

Bulgaria; European Union

Introduction of mandatory transfer pricing documentation and bill to implement EU tax Dispute Directive voted by parliament – additional information

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On 5 June 2019, the Bulgarian parliament voted at first reading on amendments to the Tax and Social Security Procedure Code that include the following main topics:

- introduction of mandatory transfer pricing documentation requirements; and
- implementation of the [EU Tax Dispute Resolution Directive \(2017/1852\)](#) of 10 October 2017 on tax dispute resolution mechanisms in the European Union.

Tax disputes

Tax disputes will be resolved in accordance with the double taxation treaties to which the Republic of Bulgaria is a party, the EU Arbitration Convention and the new tax dispute resolution procedure. The procedure will be initiated by submitting a complaint to the Minister of Finance who has been designated as the competent authority for the resolution of such disputes in Bulgaria. A specialized department within the Tax Administration's head office will support the Minister of Finance in the decision-making process. Persons not satisfied with the decisions issued by the Minister of Finance may seek remedy with the relevant administrative court.

Transfer pricing documentation

The amendments introduce requirements for drafting special transfer pricing documentation which will consist of a local file and a summary file. The preparation of such documentation will be mandatory for local legal entities, foreign legal entities operating in Bulgaria through their place of business, and sole traders with a significant volume of business.

The obligation will be waived for:

- persons whose net sales revenue is below BGN 16 million and whose assets have a balance sheet value of less than BGN 8 million;
- persons not subject to corporate taxation;
- persons subject to alternative taxation; and
- related parties based on 25% shareholding.

The deadline for submission of the documentation to the National Revenues Agency is 31 March of the following year. Failure to comply with this requirement will be subject to fines.

For previous reporting, see [Bulgaria-1, News 6 November 2018](#), [Bulgaria-1, News 9 April 2019](#), [Bulgaria-1, News 17 May 2019](#) and [Bulgaria-2, News 7 June 2019](#).

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