

# Tax & Legal Alert

Bulgaria • Issue 10, 15 August 2008

## Direct taxes

The tax exemption for dividend flows between Bulgarian companies and EU companies will no longer be subject to special conditions, based on recent amendments to the Corporate Income Tax Act. The legislative changes will be effective as from 1 January 2009.



## EU / EEA dividends tax exempt without special conditions

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PricewaterhouseCoopers' tax department.

Effective 1 January 2009 dividends payable to or by an EU / EEA based company will be tax exempt similarly to dividends payable between Bulgarian companies.

Based on tax law currently in force, EU cross-border dividends are exempt subject to certain conditions, including a minimum shareholding of 15% for at least 2 years. On the other hand, no conditions apply for the exemption of internal dividend payments.

The amendments will put an end to the existing discriminatory tax treatment between local and EU / EEA cross-border dividend distributions.

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