

Financing adult learning database

Name of the instrument - Local language	Данъчно стимулиране при предоставяне на стипендии
Name of the instrument - English translation	Tax incentives related to the provision of scholarships
Scheme ID	27
Country	 Bulgaria
Reporting year	2020
Type of instrument	Tax incentive for companies
Sub-type of instrument	Incentive for promoting training
Type of entry	Single instrument

Short description	<p>Companies are entitled to a tax deduction if they provide a scholarship to a pupil in secondary education or a student in higher education for a minimum of 1 year and a maximum of 2 years in an educational institution in EU-27 or in a country of the European Economic Area. The scholarship holder is a pupil in the last two classes of acquiring secondary education or a student in the last two years of acquiring a bachelor or master degree and is under 25 years of age. The amount deducted from the tax base is equal to the scholarship paid (as long as the amount is not higher than 10% of the taxable profits). The incentives are constructed in line with comparable incentives regarding donations of companies. The company and the scholarship holder have to sign a contract regulating the conditions upon which the scholarship is provided. According to the law, the occupation of the scholarship holder has to be relevant to the activities of the company. Furthermore, upon completion of the study programme, the company is obliged to hire the pupil/student for a period longer or equal to the total number of months for which the scholarship is provided. The tax incentive consists of allowing the deduction of costs that would not be treated as corporate costs otherwise. The scheme can be used once in each calendar year.</p>
--------------------------	---

Level of operation	National
Name of a part of the country	Not applicable

Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable
Relevance	Further instrument
Legal basis	Corporate income act
Objective(s) and target(s)	To facilitate youth employability and entry into first job.
Year of implementation	2013
Year of latest amendment	2013
Operation/management	National Revenue Agency is responsible for monitoring and quality assurance. The company and the scholarship holder have to sign a contract regulating the conditions upon which the scholarship is provided. According to the law, the occupation of the scholarship holder has to be relevant to the activities of the company; furthermore upon completion of the study programme, the company is obliged to hire the pupil/student for a period longer or equal to the total number of months, for which the scholarship is provided.
Eligible group(s)	The scholarship holder is a pupil in the last two classes of acquiring secondary education or a student in the last two years of acquiring a "bachelor" or "master" degree and is under 25 years of age.
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	ISCED 3 ISCED 4 ISCED 5 ISCED 6-8
Source of financing and collection mechanism	State (loss of tax revenue)Company
Financing formula and allocation mechanisms	The amount of scholarship is regulated by the individual contract signed between the company and the scholarship holder. 100% of the costs for education and training may be deducted by a company up to a set limit (within the 10% of taxable profits limit)
Eligible costs	100% of the costs for education and training may be deducted by a company up to a set limit (within the 10% of taxable profits limit)
Volumes of funding	Not available
Beneficiaries/take up	Not available
Organisation responsible for	National Revenue Agency

monitoring/evaluation	
Monitoring/evaluation reports available	Not available
Most relevant webpage - in English	www.nap.bg/en/document?id=108
Most relevant webpage - local language	www.nap.bg/document?id=146
Recent changes	<p>No recent amendment</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	<p>Corporate Income Tax Act</p> <p>www.nap.bg/document?id=146</p> <p>National Revenue Agency</p> <p>http://www.nap.bg/en</p> <p>Handbook of Corporate Income Taxation 2020 https://nra.bg/document?id=19979</p>