

BULGARIA

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0- SYNOPTIC TABLE: TAXATION OF RESIDENTS AND NON-RESIDENTS

	RESIDENTS	NON-RESIDENTS
CORPORATE INCOME TAX		10%
TAXES ON CAPITAL GAINS	Taxed as income	
WITHHOLDING TAXES		
Dividends	5%	
Interest	10%	
Royalties	10%	
PERSONAL INCOME TAX		10%
OTHER TAXES		
Insurance premiums	2%	
Withholding tax	10% on technical, marketing, consulting services, etc.	
Tax on gambling	15% (20% on online gambling)	
V.A.T.	20%; 9% on tourist sector; 0% on foreign and EEC supplies	
LOSSES		
Carried forward	5 years	
Carried back	Not applied	
DEPRECIATION		
Fixed assets	Buildings 4% Machinery 30% Means of transport 10% Computers 50% Vehicles 25% Other goods 15%	
Tangible and intangible goods with a period of use limited by law or contractual obligations	33 ½ yearly	

1- AN OUTLINE OF COMPANY LAW

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Limited liability company</i>	A limited liability company can be formed by one or more individuals or corporate entities that are liable for the company's obligations only to the extent of their registered capital contributions. The registered capital of a limited company cannot be less than BGN2 and each contribution cannot be less than BGN1.	If the company is set up by a single individual or entity, they need to draw up a constitutive deed instead of articles of association.	For registration a limited liability company needs to: <ul style="list-style-type: none"> • file the articles of incorporation • have appointed the manager or managers (they do not have to be members), and • have paid up the statutory minimum capital of BGN2, and at least 70% of the registered capital if it exceeds the statutory minimum.
<i>Joint stock company</i>	A joint stock company can be formed by any combination of individuals and corporate entities. The liability of shareholders is limited to the amount of their capital contribution. The minimum capital is BGN50,000 which must be divided into equal shares of no less than BGN1.	A joint stock company is established by adopting company by-laws and an incorporating resolution, and by appointing a supervisory board or a board of directors.	Shares can be registered or preferential. Registered shares can be transferred with permission and need to be recorded in the shareholders' register and comply with any other by-law conditions. For registration a joint stock company needs to have adopted the by-laws, had the entire capital subscribed, had at least 25% of the value of each share paid up, and appointed the board of directors or supervisory board.
<i>Sole trader</i>	Individuals domiciled in Bulgaria can register as sole traders.	A registration application needs to include: the applicant's name, domicile, address and Unified Civil Number (a national identification number given to Bulgarian residents), the trade name, the seat and address of the registered office, and the purpose of the business.	
<i>General partnership</i>	A general partnership can be formed by a minimum of 2 people who have unlimited joint and several liability. All partners can participate in the management unless the articles of association state otherwise.	The articles of association must include the name and address of each partner, the trade name, seat, registered office and purpose of the partnership, the type and amount of each partner's contribution, the method of profit and loss distribution, and the management structure.	
<i>Limited partnership</i>	A limited partnership can be formed by a minimum of 2 people. One or more of the partners must have unlimited joint and several liability for the partnership's obligations. The remaining partners' liability does not exceed their contribution.	The articles of association must include the trade name of the partnership, the seat and registered office, the purpose of the partnership, the names and addresses of the partners and the extent of their liability, the type and amount of each partner's contribution, the method of profit and loss distribution, and the management structure.	The partnership must be managed and represented by the general partners. A limited partner has no right to manage the partnership.

BUSINESS ENTITY	MAIN TRAITS	FORMATION	GOVERNANCE
<i>Partnership limited by shares</i>	A partnership limited by shares needs to be formed by a minimum of 3 general partners. The shares are issued in proportion to each partner's capital contribution.	The by-laws drafted by the general partners must state the amount of each partner's contribution and the board of directors must consist of general partners.	Only limited partners can vote in the general meeting. General partners can only take part in a consultative capacity, even if they own shares.
<i>Representative office</i>	A representative office cannot carry out economic activity.	It has to be registered with the Bulgarian Chamber of Commerce and Industry.	
<i>Branch office</i>	The branch can conduct business activities and is considered a legal entity for tax purposes. There is no specific branch remittance tax in Bulgaria.	Capital is not necessary for establishing a branch.	Foreign companies can register a branch with the commercial register.

