax relief under Article 19 of the Income Taxes on Natural Persons Act is enjoyable.

(2) A final tax shall not be levied on the income referred to in Article 38 (8) of the Income Taxes on Natural Persons Act, corresponding to the portion of the payments/premiums, for which a tax relief has not been enjoyed under the Personal Income Tax Act as repealed.

§ 49. The reliefs for durably reduced working capacity, as provided for in the Act, shall be enjoyable for life where the period of validity of the expert decision of the Territorial Medical Expert Board/National Medical Expert Board has not expired at the 31st day of December 2004 and the person has attained the age of 65 years before that date or within the period of validity of the expert decision.

§ 50. (1) The income referred to in Article 33 (3) of the Income Taxes on Natural Persons Act, in respect of which the date of transfer of ownership precedes the 1st day of January 2007, shall be deemed to be acquired on the date determined in Article 11 (1) of the Income Taxes on Natural Persons Act.

(2) The income referred to in Article 33 (11) of the Income Taxes on Natural Persons Act, in respect of which the date of the judgment of court on the transfer precedes the 1st day of January 2007, shall be deemed to be acquired on the date determined in Article 11 (1) of the Income Taxes on Natural Persons Act.

§ 51. (1) The provisions of the Income Taxes on Natural Persons Act or of the Personal Income Tax Act as repealed shall apply to any liabilities for a final annual (licence) tax which have been incurred until the 31st day of December 2007 inclusive, and the said liabilities shall be ascertained, secured and collected according to the procedure established by the Tax and Social-Insurance Code by the authorities of the National Revenue Agency.

(2) Any proceedings for ascertainment, securing and collection of liabilities for a final annual (licence) tax, initiated by the 31st day of December 2007, shall be completed by the authorities of the National Revenue Agency.

§ 52. This Act shall enter into force as from the 1st day of January 2008.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Income Taxes on Natural Persons Act

(SG No. 106/2008, effective 1.01.2009)

§ 19. The statement referred to in Article 73 (1) on the income paid to natural persons during the tax year 2008 shall also include the income covered under Article 38 (1), paid during the same year, when the said income is not included in a statement on prior tax years.

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#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Income Taxes on Natural Persons Act

(SG No. 95/2009, effective 1.01.2010, supplemented, SG No. 99/2009, effective 1.01.2010, amended, SG No. 100/2013, effective 1.01.2014, SG No. 58/2017, effective 18.07.2017)

§ 24. Where any income referred to in Item 26 (i) of § 1 of the Supplementary Provisions [of the Income Taxes on Natural Persons Act] has been charged but unpaid until the 31st day of December 2009, the amount of the tax prepayment due shall be determined according to the procedure established by Article 42 [of the Income Taxes on Natural Persons Act] on the basis of the monthly tax base determined in respect of the income paid during the month concerned.

§ 25. Article 51 [of the Income Taxes on Natural Persons] shall furthermore apply in

respect of the annual activity report for 2009. Annual financial statements for 2009 and auditor's reports thereto shall not be submitted to the National Revenue Agency.

§ 26. Tax retention under Article 48 (6) [of the Income Taxes on Natural Persons Act] shall apply after the European Commission adopts a positive decision on compatibility with the State aids rules. Provided that the European Commission adopts a positive decision until the 31st day of March 2011, retention may be applied for 2010 as well. Retention of tax prepayments of agricultural producers shall be inadmissible until the date of the positive decision of the European Commission.

§ 27. (Amended, SG No. 58/2017, effective 18.07.2017) The administrator of the State aid referred to in Article 48 (6) [of the Income Taxes on Natural Persons Act] shall be the Minister of Agriculture, Food and Forestry. The Minister of Agriculture, Food and Forestry shall notify the European Commission according to the procedures established in the State Aids Act.

§ 28. (Amended, SG No. 100/2013, effective 1.01.2014) The tax relief referred to in Article 48 (6) shall be enjoyable until the 31st day of December 2013 inclusive in respect of the tax on the annual tax base under Article 28 herein for 2013.

