

# **1. National Trade-related Legislation for Bulgaria**

The EU's trade-related legislation forms the basis of Bulgaria's national trade-related legislation, especially in the spheres of general interest to Hong Kong businesses interested in the EU. Such is the case in all matters concerning international trade with third countries (e.g., the full body of EU customs law including the common customs tariff and the trade defence measures – such as anti-dumping measures – that must be applied by the Bulgarian customs authorities), but also in the case of regulatory measures as regards international trade: those concerning, among others, product safety and standards, labelling requirements and environmental regulations.

We provide below specific national regulatory requirements which are believed to be of some concern to Hong Kong businesses. For a more detailed analysis of all the regulatory laws, particularly those related to consumer goods placed on the EU market, Hong Kong businesses may refer to the relevant EU sections. Such laws (and standards) are required to be transposed and implemented in all the EU Member States.

## **1.1 Product Standards**

Hong Kong companies importing goods into Bulgaria will need to be aware of the product safety and quality standards. Product standards harmonised at the EU level are supplemented by voluntary national standards. Many standards, particularly in relation to product safety, originate in EU legislation (see section on product safety in the EU section of this guide). However, there are national standards and relevant Bulgaria legislation which can also impact on imported products.

The Bulgarian national laws impose the obligation to producers of goods and service providers to offer on the market only safe products and services which do not put the health of the consumers at risk. The main requirements are laid down in the Consumers Protection Act and further concretised in ordinances and standards for product groups and individual products. Sanctions for non-compliance under the provisions of the law related to product safety are between EUR 2,500 to EUR 12,500 for each case of non-compliance.

The Bulgarian standardisation body for the elaboration of product standards is the Bulgarian Institute for Standardisation, or BDS ([www.bds-bg.org](http://www.bds-bg.org)). The product standards issued by the Bulgarian Institute for Standardisation can easily be recognised by the abbreviation BDS. Standards are increasingly based on international (ISO or IEC) or European (EN) standards. The BDS is the body representing Bulgaria in the international organisations elaborating those standards, such as CEN or CENELEC at the European level, or ISO or IEC at the international level.

Bulgarian standards are:

- Bulgarian standards developed at the national level (BDS);
- Bulgarian standards implementing European standards (BDS EN, BDS HD, BDS EN ISO, BDS ETS, BDS ETSI);
- Bulgarian standard implementing International Standards (BDS ISO, BDS IEC, BDS ISO/IEC);
- Bulgarian standards implementing foreign national standards under certain conditions according to an agreement.

The BDS adopts also the Technical specifications which cannot conflict with existing standards. The Technical specifications are coded as CD BDS/TS.

The compliance with any of the above-mentioned BDS standards is not legally binding, except in cases a standard is incorporated in a contract between private parties or if the law refers to them. However, products which are not complying with the BDS standards shall be observed for compliance with the health and safety requirements of the applicable law or ordinance.

## **1.2 Labelling Requirements**

### **General**

The labelling requirements in Bulgaria are incorporated in the Consumer Protection Act. The general obligations of the producers and traders under this law are the following:

Before a consumer becomes bound by a contract or by an offer to conclude a contract, other than a distance contract or an off-premises contract, the trader shall be obligated to provide the consumer with the following information in a clear and understandable manner, unless that information is already apparent from the context or from the nature and characteristics of the good or service:

- the main characteristics of the goods or services, in consideration of the used communication media and the nature of the goods or services, including information on the composition, packaging, as well as instructions for use, assembly and maintenance;
- the name/business name of the trader, the main office and the registered address, the telephone number thereof, as well as the e-mail address and the website, if any;
- the total price of the goods or services inclusive of taxes and fees, or where due to the nature of the goods or services the price cannot reasonably be calculated in advance - the manner in which the said price is calculated; where applicable, all additional costs for freight, delivery or postal charges or, where those charges cannot reasonably be calculated in advance, the fact that such additional charges may be payable by the consumer shall be calculated;
- where applicable, the terms and conditions for payment, delivery, performance, the date on which the trader undertakes to deliver the goods or provide the service, and the trader's complaint handling policies shall be indicated;
- a reminder of the existence of a legal guarantee of conformity of the goods with the sales contract and, where applicable, of the existence of after-sales services and commercial guarantees, if provided, as well as the conditions thereunder;
- the duration of the contract, where applicable, or, in case the contract is not limited by time or includes an automatic renewal clause, the conditions for terminating the contract;

- where applicable, the functionality, including applicable technical protection measures of digital content shall be indicated;
- where applicable, any relevant interoperability of digital content with hardware and software that the trader is aware of or can reasonably be expected to have been aware of shall be indicated;
- availability of the goods or services;
- the dangers, related to the common consumption, usage and maintenance of the goods or the services;
- the conditions of consumption of the goods or services; its influence on other goods and services in eventual joint consumption or usage;
- the expiry date of the goods, where applicable.

The above requirements shall also apply to contracts for the supply of water, gas or electricity, where these goods are not offered for sale in a limited volume or set quantity, as well as to contracts for central heating and for digital content which is not supplied on a storage medium.

The trader shall be obliged to submit the information for the commodity or the service in written form or in other suitable form which allows its perception by the consumer. The information, presented in written form, must be in Bulgarian language and must be expressed in units and values of the International System of Units SI.

The information shall be correct, full, legible, clear and comprehensible.

### **Labelling of goods**

The Bulgarian law provides the obligation for offering to the consumers commodities labelled in Bulgarian language or including Bulgarian language, except the cases, where the information may be submitted using widespread symbols, such as pictograms and other signs that are easily comprehensible for the consumers or using designation or origin of the goods that are generally known. The label shall obligatory contain information regarding the producer

and the importer, if the commodity is imported, about the type of the commodity, its substantial characteristics, term of using and the conditions for its storing, and, if necessary, instruction of using. The information, that the label contains, shall be comprehensible, accessible, clear, easy for differentiation and not to be misleading. The trader shall not be allowed to remove or change the label, the marking or other information, provided by the producer or the importer if that will mislead the consumers. While offering the goods, except the labels, other means which clarify and complement the information from the label and if that is required from an ordinance on labelling of a specific product group, may be used to inform the consumers.

The goods, packed in advance, shall contain information about their quantity, which shall be marked on the packing or on the goods if it is not packed. The producer or the person who packed the goods shall be responsible for the marking of the quantity and if the goods are imported, the importer shall be responsible for this information. When the quantity of the goods, packed in advance, is not marked by the producer, the importer or by the person who packed the goods, the entrepreneur shall be obliged to mark the quantity on the goods, on its packing or on a sign placed in the close proximity of the goods.

For goods whose use requires the presence of technical knowledge or contain dangerous substances which presume the presence of special skills or the observance of special requirements for safety, they shall be accompanied with an instruction for use made by the producer. The instruction shall contain information, which is necessary for the consumers for correct and safe use, installation, connection, maintenance and storage of the goods. In case of need, the instruction shall contain a list of component parts and other details of the goods. The producer, the trader and any other person who releases on the market a product which is imported, shall be obliged to ensure an instruction for use in Bulgarian language. On request by the consumer and when it is possible, the entrepreneur shall be obliged to show the course of action of the goods.

Every entrepreneur shall place in advance, in a visible place, in the close proximity of the goods, its selling price. The sale prices of the goods offered

by catalogue shall be indicated next to the picture or the description of the goods. The sale price and the price for unit measure of the good or the service shall be unambiguous, easily comprehensible, written clearly and legibly and shall not mislead the consumer. In case the sale price of the good or the service is composed of different elements, any of them with separate sale price, the sum of the sale prices shall be written clearly and accurately as a final price.

The price of the commodity shall be indicated in Bulgarian lev (BGN).

### **Labelling of food products**

The Bulgarian regulations on labelling of product groups almost completely refer to the applicable EU Directives and Regulations.

In particular, foods shall be labelled in accordance with the Directive 200/13 EC and EU Regulation 1169/2011 (please refer to the general EU section of this Guide for details), in addition to the Bulgarian ordinance on labelling and presentation of food.

The requirement for stating the country of origin on the label is in accordance with EC Regulation 1169/2011. This requirement concerns the labelling of fresh, cooled or frozen meat from pig, sheep, goat or poultry.

Food and food additives containing genetically modified organisms (GMOs) shall be labelled in accordance with the EU Regulation 1829/2003. Under the rules on labelling, all food and feed which consists of, contains or is produced from GMOs must be labelled as such. Genetically modified feed needs to be labelled along the same principle.

Other basic labelling requirements:

- Denomination: the appropriate denomination as mentioned in the legal provisions applicable to the type of food concerned. Otherwise a denomination has to be chosen which sufficiently informs the customer of the content of the product.

- Manufacturer information: name or company name and address of the manufacturer, packer or seller of the product
- Ingredients: all substances, including additives, used during production and present in the final product. In the case of ready-made meals, for example, these substances have to be mentioned in descending order in terms of their weight proportion. Ingredients that may cause allergic reactions, must also be mentioned (e.g. cereals containing gluten, crustaceans, eggs, fish, peanuts, soy beans, milk, etc.).
- 'Best before' date: this is the date by which the food maintains, under the recommended storage conditions, its specific qualities. The food might still be fit for consumption after the expiry of the 'best before' date, but a critical assessment of the product by the consumer is recommended before such consumption. Certain foodstuffs, such as fresh fruits and vegetables, drinks with an alcohol content of 10% or above by volume or soft drinks are exempt from this obligation.
- For easily perishable foodstuffs which can present a hazard to human health after a short time period such as minced meat, the 'to use by' labelling (instead of the 'best before' labelling) must be used and the storage conditions to be observed must be indicated. Such foodstuffs may not be sold after the expiry of the 'to use by' date.
- Alcohol content: the alcohol content must be stated for drinks with an alcohol content of more than 1.2% by volume.

Aside from these basic requirements, there are numerous specific labelling requirements for specific sectors.

### **Labelling of industrial goods**

Industrial goods shall be offered to the consumers with label(s) attached to the good or on its packing, written in Bulgarian language. The label shall contain the following:

- name or trade name of the producer or importer if the good is imported;

- name of the good, control number if there is any or other identification number;
- price.

Depending on the type of the good, the label shall contain information on:

- the composition or basic characteristics;
- warnings and risks;
- the requirements for storing, manipulation and use;
- the instructions for use when necessary

### **1.3 Environmental Protection and Waste Treatment Requirements in Relation to Merchandise Sales**

#### **Environmental protection**

Bulgarian regulatory and environmental law regarding merchandise sales is, for the most part, based on the EU's Directives and Regulations. As such, they will apply in Bulgaria, either as transposed national acts (in the case of Directives) or directly (in the case of Regulations). The main legislative acts on environmental protection are the Environment Protection Act and the Waste Management Act. In addition, several national ordinances are enacted defining the specifics of the management, treatment and disposal of different kind of waste materials. The product groups covered are waste-packaging materials, waste batteries, waste electrical and electronic equipment, end-of-life vehicles, bio-wastes, sewage sludge and waste oil. All the relevant legislation is ultimately based on EU Directives. Other product groups are likely to be covered in the future.

#### **Packages and package waste**

The Ordinance on Packaging and Packaging Waste provides for the following basic requirements on the packages placed on the market:



- bring to minimum their weight and volume to an extent to which the packages provides safety, hygiene of the packed product and the acceptability of the user;
- bring to minimum the hazardous and dangerous substances and materials in the composition and in the components of packages in relation to the formed emissions, ashes or infiltrate, where the packages or the wastes from the activities in waste management of packages shall be burnt or deposited;
- the design, production and dissemination of packages shall permit their multiple use, including by recycling;
- the impact on the environment as a result of disposal or packages wastes or wastes from activities of packages waste management is to be restricted at the highest possible extent;

in the event of multiple use, the following conditions are to be fulfilled simultaneously:

- the physical properties and characteristics of the packages should allow a certain number of uses or turnover of the packages to be carried out;
- the used packages could be processed to observe the requirements for protection of human health and safety;
- where the packages are turned into wastes, it should be recyclable;
- the packages shall be produced in a way, which should provide possibility for recycling of a certain percentage of the weight of the used materials and their input in the same packages or in other products in compliance with the standards in force, where this percentage may differ depending on the type of the material of which the packages are produced;
- package wastes, intended for burning with the use of energy, must possess calorie value, which should allow optimisation of the process of their energy utilisation;

- bio-degradable package wastes should be composed of materials, allowing physical, chemical, thermal or biological decomposition, so that the greater part of the relevant material could be decomposed into carbon dioxide, biomass and water.

