



Delchev & Partners Law Firm

Introduction of Reduced VAT rate on Certain Supplies as a Temporary Tax Measure

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Following the temporary reduction of the VAT rate on certain supplies of goods and services due to the Covid-19 pandemic, the scope of the reduced rates was further expanded to encompass certain basic goods in an effort to overcome the effects of increased consumer prices and inflation.

The measure is intended to apply for a limited one-year period.

Supplies subject to reduced 9% VAT rate

A reduced VAT rate of 9% shall apply to the following supplies:

- Central heating;
- Natural gas.

Supplies subject to reduced 0% VAT rate

A super-reduced VAT rate of 0% shall apply to the domestic supply, importation and intra-Community acquisition of the following:

- Bread

"Bread" shall be understood as the product which is produced from the baking of dough as a mixture of wheat flour or another cereal, alone or in combination, and water, with or without adding salt, which rises using bread yeast or leaven, and technological additives (if necessary).

- Flour

"Flour" shall be understood as the product which is a result of grinding bread wheat and which may be used for making bread and bread products.

Narrowing the scope of restaurant and catering services subject to 9% VAT

The supply of beer, wine and alcoholic spirits shall be explicitly excluded from the scope of the 9% reduced VAT rate on restaurant and catering services and consequently should be taxable at the standard 20% rate.

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

The reduced VAT rates on the supplies listed above applies as of 9 July 2022 and shall be in force until 1 July 2023.

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