§ 29. The tax prepayment on income from employment relationships of seafarers, charged after the 31st day of December 2009 for prior tax years, shall be determined according to the procedure established by Article 42 (4) [of the Income Taxes on Natural Persons Act], effective at the date whereat the income was charged.

§ 29a. (New, SG No. 99/2009, effective 1.01.2010) The loans of money referred to in Item 5 of Article 50 (1) [of the Income Taxes on Natural Persons Act] shall likewise be declared by the annual tax return under Article 50 [of the Income Taxes on Natural Persons Act] for 2009.

.....

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Income Taxes on Natural Persons Act

(SG No. 31/2011, effective 1.01.2011)

§ 15. The incomes accruing from the business of production of unprocessed plant and animal produce, carried on by natural persons registered as tobacco producers and agricultural producers, including such carrying out activity in a sole-trader capacity, with the exception of the incomes accruing from growing of ornamental plants, paid in 2010 in the form of State aids, subsidies and other support from the European Agricultural Guarantee Fund, the European [Agricultural] Fund for Rural Development and the State budget, shall be excluded from the taxable income under Article 29 and Article 26 [of the Income Taxes on Natural Persons Act] and shall not be subject to levy of a tax where the said incomes are for 2009 or for previous years. The said incomes shall be declared in the annual tax return under Article 50 [of the Income Taxes on Natural Persons Act] for 2010, being stated with Code 10 in Schedule 3 and 3a, Part 1, Table 1.

§ 16. The declaration referred to in Article 29a (4) [of the Income Taxes on Natural Persons Act], whereby the persons referred to in Article 29a (3) [of the Income Taxes on Natural Persons Act] exercise the option thereof for 2011, shall be submitted not later than on the 31st day of May 2011.

§ 17. (1) Registered tobacco producers and agricultural producers, regardless of the registration thereof under the Value Added Tax Act, may opt to have the taxable income thereof for 2010 determined under Article 26 [of the Income Taxes on Natural Persons Act] and to be taxed on the annual tax base under Article 28 [of the Income Taxes on Natural Persons Act].

(2) The option referred to in Paragraph (1) shall be declared in the annual tax

return under Article 50 [of the Income Taxes on Natural Persons Act] for 2010, and if such a return has been submitted prior to the promulgation of this Act in the State Gazette, the said option shall be declared by means of submission of a new declaration not later than the 30th day of April 2011.

.....  
§ 22. This Act shall enter into force as from the 1st day of January 2011, with the exception of § 8 herein, which shall enter into force as from the beginning of the month following the month of promulgation of this Act in the State Gazette.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Income Taxes on Natural Persons Act

(SG No. 99/2011, effective 1.01.2012)

§ 17. Any income from rent or other onerous provision of property having a condominium project status, managed in the form of a general meeting of owners, which has been charged but was unpaid until the 31st day of December 2011, shall be taxed according to the procedure established by Article 38 (12) [of the Income Taxes on Natural Persons Act] upon the payment of the said income.

§ 18. The incomes accruing from the business of production of unprocessed plant and animal produce, carried on by natural persons registered as tobacco producers and agricultural producers, including such carrying out activity in a sole-trader capacity, with the exception of the incomes accruing from growing of ornamental plants, paid in 2011 in the form of State aids, subsidies and other support from the European Agricultural Guarantee Fund, the European [Agricultural] Fund for Rural Development and the State budget, shall be excluded from the taxable income under Articles 26 and 29 [of the Income Taxes on Natural Persons Act] and shall not be subject to levy of a tax where the said incomes are for 2009 or for previous years. The said incomes shall be declared in the annual tax return under Article 50 [of the Income Taxes on Natural Persons Act] for the respective year.

§ 19. Article 48 (8), Article 52 (1) and (2) and Article 53 (4) [of the Income Taxes on Natural Persons Act] shall furthermore apply to the taxation of income for 2011.

