

C omments on the amendments to the Local Taxes and Charges Act, effective from 1 January 2004

A Law on Amendment and Supplementation of the Local Taxes and Charges Act (LASLTCA) has been published in the State Gazette, issue 112 of 23 December 2003. The law does not introduce major changes in the hitherto existing provisions, as herein below we will draw your attention to the most significant amendments, as follows:

(1) Procedure for determination of the tax on real estate upon occurring of changes in the tax valuation throughout the year

As from 1 January 2004 in the cases where the Municipality Council should effect a change in the borders of zones within the settlements, categories of the villa zones or of the functional type of the respective settlement the tax on real estate will be determined **on the new tax valuation starting from 1 January of the next year** (Art. 19, para 3 LTCA).

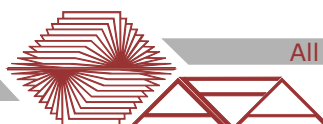
In respect of the **certificates for tax valuation** issued under Art. 226, para 1 of Tax Procedure Code (TPC) it is regulated that **the tax valuation certificates issued by 30 June of the current year shall be valid till that date, while those issued after 30 June - by the end of the current year**. If the tax liabilities due for the respective property have been paid for the entire year and this fact is entered into the certificate, it is valid for the entire year regardless of the date of issuance.

(2) Procedure for taxation in case of acquisition of estate upon donation or against consideration

Amendment of **Art. 44 LTCA** is effected by a **new para 3** according to which **the motor vehicles imported as new, which have been acquired upon donation or against consideration before their first registration in the country, are excluded from the subjects of tax upon acquisition of property upon donation (5%) and against consideration (2%)**.

The text of Art. 49 has been totally changed as **the requirement** for filing of tax return **before** the property transfer **has been eliminated** and it is expressly stipulates that the tax **should be paid upon the transfer of the real estate, rights of use and motor vehicles**.

The deadline for filing a return **upon gratuitous acquisition of property** (excluding the cases under Art. 49, para 2 LTCA) **has been made identical to all other deadlines for submission of tax returns under LTCA, namely two months after the acquisition of the property** (Art. 49, para 3 LTCA).



(3) Procedure for taxation with tax on motor vehicles and road tax

3.1. Tax on motor vehicles

Deadlines for the following have been changed:

filing of a return upon acquisition of motor vehicle up to two months after the acquisition (Art. 54, para 1 LTCA).

declaring of inherited motor vehicle - within 6 months following the opening of the inheritance (within the term under Art. 32 LTCA).

payment of tax on motor vehicles acquired during the current year within two months following the date of acquisition (Art. 60, para 2 LTCA).

New para 9 is added to Art. 60 LTCA stipulates that in case of change of circumstance, influencing the calculation of that amount **the tax liability should be changed from the beginning of the month following the month of occurrence of the change.**

3.2. Road tax

The amendments effected in respect of the taxation with road tax are similar to those related to the taxation with tax on motor vehicles.

(4) Procedure for determination of the amounts and the manner for payment of the garbage charges

In practice, the administrative-penal regime in respect of the authorities of the mayors of municipalities for issuance of penal decrees has been made consistent with the already effected amendments in LTCA from the beginning of 2003.

The law shall enter into force on 1 January 2004.

The comments set out above represent an overview of the amendments and supplementations of LTCA and are not exhaustive. For access to the detailed commentary and should issues arise regarding the application of the new provisions, please do not hesitate to contact us at tel. 943 37 00, fax 943 37 07, e-mail office@afa.bg, or postal address at 38, Oborishte Str. Sofia 1504.