

VAT relief for donations of food products to operators of food banks

9 November 2016

In brief

Amendments to the Bulgarian Value Added Tax Act (VATA) have been promulgated in the State Gazette on 8 November 2016, envisaging that no VAT will be due for donations of food products to operators of food banks. The amendments will enter into force as of 1 January 2017.

In detail

The amendments to VATA, entering into force on 1 January 2017 envisage that the donations of food products to food banks will not be subject to VAT.

This will be possible only if the donors comply simultaneously with the following conditions:

- The value of a single item is insignificant and the item itself is donated within a time frame, approved with an explicit order by the Minister of agriculture and food. The order and the entire list of foods, which may become subject to donations will be published on the websites of the Ministry of Agriculture and Food and the Bulgarian Food Safety Agency.
- The total amount of the donated food shall not exceed 0.5% of the total amount of the taxable supplies of food products for the preceding calendar year.

- A special marking “Donation not subject to sale” should be placed on the product to be donated. The marking shall be placed on the consumer or transport packaging (if the product has not been already packed) in a way, which does not permit its removal without damaging the whole packaging. The marking shall further not hide any of the information contained on the label of the packaging.
- The donor shall not have any outstanding tax, social securities or other public liabilities and no penalty act for certain VAT-related violations for the past 2 years.
- They should not have any outstanding public liabilities.
- They should have their own/rented premises for the storage of food products, in at least 20% of the regions in Bulgaria.
- They should possess transport vehicles when necessary for the performed activity.
- They should possess a reporting system, which may enable the competent authorities to audit the donated or stored food products.

Declaring the food donations

A donor of food has to issue a protocol no later than 5 days from the day of handing over of the donation. The protocol should be declared in the sales ledger and the VAT return of the donor for the respective tax period.

Who can receive food donations?

Only operators of food banks, registered under the Foods Act, can receive donations.

The food bank operators have to comply with all of the following conditions:

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

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