.....  
§ 21. This Act shall enter into force as from the 1st day of January 2012, with the exception of § 1 herein, which shall enter into force as from the day of promulgation of the said Act in the State Gazette.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Value Added Tax Act

(SG No. 94/2012, effective 1.01.2013)

.....  
§ 58. The incomes accruing from the business of unprocessed plant and animal produce, carried on by natural persons registered as tobacco producers and agricultural producers, including such carrying out activity in a sole-trader capacity, with the exception of the incomes accruing from growing of ornamental plants, paid in 2012 in the form of State aids, subsidies and other support from the European Agricultural Guarantee Fund, from the European [Agricultural] Fund for Rural Development and from the State budget, shall be excluded from the taxable income under Articles 26 and 29 of the Income Taxes on Natural Persons Act and shall not be subject to levy of a tax where the said incomes are for 2009 or for previous years. The said incomes shall be declared in the annual tax return under Article 50 of the Income Taxes on Natural Persons Act for 2012.

§ 59. The final tax remitted in the fourth quarter of 2012 for income charged/paid to non-resident persons under Chapter Six of the Income Taxes on Natural Persons Act

shall be declared within the time limits and according to the procedure effective as at the 31st day of December 2012, referred to in Section II of Chapter Eleven of the Income Taxes on Natural Persons Act.

§ 60. The taxes due on income charged/paid to natural persons until the 31st day of December 2012, which are subject to remittance after the 1st day of January 2013, as well as the taxes due but unremitted as at the 31st day of December 2012, shall likewise be declared according to the procedure established by Section II of Chapter Eleven of the Income Taxes on Natural Persons Act. The time limit for submission of the tax return under Article 55 (1) of the Income Taxes on Natural Persons Act for taxes due but unremitted as at the 31st day of December 2012 shall be the 31st day of July 2013.

.....

§ 65. This Act shall enter into force as from the 1st day of January 2013, with the exception of Item 2 (a), Items 3, 4 and 6 of § 61 herein, Item 7 of § 61 herein in respect of Article 86 (7) [of the Value Added Tax Act], and Item 9 of § 61 and § 64 herein, which shall enter into force as from the day of promulgation of this Act in the State Gazette, Item 5 of § 61 herein, Item 7 of § 61 herein in respect of Article 86 (5) and (6) [of the Value Added Tax Act], and Item 8 of § 61 herein, which shall enter into force as from the 1st day of April 2013, and Item 9 (c) of § 47 herein in respect of Article 159 (5) [of the Value Added Tax Act] and Item 11 of § 47 herein, which shall enter into force as from the 1st day of July 2013.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Income Taxes on Natural Persons Act

(SG No. 100/2013, effective 1.01.2014, amended, SG No. 105/2014, effective 1.01.2015, SG No. 22/2015, effective 1.01.2014)

.....

§ 11. The declaration referred to in Article 29a (4) [of the Income Taxes on Natural Persons Act], whereby the persons registered under the Value Added Tax Act referred to in Article 29a (1) [of the Income Taxes on Natural Persons Act] exercise the option thereof for 2014, shall be submitted not later than on the 31st day of January 2014.

§ 12. The incomes accruing from the business of production of unprocessed plant and animal produce, carried on by natural persons registered as tobacco producers and agricultural producers, including such carrying out activity in a sole-trader capacity, with the exception of the incomes accruing from growing of ornamental plants, paid in 2013 in the form of State aids, subsidies and other support from the European Agricultural Guarantee Fund, the European [Agricultural] Fund for Rural Development and the State Budget, shall be excluded from the taxable income under Articles 26 and 29 [of the Income Taxes on Natural Persons Act] and shall not be subject to levy of a tax where the said incomes are for 2009 or for previous years. The said income shall be declared in the annual tax return under Article 50 of the Income Taxes on Natural Persons Act for 2013.

§ 13. (Amended, SG No. 105/2014, effective 1.01.2015, SG No. 22/2015, effective 1.01.2014) (1) The tax relief under Article 48 (6) [of the Income Taxes on Natural Persons Act] may be enjoyed until the 31st day of December 2020 only after obtaining a receipt with the final identification number of the aid from the European Commission in accordance with Commission Regulation (EU) No. 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty on the Functioning of the European Union and repealing Commission

Regulation (EU) 1857/2006. In case the receipt from the European Commission is obtained prior to the 31st day of March 2015, the tax relief may be applied to 2014. Retention of tax prepayment of a tax on the annual tax base under Article 28 [of the Income Taxes on Natural Persons Act] by farmers shall be inadmissible until the date of obtaining the receipt from the European Commission with the final identification number of the aid.