Persons, who place on the market packages and package materials, shall certify by a standard compliance declaration the compliance of the packages and the package materials with the abovementioned requirements.

Persons, who place on the market packed goods, shall be obliged to use only packages, which meet the above requirements by requesting a copy of a compliance declaration, issued by the person, who places on the market the package or the package material. The compliance declaration or its copy shall be stored by the persons for a term of 3 years, starting from the date of its issuance and shall be presented upon request by the controlled bodies.

Packages, produced under the requirements of the Bulgarian standards with which the harmonised EU standards are introduced, shall be considered that they comply with the abovementioned requirements.

### **Batteries**

The Ordinance on batteries and accumulators and on waste batteries and accumulators provides for the following basic requirements.

Subject to regulation are:

- all types of batteries and accumulators, notwithstanding of their form, volume, weight, composition or use in their placement on the market and marking;
- the appliances, in which there are built-in batteries and accumulators in relation to the requirements for removal of the batteries and accumulators
- the waste batteries and accumulators.

Placement on the market in Bulgaria of batteries and accumulators, containing more than 0.0005% of mercury by weight shall be prohibited, including in the

cases, where these batteries are built in appliances. This prohibition under shall not refer to batteries type “button”, containing one or several primary cells, with contents, not higher than 2% of mercury by weight.

Placement on the market in Bulgaria of portable batteries and accumulators (PBA), containing more than 0.002% of cadmium by weight shall be prohibited, including where these batteries are built in appliances. This prohibition shall not apply in relation to PBA, targeted for use in emergency and alarm systems, including emergency lights, medical equipment, electric instruments without a power cord.

The following measures shall be undertaken by producers of batteries and accumulators in the process of design and production:

- facilitate the preliminary treatment, utilisation and recycling of PBA;
- improve the quality of batteries and accumulators to restrict their hazardous impact on the environment during their whole life cycle;
- decrease the contents of dangerous substances and uses less-polluting substances, especially for replacement of mercury, cadmium or lead.

Producers of appliances, in which batteries and accumulators have been built in, shall design the appliances in such a way that the batteries and accumulators to be easily removed after being spent. When batteries and accumulators cannot be removed by the end user, manufacturers shall design the appliances in such a way that battery and accumulator waste can easily be removed by qualified technicians who are independent of the manufacturer.

The appliances, where batteries and accumulators are built-in shall be accompanied by an instruction in Bulgarian language about the way in which these batteries and accumulators could be safely removed by the user or by an independent qualified technician. Where appropriate, the instructions shall also contain information about the type of battery or accumulator built into the appliance. This information shall be provided by the manufacturer, producer or by the person, who place on the market the batteries and accumulators.

The marking of PBA shall include inscriptions for separate collection and contained heavy metals.

Inscription for marking of separate collection must cover at least 3% of the surface of the largest side of the battery, accumulator or package of batteries, but not more than 5x5 cm<sup>2</sup>. For cylindrical batteries and accumulators the inscription must cover at minimum 1.5% of the surface of the battery and accumulator and must have a maximum size of 5x5 cm<sup>2</sup>. In case that the size of the battery, accumulator or package of batteries is such, that the inscription must be smaller than 0.5 x 0.5 cm<sup>2</sup>, the battery or accumulator is not needed to be marked, but inscription with minimal size 1x1 cm<sup>2</sup> must be printed on the package.

Inscription for contents of heavy metals shall be placed only on batteries, accumulators and batteries – type button, containing above 0.0005% of mercury by weight, above 0.002% of cadmium by weight and above 0.004% of lead by weight. The inscription, showing the contents of heavy metals, must contain the chemical symbol of the metal – mercury (Hg), cadmium (Cd) or lead (Pb).

All inscriptions on the PBA shall be visible, readable and undeletable.

### **Waste Electrical and Electronic Equipment (WEEE)**

The persons placing electrical and electronic equipment (EEE) on the market are responsible for the separate collection, transport, storage, pre-treatment, preparation for re-use, recycling, recovery and disposal of WEEE generated from EEE placed on the market.

A special ordinance sets out the requirements for the separate collection, transport, storage, pre-treatment, reuse, recycling, recovery and/or disposal of WEEE and covers the following categories of EEE. A non-exhaustive list of appliances under each category is also provided.

- Heat transfer equipment

Refrigerators, freezers and appliances for storing frozen products, equipment that automatically supplies cold products, air-conditioning, air-drying equipment, heat pumps, oil radiators and other heat exchangers that use other liquids instead of heat exchange water.

- Screens, monitors and equipment, part of which are screens with a surface area greater than 100 cm<sup>2</sup>

Screens, TVs, LCD photo frames, monitors, laptop computers and notebooks.

- Lamps

Straight fluorescent lamps, compact fluorescent lamps, fluorescent lamps, high-intensity discharge lamps including high-pressure sodium lamps and metal-halide lamps, low-pressure sodium lamps and LED lamps.

- Large appliances

Washing machines, clothes dryers, dishwashers, stoves, electric ovens, electric hobs, lighting fixtures, sound or image reproduction equipment, musical equipment (except organs with chrome-plated tubes), knitting machines and weaving, large information processing machines, large information printing machines, copying equipment, large coin gaming machines, large medical devices, large monitoring and control tools, large appliances that automatically deliver products and vapors, photovoltaic panels.

- Small appliances

Vacuum cleaners, carpet cleaning appliances, sewing devices, lighting fixtures, microwave ovens, ventilation equipment, irons, toasters, electric knives, electric kettles, watches and wrist watches, electric razors, scales, hair and body care appliances, calculators, radio receivers, video cameras, video recorders, hi-fi equipment, musical instruments, sound or image reproduction equipment, electric and electronic toys, sports

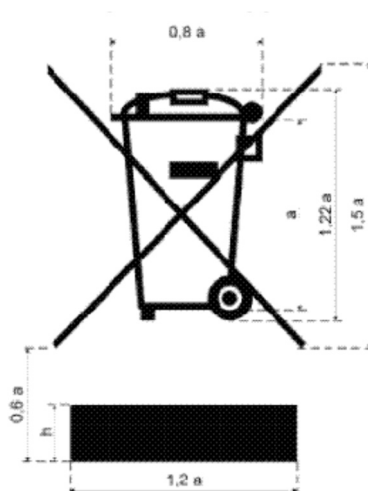
equipment, cycling computers, diving, sunning, rowing, etc., smoke detectors, thermostats, thermostats, small electrical and electronic tools, small medical devices, small tools for monitoring and control, small appliances which automatically deliver products, and small equipment with integrated photovoltaic panels.

- Small IT and telecommunication equipment (none of the external dimensions exceeds 50cm)

Mobile phones, GPS navigation systems, pocket calculators, routers, personal computers, printers and telephones.

Persons placing EEE on the market shall mark it with the label (stated below) to minimise the disposal of WEEE in the general household waste stream, facilitate its separate collection and establish the date of manufacture or placing on the market of EEE.

Persons placing EEE on the market shall be uniquely identified by fixing on the appliance a legible, visible and durable marking containing the name of the person and his unified identification code (UIC) or another appropriate mark that uniquely identifies the persons who place EEE on the market and information that the EEE concerned was placed on the market after 13 August 2005.



The EEE placed on the market for home use must include in the instructions or instructions for use of the appliance information in Bulgarian language for:

- the requirement for the separate collection of WEEE and the prohibition of discharging it into mixed municipal waste containers;
- the systems for taking back and separate collection of WEEE;

- the role of consumers in the separate collection, reuse, recycling and other forms of recovery of WEEE;
- the possible harmful impact on the environment and human health resulting from the presence of hazardous substances in EEE;
- the meaning of the label for minimising the disposal of WEEE in the general household stream (stated above).

The persons placing EEE on the market shall provide written information in Bulgarian language about the type of batteries and accumulators incorporated and how to remove them by the user in the respective instructions for use of the appliance.

The distributors of EEE and the persons selling to the end-users shall be obliged to display in the sales outlets plates containing information about:

- the possibilities and ways to take back the WEEE generated in the household;
- other available places for the transfer of WEEE;
- the meaning of the label;
- information that the holders of such waste should submit them to persons holding a permit under the Waste Management Act for their further environmentally friendly treatment.

### **Product fee**

Certain groups of products producing packaging or end-of-life waste are subject to a product fee. These products are:

- new, retreaded tires and second-hand tires (external, internal and solid) of a kind used for passenger and racing cars, buses, trucks, motorcycles, bicycles, vehicles and equipment for civil engineering, industry, aviation, agricultural and forestry, loaders, etc., as well as for rubber chains;

- motor vehicles of categories L2, L2e, L4, L5, L5e, M1 and N1;
- packaged goods and/or packaging material when used for packing goods at the point of sale;
- plastic shopping bags, including oxidation degradable plastic shopping bags;
- each individual type of battery or accumulator according to Annex 5, including those incorporated in electrical and electronic equipment;
- each individual type of oil according;
- each individual type of electrical and electronic equipment, by excluding the weight of the battery or accumulator by the weight of EEE, wholly or partially powered by batteries or accumulators.

The details of each of the above products group are specified in appendices to the respective ordinance.

The product fee shall be paid once for the quantities of products marketed in the previous month.

### **Waste treatment**

The Waste Management Act provides that the owner of the waste can treat them independently or provide them for gathering, shipment and treatment to persons who have the right to carry out this activity in compliance with the Act.

Where the waste is sent for preparation before recovery or final disposal, the responsibility of the initial producer or holder of the waste shall not fall out for carrying out the whole recovery or disposal. The cases and conditions for taking responsibility by the initial producer of the waste on the whole chain of their collection to their treating, as well as for sharing or transferring the responsibility among the persons, participating in the chain for collecting and treating, is determined in special ordinances. Persons, who collect and ship waste, shall send them for treating in appropriate installations, while observing the provisions of the WMA.



The responsibility for organisation and management of mass disseminated waste shall be taken by the producer of the product as a result of which use waste are formed, pursuant to the conditions of the WMA.

Persons, placing on the market products after use of which a mass disseminated waste is formed, shall be responsible for their separate collection and treatment, as well as for achieving the relevant purposes for separate collection, second use, recycling and/or use. These persons shall fulfill their obligations individually or by collective systems, represented by an organisation on recovery.

In case that the persons fulfill their obligations individually, as well as all their distributors, including the persons, carrying out sale to the end users, shall be obliged to accept back on the place of sale the waste, formed as a result of the use of the relevant products in compliance with the requirements of the ordinances for specific product groups.

The obligations under this law could be fulfilled by collective systems after signing a contract with an organisation holding a permit, issued pursuant to the regulations of the law. However, one person shall not participate at the same time in more than one organisation for one and the same kind of waste.

Currently, there are around 20 organisations on the collection and treatment of waste covering all groups of waste.

The waste, depending on their types, properties, composition and other characteristics shall be collected, shipped and treated in a way, which shall not stop their further recovery. Leaving behind, non-regulated throwing and incineration or any other non-controlled waste management shall be prohibited. In the process of collection, shipment and temporary storage, the hazardous waste shall be packed and labelled in compliance with the standards in force of the EU, as well as in compliance with the international legal acts for shipment of hazardous loads, ratified by Bulgaria by an act.

Production, collection and shipment of hazardous waste, as well as their storage and treatment shall be proceeded pursuant to conditions, with

protection for the environment and human health, including through possible control measures.

In case of shipment of hazardous waste on the territory of Bulgaria, they shall be accompanied by an identification document according to a template form. The document may be in electronic form and shall contain the data, determined by the Annex IB of Regulation (EC) N 1013/2006.

