

Changes to the Law on Corporate Income Tax



Changes Related to Taxation of Multinational and Large National Groups of Enterprises with Additional Tax and with National Additional Tax

Refinement of Provisions on the Tax Relief for Carrying Out Productive Activity in Municipalities with Unemployment Higher Than the National Average in Cases of Minimum Aid



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Novelties in the Legislation of the Republic of Bulgaria (part 3)

Changes to the Law on Corporate Income Tax

In April 2025, a number of changes to the tax legislation of the Republic of Bulgaria were introduced. After we have reviewed the [changes to the LVAT, LPIT, TSSPC and those related to the budget laws](#), as well as the [changes to the excise duty legislation](#), the present article will briefly review the changes to the Law on Corporate Income Tax ("LCIT")

Changes Related to Taxation of Multinational and Large National Groups of Enterprises with Additional Tax and with National Additional Tax

Part of the amendments to the LCIT clarify the provisions introduced last year concerning the taxation of multinational and large national groups of enterprises with additional tax and with national additional tax. Last year's amendments were discussed in detail in an article which can be read [here](#). More significant are the following changes:

- The reporting constituent entity may not exercise an election to apply the preferential treatment to an eligible domestic additional tax in certain cases: (i) the jurisdiction does not impose an eligible domestic additional tax on entities of a mixed character that are created in the same jurisdiction; (ii) the jurisdiction does not impose an eligible domestic additional tax on investment entities to which provisions of its law that are analogous to articles 260я13 to 260я15 apply; (iii) the jurisdiction does not impose a permissible national additional tax on entities to which provisions of its legislation analogous to Article 260я18 applies; (iv) the jurisdiction imposes a permissible national additional tax on members of a group of joint ventures by imposing it on other constituent entities in the jurisdiction of the multinational group of enterprises of which the group of joint ventures is part; and (v) the jurisdiction does not impose a permissible national additional tax on securitisation entities.
- The deadlines for the submission of the information return and the notifications under Article 260я19 of the LCIT for the transitional tax period shall be set namely from 10 January 2026 until 18 months after the last day of that tax period or until 30 June 2026 where the 18-month period expires before that date.
- Providing for a preferential regime for secondary taxation with an additional tax. At the option of the filing constituent entity, the additional tax imposed on a composite entity taxed at a low rate and located in the jurisdiction of the ultimate parent entity shall be deemed to be zero for tax periods of not more than 12 months and beginning on or before December 31, 2025 and ending before December 31, 2026, where the corporate income tax rate in the jurisdiction of the ultimate parent entity is not less than 20 percent.
- According to the new wording of the law, the tax return for the additional tax will be prepared on the basis of the information from the information return.
- Update the definition of "Ultimate Parent Entity" to exclude sovereign funds.

Refinement of Provisions on the Tax Relief for Carrying Out Productive Activity in Municipalities with Unemployment Higher Than the National Average in Cases of Minimum Aid

The new Commission Regulation (EU) 2023/2831 of 13 December 2023 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid ("Regulation (EU)

2023/2831") has necessitated the adoption of new texts and the refinement of existing ones relating to the tax relief constituting the minimum aid. Some of the key changes are:

- Increase of the upper threshold of the minimum aid granted to an undertaking over a period of 3 years to EUR 300,000;
- No right of assignment for any part of the corporate tax under Art. 184, in conjunction with Art. 188 of the LCIT, where its assignment would exceed the ceiling set in Art. 188 of the LCIT, namely EUR 300,000.
- The tax relief constituting a minimum aid will not apply to: (i) taxable persons active in the primary production of fishery and aquaculture products; (ii) taxable persons active in the processing and marketing of fishery and aquaculture products; (iii) taxable persons active in the primary production of agricultural products; (iv) taxable persons active in the processing and trade of agricultural products; (v) investment in assets used in activities related to exports to third countries or Member States.

Update and synchronisation of the provisions of the LCIT with other acts

As part of the harmonisation of the Bulgarian legislation with the new version of the law, the provisions concerning paper-based food vouchers are removed. In addition, it is provided that the taxes due will be paid into the revenue account of the central budget of the National Revenue Agency and not, as before, into the account of the territorial directorate of the National Revenue Agency of registration or where taxable persons are subject to registration.

The provisions introduced on the basis of Regulation (EU) 2023/2831 shall enter into force retroactively as from 1 January 2024, and all other amendments shall enter into force retroactively as from 1 January 2025.

For more information on the above matters, email us at dgkv@dgkv.com