(2) The tax relief referred to in Article 48 (6) [of the Income Taxes on Natural Persons Act] shall constitute a fiscal successor scheme within the meaning of the Regulation referred to in Paragraph (1), because that activity is already covered by a prior scheme in the form of a tax relief and therefore it shall be permissible for the investing in assets under Article 48 (6) [of the Income Taxes on Natural Persons Act] to have commenced even prior to obtaining the receipt from the European Commission with the final identification number of the aid, but after the 31st day of December 2013.

§ 14. This Act shall enter into force as from the 1st day of January 2014.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Value Added Tax Act  
(SG No. 105/2014, effective 1.01.2015)

.....  
§ 46. This Act shall enter into force as from the 1st day of January 2015 with the exception of:

1. § 17 herein in respect of Article 154 (2) and Article 156 (2) [of the Value Added Tax Act], which shall enter into force as from the day of promulgation of the Act in the State Gazette;

2. Item 7 (b), Items 9 to 13 and Item 19 (a), (b), (c), (d), (e) and (f) of § 39 herein in respect of Items 71 to 74, and Item 23 (a) of § 39 and Items 11 and 17 of § 42 herein, which shall enter into force as from the 1st day of January 2014;

3. Item 7 of § 34 herein, which shall enter into force as from the 1st day of January 2016, Item 21 (a) of § 34 (in respect of Item 9 of Article 84 (6) [of the Value Added Tax Act], which shall enter into force as from the 1st day of July 2015, and Item 2 (c), Items 30, 31, 32, 35 and 39 of § 34 and § 35 herein, which shall enter into force after the adoption of a positive decision by the European Commission on a notification procedure undertaken by the Ministry of Finance according to the procedure established by Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Pre-school and School Education Act  
(SG No. 79/2015, effective 1.08.2016)

.....  
§ 57. In the Income Taxes on Natural Persons Act (promulgated, SG No 95/2006; amended, No. 52, 64 and 113/2007, No. 28, 43 and 106/2008, No. 25, 32, 35, 41, 82, 95 and 99/2009, No. 16, 49, 94 and 100/2010, No. 19, 31, 35, 51 and 99/2011, No. 40, 81 and 94/2012, No. 23, 66, 100 and 109/2013, No. 1, 53, 98, 105 and 107/2014 and No. 12, 22 and 61/2015), in Article 22(1)(1)(d), the words "in accordance with the Public Education Act" shall be deleted.

.....  
§ 60. This Act shall enter into force as from the 1st day of January 2016 with the exception of:

1. Items 3, 4 and 13 of Article 22 (2) and Article 22 (3), Sections I, II and II of Chapter Six and § 58 herein, which shall enter into force as from the day of



promulgation of the Act in the State Gazette;

2. Chapter Seven herein, which shall enter into force as from the day of promulgation of the Act in the State Gazette;

3. Chapter Sixteen herein, which shall enter into force as from the 1st day of January 2017;

4. Item 1 (a) of § 46 herein, which shall enter into force as from the 1st day of August 2022.

#### TRANSITIONAL AND FINAL PROVISIONS

to the State Intelligence Agency Act  
(SG No. 79/2015, effective 1.11.2015)

.....  
§ 11. In the Income Taxes on Natural Persons Act (promulgated in the State Gazette No. 95 of 2006; amended in Nos. 52, 64 and 113 of 2007, Nos. 28, 43 and 106 of 2008, Nos. 25, 32, 35, 41, 82, 95 and 99 of 2009, Nos. 16, 49, 94 and 100 of 2010, Nos. 19, 31, 35, 51 and 99 of 2011, Nos. 40, 81 and 94 of 2012, Nos. 23, 66, 100 and 109 of 2013, Nos. 1, 53, 98, 105 and 107 of 2014, and Nos. 12, 22 and 61 of 2015), an Item 17 shall be added in Article 24 (2):