## 2. Currency Exchange and Regulations

The national Bulgarian currency is the Bulgarian Lev (BGN). Since 1999, the BGN has been linked to the euro at a fixed exchange rate of EUR1 to BGN1.95583. The banks and the financial institutions, which have the right to make currency exchange, can determine their own exchange rates based on the general market principles.

The Bulgarian National Bank (BNB) announces on a daily basis the applicable exchange rates for all other currencies. This obligation is imposed by the provisions of Currency Act (CA). These exchange rates are used for accounting and statistical purposes.

### **Special requirements to trans-border payments (to third countries)**

There are no restrictions for trans-border payment, but certain documentary requirements are applicable.

The providers of payment services such as banks shall make trans-border payments after receiving verification of the grounds for the respective remittance.

A person carrying out trans-border remittance or payment in favour of a third country in an amount of BGN30,000 or more (or the equivalent in a foreign currency), shall provide the payment services providers with certain information and documents. The person is also obliged to submit a special declaration with regard to the required documents for the trans-border payment. In case the amount of the transfer involves the obligation of withholding tax due in Bulgaria (for example dividend or royalties) – the amount of withheld tax should be also noted in the declaration or respectively the application of the respective Double Tax Avoidance Treaty (DTT).

The required documents, evidencing the grounds and the amounts of the transfer are listed in a special ordinance. For example, for import of goods, the required documents include contract, invoice, customs declaration or another import document. For delivery of goods or services, contract, invoice, declaration or other document certifying the ground and the amount of the

transfer are required. For labour and non-labour remunerations, employment contract, contract for management, civil contract, invoice or other document that evidences the ground and the amount of the transfer are necessary, while for royalties, contract, invoice or other document, evidencing the ground and the amount, etc, are required.

The above stated documents are required only for transfers to third countries (outside the EU and the EEA).

In respect to the third country transfers exceeding BGN30,000, a declaration concerning the origin of the money has to be submitted, in accordance with the requirements of the Measures Against Money Laundering Act.

#### **Declaration obligation in front of BNB (for the needs of the statistics of the payment balance)**

In accordance with the provisions of CA, each transaction in connection with the initial direct investments abroad made by local companies, as well as for granting financial credits between local companies and foreign persons, opening of accounts abroad, emitting to local legal entities of securities abroad and/or purchasing of securities without intermediation of a local person – investment intermediary, shall be subject to declaration before BNB for the needs of the statistics of the payment balance within 15 days after its conclusion.

The declaration shall be made once and the BNB-certified declaration shall be presented in each subsequent transfer to the servicing local bank. There are also special ordinances specifying the exact thresholds and criteria for submitting the above stated declarations for statistical purposes.

#### **Transfer of cash through the country border**

In accordance with the provisions of CA, the carrying of cash in an amount of EUR10,000 or more (or the equivalent in BGN or in another currency) to or from a third country shall be subject to declaration before the customs authorities. In case the said amount is transferred to or from an EU country the declaration obligation is required only upon request of customs authorities.

For transfers of cash through the border of amounts exceeding BGN30,000 (or the equivalent in another currency) the custom authorities shall ask ex-officio for information about the presence or absence of tax obligations for the person carrying the transfer.

### **3. Common Payment Methods**

The most common payment method is the bank transfer. The account holder orders his bank to transfer money to the bank account of the recipient (this could be in the same or in another bank). Since 5 June 2006, all bank accounts have International Bank Account Numbers (IBANs). The IBAN number is generated according to the International Bank Number Standard. The introduction and use of IBAN in Bulgaria are regulated by Ordinance 13 of BNB and is a sequence of 22 characters – letters and numbers. All payments in the country and those abroad are made from client accounts in IBAN format. These accounts are recognised by each bank in the EU and in countries that have adopted the IBAN standards.

According to the provisions of the Payment Services and Payment Systems Act, the BNB shall establish and operate a real-time gross settlement system, Real-time Interbank Gross Settlement System (RINGS). This is a settlement system that transfers cash between the settlement accounts of the participants in the transaction, individually (transaction per transaction) and in real time, after receiving the transfer order from the system.

The Single Euro Payments Area (SEPA) is a European initiative aiming at harmonising the way in which payments in euro are executed by payment service providers (banks, payment institutions, electronic money companies) through the use of common EU technical standards and business requirements.

SEPA is not a payment system but a set of technical standards and business requirements for the execution of customer payments in euro. SEPA covers the execution of credit transfers and direct debits denominated only in EUR. Bulgarian banks are in accordance with SEPA requirements.

TARGET2, like SEPA, is a single payment platform, with the difference that TARGET2 transfers are sent and received in real time. This means that the receiving bank has access to the information about the transfer as soon as it has been ordered.

The list of banks in Bulgaria using TARGET2 is announced on the website of BNB.

The online banking (including the use of electronic credit/debit cards, etc.) as a real-time access to the services of a bank, with a high level of security, widens its application.

The cash payments in Bulgaria are widely spread, with some restrictions of the amounts. The Act on Restriction of Cash Payments (ARCP) in force as of 2011 provides that each payment, exceeding the amount of BGN10,000 (or under that value in case the payment is part of a contract equal or exceeding BGN10,000) has to be executed via bank transfer or deposit in payment account. This restriction applies also to payment in foreign currency, where their BGN equivalence is equal to, or exceeds BGN10,000. The calculation shall be defined by the rate of the BNB on the day of payment.

Cheque payment is not commonly spread in Bulgaria.

## **4. Appointment of Sales Agents / Representatives**

The Bulgarian Commerce Act distinguishes two main types of persons co-operating in the course of the commercial activity of a trader:

A) Persons hired by the trader on the basis of a labour/civil contract – employees of the trader in a subordinate position – e.g. procurators, commercial proxies, trade assistants. Their activity is mainly regulated by the provisions of the Bulgarian labour law; and

B) Self-employed tradespersons (sales agents) – authorised on a continuous basis to execute deals for another trader or to conclude deals in the name of another trader. The present Chapter shall examine their activities.

### **4.1 Recruitment of Sales Agents and Representatives**

The sales agent could be a natural as well as a legal person (i.e. a company). The relations between the trader and the sales agent are set out in a contract in writing (validity form).

The sales agent might act as a direct representative of the trader (on behalf of the trader), as an indirect representative (on his own behalf but for the account of the trader) or only as an intermediary (to find clients for the trader and to establish connection between the clients and the trader). The type of activity of the sales agent as well as any other terms and conditions (e.g. customers range, territorial coverage of the activity, etc.) shall be settled in the contract with the sales agent. The trader is not allowed to enter into a contract with more than one sales agents acting within the same territorial range.

The sales agent might act on behalf of several traders only in case they are not competitors on the market. The trader and the sales agent might agree that the sales agent will act exclusively as a representative of the trader.



The sales agent must act in the trader's best interest, to follow the trader's instructions and to immediately notify the trader on each transaction entered into. The trader, on the other side, must immediately notify the sales agent if he has entered into a transaction prepared with the assistance of the sales agent. The lack of immediate response is considered as an acceptance. The trader must also compensate the agent for all costs incurred in the course of the agent's regular activities and to provide the sales agent with all documentation necessary for the execution of the agent's activities.

The contract with the sales agent might be concluded for a definite term or an indefinite term. If concluded for a definite term, in general, the contract is terminated upon expiry of this term. However, if the parties continue to carry out their activities after expiry of the term, it is considered the contract's term to be prolonged for an indefinite term.

In case concluded for an indefinite term, the contract could be terminated upon a prior notice sent by one of the parties to the other. The notice term is:

- one month in case the contract is terminated within the first year after its signing;
- two months in case the contract is terminated within the second year after its signing; and
- three months in case the contract is terminated after expiry of the second year after its signing.

A longer notice term, identical for both parties, could be agreed upon in the contract.

As per Bulgarian law the trader might also enter into a contract with a trade intermediary. The trade intermediary is also a self-employed tradesperson (a natural or a legal person). In comparison with the sales agent, however, the trade intermediary is not allowed to enter into transactions on behalf and for the account of the trader but only to find clients for the trader and to establish connection between the clients and the trader.

## **4.2 Commissions and Other Compensations of the Sales Agent**

For the execution of the activities as per the contract, the sales agent is entitled to a remuneration (commission) payable by the trader. Commission shall be paid by the trader after termination of the contract for all transactions prepared by the sales agent but not entered into during the term of the contract. Such commission is, however, payable only in case the entering into the transaction after termination of the contract results from the behaviour of the trader.

If the sales agent is assigned to provide his services in a specific area and/or with regard to specific client range, the sales agent is entitled to a commission for the transactions entered into in this specific area or with those specific clients range even if those transactions have not been prepared with his assistance.

The sales agent is entitled to a commission for all amounts recovered to the trader with the co-operation of the sales agent.

The amount of the commission shall be set out in the contract with the sales agent. Otherwise, the usual rate applicable to the agent's activities is considered to have been agreed upon. The commission shall be paid on a monthly basis. Other terms might be agreed in the contract but the commission shall be payable at latest by the end of the month following the respective quarter during which the transaction has been entered into.

The sales agent is entitled to compensation after the termination of the contract if the trader continues to benefit from the customers net established by the sales agent or in case the sales agent significantly increased the volume of transactions entered into with the customers. This compensation is a one-off payment amounting to the annual commission of the sales agent calculated on the average of the annual commissions paid to the sales agent for the term of the contract but not more than the average of the annual commissions for the last five years. The sales agent is entitled to request payment of this compensation within one year as of the date of the contract

termination. The sales agent shall not be entitled to receive the compensation if the contract has been terminated by him before expiry of its term or due to the agent's fault.

Limitation to the sales agent's activities might be imposed after termination of the contract. This limitation could not last more than 2 years as of the date of the contract termination and must be agreed upon in writing (validity form). For the term of the limitation, the sales agent is entitled to compensation.

## **5. Establishment of Sales Offices / Subsidiaries**

There are three ways of executing activity by foreign business in Bulgaria, namely:

- establishment of a representative office;
- establishment of a branch; and
- establishment of a company (subsidiary).

The establishment of a company is subject to a detailed review in Chapter 5.1 below.

### **5.1 Establishment and Main Obligations of a Representative Office**

The representative office is not a separate legal entity different from the foreign person. It is not entitled to perform any business activity but has auxiliary functions (e.g. to perform advertising activity in favour of the foreign person in Bulgaria). The activity of the representative office is financed by the foreign person.

In the course of its auxiliary functions, however, the representative office can enter into agreements and other transactions on behalf of and for the account of the foreign person (e.g. to rent office premises). In general, the Bulgarian legislation shall be applied towards any transactions related to the representative office and entered into between a local person and the foreign person.

The representative office is allowed to hire its own personnel and is considered an employer in the sense of the Bulgarian labour legislation.

The representative office is regarded as a permanent establishment under the provisions of Bulgarian tax law and thus is considered as a taxable person.

The representative office must be registered with the Commercial Register kept by the Bulgarian Chamber of Commerce and Industry (BCCI). Although it is not a separate legal entity, the applicable legislation imposes an obligation the representative office to be registered with the Bulstat Register kept by the Bulgarian Registry Agency within 7 day from the date of its registration with BCCI. After the registration in the Bulstat Register, the representative office obtains a Bulstat registration number, which can be used to identify the representative office before the Bulgarian state authorities and all third parties in Bulgaria.

The registration of a representative office with the BCCI is a legal ground for granting of a continuous residence permit to the representing managers. To be granted such continuous residence permit, the foreign company has to prove that:

- it has been economically active in its origin country at least for a one year period (by submitting a bank reference, financial statements, etc.);
- that it has been fully compliant with the tax legislation of its origin country;
- that it has planned activities in Bulgaria (by submitting a written justification on the reasons for establishment of a representative office, annual activity programs for the current and the upcoming years, etc.).

The additional requirements for residing in Bulgaria are described in Chapter 9.

## **5.2 Establishment and Main Obligations of a Branch**

A foreign person (natural person or legal entity) executing business activity as per the legislation of origin is entitled to establish a branch in Bulgaria. The branch is subject to a registration with the Bulgarian Commercial Register with the Registry Agency.

