



Delchev & Partners Law Firm

Repeal of personal income tax on bank deposits interest

March 2022

The final personal income tax on bank deposits interest has been repealed pursuant to an amendment published in State Gazette No. 17/01.03.2022.

Repeal of final tax on bank deposits interest

Bank deposits interest income received by natural persons was subject to a final tax on the gross interest income at the rate of 8%.

The repeal of the interest tax was part of the tax policy plan of the new coalition government and by virtue of the latest statutory amendments the final tax was indeed abolished.

Tax exemption for bank deposits interest

Following the repeal of the final tax, the income from deposits held in banks or bank branches established in member states of the European Union (EU) and the European Economic Area (EEA) is included among the tax exempt items of income under the Personal Income Tax Act. The term “deposit” should be interpreted within the meaning of the statutory definition of the Bank Deposits Protection Act.

Judging from the wording of the tax exemption, it seems that interest from deposit accounts held in banks established outside the EU or EEA may be taxable under the general rules which in effect should lead to a 10% tax on non-exempt interest income.

Entry into force

The repeal of the final personal income tax on bank deposits interest applies as of 1 April 2022.

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