



Delchev & Partners Law Firm

Tax Measures for Tackling the Increasing Energy Prices in Bulgaria

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In the wake of the energy crisis which caused the skyrocketing of fuel prices in Bulgaria the Bulgarian Parliament in its final hours before its probable adjournment and impending new elections adopted a number of tax measures aiming at reduction of consumer energy products prices.

The measures are all intended to apply for limited periods of time.

Reduced 9% VAT rate on central heating and natural gas

A reduced VAT rate of 9% shall apply from July 9, 2022 until July 1, 2023 to the following supplies:

- Central heating;
- Natural gas.

Zero excise on LPG, natural gas and electricity

As of July 9, 2022 excise tax has been abolished for the following products:

- LPG and natural gas used as motor fuels;
- Heat energy;
- Energy products used for the combined production of heat energy and electricity;
- Electricity under code CN 2716 produced from the following renewable sources:
 - Solar, wind, wave, tidal or geothermal power;
 - Hydroelectric power;
 - Biomass or biomass-based products;
 - Methane emitted from abandoned coal mines;
 - Fuel cells.

The excise exemption is planned to apply until June 30, 2025 provided that the European Commission does not consider the measure incompatible with state aid rules.

Compensation to consumers for high motor fuel prices

In order to be compensated for the surge in motor fuel retail prices, consumers are provided with a discount from the retail prices of certain motor fuels.

The compensation is valid for the following motor fuels:

- Gasoline;
- Gasoil;
- LPG;
- Natural gas.

The compensation is provided in the form of a fixed discount of EUR 0.13 per liter/kilogram and is granted by retailers at the petrol stations from the retail price of the fuels. There is no limit on the quantity that may be purchased or in the number of purchases eligible for a discount. However, the grant of the discount by retailers is voluntary.

Only natural persons owning or using passenger motor vehicles, motorcycles and mopeds are entitled to the discount after they prove their eligibility by presenting the vehicle registration certificate at the petrol station.

Retailers must account for VAT on the full price of the sold fuel and they are refunded the amount of the granted compensations on a monthly basis, within 10 days after the deadline for filing the VAT return for the respective monthly period.

The fuel compensation applies from July 9, 2022.

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