



Delchev & Partners Law Firm

**Introduction of Reduced VAT rate on Certain Supplies as a
Temporary Tax Measure
due to COVID-19**

July 2020

After the restrictions imposed due to COVID-19 emergency situation hit hard the Bulgarian business and many were forced to close down or suffered significant losses, a temporary fiscal measure was passed through the Parliament introducing reduced VAT rate on certain supplies of goods and services. The measure is announced as a temporary solution to combat the economic stagnation due to the Coronavirus situation and help the most affected businesses recover.

Supplies subject to the reduced 9% VAT rate

The reduced VAT rate is 9% and it shall apply to the following supplies:

- **Restaurant and Catering Services**

Restaurant services consist of the supply, rendered in the premises of the supplier, of prepared or unprepared food and/or beverages for human consumption, accompanied by a sufficient support service allowing for the immediate consumption thereof. Catering services consist of the same supply, rendered off the premises of the supplier.

The following are explicitly excluded from the scope of the 9% reduced VAT rate and consequently should be taxable at the standard 20% rate:

- supply of beer, wine and alcoholic spirits;
- take-away food from restaurants, supermarkets and the like;
- the mere preparation and transport of food.

- **Books**

The reduced VAT rate will apply to both printed and electronic books, as well as to textbooks and other school printed materials, children's picture, drawing or colouring books and music printed or in manuscript form.

Outside the scope of the reduced VAT rate remain:

- newspapers and periodicals;
- publications wholly or predominantly devoted to advertising;
- publications wholly or predominantly consisting of video content or audible music.

- **Baby food and diapers**

The baby foodstuffs falling within the scope of the reduced VAT rate include adapted milk formula, baby porridges and cereals, vegetable, fruit and/or meat purees in jars not exceeding 250g. Baby diapers shall also be subject to the reduced VAT rate.

Entry into force and period of application of the reduced VAT rate

The reduced 9% VAT rate on the supplies listed above applies as of 1 July 2020 and shall be in force until 31 December 2021.

DELICHEV & PARTNERS

8 Kaloyan str.2-nd floor, 1000 Sofia, Bulgaria Tel.: + 359 2 933 09 79 Fax: + 359 (2) 981 81 34

e-mail: office@delchev-lawfirm.com web: www.delchev-lawfirm.com