



## Amendments in the provisions of the Local Taxes and Fees Act

The draft bill for amending the Corporate Income Tax Act also contains proposals for amendments and additions to certain provisions of the Local Taxes and Fees Act ("LTFA").

The proposal for introducing alternative methods to determine the tax base for real estate tax ("RET") will likely concern a number of companies that own real estates .

The above amendment, as well as other proposals for changes in the provisions of the LTFA are described on the following page.

**New alternatives for municipalities to determine tax values. Relief from certain compliance obligations**

## Determining tax value for RET purposes

In cases where it is found that the declared gross book value of real estates is determined in violation of the accounting legislation, the municipal revenue authorities will have the right to use a different gross book value in determining the tax base. The services of experts (e.g. licensed appraisers) may be used for this purpose with the costs for the additional valuation being at the expense of the taxpayer.

The draft bill does not provide for a specific procedure for identifying violations related to incorrectly determined gross book values of real estates.

## Other changes

The draft bill also proposes the reinstatement of previously existing provisions regulating the declaration of assets acquired through a donation for which no notarised contracts/deeds are required (e.g. forgiven/written-off debts). According to the authors of the draft bill, the lack of such provisions in the current version of the LTFA makes it impossible to determine the local tax (commonly referred to as "donation tax") due in the described cases.

The draft bill also envisages introducing changes aimed at reducing the administrative burden in cases of termination of the registration of vehicles and in determining the monthly tourist tax liabilities. These reliefs are made possible by virtue of existing and recently launched automatic systems for data exchange between competent authorities.

## Use of independent valuations of real estates in cases of violations of the accounting legislation



## Contact us:



**Georgi Simeonov**  
**Director | Tax services**  
Tel.: + 359 (2) 8023 255  
Mobile: + 359 (88)7 687 677  
E-mail: [gsimeonov@deloittece.com](mailto:gsimeonov@deloittece.com)

**Deloitte Bulgaria**  
103 Al. Stambolijski Blvd.  
1303 Sofia  
Tel.: +359 (2) 80 23 300  
[www.deloitte.bg](http://www.deloitte.bg)

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