The branch is not a separate legal entity different from the foreign person. It is regarded as a defined part of the foreign person in terms of territory and organisation. The branch has no assets separate from the foreign person. The

branch, however, is allowed to conduct business activity in Bulgaria. The branch can enter into commercial transactions with third parties whereby the rights and obligations arising out of such transactions are considered rights and obligations of the foreign person.

The branch is considered a permanent establishment under the provisions of Bulgarian tax law and thus is a taxable person. The branch of a foreign person has the obligation to keep business records and to prepare balance sheets for its commercial activity. The branch is also considered as an employer under Bulgarian law.

The Branch has a separate seat and registered address in Bulgaria, a scope of activity and a legal representative (manager) which might be different from those of the foreign person. Those circumstances, as well as the scope of the representation powers of the manager, are subject to registration in the Commercial Register.

Other circumstances as regards the branch that are subject to announcement in the Bulgarian Commercial Register are:

- company name and legal form of the foreign person and company name of the branch (if different from the company name of the foreign person);
- registration number of the foreign person;
- legal representatives of the foreign person, manner of representation; liquidators and insolvency administrators of the foreign person (if such exist);
- all acts related to termination of the foreign entity, to opened liquidation and insolvency proceedings (if any);
- a copy of the articles of association/memorandum of association of the foreign person;
- a copy of the annual financial statements of the foreign person after it has been duly announced as per the legislation of the country of origin.

Any circumstances related to opened liquidation or insolvency proceedings as well as to termination of the foreign person might be registered by the Commercial Register without an application on behalf of the branch (ex-officio) upon a notification sent by the Commercial Register of another Member State where the foreign person is registered. If the foreign person is terminated without leaving a legal successor, the branch shall be deleted ex-officio by the Bulgarian Commercial Register on the basis of the notification sent by the commercial register of the Member State where the foreign person is registered. This procedure is applicable only in case the foreign person is a national of a Member State.

A branch could be terminated only on the basis of an application submitted to the Commercial Register (without the need a liquidation procedure to be executed).

Any claims as regards a dispute arising out of the operations of a branch are filed against the foreign person either with the competent court in the country of origin of the foreign person or with the court for the place in which the branch is situated.

## **6. Incorporation of a Business**

### **6.1 Types of Business Organisations**

The trading company under Bulgarian law is a separate legal entity carrying out business activity.

The participants (shareholders) in the company shall be two or more where Bulgarian law prescribes that certain types of companies (the limited liability companies and the joint-stock companies) could be solely owned (held by only one shareholder).

Participants in the companies could be Bulgarian or foreign natural persons as well as legal entities. There is no limitation in the number of participants and no restriction on a person participating in numerous companies.

The companies are established as a legal entity after their initial registration with the Commercial Register with the Registry Agency.

The main distinction of the companies under Bulgarian law is the distinction between unincorporated enterprises (partnerships) and capital companies. The unincorporated enterprises are mainly established by natural persons. The shareholders of the unincorporated enterprises are jointly and unlimitedly liable for all obligations of the company. The law does not prescribe a minimal capital amount. Usually, the unincorporated enterprises are terminated upon the withdrawal, exclusion or termination of the shareholders.

The major types of companies established under Bulgarian law are the capital companies – the limited liability companies and the joint-stock companies. The main characteristics of the capital companies are: mandatory corporate structure, limited liability of the shareholders – the shareholders are liable up to the amount of their share participation in the company, requirement for minimal capital, transferable nature of the share participation, the company is not terminated upon withdrawal, exclusion or termination of the shareholders.



## **Main characteristics of a limited liability company**

The limited liability company is the most common type of a company established in Bulgaria. The legal requirements applicable to its incorporation and its activity are significantly less stringent in comparison to the requirements applicable to the joint-stock companies.

It could be incorporated by a single shareholder or by two or more shareholders.

The minimal capital of the limited liability company is BGN2 which is one of the reasons why this type of a company is the most preferable. There is no upper limit on the capital amount.

The capital consists of company shares where the value of each share could not be less than BGN1 and a whole number (dividable to 1).

One company share could be co-held by more than one person. Company shares could be transferred freely between shareholders and to third parties – upon consent of the shareholders.

The capital could be paid-in by means of a cash contribution or of an in-kind contribution.

The company name should contain the indication “limited liability company” and in case the capital is held by one person only – “solely-owned limited liability company”.

The management bodies of the limited liability company are the General Meeting of the shareholders and the manager.

The General Meeting of the shareholder consists of all shareholders having voting rights in accordance with their share participation. The General Meeting is competent to adopt a specific range of resolutions strictly set out in the Bulgarian Commerce Act. All other resolutions different from those within the competence of the General Meeting, shall be adopted by the manager. The

functions of the meeting are executed by the sole owner in case of solely-owned limited liability companies.

The manager could be a natural person only. The manager could be a person different from the sole owner/shareholder (if the sole owner/shareholder is a natural person). In case of more than one manager appointed, each of them is entitled to represent the company solely unless otherwise resolved by the sole owner or the General Meeting of the shareholders (e.g. the managers to represent the company only jointly).

### **Main characteristics of a joint-stock company**

The joint-stock company could be incorporated by a single shareholder or by two or more shareholders.

The minimal capital of the joint-stock company is BGN50,000. There is no upper limit on the capital amount. Bulgarian law prescribes that certain types of business activities (bank, insurance activities) could be conducted only by joint-stock companies. The law sets out a higher minimum amount of the initial capital for such types of companies (e.g. BGN10,000,000 for a bank or an insurance company).

Joint-stock companies can be listed on the stock exchange.

The capital consists of company shares where the value of each share could not be less than BGN1 and a whole number (dividable to 1). The company might issue different classes of shares giving different rights to their holders.

Company shares could be transferred freely to other shareholders and to third parties – without an explicit resolution of the General Meeting.

The capital could be paid-in by means of a cash contribution or of an in-kind contribution.

The company name should contain the indication “joint-stock company” and in case the capital is held by one person only – “solely-owned joint-stock company”.

The management bodies of the joint-stock company are the General Meeting of the shareholders, the Board of Directors (if the company has been incorporated under a one-tier system) and the Management Board and the Supervisory Board (if the company has been incorporated under a two-tier system).

The General Meeting of the shareholder consists of all shareholders who have voting rights. The General Meeting is competent to adopt a specific range of resolutions with respect to the company strictly set out in the Bulgarian Commerce Act. All other resolutions different from those within the competence of the General Meeting, shall be adopted by the Board of Directors or the Management Board. The functions of the meeting are executed by the sole owner in case of a solely-owned joint-stock company.

The Board of Directors/the Management Board are managing and representing the company. The Supervisory Board supervises the activity of the Management Board (in case the two-tier system is applied). These three authorities are collective bodies which consist of at least 3 persons. The Board of Directors usually appoints one or several of its members as managing directors, responsible for the management of the company.

## **6.2 Procedures for Incorporation of a Company**

### **Incorporation of a limited liability company**

The incorporation of a limited liability company, in general, consists of the following stages:

- Convocation and holding of a constituent assembly with the participation of all shareholders;
- The constituent assembly adopts resolutions for incorporation of the company, adoption of the company's articles of association and appointment of a manager;
- The resolutions of the constituent assembly are incorporated in a protocol in writing.

- The adopted articles of association must contain the following information:
  - The company name, seat and registered address of the company;
  - The scope of activity and the term of existence of the company;
  - The name/company name and identification numbers of the shareholders;
  - The capital amount. The law prescribes that at the point of incorporation at least 70% of the capital must be paid in. The remaining part of the capital must be paid in not later than 2 years after the date of the initial registration of the company;
  - The value of the shares held by each shareholder;
  - The managing bodies and the manner of representation;
  - Any advantages of the shareholders;
  - Any rights and obligations of the shareholders;
- An accumulating bank account onto which the initial capital should be paid in shall be opened;
- The company is incorporated on the basis of an application filed with the Bulgarian Commercial Register with the Registry Agency. The application is filed by the company's manager;
- Mandatory preconditions for the company's initial registration by the Commercial register are:
  - The submission of the signed articles of association;
  - A manager of the company to be appointed;
  - The statutory capital minimum (BGN2) to be paid in;

- In case the company has initial capital exceeding the statutory minimum capital, at least 70% to be paid in;
- In case the license issued by a state authority is required for the company to carry out specific activity – such license must be submitted;
- Additional documents signed by the manager are filed with the application.

The company is registered by the Commercial Register after review of the application and the enclosures to it which might take up to 10 business days.

### **Incorporation of a joint-stock company**

The incorporation of a joint-stock company, in general, consists of the following stages:

- Convocation and holding of a constituent assembly with the participation of all shareholders or their proxies;
- The shareholders subscribe for shares of the company;
- The constituent assembly adopts resolutions for incorporation of the company, adopts the company's statute and appoints a Board of Directors or a Supervisory Board and a Management Board;
- The resolutions of the constituent assembly are incorporated in a protocol in writing.
- The adopted statute must contain the following information:
  - The company name, seat and registered address of the company;
  - The scope of activity and the term of existence of the company;
  - The capital amount. The law prescribes that at the point of incorporation at least 25% of the nominal or of the issue value of

each share must be paid in. The remaining part of the shares' value must be paid in not later than 2 years after the date of the initial registration of the company;

- The type and the amount of the shares issued, their nominal value and the specific conditions for their transfer (if any);
  - The managing bodies, their mandate and the number of their members;
  - Description of the contributions in-kind, of the persons making such contributions and of the amount of the company's shares they subscribe for;
  - Any advantages of the founding members;
  - The manner for profit distribution and for convocation of a General Meeting.
- An accumulating bank account onto which the initial capital should be paid in shall be opened by the Board of Directors or Managing Board.
- The company is incorporated on the basis of an application filed with the Bulgarian Commercial Register with the Registry Agency.
- Mandatory preconditions for the company's initial registration by the Commercial Register are:
- The submission of the signed statute;
  - The full amount of the capital to be subscribed for;
  - Board of Directors or a Supervisory Board and a Management Board to be appointed;
  - At least 25% of the nominal or of the issue price of each share to be paid in;

- In case the license issued by a state authority is required for the company to carry out specific activity – such license must be submitted.

## **7. Taxes**

The following taxes should be considered in accordance with the Bulgarian tax legislation:

### **7.1 Corporate Tax**

#### **Taxable persons**

Further to the provisions of Corporate Income Tax Act (CITA) taxable persons shall be considered the local legal entities (entities incorporated under Bulgarian law), those foreign legal entities which carry out business activities within Bulgaria through a place of permanent establishment, who administrate the property of such a place of establishment or receive income with source Republic of Bulgaria. As taxable person shall be also considered any foreign formation which is organisationally and economically autonomous (such as trust, fund or similar) which carries out business activities on its own or makes and manages investments and the owner of the income is not possible to be identified. The local tax residents are taxable for their worldwide income, while non-residents are taxable only for the income sourced from Bulgaria.

#### **Applicable corporate tax rate**

A flat rate of 10% corporate tax is applicable in Bulgaria.

#### **Taxable base**

The taxable income comprises of the accounting result per the profit and loss account, adjusted for tax purposes (the tax adjustments are determined in CITA).

#### **Treatment of dividends**

The dividend income distributed between Bulgarian taxable entities is free of tax. Dividends and liquidation shares distributed by Bulgarian entities with beneficiaries which are tax residents of the EU/European Economic Area



(EEA) tax resident are exempt from withholding tax in Bulgaria, except in case of hidden profit distribution.

Withholding tax is levied on dividends, distributed by local taxable entities which are legal persons in favour of non-resident legal persons, except for the cases when dividends are realised by the non-resident legal person by means of a permanent establishment in Bulgaria. The withholding tax is applicable also, when the dividends are distributed in favour of resident legal persons who are not traders. The withholding tax rate amounts to 5%. The tax base is the gross amount of the distributed dividends. In case the respective DTT provides for a lower tax rate, this lower rate can be applied under an application procedure.

