



# Delchev & Partners Law Firm

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**Tax Measures  
during the Declared State of Emergency due to COVID-19**

31 March 2020

In relation to the state of emergency declared in the Republic of Bulgaria pursuant to a Decision of 13 March 2020 of the National Assembly, a number of tax measures are introduced. Below we have summarized the most important ones.

## Extension of financial reporting and tax compliance deadlines

- **Preparation and submission of annual financial statements and annual corporate income tax returns under the Corporate Income Tax Act**

The deadline for preparation and submission of the annual corporate income tax returns and for payment of the due corporate income tax (CIT) for 2019 is extended until **30 June 2020**.

The deadline for declaring and payment of the tax on expenses pursuant to the CIT Act shall be **30 June 2020**. The annual report on the business activities of the enterprises shall be also extended until **30 June 2020**.

The declaration and payment of the advance CIT installments for 2020 shall be subject to the following rules:

- a. if the annual CIT return has already been submitted by 24 March 2020, the advance CIT Installments shall be paid in the already declared amounts but the taxable persons will be able to file a correction declaration and change their amount
- b. if the annual CIT return is filed by 15 April 2020, the advance CIT Installments shall be paid in the amounts declared therein;
- c. if the annual CIT return is not filed by 15 April 2020, the taxable persons must file by then the template of the annual CIT return where only the relevant part regarding the 2020 advance CIT installments must be filled in.

The annual financial statements for 2019 must be published by **30 September 2020**. The enterprises without any business activities in 2019 must file a declaration in this regard by **30 June 2020**. The signatures of the persons who prepared the financial statements as well as those of the company directors and the auditors may be electronic signatures,

- **Submission of personal income tax returns**

Sole traders may file their annual personal income returns for 2019 and pay any due personal income tax (PIT) until **30 June 2020**. To be eligible for a PIT discount sole traders must file their tax returns by **31 May 2020**.

The deadline for the annual PIT return submission for the rest of the individual taxpayers, other than sole traders, remains unchanged – **30 April 2020**. In order to be able to pay the outstanding PIT liability with a 5% discount they must submit the annual PIT return by **31 March 2020**.

- **Local taxes**

Persons who pay in full the annual local tax on real estate property and motor vehicles by **30 June 2020** shall be eligible for a 5% discount.

- **VAT and social security liabilities**

All deadlines for determining, declaring, payment, securing and collection of tax and social security liabilities which are not specifically extended or stayed with regard to the state of emergency remain unchanged.

Thus, the terms for declaring and payment of VAT, excise and social security and health insurance contributions remain the same.

**Terms related to tax liabilities and public execution proceedings under the Tax and Social Security Procedure Code**

Until the end of the state of emergency the statute of limitations for tax liabilities shall be stayed and the 10-year absolute statute of limitations shall not apply.

The terms for liquidation of the assets of insolvent debtors by the public execution officers shall be stayed.

At the same time no execution proceedings pursuant to the Tax and Social Security Procedure Code shall be opened except in exceptionally important cases.

The already open public execution proceedings under the Tax and Social Security Procedure Code shall be stayed and all procedural actions carried out until then shall remain valid. The execution proceedings shall be re-opened after the end of the state of emergency. As an exception, at the debtor's request the public execution officers may, before the end of the state of emergency, execute receivables and funds in banks, receivables from third parties and valuables held in safes

No public auctions and no enforced entries into possession of real estate shall be conducted.

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