.....  
§ 31. This Act shall enter into force as from the 1st day of November 2015, with the exception of Item 4 of § 17 herein in respect of Article 69 herein, which shall enter into force as from the 1st day of January 2016.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Corporate Income Tax Act  
(SG No. 95/2015, effective 1.01.2016)

§ 16. The Income Taxes on Natural Persons Act (promulgated in the State Gazette No. 95 of 2006; amended in Nos. 52, 64 and 113 of 2007, Nos. 28, 43 and 106 of 2008, Nos. 25, 32, 35, 41, 82, 95 and 99 of 2009, Nos. 16, 49, 94 and 100 of 2010, Nos. 19, 31, 35, 51 and 99 of 2011, Nos. 40, 81 and 94 of 2012, Nos. 23, 66, 100 and 109 of 2013, Nos. 1, 53, 98, 105 and 107 of 2014, and Nos. 12, 22, 61 and 79 of 2015) shall be amended and supplemented as follows:

.....  
11. In the Act, the word "executive" [budget] shall be replaced passim by "State" [budget].

.....  
§ 17. The diplomatic missions may exercise the right to election under Item 27 (b) of § 1 of the Supplementary Provisions of the Income Taxes on Natural Persons Act for 2016 inclusive by notifying the competent National Revenue Agency territorial directorate not later than on the 31st day of January 2016.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Supplement the Local Taxes and Fees Act  
(SG No. 32/2016, effective 1.01.2017)

.....  
§ 7. (1) The permits to perform passenger transport by taxi, issued according to the procedure established by the Carriage by Road Act prior to the entry into force of this Act, shall continue in effect until the expiry of the period for which the said permits were issued but not later than the 31st day of December 2016.

(2) The certificates of drivers of passenger taxi cars, issued according to the procedure established by the ordinance referred to in Article 12a (5) [of the Local Taxes and Fees Act] prior to the entry into force of this Act, shall continue in effect until the 31st day of December 2017.

.....  
TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Corporate Income Tax Act  
(SG No. 75/2016, effective 1.01.2016)

§ 13. (1) The taxable persons shall declare the choice thereof under Article 24 (3) of the Income Taxes on Natural Persons Act for 2016 in the annual tax return for 2016.

(2) Any taxable person, which until the date of promulgation of this Act applied the procedure for taxation of the expenses in kind as non-cash income of natural persons according to the procedure established by the Income Taxes on Natural Persons Act, may elect, by so declaring by the annual tax return thereof submitted for 2016:

1. to continue to apply the said procedure until the end of 2016, or
  2. (effective 1.10.2016 - SG No. 75/2016) to apply Item 4 of Article 204 (1) [of the Corporate Income Tax Act] until the end of 2016.
- .....

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Excise Duties And Tax Warehouses Act

(SG No. 97/2016, effective 1.01.2017)

.....  
§ 51. The Income Taxes on Natural Persons Act (promulgated in the State Gazette No. 95 of 2006; amended in Nos. 52, 64 and 113 of 2007, Nos. 28, 43 and 106 of 2008, Nos. 25, 32, 35, 41, 82, 95 and 99 of 2009, Nos.16, 49, 94 and 100 of 2010, Nos. 19, 31, 35, 51 and 99 of 2011, Nos. 40, 81 and 94 of 2012, Nos. 23, 66, 100 and 109 of 2013, Nos. 1, 53, 98, 105 and 107 of 2014, and Nos. 12, 22, 61, 79 and 95 of 2015 and Nos. 32, 74 and 75 of 2016) shall be amended and supplemented as follows:

.....  
§ 52. In the cases referred to in Article 53 (2) of the Income Taxes on Natural Persons Act, upon detection in 2017 of any error in the data and circumstances as declared, the tax base and the liability for tax as determined for 2016, the taxable person may, on a single occasion not later than the 30th day of September 2017, make changes by means of submission of a new return for 2016.

§ 53. The declaration referred to in Article 29a (4) of the Income Taxes on Natural Persons Act, whereby the option referred to in Item 2 of Article 29a (6) [therein] is exercised for 2017, shall be submitted not later than the 31st day of January 2017.

