



Reduced VAT rate for restaurants, sales of books and children's products enters into force as of 1st of July

On 19th of June changes in the Value Added Tax Act were promulgated in the State Gazette, introducing a new area of supplies, for which VAT rate of 9% will be applied:

- Restaurant and catering services (except for the supply of alcoholic products);
- Supplies of books;
- Supplies of foods, appropriate for babies or young children;
- Supplies of baby diapers and similar baby hygiene products.

The reduced VAT rate for these supplies will apply for a limited period from 1st of July 2020 to 31st of December 2021.

At the moment the VAT rate of 9% is applied only in the hotel industry, where no changes or restrictions are planned in the current regime.



1 VAT for restaurants

The reduced VAT rate should apply for supplies of restaurant and catering services, consisting of the delivery of prepared and uncooked food. The scope of the new regime should include all restaurants, regardless of type and category - restaurants, fast food restaurants, cafes, pubs, and bars.

The law explicitly excludes from the reduced rate the supplies of beer, wine, and alcoholic drinks, for which the rate of 20% will continue to be applied. The VAT rate of 9% should apply for drinks like coffee, tea, water, soft drinks, etc.

Another exception is envisaged for food deliveries, for which the rate of 20% will continue to be applied, as this kind of service is not considered restaurant service.

2 VAT for books

In the scope of the reduced VAT rate fall the sales of books, whether provided in physical or electronic form.

It is exhaustively listed that with a reduced rate will be charged supply of textbooks, reference books, and study sets, children's picture books for drawing or coloring, printed or handwritten music editions.

Out of the scope will fall publications, intended in whole or in part for advertising or composed in whole or in part of video and/or audio music content.

At the moment the changes in the law do not regulate the supply of newspapers, magazines, and other periodicals, thus the VAT rate of 20% should continue to apply for them.

3 VAT for baby food and diapers

In the scope of the reduced VAT of 9% were added the supplies of foods, appropriate for babies and young children, as well as baby diapers and similar baby hygiene products.

A special application № 4 is adopted to the law specifying the categories of baby and children food, and diapers (adapted baby milk, mashes, purees, and diapers).

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