



Delchev & Partners Law Firm

Mid-Year Tax Update

August 2023

At the end of July 2023 the Bulgarian Parliament adopted the long-overdue 2023 State Budget Act and the 2023 State Social Security Budget Act together with some changes to the tax and social security legislation, many of which aim at tackling the grey economy and battling tax evasion. The 2023 budget acts were published in the Bulgarian State Gazette No. 66 dated 1 August 2023.

Repeal of the zero excise on LPG, natural gas and electricity

As of August 1, 2023 the zero excise rate on the following products was repealed:

- 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 zero excise rate was introduced back in July 2022 as a temporary measure in the wake of the energy crisis and was initially planned to apply until June 30, 2025. However, it was abolished much earlier and the excise rates are currently back to their regular amounts.

Abolishment of payment of certain salaries and dividends in cash

In an attempt to battle the grey economy the MPs voted for the mandatory payment by bank transfer and the abolishment of cash payment of the following:

- salaries paid by employers whose personnel exceed 100 employees (with the exception of seasonal agricultural workers);
- dividends over BGN 1000 (app. EUR 500) within the meaning of the Bulgarian Corporate Income Tax Act.

The new provision comes into force as of September 1, 2023.

Declaration of cash on hand and receivables from shareholders

Another measure to battle tax evasion requires the declaration of the ready available cash on hand, receivables from individual shareholders, employees and directors when their total amount at the end of the calendar quarter exceeds BGN 50 000 (app. EUR 25 5000). The required information is included in the quarterly withholding tax declaration which is filed by the end of the month following the respective calendar quarter.

The first reporting period would be Q3 of 2023 and the first report must be filed by November 14, 2023.

Electronic food vouchers

As of the beginning of 2024 food vouchers may be provided in an electronic form. Paper-based food vouchers may be used until June 30, 2024 and as of July 2024 only electronic vouchers will be provided. The non-taxable threshold of BGN 200 per employee per month continues to apply.

Advance declaration of high fiscal risk goods transportation

The advance declaration of high fiscal risk goods carriage, which is currently voluntary, will become mandatory when the transport is carried out with a means of transport with a load capacity of more than 3.5 tons. Cross-border carriage of high fiscal risk goods is subject to advance declaration as of October 1, 2023, while domestic carriage will be in the scope of mandatory advance declaration as of January 1, 2024.

High-fiscal risk goods comprise various foodstuffs such as meat, fish, dairy products, fruit, vegetables, coffee, nuts, flour, sugar, canned and prepared food, as well as mineral oils used as motor fuels.

There are certain exceptions to the advance declaration obligation, especially with regard to mineral oils whose carriage is already subject to reporting under other statutory acts.

Increase of minimum social security income for certain jobs

In order to catch up with the minimum wage which was increased in January 2023 to BGN 780, the lowest minimum social security income was increased as of August 1, 2023 to BGN 780 as well.

The personal tax relief for parents remains unchanged and in 2023 parents will be entitled to a tax relief from their annual personal tax in the amount of BGN 600 for one child, BGN 1200 for two children and BGN 1800 for three or more children.

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