### **Capital gains**

Capital gains are included in the taxable income and taxed at the normal corporate income tax rate (10%). Gains and losses arising from the disposal of shares listed on the Bulgarian and EU stock exchanges are tax exempt. The provisions of the respective DTT should be observed with regard to the cross-border taxation of the capital gains.

### **Tax losses**

The generated tax losses can be carried forward for five years following the year of occurrence and respectively deducted from future taxable profits.

### **Declaration obligation and advance payment of corporate tax**

The tax period for determining the corporate tax due is the calendar year. The taxable entities are obliged for monthly or quarterly advance contributions for corporate tax on the basis of projection of their taxable profit for the current year.

The annual tax return (showing the tax financial result and the annual corporate tax due) shall be submitted not later than 31 March of the following year. This is the deadline also for the final payment of the corporate tax due.

The tax authorities can impose penalties for late filing of the tax return or late payment of the due tax.

## **7.2 Value Added Tax**

### **Applicable VAT rate**

VAT is levied on the sale of goods and provision of services. The standard rate is 20%. There is a reduced rate of 9% for the hotel accommodation services. The exports and the EU intra-community supplies are exempted.

### **Obligation for registration**

The tax authorities maintain a special register under the provisions of Value Added Tax Act (VATA). At the registration, the taxable person acquires an identification number for the purposes of VAT. Along with several grounds for compulsory registration (fulfillment of special criteria – e.g. excess of taxable turnover thresholds), there is an option for voluntary VAT registration.

Obligation for registration exists for taxable persons, settled on the territory of Bulgaria for the performed taxable supply of goods and services. Subject to registration are the taxable persons, who are not settled in Bulgaria but carry out taxable supplies of goods and services (different from those for which the recipient is obliged for charging the VAT, i.e. “reverse-charge”) in the country.

### **Compulsory VAT registration**

The threshold for compulsory VAT registration amounts to BGN50,000 or more (turnover), for a period, not exceeding the last 12 consecutive months prior to the current month. The application for registration should be submitted within 7 days from the expiry of the tax period, during which the said turnover has been reached.

### **Special types of VAT registration**

The persons settled in another Member State, but perform supply of goods with mounting and installation on the territory of Bulgaria are entitled to a

special type of VAT registration. The obligation for registration shall not be applicable, in case the recipient under the delivery is a VAT registered person in Bulgaria.

Obligation for the special type of VAT registration shall arise also for receiving taxable services with place of performance the territory of Bulgaria and for which the VAT is eligible from the recipient. Any tax obliged person, residing on the territory of the country which provides services having place of performance on the territory of another country shall also be obliged for this special type of VAT registration.

The threshold for special VAT registration based on performed intra-community acquisitions is currently BGN20,000.

Another special type of VAT registration relates to the provision of telecommunication services, services for radio and television broadcasting, services provided electronically and the distance sale of goods (the threshold for registration is BGN70,000).

### **Voluntary VAT registration**

Besides the abovementioned grounds for compulsory registration, every taxable and non-taxable person can be registered for VAT purposes on a voluntary basis, regardless of its turnover.

### **VAT registration of foreign persons**

A foreign person who has a permanent site on the territory of Bulgaria, through which it performs economic activity or taxable supplies, having place of performance on the territory of the country and who meets the requirements for compulsory and voluntary registration, shall be registered through an accredited representative. The branches of the foreign person should be registered by the general procedure. The accredited representative shall be jointly and unlimitedly responsible for the liabilities under VATA of the registered foreign person.

Tax residents of the EU can be registered for VAT by the general procedure, i.e. no accredited representative is required.

### **Submission of VAT declarations**

The tax period for VAT reporting is the calendar month. The VAT tax returns have to be filed monthly, by the 14th day of the following month.

### **Exempt supplies**

Supplies, connected with healthcare, social care and insurance, culture, land and buildings, financial and insurance services, for which tax credit has not been used, etc, are treated as exempt.

### **VAT on importation of foreign goods**

The importation of goods is subject to VAT taxation. The VAT at importation becomes due on the date, on which the obligation for paying import duties on the territory of the country arises or should arise, including when obligation does not exist or its amount is zero.

The tax base shall be the customs value. For determining the taxable base following items should be included:

- taxes, customs duties, charges and others fees, payable outside the territory of the country, and customs duties, excise duty and other fees, payable in case of import;
- import-related expenses, such as commission, packaging, transport and insurance, incurred until the first destination of the goods on the territory of the country.

Certain import transactions are exempt from VAT.

## 7.3 Other Relevant Taxes

### **Real property tax**

The owner of a real property is subject to a real property tax, ranging between 0.01% and 0.45% of the higher of the gross book value or the tax value of non-residential property. For residential properties, the tax rate varies from 0.01% to 0.45% of the tax value. The actual rate is determined annually by the municipality where the property is situated.

### **Capital duty and Stamp duty**

Capital or stamp duties are not applicable in Bulgaria.

### **Property Transfer taxes**

Transfer tax is imposed on the sale and exchange of immovable property and motor vehicles at rates in the range of 0.1% to 3%. The exact rate is at the discretion of the municipality on where the property subject to the transaction is situated.

### **Tax on donation**

The properties acquired as donation are subject to local donation tax. The rate is determined by the municipality, varying from 3.3% to 6.6% (lower rates are applicable for donation between brothers and sisters and their children). Donations between relatives of direct line and between spouses are tax exempt.

### **Income tax on non-resident individuals**

Individuals who do not have their tax residence in Bulgaria (referred as non-residents) but source income from Bulgaria, are subject to Bulgarian individual income tax.

A tax resident of Bulgaria shall be considered an individual who:

- has a permanent address in Bulgaria, or

- resides inside the territory of Bulgaria more than 183 days in each period of 12 consecutive months, or
- is sent abroad by the state, state organisations or a Bulgarian enterprise, or
- who has his/her centre of vital interests in Bulgaria.

Individuals who have a permanent address in Bulgaria but whose centre of vital interests is not in the country are not considered Bulgarian tax resident.

For certain kinds of incomes such as dividends, interests, royalties, technical service fee, etc., withholding taxation is applicable. The withholding tax on dividends amounts to 5%. For the other kinds of incomes, a rate of 10% is applicable.

There is no Double Tax Avoidance Treaty (DTT) concluded between Bulgaria and Hong Kong.

### **Taxes on certain kind of expenses**

In accordance with CITA provisions, a tax at a rate of 10% is levied within three main expenditure groups:

- Representative expenses (e.g. meals, drinks, gifts, etc);
- Social expenses provided in-kind to workers and employees (food vouchers, voluntary pension, health and other insurance, life insurance);
- The expenses connected with the operation of vehicles in those cases, where managerial activity is performed therewith.

The tax on expenses shall be declared in the annual corporate tax return and is payable until 31 March of the following year.

## 8. Employment

In Bulgaria, the employment relations as well as other relationships immediately related to them are governed by the Labour Code. Other legislative acts related to employment include the Healthy and Safe Working Conditions Act, the Employment Promotion Act.

### 8.1 Employment Procedures

#### **Employment agreement**

An employment contract has to be concluded between the employee and the employer before the start of the work. It is legally determined to be in writing. In three days after the conclusion or the amendment of the employment contract and in seven days after its termination, the employer is obliged to send notification about this to the respective territorial directorate of the National Revenue Agency. Upon conclusion of the employment contract, the employer shall introduce the employee to the labour obligations ensuing from the position occupied or the nature of the work performed.

Before starting to work, the employee should be provided by the employer with a copy of concluded employment contract, signed by both of the parties and a copy of the notification certified by the territorial directorate of the National Revenue Agency.

#### **Duration of the employment contract**

The employment contract may be concluded:

- for an indefinite period (permanent employment contract);
- as an employment contract for a fixed term.

It is explicitly stipulated that the employment contract shall be considered concluded for an indefinite period, unless expressly agreed otherwise.

On the other hand, the employment agreement for indefinite term cannot be transformed into a contract for a definite term, except for the explicit wish of the employee, expressed in writing.

### **Employment contract for a fixed term**

The labour legislation governs also the conclusion of an employment contract for a fixed term.

The period shall not be longer than 3 years. Such contracts shall be concluded upon completion of some specified work or for substitution for an employee who is absent from work or for working at a job which is to be taken through a competitive examination (for the time until it is taken) or for a definite mandate when such is stipulated for the respective body.

The employees on fixed-term employment contract have the same rights and obligations as the employees on permanent employment contract. They may not be put in less favourable position only because of the fixed-term nature of their employment relationship, compared to the workers and the employees on permanent employment contract, who perform the same or similar work at the enterprise, unless the law stipulates the use of some rights as depending on the qualification or the skills acquired. In case there are no workers or employees employed at the same or similar work, the workers and the employees on fixed-term employment contract may not be put in less favourable position than the rest of the workers and the employees, working under permanent employment contract.

The employment contract concluded for a fixed term shall be transformed into a permanent contract if the employee continues working for 5 or more working days after the expiry of the agreed period, without the written objection of the employer, provided the job is vacant.

### **Employment Contract for a Trial Period**

The employment contract could be concluded with a defined trial period. The trial period stipulated in the Labour Code is up to 6 months. Usually the trial period agreed is in favour of the employer. In case it is not explicitly stipulated



by the contract, it should be considered that the term of testing has been agreed in favour of both parties. Such a contract may also be concluded in case the employee wants to make sure the job is suitable for him. During the trial period, the parties have all rights and duties they would have had under a final contract. The trial period does not include the time during which the employee has been on a statutory leave, or has not done the contracted job for other important reasons.

Prior to the expiration of the trial period, the party to whose benefit it has been agreed may terminate the contract without notice.

The employment contract shall be regarded as finalised in case it has not been terminated prior to the expiration of the trial period.

### **Nullity**

An employment contract should be treated null and void when it is in contradiction to the law or a collective contract, or circumvents them.

### **Remote Work**

As of 2011, the form of remote work is legally determined in the Labour Code. Remote work is a form of organisation of work away from the employer's premises on employment relationship by using information technologies. Remote work is of voluntary nature. The terms and procedures for remote work need to be agreed upon in a collective or individual employment contract. The individual employment contract has to define in detail all terms, rights and liabilities of the parties in relation to remote work and its performance. Employers may offer to employees annexes to their individual employment contracts in order to switch from work carried out at employer's premises to remote work. Mixed work modes can be agreed also.

There are specific requirements, which need to be duly agreed in a contract (annex) for remote work – such as the exact requirements for the organisation of the workplace, the technical equipment and workplace maintenance, the health and safety conditions, the working time, the holidays and leave, the reporting of the working hours, etc.

## **Business Trips**

In accordance with the requirements of Labour Code, the employer may send the employee on a business trip to perform his employment obligations outside his permanent place of work, but for not more than 30 consecutive calendar days. For a business trip longer than 30 consecutive calendar days, the employee's consent in writing shall be obtained. There are several ordinances which regulate the business trips formalities in Bulgaria and abroad, respectively.

### ➤ **Business Trips in Bulgaria**

The provisions of the Ordinance on the Business Trips Inside the Country regulate the conditions for business trips in Bulgaria, the amount of the business trip expenses (travelling, daily and accommodation allowances), the procedure for accounting the expenses and the rights and obligations of the employees and the employers in regard to business trips. The Business trips have to be grounded by a written order.

The daily allowances for the country amount to BGN20 per day for the duration of the business trip (when the employee spend the night at the destination place). In case there is no overnight stay during the trip the amount is 50% lower (BGN10).

Accommodation expenses shall be paid by the employer for accommodation at the destination place to the amount actually paid (including taxes and fees) and respectively upon presenting an official document. However, the amount for the accommodation should not exceed the approved one per night.

The travelling allowances shall include the expenses necessary to reach the destination of the business trip and to return from there, as well as travelling expenses for public transport within the territory of the town. If the employee travels with his own car the travelling expenses shall cover the sum necessary for petrol according to the norms given by the producer of the vehicle for the most economic regime of driving. In the above cases, the order for business trip shall contain information on the kind and the model of the car, the gas

consumption, the kind and the price of the petrol, the itinerary and the distances in kilometres.

