

**ACT AMENDING AND COMPLEMENTING THE LOCAL TAXES AND FEES ACT
(IN FORCE AS OF 1ST JANUARY 2010)**

In State Gazette № 95/01.12.2009 the Act Amending and Complementing the Local Taxes and Fees Act (LTFA) was promulgated and entered into force on 1st January 2010.

Some of the most important amendments introduced by the Act are summarized below.

1. Submission of Declaration for Real Estates under Art. 14 of LTFA by Companies

By virtue of the amendment in Art. 17, par. 2 of the LTFS the companies are obliged to submit a declaration under Art. 14 of the LTFA within 2 months to the date of acquisition of ownership rights or limited real estate rights over residential and non-residential real estates. The declaration should be also submitted when circumstances having regard to the real estate tax calculation occur.

This way the companies would be practically obliged to submit two declarations for any real estate they own – one under Art. 14 and one under Art. 17 of the LTFA, the former being filed first.

The companies should submit a declaration under Art. 14 of the LTFA for all non-residential properties acquired prior to 01.01.2010 within a transitional period until 30.06.2010.

2. Calculation of Company Real Estates Tax Valuation

The tax valuation of company real estates would henceforth equal the book value of the property or its tax valuation under Appendix № 2 to the LTFA, whichever is higher. This particular amendment enters into force as of 01.01.2011 so that the data submitted by the companies in the declarations under Art.14 until 30.06.2010 can be taken into account.

It has been also stipulated that in case of changes in the tax valuation of companies' non-residential real estates in the course of the year, the tax shall be re-calculated on the basis of the new valuation from the following year and not from the following month, as previously.

3. Local Taxes – Rates and Payment Time Limits

(a) New local taxes thresholds

The Act introduces amendments both to the minimum and the maximum tax rates, the exact amounts being left to the discretion of the respective municipal councils.

The local taxes rates in force as of 01.01.2010 are summarized in the below table:

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Type of tax	2009 Rate	2010 Rate
Real estate tax	0.5‰ to 2‰	0.1‰ to 2,5‰
Property transfer tax	1.3% to 2.6%	0.1% to 3 %

The exact local taxes rates for 2010 must be determined by the municipal councils until 31 January 2010. If that term is not observed, the minimum tax rates provided for in the LTFA as at 31 December 2009 would apply for 2010.

(b) Time limits for payment of taxes

The first real estate tax installment for 2010 is payable between 1 March and 30 April 2010. Those who pay the entire tax for the whole year in that period are entitled to a 5% discount.

4. Non-Taxable Real Estate Properties

The threshold below which real estates are not subject to annual real estate tax is decreased from BGN 2520 to BGN 1680.

5. Tax on Acquisition of Property and Limited Real Estate Rights by Prescription

Properties and limited real estate rights acquired against no consideration by prescription are included among the real estates subject to transfer tax.

The taxable base is the valuation of the property at the date of issuance of the document which certifies the ownership right and which is subject to registration. The tax is also due as of the same date.

6. Tax on Vehicles

After a vehicle registration termination the taxpayer should present a document in this regard to the competent authority. Tax on that vehicle shall not be due as of the month following the month of registration termination.

The provision of Art. 60, para.5, pursuant to which the tax paid proportionally to the number of full months until the end of the year for destroyed or stolen vehicles was subject to refund, is revoked.

7. Widening the Municipal Administration Officials' Powers

The municipal administration officials are vested with powers of public executors in tax liabilities securing proceedings.

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