

Gugushev & Partners

L A W O F F I C E

LEGAL REVIEW

OF THE REGULATORY DEVELOPMENTS
IN RELATION TO THE COVID-19 PANDEMIC
AND THE STATE OF EMERGENCY

AMENDMENTS RELATED TO TAXATION, ANNOUNCEMENT
OF THE ANNUAL FINANCIAL REPORTS AND OTHERS



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I. INTRODUCTION

The present document represents a general analysis of the main regulations and amendments, introduced by the Emergency Act Regarding the Measures and Safeguards During the State of Emergency declared by the National Assembly of Bulgaria with its Resolution from March 13th, 2020 („the Emergency Act“ or “the Act”) as published in State Gazette, issue 28 of March 24th, 2020 (special issue).

The present review, updated as of March 24th, 2020, presents an analysis of all legal changes introduced by the final version of the bill that became law. This report has been prepared by the legal specialists of Gugushev & Partners Law Office and is to be used for information purposes only. This report does not represent a legal advice/statement, cannot be relied upon in any way as such and shall not in any way be considered legally binding with regards to Gugushev & Partners Law Office.

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II. AMENDMENTS RELATED TO TAXATION, ANNOUNCEMENT OF THE ANNUAL FINANCIAL REPORTS AND OTHERS

1. Corporate Income Tax Act

The amendments to the Corporate Income Tax Act extend until June 30, 2020, the deadline for:

- filing an annual corporate tax return;
- corporate and expenses tax payment;
- declaring the tax on ancillary and auxiliary activities under the Gambling Act and filing an annual activity report and paying the tax on the income from ancillary and auxiliary activities under the Gambling Act;
- filing an annual tax return by public-financed enterprises when subject to levy of tax on income and payment of the income tax by such enterprises;
- filing an annual tax return for the tax on the activity of operating a ship and payment of the tax on the activity of operating a ship;
- the advance payments shall be declared by 15 April 2020.

The persons who have paid the real estate and vehicle tax for the whole year until June 30, 2020, are entitled to a discount of 5 percent.

2. Personal Income Tax Act

The amendments to the Personal Income Tax Act extend to 30 June 2020 the deadline for:

- filing an annual tax return and for payment of the due tax on the annual tax base under the tax return by the persons engaged in business activities as traders within the meaning of the Commercial Act, including sole traders, as well as natural persons registered as farmers;
- payment of the tax on the expenses by the above-mentioned persons;

- if the declaration is filed and the tax is paid by 31.05.2020 the persons are entitled to a discount of 5 percent.

3. Accounting Act

The amendments to the Accounting Act extend the following deadlines:

- for publication of the annual financial reports and the annual activity reports - by 30.09.2020;
- for publication of the declaration on the lack of activity in 2019 - by 30.06.2020.

4. Tax and Social Security Procedure Code

By amendments to the Tax and Social Security Procedure Code for the period of the state of emergency:

- the prescription on public claims is suspended;
- the 10-year prescription term, which extinguishes all public claims irrespective of the suspension or interruption of limitation, does not apply;
- enforcement proceedings are not initiated unless it is necessary to protect important state or public interests, and enforcement is suspended.

5. Public Offering of Securities Act

Amendments to the Public Offering of Securities Act extend to 30 September 2020 the deadline for:

- submission by the issuer to the regulated market and the commission of the quarterly report on compliance with the terms of the bond loan in the cases where the issuer has not concluded a contract with a bondholders' trustee;
- submission by the issuer to the trustee of the bondholders of a report on performance of its obligations according to the terms of the bond issue;
- public disclosure by the issuer of a 6-month financial report on the activity;
- public disclosure by the issuer of a statement of its financial position;
- holding the regular general meeting of the public company.

The deadline for public disclosure by the issuer of the annual financial report for its activity is extended until July 31, 2020. The deadline for the investment intermediary to submit to the commission and the fund a report on client assets is extended until the end of the month following the reporting period.

6. Markets in Financial Instruments Act

Amendments to the Markets in Financial Instruments Act extend by 31 July 2020 the deadline for submission of the annual financial report by the investment intermediaries and the market operators.

7. Collective Investment Schemes and Other Undertakings for Collective Investments Act

Amendments to the Collective Investment Schemes and Other Undertakings for Collective Investments Act extend the deadline for:

- submission to the commission by the investment company and the management company of the mutual fund of an annual report - by 31 July 2020;

- submission to the commission by the management company of an annual report - by 31 July 2020;
- presentation to the commission and the public by the open-ended national investment fund of the audited annual financial report - by 31 July 2020;
- presentation to the commission by the investment company and the management company of the mutual fund of a 6-month report - September 30, 2020;
- presentation by the management company of a balance sheet and statement of income and expenses as of the last date of each quarter, as well as the quarterly statement of capital adequacy and liquidity - September 30, 2020;
- presentation by the national open-ended investment fund of a 6-month report - 30 September 2020;
- the period for announcement by the management company of the collective investment scheme of summarized information on the issue values and redemption prices of its units is extended to 7 working days from the end of the respective reporting period.

8. Insurance Code

By amendments to the Insurance Code, the period for submission by the insurers and reinsurers of the monthly reports and statements is extended to the end of the second month following the month to which they refer.

The Customs Agency is empowered to provide free of charge detained, seized, confiscated and abandoned goods (including ethyl alcohol for disinfection) to medical establishments, the Bulgarian Red Cross, kindergartens, schools, social institutions, state and municipal institutions. Excise goods provided shall be exempt from excise duty.

CONCLUSION

The transitional and final provisions of the Emergency Act postpone a number of deadlines provided for in the legislation relating to the taxation of natural and legal persons, the submission of annual financial reports, annual tax returns, and other financial and accounting documents.

We are looking forward to assisting you further, including for statements with the described topics.

Faithfully Yours,
Gugushev & Partners Law Office Team

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