### ➤ **Business Trips abroad**

Business trips and specialisation abroad are regulated by the Ordinance on Official Business Trips and Specialisations Abroad. Any business trip abroad also has to be made on the grounds of a written order.

The persons sent to a business trip abroad are entitled to travel allowance according to the order for business trip in the size of the actual expenses on the shortest or economically most beneficial route. The travelling may be fulfilled by airplane, train, passenger car, bus, ship or other land, air and sailing vehicles. When travelling by airplane, an economic class seat has to be considered, except in cases of fulfillment of urgent tasks, where the economic class travelling is objectively impossible.

When travelling by personal or office car, the driver shall be paid 50% of the cost of an airplane ticket for the respective destination for covering the transport expenses at the most favourable tariff or the equivalence of the spent fuel at spending norms determined by the producer of the motor vehicle, the related fees for paid motorways and parking, related to the car.

The daily allowance is entitled to provide resources for food, urban transport and other expenses. Its amount is determined for every country in a table (part of the Ordinance for Business Trips Abroad). The daily allowances for the EU Member States are fixed to EUR35 and the accommodation allowances amount to EUR130. For every respective non-EU country, the exact amounts are also pre-determined. In the case of China, the daily allowances are US\$30 and the accommodation allowances amount to US\$90. It is also stipulated that for other countries (not listed) the daily allowances are US\$30 and the accommodation allowances amount to US\$90.

The persons sent on business trip abroad shall be insured by medical insurance for the duration of the business trip.

Please note that for tax purposes the amounts of daily allowances stated above for business trips under employment relationship are treated as not taxable, i.e. up to BGN40 per day for local business trips and up to EUR70 per day for business trips in the EU, respectively up to US\$60 for countries non-listed in the ordinance.

### **Termination of the employment contract**

The employment contract shall be terminated in writing.

### **Termination without notice**

The employment contract may be terminated without notice from either party in the following cases:

- mutual consent, expressed in writing. The party to which the proposal is addressed shall inform the other party of its position within 7 days of receipt of the proposal. Failure to do so shall be deemed refusal to accept the proposal;
- when the dismissal of an employee is found unlawful, or he is reinstated to his previous job by ruling of the court;
- upon expiry of the contractual term;
- upon the completion of some specified work;
- upon return of the substituted employee to work, etc.

### **Termination by employee with notice**

An employee may terminate a contract of employment by giving the employer a notice in writing. The notice period for termination of a permanent employment contract has to be 30 days, unless a longer period has been agreed by the parties, but not longer than 3 months.

### **Termination by employee without notice**

This possibility is available in the following cases:

- when he is unable to perform the assigned job because of illness, and should the employer fail to provide him with suitable work as per the prescription of the medical authorities;
- when the employer delays the payment of remuneration or compensation;
- when the employer changes the place or character of work or the agreed remuneration, except in cases where he is entitled to make such changes, and also should he fail to meet other obligations stipulated in the employment contract or the collective contract, or established by a normative act, etc.;

### **Termination by employer with notice**

An employer may terminate a contract of employment by giving a notice in writing to the employee in the following cases:

- closing down of the enterprise;
- partial closing down of the enterprise or staff cuts;
- reduction of the volume of work;
- in case the work stops for more than 15 working days;
- when an employee lacks the qualities for efficient work performance;
- when the requirements for the job have been changed and the employee does not qualify for it;
- when an employee does not have the necessary education or professional training for the assigned work, etc.;

### **Termination by employer without notice**

An employer may terminate a contract of employment without notice in writing to the employee in the following cases:

- when an employee has been divested by the court or by an administrative order of the right to practice a profession or to occupy the position to which he has been appointed;
- when an employee refuses to take a suitable job offered to him in case of medically prescribed re-assignment;
- in case of disciplinary dismissal, etc.,

### **Termination by initiative of the employer against agreed indemnification**

The employer can propose, at his initiative, to the employee termination of the employment contract against indemnification. If the worker or employee makes no comment in writing on the proposal within 7 days it shall be considered rejected.

If the employee accepts the proposal the employer shall owe him an indemnification, amounting to not less than the 4 time the size of its the last monthly gross remuneration, except if the parties have agreed upon a higher size of indemnification.

### **Sick leave**

The employee shall be entitled to a leave in case of temporary disability resulting from a general disease, an occupational disease or occupational injury, for treatment or for urgent medical examinations or tests, etc. This leave shall be permitted by the medical authorities.

For its duration, the employee shall be paid a cash compensation within periods specified by the Social Insurance Code. The employer has the obligation for the first three days (please refer to 8.2 Social security contributions/Monetary insurance benefits/Benefit for temporary work incapacity).

## **Maternity leave**

Female employees are entitled to a leave for pregnancy and birth amounting to 410 days for each child, of which 45 days shall obligatorily be used before the childbirth.

With the consent of the mother after the 6th month of the children, the father may use the remaining leave until 410 days instead of her. The time during which the leave is used, shall be considered as length of service.

The female employees are entitled also to an additional leave for raising a child until his/her 2 years of age.

Female employees are entitled to cash benefits, as specified in the Social Security Code, according to the above stated paid leaves (please refer to 8.2 Social security contributions/Monetary insurance benefits/ Childcare benefit).

## **Holiday**

Each employee shall have the right to annual paid leave. The duration of the regular annual paid leave shall be no less than 20 working days. Some categories of employees, depending on the special nature of work, shall be entitled to an extended annual paid leave. It is also stipulated that for work on open-ended working hours, the additional determined paid leave is not less than 5 working days.

## **Workers' compensation**

The following types of work compensations are stipulated in the Labour Code:

- for employer's liability for other damages caused to the employee;
- for temporary suspension from work;
- for business travel;
- for reassignment;

- in case of rehabilitation reassignment;
- in case of disaster;
- for lawful refusal of the employee to perform the job;
- for failure to provide notice;
- for terminating the employment relationship without notice;
- for dismissal on other grounds;
- or unused paid annual leave;
- for unlawful dismissal and for non-admission to work of a reinstated employee;
- for non-admission to work.

### **Dismissal**

The Labour Code provides some provisions regarding protection against dismissal for employees such as mothers of children younger than 3 years of age, employees who have been reassigned due to reasons of health, etc.

A disciplinary dismissal shall be imposed after:

- Reporting to work late or early departure on three occasions, each no less than one hour, within one calendar month;
- Absence from work for two consecutive working days;
- Systematic violations of the work discipline;
- Abuse of employer's confidence or proclaiming proprietary information of the employer;
- Causing losses to other persons in the trade and services industries by fraud in the price, weight and/or quality of the item or service;



- participation in gambling through telecommunication devices of the enterprise and the expenses shall be reimbursed in full;
- other serious violations of the work discipline.

### **Working time**

The working week shall be 5-day with a normal duration of the weekly working time up to 40 hours. The normal duration of the working hours during the day shall be up to 8 hours. The duration of the working day may be extended by the employer under certain conditions and limitations.

The parties to the employment contract may negotiate work for a part of the statutory working hours (part-time work). In this case, they shall specify the duration and allocation of the working hours.

The allocation of working hours shall be established by the internal rules of the company. In companies where the organisation of work allows, flexible working hours may be established.

### **Overtime**

Work done out of his agreed working hours on the order of the employer, with the knowledge of and with no objection from the employee, shall be considered overtime work.

In accordance with the provisions of Labour Code overtime work shall be permitted with some exceptions (completion of work which can not be completed within the regular working hours, for the performance of intensive seasonal work). The employer shall keep a special register to account for overtime work. The following limitations are stipulated in the labour legislation:

- The duration of the overtime work performed by one employee in one calendar year shall not exceed 150 hours.
- 30 hours day work, or 20 hours night work in one calendar month;
- 6 hours day work, or 4 hours night work in one calendar week;

- 3 hours day work, or 2 hours night work in two consecutive working days.

### **Nightshifts**

The normal duration of the weekly working hours at night for a five-day work week shall be 35 hours. The normal duration of the night working hours for a five-day work week shall be 7 hours. As night work shall be work performed between 10.00 p.m. and 6.00 a.m.

### **Equality**

The provisions of Protection from Discrimination Act regulate the protection against all forms of discrimination and contribute to its prevention. Its regulations cover all individuals on the territory of Bulgaria. Any practice or indirect discrimination based on sex, race, nationality, ethnic belonging, human genome, citizenship, origin, religion or belief, education, convictions, political affiliation, personal or public status, disability, age, sexual orientation, family status, property status or any other characteristics established by the Act or by an international agreement to which Bulgaria is a party, shall be prohibited.

### **Discrimination issue in labour relation**

In announcing a vacancy, the employer shall not have the right to place requirements related to the abovementioned characteristics. Before the conclusion of the employment contract, the employer does not have the right to require from the applicant such information. The employer does not have the right to refuse employment due to a pregnancy, motherhood or raising a child. Equal labour conditions have to be provided to all employees. The employer also has to provide equal remuneration for the same or equal work. The employer is also obliged to provide the employees with equal possibilities of professional training and improvement of the professional qualification and re-qualification, while applying equal criteria in the assessment of their activity for professional development and promotion in a position or rank. The work place has to be adapted to the needs of a disabled person on his hiring or when the disability occurs.

## 8.2 Social Security Contributions

### Coverage of Bulgarian social security system

The Bulgarian social security system covers the following risks:

- general diseases;
- work-related accidents;
- occupational diseases;
- maternity;
- unemployment;
- old-age;
- death.

Also, social security contributions have to be remitted to the following funds:

- “Pensions“ fund for disability due to general diseases, old age and death;
- “General diseases and motherhood“ fund for general diseases and motherhood, including insurance for temporary inability to work, temporarily reduced ability to work and motherhood;
- “Labour accident and occupational disease“ fund for labour accidents and occupational diseases, including disability, death, temporary inability to work and temporary reduced ability to work as a result of labour accidents or occupational diseases;
- “Unemployment“ fund for unemployment.

A supplementary compulsory pension for individuals born after 1959 is applicable. The pension covers insurance for old age and death (the contributions are remitted to pension funds, which are established and managed by licensed pension insurance companies). The Bulgarian social

security system provides the possibility for supplementary voluntary insurance for unemployment and/or professional qualification.

### **Income for insurance payments and thresholds**

The income for which insurance payments are due shall include all the remunerations, including the accounted and non-paid or non-accounted ones and other incomes from labour activity. The Budget of State Public Insurance Act (BSPIA) determines the maximum and minimum monthly amount of the insurable income during the calendar year for the self-insured persons. The provisions of BSPIA also determine the minimal monthly amount of insurable income by groups of main economic activities and professions.

Effective from 2018, the minimum working salary and monthly social security income amounts to BGN510. This minimum base applies also to self-employed persons. The maximum base of monthly social security income is BGN2,600.

### **Social security contributions**

The aggregate rate of social security contributions for employment relations was 24.3% as of 1 January 2018. This includes the contributions for pensions, general decease, maternity and unemployment. The total insurance contribution is split at 56% for the account of the employer and 44% for the employee.

The aggregate rate of health insurance contributions is 8%, of which 4.8% is payable by the employer and 3.2% is payable by the employee (the applicable proportion between the employer and the employee is 60/40).

Individuals born after 1959 have to make contributions for supplementary compulsory pension insurance. It is implemented through participation in universal and/or occupational pension funds, which are established and managed by licensed pension insurance companies. For those born before 1960, the whole amount of determined pension contribution is transferred to the Pensions state fund.

The contributions to the “Accident at Work and Occupational Illness Fund” are entirely provided by the employer. Its amount varies from 0.4 to 1.1 % and is specified by the Budget of State Public Insurance Act for the respective year by groups of main economic activities.

The aggregate social security contributions (employer’s part and employee’s part) are remitted to the revenue authorities by the employer.

Self-insured persons in Bulgaria are insured for disability due to general diseases, old age and death (“Pension Fund”). At their discretion, they might additionally insure themselves for general diseases and maternity. The type of social security is declared by the self-insured person themselves by submitting a declaration in standard form to the competent Territorial Directorate of the National Revenue Agency (NRA) within 7 days of the commencement or resumption of work. If this declaration is not submitted within 7 days, the self-insured person will be insured only for disability due to general disease, old age and death.

