



Proposed amendments to the 15% global minimum tax (Pillar Two)

On 18 Sep 2024 the Ministry of Finance published a draft law proposing amendments to the 15% global minimum tax in the Corporate Income Tax Act ("CIT Act").

It concerns large Bulgarian groups as well as companies and permanent establishments / branches of large multinationals in Bulgaria („the Companies“), which annual consolidated revenue was at least EUR 750 million in at least two of the last four fiscal years.

The proposed amendments are at the stage of public consultation and have not yet been adopted by the Bulgarian parliament. If accepted, they are expected to be effective as of 1 Jan 2024.

Some of the proposed amendments that in our view would be most relevant in Bulgaria include:

1. The Bulgarian qualifying domestic minimum top-up tax ("QDMTT") would be calculated as per the accounting standards of the consolidated financial statements of the ultimate parent entity „UPE“ (at present: IFRS / Bulgarian GAAP);
2. The Bulgarian top-up tax collected under the Undertaxed Profits Rule ("UTPR") to be split between several Bulgarian Companies of the qualifying group based on the number of personnel and the carrying value of the tangible assets with equal weights (at present: split equally);
3. Introduction of the UTPR safe harbour. Bulgaria would not be able to collect top-up tax under UTPR for the jurisdiction of the UPE if the nominal tax rate is 20% or more in the jurisdiction of the UPE (applicable only for fiscal periods ending by 31 Dec 2026);
4. Introduction of Bulgarian QDMTT for the last fiscal period, e.g. liquidation, insolvency, branch deregistration, mergers, demergers (the normal Pillar Two filing and payment deadlines would apply);
5. Introduction of explicit reference in the CIT Act that the published Pillar Two OECD rules, guidelines and examples should be used for interpretation of Pillar Two in Bulgaria;
6. Clarification that the GloBE information return ("GIR") will be in the currency of the group consolidated financial statements and that the domestic top-up tax returns will be converted in BGN based on the exchange rate of the Bulgarian National Bank for the last date of the respective fiscal period;
7. Clarification that the calculations in the Bulgarian QDMTT return will be based on the ones in the GIR, but with the Bulgarian specifics;
8. Clarification that filings for the first fiscal year will be in 18 months after the end of the group fiscal year, but will be opened earlier - on 10 Jan 2026. However, the filing deadline in no case could be before 30 Jun 2026 (e.g. for groups with fiscal years shorter than 12 months).

How Deloitte Can Help?

- Advise on the global minimum tax rules in Bulgaria and abroad, including through the global network of member firms of Deloitte.
- Assist in all stages
 - data diagnostic,
 - impact assessment and data modelling,
 - safe harbour assessment,
 - preparation/review of the top-up tax expense in the financial statements,
 - preparation/review of:
 - IIR, UTPR and QDMTT returns
 - GloBE information return for determining the top-up tax for each jurisdiction,
 - notifications about the Company which will file the GiR.

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