AMENDMENTS TO THE LOCAL TAXES AND FEES ACT CONCERNING THE "SECOND HOME" TAX AND THE PROPERTY DECLARATION PROCEDURE

The amendments to the Local Taxes and Fees Act (LTFA), which will enter into force on 1 January 2019, relate to the tax rates applicable to housing properties located in spa, mountain and seaside resorts, which did not serve as main residence or were not used to let or registered as accommodation facilities for the relevant tax year. The higher tax rates will be applicable to housing properties (second homes) which are located in resorts included on the List of Resorts in the Republic of Bulgaria and within their boundaries as set out in Decision No 153 of the Council of Ministers of 24 February 2012.

The list is available in the Bulgarian language at this link.

The tax is increased by law as follows and any municipality may establish higher rates through a decision of its Municipal Council:

(i) from 5 to 7 per mil on the property value assessed for tax purposes with regard to properties located in the listed spa, mountainous and seaside resorts of national importance;

(ii) from 4.5 to 6 per mil on the property value assessed for tax purposes with regard to properties located in resorts of local importance in accordance with the list approved by the Council of Ministers.

For the sake of comparison, the existing general tax rate ranges from 0.1 to 4.5 per mil on the property value assessed for tax purposes.

Where more than one main residence is declared, the statutory tax discount (50% for the main residence) does not apply and the tax is payable in its full amount for each property and for the entire period for which they were declared as main residence.

The other important amendments to the law relate to the procedure of submitting tax returns after the acquisition of a property. As from 1 January 2019, no annual tax returns will be filed for the taxation of properties and limited rights in rem, which are acquired for consideration or free of charge. The property value will be established for tax purposes on the basis of the details of the taxable property, which will be made available ex officio. As to new buildings or new parts of buildings, the tax will be due as from the beginning of the month following the month of their completion. The completion of a building or a part thereof is certified with a certificate of compliance or an occupancy permit. The authorities issuing these documents will act ex officio to provide a copy to the municipal tax administration within a week of the date of issuance. The tax will be due also in the cases in which the building was not commissioned or approved for occupancy within two years of the completion of the carcass works or one year of the issuance of Form No 15 respectively.

CR legal DL 2018. Всички права запазени.

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As from 1 January 2020, no annual tax returns will be filed for new buildings which are subject to commissioning in accordance with the Territorial Planning and Development Act. The details needed to value the property for tax purposes will be provided to the municipal administration by the contracting authority/investor after the completion of the carcass works.

Notaries public will be required, within seven days of the date of the deed, to notify the relevant municipality of the transfer of rights in rem to immovable properties and vehicles, providing information on the amount of the tax paid and the basis of its calculation. Notaries public will establish the amount of the tax paid for the transferred vehicle through:

(i) verification by means of automatic data exchange with the information exchange system supported by the Ministry of Finance; or

(ii) submission of a document that is issued or certified by the municipality in case the relevant municipality does not provide for continuous automatic data exchange.

Where the property is inherited, the tax return is to be filed within the existing time limits of six months of the inheritance opening date. If the heirs or bequeathed persons fail to submit a tax return within the prescribed time limits, the local tax officer has to open a file for the inherited immovable property on the basis of the data available in the municipal administration or the population register.

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