§ 54. The provision of Item 2 of Article 22d (2) of the Income Taxes on Natural Persons Act shall furthermore apply upon the enjoyment of tax reliefs for 2016.

§ 55. The provision of Article 23 (3) of the Income Taxes on Natural Persons Act shall furthermore apply upon the enjoyment of tax reliefs for 2016 by the submission of an annual tax return under Article 50 of the same Act.

§ 56. The provision of Article 53 (6) of the Income Taxes on Natural Persons Act shall furthermore apply upon the declaring of the income for 2016 in the annual tax return under Article 50 of the same Act.

TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Value Added Tax Act  
(SG No. 97/2017, effective 1.01.2018)

.....  
§ 46. The provisions of Items 1 and 2 of § 45 herein shall furthermore apply to any income acquired by natural persons in 2017.

§ 47. Enterprises shall submit the return under Article 55 (1) of the Income Taxes on Natural Persons Act by electronic means only if the obligation to submit the return arises after the 31st day of December 2017.

§ 48. The taxable persons under the Income Taxes on Natural Persons Act shall enjoy the rate rebate on the balance of tax due under Article 53 (6) [of the Income Taxes on Natural Persons Act] for the annual tax return for 2017 as well.

§ 49. The time limit for submission of the statement referred to in Article 73 (1) of the Income Taxes on Natural Persons Act in respect of income paid during 2017 shall be the 15th day of March 2018.

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**TRANSITIONAL AND FINAL PROVISIONS**

to the Act to Amend and Supplement the Corporate Income Tax Act  
(SG No. 98/2018, effective 1.01.2019)

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§ 33. Items 1, 2 and 3 of § 32 herein in respect of Articles 22a, 22c and 22d of the Income Taxes on Natural Persons Act shall furthermore apply upon the enjoyment of tax reliefs for 2018.

§ 34. Item 7 and Item 20 of § 32 herein in respect of Article 45 and Article 81a (1) of the Income Taxes on Natural Persons Act shall apply to income paid after the 31st day of December 2018.

§ 35. Item 9 of § 32 herein in respect of Article 48 of the Income Taxes on Natural Persons Act shall furthermore apply upon the declaring of the income for 2018 in the annual tax return under Article 50 of the same Act.

§ 36. Item 11 and Item 12 (a) of § 32 herein in respect of Article 51 (2) and Article 53 (1) of the Income Taxes on Natural Persons Act shall furthermore apply to 2018.

§ 37. Item 10 (b), Item 12 (b) and (c), Item 18, Item 19 (a) of § 32 herein in respect of Article 50 (4), Article 53 (6) and (7), Article 73 and Article 73a (5) of the Income Taxes on Natural Persons Act shall apply to the tax returns and, respectively, to the statements in respect of which the obligation to submit arises after the 31st day of December 2019.

§ 38. Item 14 (a) of § 32 herein in respect of Article 56 (2) of the Income Taxes on Natural Persons Act shall not apply upon declaring the taxes due for 2018.

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**TRANSITIONAL AND FINAL PROVISIONS**

to the Social Services Act  
(SG No. 24/2019, effective 1.07.2020 - amended, SG No. 101/2019)

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§ 41. (1) The provisions of the Health Act, the Health Insurance Act, the Employment Promotion Act, the Legal Aid Act, the Local Taxes and Fees Act, the Veterinary Practices Act, the Bulgarian Personal Documents Act, the Civil Registrar Act and the Environmental Protection Act that are applicable to social and integrated health and social services for residential care, to the heads of such services and to the persons who use such services shall apply, respectively, to the homes for children deprived of parental care, the directors thereof and the persons placed therein until the closure of the said homes.

(2) The provisions of the Health Act, the Health Insurance Act, the Legal Aid Act, the Employment Promotion Act, the Veterinary Practices Act, the Environmental Protection Act, the War Invalids and Victims Act, the Persons with Disabilities Act and the Local Taxes and Fees act that are applicable to the social and integrated health

and social services for residential care and to the persons who use such services shall apply, respectively, to the homes for adults with mental retardation, the homes for adults with mental disorders, the homes for adults with physical disabilities, the homes for adults with sensory disorders and the homes for adults with dementia and to the persons placed therein until the closure of the said homes.