The aggregate rate of social security contributions for self-employed persons was 19.8% as of 1 January 2018. This includes only the contributions for pension fund (disability due to general disease, for old age and death). The self-employed of their own choice may be insured for general illness and maternity. Making of this choice is estimated to have increased the due amount for social security contributions 2018 to 23.3% as of 1 January 2018.

The applicable rate of health insurance contributions for the self-employed was 8% as of 1 January 2018.

The above rates are applicable to Bulgarian nationals, as well as to EU/EEA nationals who are subject to Bulgarian social security contributions. Under certain conditions, non-EU/EEA nationals are also subject to these contributions, except for health insurance contributions. If they have a permanent residence permit for Bulgaria, they will also be subject to health insurance contributions.

## **Applicability of the EU Regulations for seconded employees**

In accordance with the EU requirements, the citizens of a Member State of the EU have the right of free movement and work within the Community without a work permit being required for that. The applicable EU Regulations on the coordination of social security systems is No. 883/2004 and No. 987/2009 (laying down the procedure for implementing Regulation No. 883/2004). Under these Regulations, the assigned individual would be insured for social security purposes only in one member state.

In accordance with EU Regulation No. 883/2004, an employee assigned by their Bulgarian employer to another EU Member State is entitled to continue to be subject to the social security legislation of Bulgaria provided that the duration of their secondment abroad does not exceed 24 months and that the employee is not sent to replace another posted person.

The applicable social security legislation is certified by virtue of a uniform A1 certificate issued at the employer's request by the Bulgarian National Revenue Agency. The certificate will be sent to the host Member State and it serves as grounds for social security exemption in the host country for the period of the secondment, so that the employee remains subject to only one social security legislation – that of the home country.

The EU employees seconded in Bulgaria could be entitled to continue to be subject to the social security legislation of their home country provided that the duration of their secondment in Bulgaria does not exceed 24 months. The respective tax authorities in their home country should determine the applicable social security legislation by virtue of a uniform A1 certificate.

## **Non-EU/EEA assignees**

The non-EU/EEA citizens who have a Bulgarian residence permit for continuous stay, are exempt from paying health insurance contributions. If there is a social security agreement between Bulgaria and the non-EU/EEA country the citizen may be exempt from paying Bulgarian social security contributions to some or all funds under the terms of the relevant treaty.

## **Monetary insurance benefits**

### **Benefit for temporary work incapacity**

The cash benefit for temporary working incapacity due to general diseases, labour accident or professional diseases shall be paid from the first day of occurrence till the restoration of the ability to work or the establishing of disability.

The amendments as of 1 January 2018 abolished the possibility to claim a statutory benefit for temporary incapacity to work within 30 days from termination of the employment relations and the resultant discontinuance of the insurance period. In such cases, employers are relieved of the obligation to submit the necessary information to the National Social Security Institute.

The insurer (employer) is obliged to pay to the insured person for the first three working days of the temporary incapacity to work 70% of the average daily gross allowance for the month, in which the temporary incapacity to work has occurred, but not less than 70% of the average daily agreed remuneration.

### **Unemployment benefit**

The daily minimum amount of the unemployment benefit is BGN9, while the maximum amount is BGN74.29.

The qualifying condition to claim an unemployment benefit was amended as of 2018. In order to qualify for a benefit, the insured person should have an insurance period of at least 12 months in the last 18 months. Furthermore, the timeframe for which the State will pay an unemployment benefit is in reference to the period during which social security contributions have been paid. It is now required that the insured person has acquired a longer insurance track record (for more than 3 years) for the purpose of receiving an unemployment benefit for the same number of months as compared to the previous rules.

Individuals whose employment relations have been terminated by the employer against compensation for the employee, will receive unemployment benefits at the minimum rate and for a maximum period of four months. The

amendment is based on the fact that while the termination is initiated by the employer, it is effected with the consent of the employee.

### **Childcare benefit**

The daily cash benefit in case of pregnancy and childbirth shall be calculated as 90% of the amount of the average daily gross remuneration (average daily insurable income), on which insurance instalments are remitted, for the period of 24 calendar months, preceding the month during which the temporary inability to work has occurred as a result of pregnancy and childbirth. This benefit for pregnancy and childbirth is determined for a term of 410 days, 45 of which before the childbirth (please refer Chapter 8.1 Employment procedures/Maternity leave).

In accordance with the provisions of SIC, a monthly cash benefit shall be paid to the mother during the additional paid leave for raising a child until the age of 2 years. Its extent is determined with the Budget of State Public Insurance Act. For 2018, this monthly childcare benefit amounts to BGN380.

### **Age for retirement**

For 2018, the full amount of the general retirement pay is granted at the age of 61 and 2 months for women and 64 and 1 month for men. Until 2037, the age at which the individuals are generally entitled to be granted the full amount of the retirement pay will gradually be raised to 65 years.

## **8.3 Health and Safety Issues**

The main issues concerning the healthy and safe conditions for work are stipulated in the Healthy and Safe Working Conditions Act (HSWCA).

The employer is responsible for the safety of his employees. The employer has to observe all the requirements in the above stated act and the related regulations (ordinances).



The employer is obliged to apply the required measures as professional risks prevention, provision of information and training, ensuring the necessary organisation and resources.

The employers have to use the services of registered labour medicine units. The labour medicine units have primarily preventive functions. They consult and support the employer, the committees and groups for labour conditions in planning and organisation of the activities in respect with ensuring and maintenance of healthy and safe labour conditions, adaptation of the work to the abilities of the worker, taking into account the physical and mental health of the latter, improvement of the health and the working capacity of the workers in connection with the work implemented by them.

In accordance with the provisions of HSWCA, the workers (in compliance with their qualification and the instructions) shall be obliged respectively to:

- use correctly the machines, the equipment, the instruments, the dangerous substances and materials, the transport means and other working facilities;
- use correctly the personal protection means and special working clothing given to them and return them afterwards to the respective place for preservation;
- use correctly and according to their purpose and not to remove, turn off or change without instruction the means of collective protection and the protection devices with which the machines are equipped, the devices, the instruments, the enterprise or the building;
- inform immediately the employer or the corresponding officials about any situation occurred at work which could be an immediate danger for their health and about all imperfections of the means for collective protection;
- co-operate with the employer, the corresponding officials and/or the representatives of the workers involved in health and safety at work in implementation of the measures for ensuring healthy and safe labour conditions and the recommendations given by the control bodies.

Any worker or employee who temporarily removes protection means or signalisation when implementing repair, mounting, prophylactics etc., shall be obliged to restore it immediately or to undertake other protective measures with the same efficiency.

The workers shall be insured for professional diseases and labour accidents as the insurance payments are for the account of the employers (please refer Chapter 8.2 Social Security Contributions).

Another regulation, which provisions have to be observed in respect with the health and safety issues, is the Ordinance on Working Time, Rest Periods and Leaves.

The employers have to prepare and apply the Internal Rules of Work. The Rules shall cover the following mandatory information: beginning and the end of the workday, the shifts rotation procedure, rest periods during work, work time recording procedure, the time of obligatory attendance in the enterprise, where flexible working hours are agreed upon, meal times of workers and employees in industries with continuous process of work and in enterprises, which operate without interruption, as well as other issues, related to the allocation of working time and work organisation in the enterprise.

Consents to night work of mothers with children from 3 to 6 years of age, mothers who take care of disabled children, shall be provided in writing. The consent referred above may be withdrawn in writing no later than 3 days before the date from which the worker and the employee wish to discontinue night work, unless there are legitimate reasons, which require the immediate discontinuance thereof.

Further to the provisions of the Labour Code, the employer can extend (for business reasons), by a written order, the working time during some working days and compensate it through its respective reduction during other working days. This could be done upon preliminary consultations with the representatives of the trade union organisations and the representatives of the workers and employees. The duration of the extended working day cannot exceed 10 hours. The employer is obliged to keep a special book for

accounting the extension and the compensation of the working time. There is a legally imposed limitation for the period of applying the extended working time. The limitation is 60 working days during one calendar year, but for no longer than 20 working days consecutively.

The said extension of working time should be carried out by a written order of the employer for each individual case, issued not later than 3 working days before the date of extension, provided that the respective workers and employees shall be informed immediately of the order issued. The order shall determine the initial and final date of extension, the units and the working places, which are referred by it.

## **8.4 Minimum Wages**

The amount of the salary is usually subject to a free agreement between the employer and the employee, and is specified in the work contract. As it is stated in Chapter 8.2 Social security contributions (Income for insurance payments and thresholds) the minimum working salary and monthly social security income for Bulgaria amounts to BGN510. The maximum monthly social security income for 2018 is BGN2,600.

## 9. Visas and Immigration Issues

### 9.1 Entry Procedures and Visa Requirements

In general, every citizen of a non-EU state and non-EEA state (hereinafter referred to as “foreign citizen”) must possess a visa in order to enter the territory of Bulgaria.

There are several exclusions to this rule, namely:

- The foreign citizen does not need a visa in case he/she is in possession of a valid continuous, long-term or permanent residence permit;
- The foreign citizen does not need a visa in case he/she is a citizen of a country explicitly exempted from the visa obligation in accordance with Council Regulation (EC) № 539/2001 dated 3 March 2001.

The citizens of the Hong Kong Special Administrative Region (HKSAR) of the People’s Republic of China are exempted from the visa obligations in case of a short stay (up to 90 days in total) on the Bulgarian territory in accordance with Council Regulation (EC) № 539/2001.

In case they intend to reside in Bulgaria for more than 90 days, however, the HKSAR citizens shall apply for a long-term visa.

Currently, there is no Bulgarian consulate in Hong Kong. The competent authority for filing a long-term visa application for HKSAR passport holders is the Bulgarian Embassy in Beijing.

Below is a link to the website in Chinese of the Bulgarian Ministry of External Affairs containing information for applying for a visa with the Bulgarian Embassy in Beijing:

- [www.mfa.bg/embassies/china/II/865/index.html](http://www.mfa.bg/embassies/china/II/865/index.html)

Visa for entering Bulgaria (irrespective of the term of the stay) is required for persons – citizens of a country not exempted from the visa obligation as per Council Regulation (EC) № 539/2001 (e.g. for citizens of Chinese Mainland).

Visas for residing in Bulgaria are generally issued by the Bulgarian embassies/consulates in the respective country of origin of the applicants.

Bulgaria has still not been accessed to the Schengen area, thus Bulgarian visas do not allow the visa holder to enter in the Schengen area.

A condition for entering the Bulgarian territory is that the foreign citizen to present a valid travel document (a passport or other replacement document) and a visa (if such is necessary).

### **The requirements applicable to the travel documents**

- To have validity term expiring after the planned date of leaving Bulgaria;
- To contain at least two empty pages for placing a visa;
- To be issued within the previous 10 years.

The visa application shall be signed by the applicant and submitted not earlier than 3 months before the travel date to Bulgaria by the applicant himself/herself or by an authorised representative.

### **The types of visas issued in Bulgaria**

#### **1. Visa Type A (airport transit visas)**

Gives the right to the foreign citizen to go through or to stay in the international transit zone of the airport in case of a stop-over or a flight change while travelling to another country. A foreign citizen staying in the international transit zone of the airport shall not be allowed to leave the transit hall and is considered not admitted on the Bulgarian territory.

The Type A visa could be issued for a single, double and multiple use and has up to 3 months term of validity.

The documents that must be presented by the applicant for the issuing of a Type A visa are, as follows:

- A visa application;
- A valid travel document;
- A photocopy of the first page of the travel document, of the pages stamped with other visas and/or a copy of the permission to enter the following countries en route (if such are necessary);
- An up-to-date colour photo in passport format;
- A flight reservation;
- A copy of the flight ticket is presented before issuing the visa.

## **2. Visa Type C (short-term residence visa).**

As stated above, the holders of a HKSAR passport are exempted from the obligation to obtain a short-term residence visa.

