



COVID-19:
EMEIA EY
Government
Support Package

21 April 2020



Building a better
working world

Bulgaria

COVID-19: EMEIA EY Government Support Package Bulgaria



On 13 March 2020 the Bulgarian Government announced a state of emergency followed by imposing strict quarantine measures on 20th March 2020 due to the spread of Covid-19.

On 23 March 2020 the Government adopted legislative changes to meet the economic needs of the business and the individuals. Generally, changes concern extension of the legally established deadlines for tax reporting and payment by both businesses and individuals.

Areas being addressed:

1. Helping employers to protect jobs
2. Business support
3. Tax deferrals

These aims are primarily being delivered through:

- ▶ Bulgarian Employment Agency;
- ▶ National Revenue Agency
- ▶ Bulgarian Development Bank

Bulgarian Government announced responses

Liquidity and financing	Cash flow measures	Employment support
<ul style="list-style-type: none">▶ Preferential loans for companies operating in Bulgaria. (Details are yet to be announced)	Tax deferrals <ul style="list-style-type: none">▶ Extension of the deadlines for compliance with reporting obligations and payment of corporate taxes and tax on vehicles and real estate until 30 June 2020.	Salary compensation <ul style="list-style-type: none">▶ Bulgarian companies that have been most severely hit by the COVID-19 measures as well as companies declaring a decrease in their income of at least 20 % as compared to March 2019 are entitled to a salary compensation of up to 60% of the insurable income of their employees for January 2020. The measure takes place with effect from 13th of March. Applications can be submitted until 21st of April 2020.

Whilst detailed measures are to be announced, the Government is expected to implement a system of preferential loans for companies operating in Bulgaria.

► Support for Bulgarian companies

Preferential loans for companies operating in Bulgaria.

Details are yet to be announced - eligibility criteria and specific conditions are in process of development. More information is expected by the end of the month.

For more information

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Extension of the deadlines for compliance with reporting obligations and payment of corporate taxes have been introduced to support businesses with their cash flow.

► Corporate Income Tax Return

The deadline for filing of FY19 Corporate Income Tax Return (CITR) and paying the tax, as well as the deadline for payment of the tax on expenses, are extended from 31 March 2020 to 30 June 2020.

► Other tax under CITA

All other deadlines for declaring and paying taxes under the Corporate income tax Act (CITA) are extended to 30 June 2020 (instead of 31 March 2020). The deadline for filing of annual statistical reports are also extended to 30 June 2020.

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► The advance monthly CIT installments for FY20 should be declared as follows:

- If, an annual CIT return for FY19 was filed prior to 15 April 2020 (even if filed after the implementation of these measures on 23 March 2020), the advance payments shall be determined based on the declared taxable income therein. If necessary, later the taxable person could file a corrective tax return;
- If an annual corporate income tax return has not been filed by 15 April 2020, the advance payments should still have been declared by filing a partial annual corporate income tax return by 15 April, with only the advance payments section completed. If an annual corporate income tax return or partial return has not yet been filed, this should be submitted as soon as possible. It is unlikely that penalties and interest will be charged in these circumstances, however this should be confirmed on a case by case basis.

► Personal tax

The deadline for filing annual tax returns and paying tax under the Personal Income Tax Act (PITA) for persons who are traders within the meaning of the Commercial Act, including sole traders and registered farmers is extended from 30 April 2020 to 30 June 2020 (from TBC).

The deadline for being able to take advantage of a 5% discount to personal income tax payable for early filing and payment for these individuals is extended from 31 March 2020 to 31 May 2020.

► Practicalities

- No application needs to be made for the deferral.
- No extension of the deadlines for reporting and payment of VAT and withholding tax is introduced.

Employment support: Compensatory payments to employers in a state of emergency (Measure 60:40)

The Bulgarian Council of Ministers has published the requirements and procedures for compensating employers in a state of emergency. Employers will be entitled to compensations for a maximum period of 3 months within the state of emergency.

► Who is eligible?