2- WHEN BULGARIAN COMPANIES CAN BE CONSIDERED RESIDENT OR NON-RESIDENT?

Companies are considered resident in Bulgaria if they are established under Bulgarian law, under EC Regulation 2157/2001 on European Companies or under EC Regulation 1435/2003 on European Cooperative Societies with their registered office in Bulgaria.

3- BUSINESS AND NON-BUSINESS ACTIVITIES (ADMINISTRATIVE OFFICES, LIAISON OFFICES, PURCHASING OFFICES, ETC.)

Bulgaria has an ideal geographical location for companies wishing to operate in the Central and Eastern Europe region. Bulgaria's free trade zones facilitate and maintain fast transportation to international trade routes.

4- WHICH FOREIGN LOCAL UNITS CAN BE OPENED IN BULGARIA: SECONDARY ESTABLISHMENTS, BRANCHES, SUBSIDIARIES OR PERMANENT ESTABLISHMENTS?

A permanent establishment arises when the foreign business conducts all or part of its activities in Bulgaria. Such a location may be a management centre, a branch, an office, a factory or workshop, a construction site, etc. In line with the OECD Model Convention, most of Bulgaria's tax treaties stipulate that places used for activities such as warehousing, exhibition and supply of inventories, purchase of goods, collection of information and other activities of a preparatory or secondary nature are expressly excluded from the definition of a permanent establishment.

A representative office has to be registered with the Bulgarian Chamber of Commerce and Industry. It cannot carry out economic activity.

Foreign companies can register a branch with the commercial register. Capital is not necessary for establishing a branch. The branch can conduct business activities and is considered a legal entity for tax purposes. There is no specific branch remittance tax in Bulgaria.

A Bulgarian branch of a foreign company often constitutes a permanent establishment in Bulgaria, whose worldwide profits and capital gains are subject to corporation tax in Bulgaria.

A branch is taxed as any other legal entity in Bulgaria in line with the provisions of the Law on Corporate Income Tax 2006. There is no additional branch tax. Business income and expenses are calculated in the same way as for other Bulgarian legal entities.

There is no specific branch remittance tax in Bulgaria. The distribution of profits in the form of dividends or income similar to dividends is generally subject to withholding tax at the rate of 5% unless the EU Parent Subsidiary Directive applies.

5- CALCULATING TAXABLE INCOME

A Bulgarian resident company is subject to corporation tax on global income including capital gains and accumulated earnings.

Non-deductible expenses include:

- non-business expenses
- undocumented expenses
- VAT and income tax payments

- expenses from fines or other sanctions imposed by law, or interest charged for late payment of tax debts
- donation expenses (except for up to 10% of profit donated to causes such as schools, disabled people, orphans and the Bulgarian Red Cross, 15% of profit donated in accordance with the Financial Support for Culture Act, and up to 50% of profit donated to the Fund for Medical Treatment of Children Centre. Expenses on donations recognised for tax purposes cannot exceed 65% of profit)
- reduction of fixed and current assets (except if due to *force majeure*), and reduction and waste of stock (except if due to *force majeure*, spoilage or alteration under law or company standards or expiry of the service life under law or company standards).

Exempt income includes:

- dividends received from resident companies
- income connected with non-deductible expenses (up to the amount of unrecognised expenses)
- income from interest payments on untimely remitted or collected public obligations charged by the Government or municipal authorities, and
- income from VAT charged by the Government or municipal authorities that has not been refunded within the statutory time limit.

Allowable deductions include:

- written off stock
- debt expenses
- recognised interest expenses
- depreciation of intangible fixed assets (such as software and intellectual property)
- depreciation of tangible fixed assets (such as computers and machinery)
- depreciation of investment properties (excluding land), and
- expenses from the revaluation of debt claims where:
 1. the claim has expired under the law
 2. bankruptcy proceedings against the debtor have failed to satisfy the claim
 3. a court has ruled that the claim is invalid, or
 4. the claim is unsatisfied after the debtor's owings have been expunged.

6- TREATMENT OF LOSSES

Any loss that would be taxable in Bulgaria if it were a profit can be carried forward for a maximum of 5 years and deducted from future profits. If the amount of profit is greater than the loss the full amount of loss is deducted. There are no legislative provisions restricting the future profits from which losses can be deducted.

