



## Pillar Two in Bulgaria: Ministry of Finance ruling provides much-needed interpretative guidance

On 14 April 2026 the Bulgarian Ministry of Finance published a non-binding tax ruling addressing several key questions related to the application of the OECD Pillar Two rules in Bulgaria. The ruling is of particular relevance for in-scope multinational enterprise (“MNE”) groups, given the limited administrative and interpretative practice available to date in this area.

The guidance provides an important reference point for taxpayers, as it outlines Bulgarian position on a number of practical aspects of the global minimum tax framework. As such, it may serve as a useful basis to be taken into account when performing QDMTT calculations, assessing potential top-up tax exposure and preparing for local compliance obligations in Bulgaria.

# Ministry of Finance issued first key guidance on Pillar Two

## Key guidance

- The difference between the **accrued expenses** for contributions to pension funds, both mandatory or voluntary, and **the contributions effectively paid** during the fiscal period should be reflected as an adjustment to the GloBE income or loss. **Pension provisions/retirement benefit provisions recognized under IAS 19 do not fall within the scope** of accrued pension expenses subject to this adjustment.
- Disallowed expenses in the form of **fines and penalties exceeding EUR 50,000** should be treated in line with the OECD GloBE Rules. In this respect, the assessment should be made per individual fine or penalty and where the EUR 50,000 threshold is exceeded, **the full amount of the respective fine or penalty** should be subject to an adjustment to the GloBE income or loss.
- **Tax on expenses** under part IV of Bulgarian CIT Act **should not be considered covered taxes** because the latter is not **imposed on profits** or income, nor does it constitute a tax levied **in lieu of corporate income tax** within the meaning of Article 4.2.1(c) of the OECD Model Rules.
- The applicable substance-based income exclusion (“SBIE”) percentages for **2024** are **7.8% for eligible tangible assets** and **9.8% for eligible payroll costs**.
- **Assets under construction** may be treated as eligible tangible assets for SBIE purposes, provided that they are **recognized as property, plant and equipment** (under the applicable accounting standards) and do not qualify as excluded assets.
- **Tangible assets** owned by a lessor and **leased out under operating lease** arrangements **may be treated as eligible tangible assets** for SBIE purposes **for the lessor** partially. The portion that may be included must be calculated under the OECD methodology (**Para 43.5, Art. 5.3.4, Consolidated Commentary** from May 2025). **Tangible assets held as investment (e.g. investment properties) are excluded** from the SBIE.
- Where the MNE group has **only one constituent entity (“CE”) in Bulgaria**, it should be assumed that **“all” Bulgarian CEs apply the same accounting standard**. Consequently, for QDMTT purposes, the relevant fiscal period should be the **calendar year where there is one CE in Bulgaria**.
- Where an MNE Group’s **first period within the scope of Pillar Two** runs from **May 2026 to June 2027** and all Bulgarian CEs apply the same accounting standard, the **fiscal period for QDMTT would be the full 2026 calendar year**.
- **The transition period** benefiting from the **18-month filing deadline** covers **any fiscal period in which the MNE Group first falls within the scope of Pillar Two** and is not limited to 2024, which is merely the first year of application of the rules in Bulgaria.
- **Bulgaria’s decision to apply the SBIE solely in respect of eligible tangible assets**, without granting relief for eligible payroll costs, **does not compromise the qualifying status** of its domestic minimum top-up tax.

# How can Deloitte assist you?

We can assist you with:

- safe harbour assessment,
- preparation/review of the **top-up tax expense** in the financial statements,
- preparation/review of:
  - **IIR/UTPR and QDMTT returns, including the notifications** about the CE which will file the GloBE information return,
  - **GloBE information return** for determining the top-up tax for each jurisdiction,

**Advise** on the global minimum tax rules in Bulgaria and abroad, including through the **global network of member firms of Deloitte**.

With respect to the above, Deloitte's globally developed cloud-based tool called **Pillar Two Agent** could be utilized.

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