



BULGARIA

Bulgaria - Civil Law (German/Roman)

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Incorporating a company in Bulgaria

Bulgaria taxes

If you are willing to do business in Bulgaria, this article will educate you on the tax laws for a LLC (OOD) which is the most common company type in Bulgaria.

Bulgaria taxes corporate income on a worldwide basis. The predominant rate for offshore income, from our research, but seek professional advice, is 10%. BG doesn't have major incentives to transfer in income earned outside the country. Taxes are low in Bulgaria as the rate which LLC (OOD) will pay tax is 10%. This ranks Bulgaria as 32th overall in terms of corp. taxation rate internationally.

The valued added tax rate in Bulgaria is 20.00%, which ranks Bulgaria as 133rd when compared to VAT taxation rate internationally. In terms of other taxation, an employer will contribute 19.10% to the equivalent of a social security fund and an employee will contribute 13.30%. The overall complexity of the tax system is high. This is measured by average time to comply with a country's labor tax requirements is as it is 256 hours. Contributing to this is the number of yearly labor tax payments, which is 1 in BG.

Thin cap standards are in effect. This refers to any sort of laws on given company with respect to debt-to-asset ratios. Dividends received from EU/EEA resident entities are tax-exempted. Those received from non-EU/EEA entities are included in taxable income. Dividends are a distribution of a portion of an earnings of the business, decided by the board, to a class of its shareholders. Dividends can be one of the following cash payments, shares of stock, or other property. Capital Gains are considered business ordinary income and subject to Corporate Income Tax. Capital gains derived from the disposal of shares in EU/EEA listed companies may be tax exempted. A capital gains tax is levied on the profits that a corporation or natural person realizes when he or she sells a capital asset for a price that is higher than the purchase price.

The interest general withholding tax rate is estimated at 10%. Which means that the taxman expects to pay tax on at least 10% of payments offshore on interests. The dividends withholding tax rate is 5%. This should be interpreted usually that the taxman expects LLCs pay tax on at least 5% of dividend payments made to non-residents. Royalties are subject to a withholding tax of 10%. This means that payments on royalties to non-residents are taxed at 10%. Payments to EU/EEA residents or residents of a country where Bulgaria has concluded a tax treaty, may be subject to a reduced tax rates or exempted.

There is no known tax on wealth in Bulgaria. There are inheritance, real property and transfer taxes in BG. There are commonly used research and development breaks on taxation here.

The above is not tax or legal advice for your individual situation. Incorporations.io can help you find to a lawyer in Bulgaria who will advise you. Contact us today. Click incorporate now if you are in a hurry, or press the free consultation button above.

The vat rate in Bulgaria is 20% which ranks 134 in the world.

- ✓ **Patent box**
- ✓ **RND credit**
- ✗ **Wealth tax**
- ✓ **Estate tax**
- ✓ **Transfer taxes**
- ✗ **Asset taxes**
- ✗ **Capital duties**

- 53 Tax treaties**
- 10% Offshore Tax**
- 10% Corp rate**
- Loss carryback years**
- 33 Corporate time**
- 20% VAT rate**
- 10% Capital gains**

Bulgaria Legalese

For starters, the law in Bulgaria is civil law (german/roman) law. You will want to get some local advice as to how to best structure a company in Bulgaria. E-signatures are allowed.

The abbreviation BG is for Bulgaria and the most common company type in Bulgaria is a LLC (OOD).

The time to setup is usually 12 Days to incorporate a LLC (OOD) in BG. The types of currencies you can use to fund your company is frequently any legal tender.

Yes, one is allowed to re-domicile a LLC (OOD) from BG. You are usually allowed to change the jurisdiction of the company, pending certain procedures.

There must be at least 1 shareholder. This makes it possible for you to own a LLC (OOD) in BG by yourself. Corporate Shareholders are permitted, which means you can have a legal entity as a shareholder. Foreign ownership is tolerated, up to 100% of the total equity of the company.

There is a requirement to have at least 3 directors. Speaking of shareholders, corporate directors are not permitted. Directors should not have an expectation of privacy, as they are not kept private in Bulgaria. There is a body of law which requires companies to hold an annual meetings of shareholders.

A registered legal firm must be retained for an address, paid by the company on an annual basis, for an agent which can receive a service of process on behalf of the business. Furthermore, a company secretary is not a requirement.

There is a no requirement to file annual returns. This doesn't preclude the company or shareholders from other tax or reporting obligations elsewhere and you are encouraged to pay for personal advice on their unique situation. On that note, there is oftentimes a requirement to have these accounts audited.

Overall we think Bulgaria is a ok option and have given it a score of 43 as an IO score, using the Incorporations.IO proprietary formula.

- ✗ **Directors not disclosed in a public registry**
- ✗ **Shareholders not disclosed in a public registry**
- ✓ **Redomiciliation permitted**
- ✓ **Registered office required**
- ✗ **Corporate director permitted**
- ✗ **Local Secretary not required**
- ✓ **Local Director not required**
- ✓ **Electronic signature**

- 1 Shareholders required**
- 3 Directors required**
- 12 Days to form**



BULGARIA

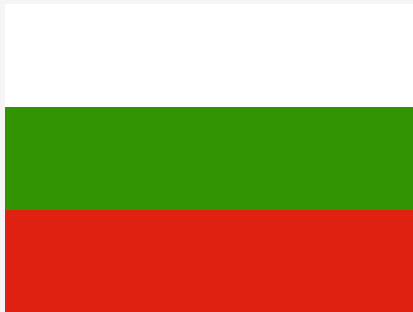
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Country Info



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Република България
(bul)

\$ Currency

BGN

📞 Area Code

+359

🏛️ Capital

Sofia

📍 Region

Eastern Europe

🌿 Native Languages

Bulgarian