Losses cannot be carried back.

Companies forming part of a group cannot surrender trading losses to one another.

Tax losses cannot be carried forward when ownership changes.

Losses can be carried forward if a joint stock company is transformed into a different business structure in accordance with the Trade Law.

7- IS INTEREST DEDUCTIBLE?

Interest incurred in the production of Bulgarian taxable income is tax deductible

Interest payments made to non-residents are generally subject to Bulgarian withholding tax at a rate of 10%, subject to any applicable tax treaty or the EU Interest and Royalties Directive

8- IS DEPRECIATION DEDUCTIBILITY ACKNOWLEDGED?

The depreciation of assets is an allowable deduction within the limits established by Bulgarian law.

Tax depreciable assets are:

- tangible fixed assets
- intangible fixed assets, and
- investment properties (excluding land).

A fixed asset is an asset, with physical substance, which costs at least BGN700.

An intangible fixed asset is one that:

- has no physical substance
- is used for more than 12 months
- has a limited useful life, and
- has a minimum value of BGN700.

Land, forests and goodwill are not tax depreciable assets.

The straight-line method of depreciation is used in Bulgaria. The groups of depreciable assets and the corresponding rates of depreciation are as follows:

<i>Asset group</i>	<i>Annual rate of tax depreciation %</i>
Category 1 — solid buildings (including investment properties), plant, transmission facilities, electric power carriers and communication lines	4
Category 2 — machinery, process equipment and apparatus	30 (50 if part of an initial investment and the asset is new)
Category 3 — means of transport (excluding cars) and surfacing of roads and runways	10
Category 4 — computers, computer peripheral equipment, software and the right to use software	50
Category 5 — vehicles	25
Category 6 — tangible and intangible fixed assets where the period of use is restricted under law or contractual obligations	The annual rate may not exceed 33⅓
Category 7 — all other depreciable assets	15

An asset can be written off once it is completely depreciated for tax purposes.

9- WHAT TAX TREATMENT IS APPLIED TO RESIDENT COMPANIES?

Bulgarian corporate tax for resident and non-resident businesses is charged at a flat rate of 10% for 2024. The same rate has applied since 2007.

Gambling activities are subject to a 15% tax rate based on turnover (20% for online gambling). There is also a quarterly tax on gambling machines and devices.

Shipping activities are subject to a tonnage tax regime.

There is no special or reduced corporate tax rate on undistributed earnings.

10- ARE GROUP COMPANIES CONSIDERED SINGLE COMPANIES FOR FISCAL PURPOSES?

Under Bulgarian law, companies forming part of a group cannot surrender trading losses to one another.

Consolidated tax returns are not permitted in Bulgaria.

Parent companies are generally required to prepare consolidated financial statements and a consolidated management report. The parent company of a small group may only prepare consolidated financial statements if at least one of the entities in the group is a public interest entity. A small group is a group that does not exceed 2 of the following limits on a consolidated basis as of 31 December:

- book value of assets — BGN8 million
- net sales — BGN16 million
- average number of employees during the year — 50.

11- WHAT TAX TREATMENT IS APPLIED TO FOREIGN LOCAL UNITS AND NON-RESIDENT COMPANIES?

A Bulgarian branch of a foreign company often constitutes a permanent establishment in Bulgaria, whose worldwide profits and capital gains are subject to corporation tax in Bulgaria.

A branch is taxed as any other legal entity in Bulgaria in line with the provisions of the Law on Corporate Income Tax 2006. There is no additional branch tax. Business income and expenses are calculated in the same way as for other Bulgarian legal entities.

The low corporate income tax rate generally makes Bulgaria an attractive location for a branch. There is no specific branch remittance tax in Bulgaria. The distribution of profits in the form of dividends or income similar to dividends is generally subject to withholding tax at the rate of 5% unless the EU Parent Subsidiary Directive applies.

12- ARE CAPITAL GAINS TAXED?

For Bulgarian tax purposes, a company's capital gains are treated as ordinary income and are subject to corporation tax at the same rate as the company's other income. A non-resident company is subject to Bulgarian tax on capital gains only in respect of the assets of its Bulgarian permanent establishment.

