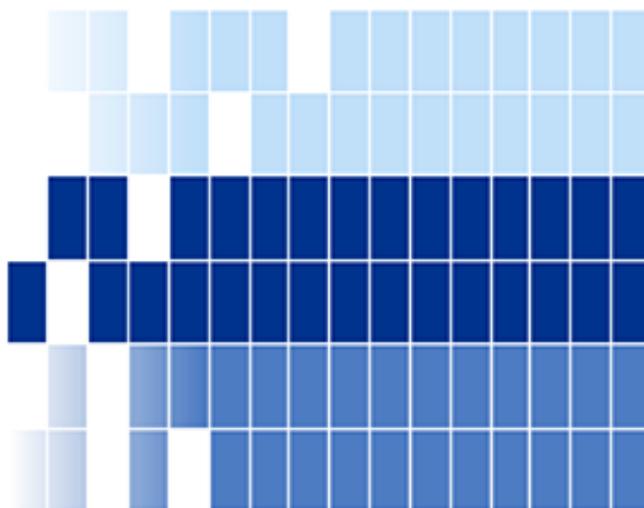




Tax News

KPMG in Bulgaria



Changes in the VAT Act entering into force in 2021

December 2020

Changes related to distance sales of goods

Changes related to the Mini One-Stop-Shop (MOSS) schemes

Changes related to nil or reduced VAT rates

Changes related to Brexit

Other changes

KPMG Tax News presents a summary of the promulgated amendments to the VAT Act entering into force in 2021.

The current issue of Tax News for 2020 presents a summary of the most important changes in the Value Added Tax Act (VATA), promulgated in State Gazette Issue No 104 dated 8 December 2020 and Issue No 107 dated 18 December 2020 and entering into force from 1 January 2021, except for certain provisions which have a different entry into force.

Changes related to distance sales of goods

- New rules will apply for the Union scheme and the non-Union scheme, which give taxpayers the opportunity to report and pay VAT in a single Member State regardless of where the VAT is due.
- A special scheme is introduced for distance sales of imported goods, whereby the importation of non-excisable goods having a value below EUR 150 will be exempt from VAT at import. The VAT will be settled by persons applying this scheme in the respective Member State of registration.
- The scope of the non-Union scheme is extended, which will cover all services performed by non-EU suppliers to non-taxable persons in the EU (B2C). Examples of such services that were not covered by the scheme until now are accommodation services, access to events, transport services, car rentals, etc.

— The scope of the Union scheme is amended and will apply to intra-Community distance sales (including domestic distance sales) performed by EU suppliers and non-EU suppliers. The scheme will also apply to B2C services supplied to non-taxable persons by EU suppliers established in a Member State different than the one of the customer.



Changes related to nil or reduced VAT rates

— Local supplies and intra-Community acquisitions of COVID-19 vaccines and in vitro diagnostic medical kits as well as the directly related services are subject to 0% VAT. The 0% rate is applicable if the goods comply with the requirements of the Medical Products in Human Medicine Act and the Medical Devices Act.

— The scope of restaurant and catering services subject to 9% VAT is extended to include takeaway food effective from 1 December 2020.

— The term “restaurant and catering services” is determined according to Council Implementing Regulation (EU) No 282/2011. Supplies of takeaway food from supermarkets, stores etc. are excluded.



Changes related to Brexit

— New rules are introduced regarding the application of VAT in relation to Great Britain and Northern Ireland. These are considered third countries as of 1 January 2021.

— An exception will apply under certain conditions, according to which Northern Ireland will be treated as a Member State for the supplies of goods which are transported to or from its territory.

— VAT registered persons established in Great Britain and Northern Ireland should appoint a fiscal representative until 31 March 2021 (except for persons registered for distance sales or оди supplying electronic services to individuals who should appoint a fiscal representative until 15 January 2021).



Other changes

— The scope of the insurance services subject to the VAT exemption is further clarified and will be determined with respect to the nature of the services irrespective of the registrations of the supplier under the Bulgarian Insurance Code.

— The obligation for the use of software for management of sales in commercial sites under Ordinance H-18 is no longer applicable. Instead, such software becomes optional whereby certain reliefs are introduced for the taxpayers using it.

— The VAT exemption for importation of low value items below BGN 30 is abolished.

— Administrative and penal provisions related to the special schemes are introduced.



For information

Ivan Vargoulev

Director, Tax

Tel.: +359 (2) 9697 700

ivargoulev@kpmg.com

Desislava Ilieva

Manager, Tax

Tel: +359 (2) 9697 700

dilieva@kpmg.com



home.kpmg/bg

[Privacy](#) | [Legal](#)

You have received this message from KPMG in Bulgaria. This is an unsolicited commercial message within the meaning of the Bulgarian Electronic Commerce Act. If you wish to unsubscribe from our communications, please [click here](#).

KPMG Bulgaria EOOD, 45/A Bulgaria Boulevard, 1404 Sofia, Bulgaria.

© 2020 KPMG Bulgaria EOOD, a Bulgarian limited liability company and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.