(3) Until the closure of the medical and social care homes for children, Article 124(2) of the Health Act shall apply to the children placed in the said homes.

(4) Until the closure of the homes for children deprived of parental care and the medical and social care homes for children, Article 8e (6) of the Family Allowances for Children Act, Item 3 of Article 22c (2) and Item 3 of Article 22d (2) of the Income Taxes on Natural Persons Act shall apply when children are placed in such homes.

(5) The provisions of the Income Taxes on Natural Persons Act and the Corporate Income Tax Act that are applicable to donations to the benefit of social and integrated health and social services for residential care shall apply, respectively, to the donations to homes for children deprived of parental care, the homes for adults with mental retardation, the homes for adults with mental disorders, the homes for adults with physical disabilities, the homes for adults with sensory disorders and the homes for adults with dementia until the closure of the said homes

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§ 45. (Amended, SG No. 101/2019) This Act shall enter into force as from the 1st day of July 2020 with the exception of:

1. Paragraph 6, subparagraph 5(a), Paragraph 7, subparagraph 2(a) and (b), subparagraph 3, subparagraph 6(a), subparagraph 9 and subparagraph 10, Paragraph 18(2) in the part concerning the "homes for medical and social care for children according to the Medical Treatment Facilities Act" and Paragraph 20, subparagraph 2 in the part concerning the deletion of the test "and the homes for medical and social care for children" and subparagraph 5(c), which shall enter into force on 1 January 2021;

2. Paragraph 3(4)(f), (g) and (h) and Paragraph 28, subparagraph 1(a) and subparagraphs 2 and 5, which shall enter into force on 1 January 2019;

3. Article 22(4), Article 40, Article 109(1), Article 124, Article 161(2), Paragraphs 3(6), 30, 36, 37 and 43, which shall enter into force as from the day of promulgation of this Act in the State Gazette.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Corporate Income Tax Act  
(SG No. 96/2019, effective 1.01.2020)

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§ 24. Item 1 of § 23 herein regarding Items 1, 2 and 9 of Article 23 (1) of the Income Taxes on Natural Persons Act shall furthermore apply upon the enjoyment of tax reliefs for 2019.

§ 25. Item 3 § 23 herein regarding Item 4 of Article 73 (1) of the Income Taxes on Natural Persons Act shall furthermore apply to the statements referred to in Article 73 (1) [of the Income Taxes on Natural Persons Act] for 2019.

§ 26. The income of interns under contracts concluded according to the procedure established by Ordinance No. 34 of 2006 on the Attainment of Specialist Qualifications in the Healthcare System (promulgated in the State Gazette No. 7 of 2007; amended and supplemented in No. 89 of 2007, No. 55 of 2008, Nos. 12 and 72 of 2010, No. 58 of 2011; corrected in No. 60 of 2011, No. 50 of 2012, Nos. 24 and 73 of 2013; Supreme Administrative Court Judgment No. 15612 of 2013, SG No. 59 of 2014; repealed in No. 7 of 2015) as repealed, which are not paid until the 31st day of December 2019, shall be taxed as income under employment relationships.

#### FINAL PROVISIONS

to the Act to Amend and Supplement the Foreign Exchange Act  
(SG No. 14/2020)

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§ 16. Paragraph 13 shall enter into force as from the 1st day of January 2021.

**TRANSITIONAL AND FINAL PROVISIONS**

to the Act to Amend and Supplement the Independent Financial Audit Act  
(SG No. 18/2020, effective 28.02.2020)

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§ 66. This Act shall enter into force as of the date when it is promulgated in the State Gazette, except for:

1. Paragraph 57, items 2 and § 60, which shall enter into force on 1 January 2020;

2. Paragraph 57, Item 1 which shall enter into force as of 1 January 2021.

**TRANSITIONAL AND FINAL PROVISIONS**

to the Act on the Measures and Actions during the State of Emergency  
Declared by a Resolution of the National Assembly of 13 March 2020  
(SG No. 28/2020, effective 13.03.2020,  
amended, SG No. 44/2020, effective 14.05.2020)

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§ 27. (Effective 24.03.2020 - SG No. 28/2020) (1) In 2020, the time limit referred to in Article 47 (2) of the Income Taxes on Natural Persons Act shall be extended until the 30th day of June.