Capital gains are calculated by deducting the documented acquisition price from the sale price. Gains on securities traded in regulated markets are exempt from capital gains tax.

13- WHAT TAX TREATMENT IS APPLIED IN CASE OF COMPANY LIQUIDATION?

Companies registered in Bulgaria before 1 January 2008 must be re-registered before liquidation. Liquidators need to be registered in the commercial register. They need to draw up a balance sheet at the moment of dissolution and close the accounts at the end of each year. A financial statement and final report need to be presented to the management body or directorship.

Liquidators must invite creditors to make their claims after dissolution. A notice must be provided in writing to known creditors and published in the State Gazette and the assets of the company cannot be distributed until 6 months have passed from publication

If a notified creditor does not state their claim, the sum owed needs to be deposited into a bank account in the creditor's name. Once the creditors have been satisfied, the remaining assets are distributed to the members or shareholders.

When all liabilities have been settled and assets distributed, the liquidator needs to apply for deletion of the dissolved company from the commercial register.

Profits from the beginning of the calendar year to the liquidation registration date are taxed as corporate income and advance contributions paid within that period are deducted. Corporation tax must be paid within 30 days of registration.

For tax purposes, assets produced or acquired are realised at the time of liquidation at market rates and are written off.

Shares distributed on liquidation are generally subject to tax at 5%. Liquidation shares paid to the following are tax exempt:

- Bulgarian companies that represent the government
- contractual funds
- companies registered in an EU/EEA member state.

The tax return for the final tax period must be submitted with the request for removal from the commercial register.

14- TRANSFER OR REPURCHASE OF SHARES: HOW ARE THEY TAXED?

Registered capital can be reduced to the statutory minimum of BGN2 by a resolution amending the articles of incorporation. A decision to reduce capital must be unanimous.

Under Bulgaria's Trade Law (TL), a company may acquire its own shares:

- to reduce capital by forcible cancellation of shares
- for universal legal succession (except merger or incorporation)
- if it is free of charge
- if it is involved in securities trading and acquires its own shares in the fulfillment of a third party order
- if a shareholder has failed to make their contribution
- in certain cases involving the expulsion of a shareholder, and
- to buy-back its own shares.

15- WHAT OTHER TAXES ARE APPLIED IN BULGARIA?

VAT

A standard VAT rate of 20% generally applies to the sale of goods and the provision of services. A reduced rate of 9% applies to: the tourism sector, books, newspapers and magazines, including electronic versions, restaurant and catering services, baby food and diapers, sports facilities and services provided by tour operators and to supplies of natural gas and heat energy between 1 July 2022 and 1 July 2023. A rate of 0% applies to: exports and associated services, passenger transport (including passenger luggage), the transport of goods between Bulgaria and a second country, or within Bulgaria, supplies, including fuel and food, for use by ships, aircraft and trains, bread and flour (from 1 July 2022 to 31 December 2023).

The 0% rate also applied to supplies of COVID-19 vaccines from 1 January 2021 to 31 December 2022.

VAT exempt goods and services include: medical and related services, social services, education and sport activities, the activities of cultural organisations and institutions, the activities of religious organisations, non-profit activities, finance and insurance services and postage stamps.

Environmental tax

Emissions-based charges are imposed at varying rates on different chemical pollutants.

Insurance premiums

There is a 2% tax on insurance premiums, and a fine of between BGN500 and BGN2,000 can be imposed for failing to declare insurance premiums or failing to submit the tax due.

Excise tax

Excise duties apply to alcohol and alcoholic beverages, tobacco products, energy products and electricity, coffee and coffee extracts and motor vehicles.

Excise duties on the following are zero-rated from 1 July 2022 to 30 June 2025: natural gas and liquefied petroleum gas used as motor fuel, thermal energy that is used to carry out the combined production of heat and electricity, electricity produced from solar, wind, wave, tidal or geothermal energy, electricity of hydraulic origin produced in hydroelectric installations, electricity generated from biomass or products produced from biomass, electricity generated from methane released in abandoned coal mines and by fuel cells.

Withholding tax

The general withholding tax rate for non-treaty countries for services including technical, marketing, management and consulting is 10%. This rate also applies to rents and capital gains from assets (excluding publicly-quoted shares).

