

MESSAGE FROM TRINITY

Dear Clients and Partners,

We are already three months into this year, and while the anticipated recovery is yet to materialize, Bulgaria officially came out of recession at the end of 2010 and is still proving attractive to foreign investors.

In the past couple of months we've witnessed a lot of activity by Bulgaria's legislators, which has led to the introduction and proposal of some robust new laws.

We would like to take this opportunity to share some accounting and corporate news with you.

So, please take a break and read this message.

With our best wishes,

Trinity - Sofia office

NEW LEGISLATION

Bulgaria will introduce a **flat 9% value-added tax (VAT) in the tourism sector** as of the beginning of April 2011. Currently VAT stands at 7% for organized groups and 20% for individual tourism.

Pursuant to amendments to the Corporate Taxation Law, **payments for services or rights to companies based in "tax preferential jurisdictions" shall be subject to a 10% tax (unless the services or rights are actually provided).**

According to recent amendments to the Tax and Social Insurance Procedure Code, **a company enterprise transfer shall be subject to a 2-month National Revenues Agency inspection** and if the company is heavily indebted the transfer may be banned.

Effective from 2011, **the National Revenue Agency will not register labour contracts submitted after the expiry of the statutory 3-day term** following the signing of the contract **unless there is enforced order of the Chief Labour Inspection Executive Agency.**

Effective from 2011, all companies that are VAT registered and are obliged to submit VIES declarations must **submit only electronically all required documents** to the National Revenues Agency by the 14th day of the month following intra-Community transactions.

A newly adopted act provides that **all payments exceeding BGN 15,000 shall be made by bank transfers** except for payment of salaries and cash withdrawals and deposits in own bank accounts.

NEW LEGISLATION

In the event a **Double Tax Treaty** is to be applied in respect of taxes on payments from Bulgarian residents to non-Bulgarian residents, the **threshold of the income received by the non-Bulgarian resident is increased to BGN 500 000 per year. Exceeding that threshold requires submission of an application** to the National Revenue Agency to authorize the Double Tax Treaty application.

If the income is below that threshold the documents needed for the application of the Double Tax Treaty have to be presented to the payer of the income only. In such case the **payer of the income has to submit a template declaration** (to be approved by the director of the National Revenue Agency) **by 31st March of the following year** indicating the income paid and the tax benefits provided.

DEADLINES

31st March 2011 is the deadline for submitting the annual corporate tax returns and paying the corporate income tax. Companies with no activity should also fill in and submit form 1010a. Non-compliance will result in a BGN 700 penalty.

30th April 2011 is the deadline for submitting your Declaration under Art. 15 of the Bulgarian Health and Safety Work Conditions Act.

2nd May 2011 is the deadline for submitting the income tax returns for physical persons.

30th June 2011 is the deadline for companies to change all jobs and professional denomination in compliance with the new National Classification of Occupations and Jobs 2011 in force from 1st Jan. 2011.

TRINITY NEWS

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