(2) In 2020, the time limit for submission of the annual tax return under Article 50 of the Income Taxes on Natural Persons Act for 2019 and for remittance of the tax due under the return on the annual tax base by the persons referred to in Article 51 (1) of the said Act shall be extended until the 30th day of June.

(3) In 2020, the rate rebate referred to in Article 53 (6) of the Income Taxes on Natural Persons Act shall be enjoyed by the persons referred to in Article 51 (1) of the said Act if the return is submitted and the balance of tax due is remitted until the 31st day of May 2020.

§ 28. (Effective 24.03.2020 - SG No. 28/2020) The persons referred to in Article 51 (1) of the Income Taxes on Natural Persons Act shall apply § 25 herein mutatis mutandis, and the time limit for submission of the return referred to in § 25 (2) herein shall be the 30th day of April 2020.

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§ 52. (Amended, SG No. 44/2020, effective 14.05.2020) This Act shall enter into force as from the 13th day of March 2020 with the exception of Article 5, § 3, § 12, § 25 to 31, § 41, § 49 and § 51 herein, which shall enter into force on the date of promulgation of the said Act in the State Gazette.

**TRANSITIONAL AND FINAL PROVISIONS**

to the Act to Amend and Supplement the Value Added Tax Act  
(SG No. 104/2020, effective 1.01.2021,  
supplemented, SG No. 14/2021, effective 1.01.2021)

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§ 79. The Income Taxes on Natural Persons Act (promulgated in the State Gazette No. 95 of 2006; amended in Nos. 52, 64 and 113 of 2007, Nos. 28, 43 and 106 of 2008, Nos. 25, 32, 35, 41, 82, 95 and 99 of 2009, Nos. 16, 49, 94 and 100 of 2010, Nos. 19, 31, 35, 51 and 99 of 2011, Nos. 40, 81 and 94 of 2012, Nos 23, 66, 100 and 109 of 2013, Nos 1, 53, 98, 105 and 107 of 2014, Nos. 12, 22, 61, 79 and 95 of 2015, Nos. 32, 74, 75, 97 and 98 of 2016, Nos. 58, 63 and 97 of 2017, Nos. 15, 98, 102 and 105 of 2018, Nos. 24, 79, 96 and 101 of 2019 and Nos. 14, 18, 28, 38 and 60

of 2020) shall be amended and supplemented as follows:

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§ 80. (1) Until the 31st day of December 2025, any transactions in units and shares in collective investment schemes and in national investment funds, shares, rights and government securities, effected on a growth market within the meaning given by Article 122 (1) of the Markets in Financial Instruments Act shall constitute "disposition of financial instruments" for the purposes of Item 3 of Article 13 (1) of the Income Taxes on Natural Persons Act. "Rights", for the purposes of sentence one, shall be the securities entitling the holder to subscribe for a specified number of shares in connection with a passed resolution on an increase of capital.

(2) No final tax shall be levied until the 31st day of December 2025 on any income from interest payments on bonds or other debt instruments issued by the State or the municipalities and admitted to trading on a growth market within the meaning given by Article 122 (1) of the Markets in Financial Instruments Act in the country or in a Member State of the European Union, or in another State that is party to the Agreement on the European Economic Area.

§ 81. Items 5 and 6 of § 79 herein in respect of Article 53 (1) and (6) and Article 67 (5) of the Income Taxes on Natural Persons Act shall furthermore apply to the annual tax return and the remittance of the relevant taxes for 2020.

§ 81a. (New, SG No. 14/2021, effective 1.01.2021) The tax relief under Article 48 Paragraph 6 of the Income Taxes on Natural Persons Act, constituting state aid for farmers, shall be enjoyable until the 31st day of December 2022, including for the tax on the annual tax base under Article 28 of the Income Taxes on Natural Persons Act for 2022.

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