- Employers performing their economic activity within one of the sectors that have been negatively affected by the state of emergency and have issued an order to cease their entire operation, or part of their operation, based on an order issued by a state authority. These sectors include retail, tourism, hotels, restaurants etc.
- Employers performing their economic activities in any sector of the economy (within the exception of the sectors A, K, O, P, Q, T and U from the National Classification of Economic Activities), that:
 - Have issued an order to cease their entire operation, part of their operation or the activities of certain employees; or
 - Have issued an order to introduce part-time working arrangements; and
 - Declared a decrease in their revenue by a minimum of 20% compared to March 2019.
- All employers, natural persons or legal entities, including foreign legal entities performing economic activities on the territory of the Republic of Bulgaria, shall be deemed eligible, given that they satisfy the additional requirements indicated within a Decree of the Council of Ministers.

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► What does it cover?

The size of compensation shall be equal to 60% of the insurable income (gross monthly salary i.e. including social security and pension contributions) for January 2020 and 60% of the social insurance contributions due by the employer for each employee for each month of the compensation period. The maximum amount of compensation under this scheme is limited to 60 % of the maximum insurable income which is c. EUR 1,500 per person.

► How is it accessed?

Applications based on the template provided by The Bulgarian Employment Agency should be submitted either electronically or via post to the respective territorial unit of the Employment Office Directorate as per the place of work of the employees for which compensations are requested. Evidence of the 20% decrease in revenue compared with the previous year should be provided, along with the official orders for the adjusting measures made to deal with COVID-19.

► Practicalities

- The measure takes place with effect from 13th of March.
- Employers will be entitled to compensation for a maximum period of 3 months within the state of emergency.
- A number of restrictions may apply to employers who receive compensation for this scheme, including that the employees who the compensation received was in relation to must remain in employment for at least the period of support (i.e. maximum of 3 months).

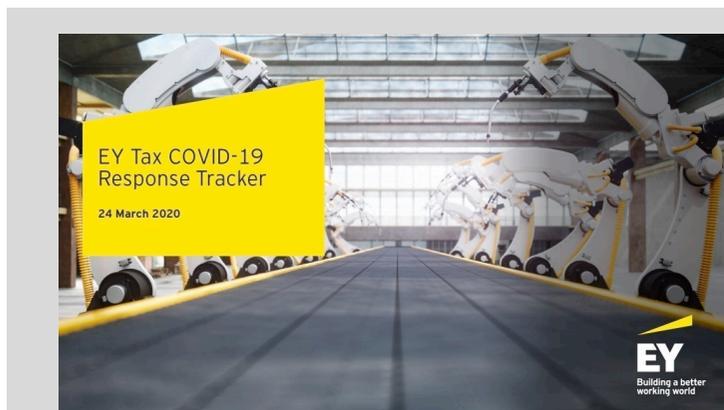
Our tracker provides a snapshot of the policy changes that have been announced in jurisdictions around the world in response to the COVID-19 crisis.

Policy changes across the globe are being proposed and implemented on a daily basis.

The document will be updated on an ongoing basis but not all entries will necessarily be up to date as the process moves forward.

Key jurisdictions covered by the Response Tracker include:

- ▶ Albania
- ▶ Australia
- ▶ Austria
- ▶ Belgium
- ▶ Brazil
- ▶ Bulgaria
- ▶ Canada
- ▶ China
- ▶ Colombia
- ▶ Cyprus
- ▶ Czech Republic
- ▶ Denmark
- ▶ France
- ▶ Germany
- ▶ Greece
- ▶ Hong Kong
- ▶ Indonesia
- ▶ Italy
- ▶ Japan
- ▶ Kosovo
- ▶ Luxembourg
- ▶ Malaysia
- ▶ New Zealand
- ▶ North Macedonia
- ▶ Norway
- ▶ Puerto Rico
- ▶ Singapore
- ▶ Slovak Republic
- ▶ Slovenia
- ▶ South Korea
- ▶ Spain
- ▶ Sweden
- ▶ Switzerland
- ▶ Taiwan
- ▶ Thailand
- ▶ Ukraine
- ▶ United Kingdom
- ▶ United States



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