Gambling tax

Gambling activities are generally subject to a one-off licensing fee of BGN300,000 and a 20% tax on turnover (15% before 1 January 2024). Online gambling operators are subject to a one-off licensing fee of BGN400,000 (BGN100,000 before 1 January 2024) and a 20% tax on profits. Profits are defined as the difference between the value of bets placed and winnings paid out.

There is a quarterly tax of BGN800 on gambling machines and horse and dog betting devices, BGN22,000 on roulette tables and BGN5,000 on all other gambling devices. Gambling tax needs to be declared and paid by the 15th day following the end of each quarter. Separate payments need to be made for each different gambling device and the payment needs to include details of the location and address of each device.

Tonnage tax

Certain shipping activities can choose to apply a special tonnage tax regime instead of standard corporate income tax. In order to be eligible a taxpayer must:

- be registered in Bulgaria or located in an EU member state or EEA country for tax purposes
- operate their own or chartered ships
- not refuse to train new members of staff on board (unless there is more than one trainee per 15 crew members on board in a year)
- employ a crew that is made up of Bulgarian citizens or those of an EU member state or EEA country
- operate net tonnage of which not less than 60% is comprised of ships flying a Bulgarian flag or that of an EU member state or EEA country, and
- be in compliance with international conventions and EU law concerning the safety and security of shipping, the protection of the environment from pollution caused by ships and the labour and living conditions on board.

The tonnage regime is not available to:

- ships with net tonnage of less than 100 tons
- fishing boats
- boats for trips (except passenger ships)
- installations for ore and mineral extraction, oil platforms, dredgers and ships performing towage.

The tax rate is 10%. The tax base of each ship is determined according to a table, for each day of activity.

Temporary solidarity contribution on the fossil fuel sector

A temporary solidarity contribution applied to companies operating in the crude oil, gas, coal and oil refining industries. The contribution rate of 33% applied to the portion of profits in each of 2022 and 2023 that exceeds by more than 20% the average profits in the preceding 4 years (2018 to 2021). The contribution is due by the same deadline as for corporate income tax payments.

16- DIVIDENDS, INTEREST AND ROYALTIES: HOW ARE THEY CONSIDERED AND TAXED?

Dividends paid to Bulgarian companies are not subject to withholding tax if paid to Bulgarian companies. Dividends paid to individuals are subject to withholding tax at 5% (unless reduced under an applicable tax treaty or under the EU Parent Subsidiary Directive).

Dividends received from foreign companies may be subject to withholding tax in the country of origin.

Dividends paid to non-residents by Bulgarian companies are subject to 5% withholding tax, unless the EU Parent Subsidiary Directive applies.

Bulgarian branch remittances are not subject to withholding tax.

Interest and royalties are subject to the 10% withholding tax on the basis of the EU Parent Company-Subsidiary Company Directive, but it is not applied if the payment meets the requirements of the Directive and if at least 25% of the share capital is held for at least two years.

17- HOW ARE CALCULATED STOCKS OR INVENTORIES?

Inventory costs are determined using the first-in, first-out method (FIFO) or the weighted average cost method.

18- HOW ARE RESIDENT INDIVIDUALS TAXED?

Tax liability criteria

Individuals are considered to be resident if they have a permanent address in Bulgaria or if they reside in Bulgaria for more than 183 days in any 12 month period.

Tax rates

Bulgarian income tax for resident and non-resident individuals is charged at a flat rate of 10% for 2024.

A 15% rate applies to income as a sole proprietor (business income).

An 8% tax rate generally applies to deposit interest income. From 1 April 2022, deposit interest income received by individuals from banks in the EU/EEA is exempt from tax in Bulgaria.

A reduced rate of 5% applies to income from dividends and the sale of Bulgarian source shares. The tax base can be reduced by up to 5% for donations to hospitals, schools, nurseries, social and cultural institutions and the Bulgarian Red Cross.

The following are exempt from income tax: income from selling or exchanging properties, social security benefits, payments from insurance claims, compensation for damage to property, personal injury and occupational disease, compensation for the compulsory purchase of private property and gambling gains.

