



Council of the  
European Union

**Brussels, 4 November 2022**  
**(OR. en)**

**13925/22**

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**Interinstitutional File:**  
**2022/0322(NLE)**

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**FISC 208**  
**ECOFIN 1078**

#### **LEGISLATIVE ACTS AND OTHER INSTRUMENTS**

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Subject:	COUNCIL IMPLEMENTING DECISION authorising Bulgaria to introduce a special measure derogating from Article 287 of Directive 2006/112/EC on the common system of value added tax
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**COUNCIL IMPLEMENTING DECISION (EU) 2022/...**

**of ...**

**authorising Bulgaria to introduce a special measure derogating from  
Article 287 of Directive 2006/112/EC on the common system of value added tax**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Directive 2006/112/EC of 28 November 2006 on the common system of value added tax<sup>1</sup>, and in particular Article 395(1) thereof,

Having regard to the proposal from the European Commission,

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<sup>1</sup> OJ L 347, 11.12.2006, p. 1.

Whereas:

- (1) Article 287, point (17), of Directive 2006/112/EC allows Bulgaria to exempt from value added tax (VAT) taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 25 600 at the conversion rate on the day of its accession.
- (2) By letter registered with the Commission on 17 May 2022, Bulgaria requested an authorisation to introduce a special measure derogating from Article 287, point (17), of Directive 2006/112/EC and thus to exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 51 130 at the conversion rate on the day of its accession ('the special measure'). The special measure would be applicable until 31 December 2024, the date by which Member States are to transpose Council Directive (EU) 2020/285<sup>1</sup>. It follows from that Directive that, from 1 January 2025, Member States will be allowed to exempt from VAT the supply of goods and services made by taxable persons whose annual turnover in a given Member State does not exceed a threshold of EUR 85 000 or the equivalent in national currency.

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<sup>1</sup> Council Directive (EU) 2020/285 of 18 February 2020 amending Directive 2006/112/EC on the common system of value added tax as regards the special scheme for small enterprises and Regulation (EU) No 904/2010 as regards the administrative cooperation and exchange of information for the purpose of monitoring the correct application of the special scheme for small enterprises (OJ L 62, 2.3.2020, p. 13).

- (3) Pursuant to Article 395(2), second subparagraph, of Directive 2006/112/EC, the Commission transmitted the request made by Bulgaria to the other Member States, by letter of 26 July 2022. By letter of 27 July 2022, the Commission notified Bulgaria that it had all the information necessary for the appraisal of the request.
- (4) The special measure is in line with Directive (EU) 2020/285, which seeks to reduce the compliance burden of small enterprises and avoid distortions of competition in the internal market.
- (5) The special measure will remain optional for taxable persons as they may still opt for the normal VAT arrangements pursuant to Article 290 of Directive 2006/112/EC.
- (6) According to the information provided by Bulgaria, the special measure will only have a negligible effect on the overall amount of tax revenue Bulgaria collects at the stage of final consumption.
- (7) Following the entry into force of Council Regulation (EU, Euratom) 2021/769<sup>1</sup>, there is to be no compensation calculation carried out by Bulgaria with regard to the VAT-based own resource statement for the financial year 2022 onwards.

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<sup>1</sup> Council Regulation (EU, Euratom) 2021/769 of 30 April 2021 amending Regulation (EEC, Euratom) No 1553/89 on the definitive uniform arrangements for the collection of own resources accruing from value added tax (OJ L 165, 11.5.2021, p. 9).

- (8) Given that Bulgaria expects that the special measure will result in reduced VAT obligations and thus a reduction in the administrative burden and compliance costs for both small enterprises and the tax authorities, and given the lack of any major impact on the total VAT revenue generated, Bulgaria should be authorised to introduce the special measure.
- (9) The application of the special measure should be limited in time. The time limit should be sufficient to allow the Commission to evaluate the effectiveness and appropriateness of the threshold. Moreover, pursuant to Article 3(1) of Directive (EU) 2020/285, Member States are to adopt and publish, by 31 December 2024, the laws, regulations and administrative provisions necessary to comply with Article 1 of that Directive, which amends Directive 2006/112/EC and lays down simpler VAT rules for small enterprises, and apply those provisions from 1 January 2025. It is therefore appropriate to authorise Bulgaria to apply the special measure until 31 December 2024,

HAS ADOPTED THIS DECISION:

*Article 1*

By way of derogation from Article 287, point (17), of Directive 2006/112/EC, Bulgaria is authorised to exempt from VAT taxable persons whose annual turnover is no higher than the equivalent in national currency of EUR 51 130 at the conversion rate on the day of its accession.

*Article 2*

This Decision shall take effect on the date of its notification.

It shall apply until 31 December 2024.

*Article 3*

This Decision is addressed to Bulgaria.

Done at ...,

*For the Council*

*The President*

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