



Tax Information Disclosure Obligation for Certain Undertakings

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Legislation

- Directive (EU) 2021/2101 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches
- Act for amending and supplementing the Accountancy Act, State Gazette No 105/19.12.2023
 - In force from 01.01.2025
 - First reporting for year 2024



Goals pursued

Public country-by-country tax reporting is a tool for:

- Increasing corporate transparency
- Enhancing public scrutiny on the tax compliance of multinationals
- Improving shareholders' ability to evaluate risks taken by undertakings
- Enhancing the ability of policy-makers to assess efficiency of national tax legislation
- Positive impacting the employees' rights to information



Obligation to ...

... draw up, publish and make accessible for 5 years a report on income tax information for the latter of the 2 years for which the criteria are met

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Obligated persons – Bulgarian undertakings



- 1. Bulgarian ultimate parent undertakings:** consolidated revenue BGN 1,500 million (~ EUR 750m) for each of the last 2 years
- 2. Bulgarian standalone undertakings:** revenue BGN 1,500 million (~ EUR 750m) for each of the last 2 years



Obligated persons – in case of MNEs



3. **Bulgarian medium-sized and large undertakings:**

controlled by a non-Bulgarian ultimate parent with consolidated revenue BGN 1,500m (~ EUR 750m) for each of the last 2 years

4. **Bulgarian branches** with net turnover

> BGN 16m (~ EUR 8m) :

opened by a non-Bulgarian entity

→ with standalone revenue BGN 1,500m
or

→ member of a group with consolidated revenue BGN 1,500m for each of the last 2 years,

that does not have medium-sized or large subsidiaries in Bulgaria



Obligated persons – in case of MNEs (continued)

Bulgarian medium-sized and large subsidiaries, and

Bulgarian branches

that meet the above criteria

» Shall draw up, publish and make accessible for 5 years a report on income tax information **concerning the ultimate parent** for the latter of those 2 years





5. Obligated persons – in case of MNEs (continued - 2)



Bulgarian medium-sized and large subsidiaries, and

Bulgarian branches

that meet the above criteria but

did not receive the relevant information from the parent undertaking:

» Shall draw up, publish and make accessible for 5 years:

- a report on income tax information **containing all information in its possession**, and
- a statement indicating that **the parent undertaking did not provide the necessary information**



Content of the report on income tax information

1. Name of ultimate parent or standalone undertaking
2. Financial year concerned
3. Currency used
4. List of all consolidated subsidiaries, if any, which are established:
 - in the EU, or
 - in tax jurisdictions included in the EU lists of non-cooperative jurisdictions for tax purposes
5. Description of activities
6. Number of employees on a full-time equivalent basis
7. Revenues
8. Profit or loss before income tax
9. Income tax accrued
10. Income tax paid, incl. withholding tax
11. Accumulated undistributed profit at year end
12. Statement (if applicable) that the parent undertaking has not provided the necessary information



Content of the report on income tax information (*continued*)

The information is presented by country / jurisdiction, as follows:

1. For each EU Member state
2. For each jurisdiction included in Annex I to the EU list of non-cooperative jurisdictions for tax purposes
3. For each jurisdiction included in Annex II to the EU lists of non-cooperative jurisdictions for tax purposes
4. On aggregated basis for the other jurisdictions



Publication and accessibility

The report on income tax information and the statement (if applicable) shall be **published within 12 months** of the year end

- In the Trade Register – in Bulgarian language, and
- On the website of (as applicable)
 - the Bulgarian parent undertaking, or
 - the Bulgarian subsidiary (or an affiliated undertaking), or
 - the Bulgarian branch or its foreign principal (or an affiliated undertaking)

Shall remain **accessible for a minimum 5 consecutive years**.



Exemptions / criteria

1. Activity of local parent or standalone entity – only within the territory of Bulgaria	2. A report on income tax information is drawn by a non-Bulgarian ultimate parent or standalone undertaking	3. An undertaking from the banking sector discloses a report under Art.89 of Directive 2013/36/EU
Including branches, fixed places of business or permanent establishment.	1. Made accessible to the public, free of charge and in an e-reporting format machine-readable: - On the website of that undertaking, - in one official language of the EU, - no later than 12 months after the end of the year for which the report is drawn. AND	The report encompasses information of all their activities - for standalone undertakings OR
No other tax jurisdiction	2. Identifies the name & registered office of a single subsidiary / branch governed by EU MS law which has published a report in the Commercial Register, + provides a link to the Register	The report encompasses information on all the activities of all affiliated consolidated undertakings - for ultimate parent undertakings

30/01/2024



Auditor's obligation to check compliance

Where the financial statements of an undertaking are required to be audited, the audit report shall state whether **for the financial year preceding the audited financial year:**

1. the undertaking was obliged to publish a report of income tax information; and, if so,
2. whether the report was published within the statutory deadlines and is made accessible to the public as required by law.



Thank you!

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