Pension, social security and national health policy

Social security taxes are paid as follows:

- pension contribution:
 - for individuals born before 1 January 1960 — 19.8% (11.02% employer, 8.78% employee)
 - for individuals born on or after 1 January 1960 — 14.8% (8.22% employer, 6.58% employee)
- unemployment contribution — 1% (0.6% employer, 0.4% employee)
- sickness and maternity — 3.5% (2.1% employer, 1.4% employee)
- health insurance — 8% (4.8% employer, 3.2% employee)
- work-related injuries and diseases — between 0.4% and 1.1% (employer only).

Social security taxes for individual entrepreneurs and the self-employed (eg artisans) are as follows:

- pension contribution — 19.8%
- sickness and maternity — 3.5% (optional)
- health insurance — 8%.

The maximum monthly tax base for individual entrepreneur and self-employed contributions is BGN3,750. The minimum monthly tax base is BGN933.

19- HOW ARE FOREIGN INDIVIDUALS TAXED? WHEN ARE THEY CONSIDERED RESIDENT?

Tax liability criteria

Individuals are considered to be resident if they have a permanent address in Bulgaria or if they reside in Bulgaria for more than 183 days in any 12 month period.

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Bulgarian income tax for resident and non-resident individuals is charged at a flat rate of 10% for 2024. A 15% rate applies to income as a sole proprietor (business income).

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The maximum monthly tax base for individual entrepreneur and self-employed contributions is BGN3,750. The minimum monthly tax base is BGN933.

20- TERMS FOR TAX PAYMENT: THE FISCAL YEAR IN BULGARIA

The Bulgarian tax and accounting year is 1 January to 31 December. An alternative 12 month period cannot be chosen.

Bulgarian annual tax returns and payments are due by 30 June of the following year. The annual tax return and business report must be submitted electronically.

Corporate tax payments can be made at banks, electronically via the internet or by postal order.

21- WHAT TAX INSPECTIONS ARE MADE?

Bulgarian law can require independent internal audits in addition to those conducted by the National Revenue Agency.

The annual financial statements and annual consolidated financial statements of small, medium and large businesses, public interest entities, medium and large groups, medium and large businesses, groups with at least one public interest entity group member and other enterprises as established by legislation, are subject to independent financial audits by registered auditors. Bulgaria's revenue agency can conduct an audit when the territorial or executive director has issued an audit assignment order. The order specifies information including the time limit for conducting the audit and the period and type of taxes subject to the audit.

A company that refuses to cooperate is liable to a fine.

22- CAN TAXPAYERS AGREE IN ADVANCE THEIR TAX TREATMENT?

Bulgarian tax authorities may provide advance rulings on tax issues following a request by a taxpayer. The rulings are not binding on the tax authority or the taxpayer. However, the tax authority does comply with advance rulings for companies that are in the process of a tax audit.

23- WHAT EXCHANGE CONTROLS ARE CARRIED OUT?

The Bulgarian currency is the Bulgarian Lev (BGN) (1 Euro = 1.95583 BGN).

Cash imports by individuals which exceed BGN10,000 (or equivalent in another currency) need to be declared to the customs authority.

Resident entities that provide loans abroad, or receive loans from abroad, need to report the transaction to the Bulgarian National Bank.

24- WHAT TAX RELIEFS AND INCENTIVES ARE GRANTED BY THE BULGARIAN GOVERNMENT?

Zero corporation tax incentive

Companies may qualify for a Bulgarian corporation tax exemption incentive on profits from manufacturing activities if the activities are carried out solely in municipalities where the unemployment rate in the previous year was at least 25% higher than the national average, if

there are at least 10 employees during the entire tax period and at least 50% of employees are directly engaged in manufacturing activities, if the requirements for the grant of regional aid are fulfilled, and if authorisation has been granted by the EC if regional aid for the initial investment exceeds BGN75 million.

A minimum of 30% of the employees must be residents of the municipality and the company must have no social security contribution debts.

Where the rate of unemployment in the municipality falls below the required level, the company can continue to apply the tax benefit for a further 5 years after that year.

Companies that cannot apply the tax benefit include those carrying out activities in coal, steel, shipbuilding, synthetic fibre manufacturing, fisheries, and those that are subject to bankruptcy proceedings, are in liquidation or are subject to rehabilitation proceedings.

Agricultural incentive

Agricultural producers are entitled to a 60% Bulgarian corporate tax rebate on profits from the production of non-processed plant and animal products. To qualify for the rebate the following conditions need to be met:

- the rebate is invested in new buildings or equipment for producing non-processed plant or animal products by the end of the year following the rebate
- the new assets are purchased at market value, and the production of non-processed plant and animal products continues for at least 3 years after the year of the rebate.

Free trade zones

Bulgaria has 6 free trade zones: Burgas, Ruse, Plovdiv, Dragoman, Vidin and Svilengrad. They are situated to facilitate and maintain fast transportation to international trade routes.

Foreign goods imported into a free trade zone are outside the Bulgarian customs territory. By default, local and foreign goods can remain in free trade zones indefinitely.

Films

The Bulgarian National Art Expert Committee provides government grants to film projects on a competitive basis. The grants provide at least 30% of the average film budget but no more than 80% of the actual film cost. To qualify for consideration at least 75% of the production costs need to arise in Bulgaria.

25- HAS BULGARIA SIGNED BILATERAL TAX AGREEMENTS WITH OTHER COUNTRIES? TABLE OF WITHHOLDING TAXES

Bulgaria has concluded tax treaties with a number of countries which specify the withholding tax rates that apply. Non-treaty withholding tax rates apply when they are lower than the rate specified in the treaty or when the treaty does not provide a rate.

The following rates of Bulgarian withholding tax apply to non-resident entities.

	<i>Dividends</i> %	<i>Interest</i> %	<i>Royalties</i> %
<i>Non-treaty countries</i>	5	10	10
<i>Treaty countries</i>			
Albania	5	0/10	10
Algeria	5	0/10	10
Armenia	5	0/5/10	5/10
Austria	0/5	0/5	0/5
Azerbaijan	5	0/7	5/10
Bahrain	0/5	0/5	5
Belarus	5	0/10	10
Belgium	0/5	0/10	0/5
Canada	5	0/10	0/10
Cina	5	0/10	7/10
Croatia	0/5	0/5	0
Cyprus	0/5	0/7	0/10
Czech Republic	0/5	0/10	0/10
Denmark	0/5	0	0
Egypt	5	0/10	10
Estonia	0/5	0/5	0/5
Finland	0/5	0	0/5
France	0/5	0	0/5
Gabon	5	10	10
Georgia	5	0/10	10
Germany	0/5	0/5	0/5
Greece	0/5	0/10	0/10
Hungary	0/5	0/10	0/10
India	5	0/10	10

Indonesia	5	0/10	10
Iran	5	0/5	5
Ireland	0/5	0/5	0/10
Israel	5	0/5/10	7.5
Italy	0/5	0	0/5
Japan	5	0/10	10
Jordan	5	0/10	10
Kazakhstan	5	0/10	10
Korea	5	0/10	5
Kuwait	0/5	0/5	10
Latvia	0/5	0/5	0/5/7
Lebanon	5	0/7	5
Lithuania	0/5	0/10	0/10
Luxembourg	0/5	0/10	0/5
Macedonia	5	0/10	10
Malta	0	0	0/10
Moldova	5	0/10	10
Mongolia	5	0/10	10
Montenegro	5	10	10
Morocco	5	10	10
Netherlands	0/5	0/5	0/5
Norway	0/5	0/5	0/5
Pakistan	5	0/10	10
Poland	0/5	0/10	0/5
Portugal	0/5	0/10	0/10
Qatar	0	0/3	5
Romania	0/5	0/5	0/5
Russia	5	0/10	10
Saudi Arabia	5	5	5/10
Serbia	5	10	10
Singapore	0/5	0/5	5
Slovak Republica	0/5	0/10	0/10
Slovenia	0/5	0/5	0/5/10
South Africa	5	0/5	5/10
Spain	0/5	0	0
Sweden	0/5	0	0/5
Switzerland	0/5	0/5	0
Syria	5	0/10	10
Thailand	5	0/10	5/10
Turkey	5	0/10	10
Ukraine	5	0/10	10
United Arab Emirates	0/5	0/2	0/5
United Kingdom	0/5	0/5	5
United States	0/5	0/5	5
Uzbekistan	5	0/10	10
Vietnam	5	0/10	10
Zimbabwe	5	0/10	10

Bulgaria signed a TIEA with Guernsey, based on the OECD model convention.