Towards the foreign citizens who are not exempted from the visa obligation (e.g. citizens of the Chinese Mainland), the following terms and conditions are applied:

- Obtaining a Type C visa for the purpose of transit travelling – this type of visa entitles its holder to travel through Bulgaria on his/her way to another country. Each travel through Bulgaria shall not exceed 2 days where the total duration of all travels shall not exceed 90 days. The Type C visa for the purpose of transit travelling could be issued with a 12 months maximal validity period.
- Except for the foreign citizens exempted under the provisions of the EU law, this type of visa is also not necessary in the following cases: for foreign citizens possessing a Schengen visa, a long-term residence visa, a residence permit issued by a country in the

Schengen area, a residence permit issued by Romania, Cyprus or Lichtenstein.

- Obtaining a Type C visa for the purpose of a planned residence – this type of visa entitles its holder to reside in Bulgaria for up to 90 days within a 6 months period starting from the date of the first entry. It could be issued for a single, double and multiple use and has up to 12 months term of validity.

As an exclusion, the Type C visa for the purpose of a planned residence could be issued for multiple use with a validity term up to 5 years in case the foreign citizen obtained and used the same type of visa for the previous two consecutive years and a ground for granting a visa for multiple use still exists. A ground for granting a visa for multiple use to a foreign citizen could be, for example: the maintaining of long-lasting commercial relations with local Bulgarian businesspersons and representative offices of foreign companies, family relationship with a Bulgarian citizen, etc.

The documents that must be presented by the applicant for the issuing of a Type C visa for the purpose of a planned residence are, as follows:

- A visa application;
- A valid travel document (passport or replacing document);
- A photocopy of the first page of the travel document, of the pages stamped with other visas and/or a copy of the permission to enter the following countries en route;
- An up-to-date colour photo in passport format;
- Documents justifying the request for obtaining a visa;
- Documents justifying the possession of sufficient means of sustenance during the term of the stay amounting to at least EUR50

per day but not less than EUR500 or their equivalence in another currency;

- Documents justifying the possession of sufficient means of accommodation during the term of the stay amounting to at least EUR50 per day or their equivalence in another currency or an invitation-declaration from a Bulgarian person stating that the Bulgarian person shall cover all costs related to the term of the stay (e.g. bank statement);
- Documents justifying the possession of sufficient means for leaving the country or a ticket (e.g. bank statement);
- Insurance policy with a minimal amount of cover of EUR30,000.

A document justifying the request for obtaining a visa is the invitation from a natural or legal person residing in Bulgaria to the foreign person. Bulgarian law sets out several formal requirements as far as this invitation is concerned. The invitation is in the form of an “invitation-declaration”. It is prepared in accordance with several statutory templates depending on the author of the invitation-declaration (a natural person, a legal person, a representative office of a foreign legal person) and what is the purpose of the visit (a private visit, visit for business purposes, for the purposes of cultural interchange, for medical treatment purposes, for tourist purposes).

The invitation contains a declaration that the declarer could ensure accommodation and financial support of the foreign person for a particular period of time. For the invitation, the declarer (if a natural person) should sign and enclose an additional declaration regarding the financial status and a certificate regarding professional incomes received (usually issued by the employer of the declarer). If the declarer is a legal entity, it should enclose to the invitation a certificate of good standing issued by the Commercial Register and a copy of the annual tax declaration. The declarer – representative office of a foreign person – should enclose a certificate of good standing issued by the Bulgarian



Chamber of Commerce and Industry and a registration certificate issued by the competent territorial directorate of the National Revenue Agency.

The invitation should be certified by a notary and, simultaneously, by officers of the Migration Directorate with the Ministry of Internal Affairs (validity form).

### **3. Visa Type D (long-term residence visa).**

The Type D visa should be obtained by a foreign citizen willing to reside for a long term or permanently in Bulgaria. This type of visa entitles its holder to reside in Bulgaria for up to 180 days within a 6 months period and gives its holder the right to enter the Bulgarian territory numerous times during this period.

The Type D visa could be issued with a 1-year validity term giving its holder the right to reside in Bulgaria up to 360 days in case the foreign citizen:

- wishes to execute research activities in Bulgaria; or
- is a student or trainee under an education program up to one year; or
- is sent on a business trip by his/her employer (located outside Bulgaria) in order to perform control and coordination tasks related to the execution of a tourist services contract; or
- is sent on a business trip by his/her employer (located outside Bulgaria) in order to perform investment tasks duly certified in accordance with the relevant Bulgarian legislation.

The Type D visa is repealed after the issuing of a long-term or permanent residence permit by the Migration Directorate with the Ministry of Internal Affairs. The residence permit substitutes the Type D visa.

The personal interview with the candidate for obtaining a long-term visa is mandatory and there is no exclusion to this rule.

The documents that must be presented by the applicant for the issuing of a Type D visa are, as follows:

- A visa application;
- A valid travel document (passport or replacing document);
- A photocopy of the first page of the travel document, of the pages stamped with other visas and/or a copy of the permission to enter the following countries en route;
- An up-to-date colour photo in passport format;
- Documents justifying the request for obtaining a long-term residence visa (e.g. a labour contract);
- Documents justifying the ensured accommodation in Bulgaria (e.g. a rental agreement);
- Documents justifying the possession of sufficient means of subsistence – e.g. bank account reports showing that the candidate has enough financial resources equivalent to at least the total amount of the minimum wage in Bulgaria for the residence duration. The minimal gross wage in Bulgaria in 2018 is amounting to BGN510 (approximately EUR260).
- Health Insurance policy for the residence duration.

## **9.2 Working Permits**

The citizens of the EU-member states, of the EEA (European Economic Area) and Switzerland have equal rights with the Bulgarian citizens as regards the access to the Bulgarian labour market.

However, for citizens of non-EU and non-EEA Member States (hereinafter referred to as “foreign citizen/s”), there are certain restrictions and

requirements applicable as far as the carrying out of a profitable activity in Bulgaria is concerned.

A foreign citizen could carry out labour activity in case he/she is residing lawfully in Bulgaria (if he/she possesses a long-term or a permanent residence permit issued on a different ground) or if he/she obtains a working permit for access to the Bulgarian labour market.

The Bulgarian legislation applies an individual approach towards the granting of access to the Bulgarian labour market to each particular foreign citizen where the working permit is issued with respect to a particular employer in Bulgaria and for a particular working place.

The legal grounds for a foreign citizen to apply for gaining access to the labour market could be:

- a concluded labour contract with a Bulgarian employer;
- posting in the framework of the provision of services;
- in case of an Intercorporate transfer;
- in case of freelancing activity.

The applicable law sets out several procedures for obtaining access to the labour market. In general, a working permit is granted by the Executive Director of the Bulgarian Employment Agency. The granted working permit is a legal ground for obtaining a Visa Type D (long-term residence visa) and for applying for and granting a residence permit in Bulgaria for the duration of the working permit.

In certain cases, however, the foreign citizen might be granted simultaneously with access to the Bulgarian labour market and with the right to reside in Bulgaria by the Ministry of Internal Affairs (in case of issuing of the Single Permit to reside and work or of the Blue Card of the EU).

Foreign citizens are not entitled to obtain access to the labour market, if they:

- possess a short-term residence visa Type C for a planned residence or transit travelling;
- possess a continuous residence permit (for up to 1 year) obtained for legal grounds different from obtaining access to the Bulgarian labour market.

The Bulgarian Employment Agency grants permission for access to the Bulgarian labour market in the following cases:

- Employment on the basis of a Single permit for residing and working;
- Employment of a highly skilled foreign citizen on the basis of a Blue card of the EU;
- Seasonal employment between 90 days and 9 months;
- Intercorporate transfer of employees;
- Employees sent on a business trip;
- Family members of a foreign person holding a continuous or a permanent residence permit in Bulgaria;
- Activity as a self-employed person (freelancer).

In the general case, in carrying out an assessment of whether to grant a work permit, the Bulgarian Employment Agency would take into consideration the following terms and conditions:

- If the work position for which the foreign person applies requires Bulgarian citizenship;
- If on the basis of a preliminary research of the employer the employment of the foreign citizen is justified in the light of the current status and the development level of the Bulgarian labour market and the interest of the society;

- The employer shall provide enough evidence that it has actively searched for a Bulgarian or an EU specialist for the respective job position for at least the last 15 days (but not more than the last 3 months) via announcements in the national and local media and in the local employment office.
- If for the last 12 months the total amount of the foreign citizens appointed by the employer is not higher than 20% of the total amount of the Bulgarian and the EU employees of the same employer;
- If the work conditions offered to the foreign citizen are not less favourable in comparison to the work conditions granted to Bulgarian employees for the respective work category;
- If the foreign citizen is in possession of specialised knowledge, skills and expertise necessary for the particular work position (diplomas, education certificates, documents justifying the professional experience term).

Depending on the legal ground for applying for a work permit, the applicable legislation requires, except for documents justifying the above conditions, the following additional documents to be submitted:

- signed originals of specific statutory approved templates of documents;
- copy of a signed labour agreement,
- license for a specific professional activity;
- a copy of the foreign citizen's passport, etc.

Typically, the documents are filed by the local employer.

In general, the Employment Agency shall decide whether to grant the work permit in 30 days from the date of submitting the documents. The work permit shall be issued for the term of the employment but for not more than 12 months. The work permit term could be extended but the total term of the work permit could not be longer than 3 years.

Depending on the specific case, the foreign citizen might not be allowed to enter the territory of Bulgaria before obtaining the work permit.

### **A Single Permit for residing and working**

The Single Permit for residing and working is issued by the Ministry of Internal Affairs, which implements both the residence and work permits issued by the Bulgarian Employment Agency. The foreign citizen is not allowed to reside in Bulgaria before obtaining the permit.

The Single Permit for residing and working is granted to foreign citizens who specifically apply for a residence permit for the purposes of employment by a Bulgarian employer.

The application for the issuing of the Single Permit shall be submitted by the Bulgarian employer with the competent Employment Directorate Office in the place of the employment.

The Employment Directorate Office sends the documents to the Employment Agency which issues a permit if all necessary requirements are met. The minimum term for obtaining a work permit is 20 days from the date of the application.

The work permit is then sent by the employer to the employee who applies for a Visa Type D with the competent Bulgarian embassy/consulate. After entering Bulgaria, the foreign citizen shall apply for a Single permit for residing and working with the Migration Directorate with the Ministry of Internal Affairs. The foreign citizen is allowed to start working for the Bulgarian employer only after obtaining the Single Permit for residing and working.

### **A Blue Card of the EU**

The Blue Card of the EU is issued by the Ministry of Internal Affairs, which implements both the residence and work permits issued by the Bulgarian Employment Agency. The foreign citizen is allowed to reside in Bulgaria before obtaining the work permit.

The Blue Card of the EU is granted to highly-qualified foreign citizens who specifically apply for a residence permit for the purposes of employment by a Bulgarian employer.

The application shall be submitted by the Bulgarian employer to the central office of the Employment Agency.

The Blue Card is granted if the requirements are met:

- the foreign citizen possesses the qualification and competence necessary to perform the job – higher education qualification granted after at least 3 years of study by an education institution recognised as an establishment of higher education (e.g. a diploma or other academic certificates);
- the gross salary agreed in the labour contract is at least 1.5 times higher than the average wage in the country as per the data available for the previous 12 months before the date of entering of the labour contract.

The work permit is granted for the labour contract duration which could not be shorter as 12 months. The maximal term of the permit could be 4 years.

For the first two years of the employment, the holder of the Blue Card could work only in Bulgaria. The holder of the Blue Card could change his/her employer only after receiving permission in writing from the Employment Agency.

After the work permit is issued by the Employment Agency, the employer shall send it to the employee who will apply for a Visa Type D with the competent Bulgarian embassy/consulate (if the foreign citizen does not already reside in Bulgaria on a lawful basis). After entering Bulgaria, the foreign citizen shall apply for a Blue card of the EU with the Migration Directorate with the Ministry of Internal Affairs. The foreign citizen is allowed to start working for the Bulgarian employer only after obtaining the Blue Card.

### **Permit for Seasonal Employment between 90 days and 9 months**

The Permit for Seasonal Employment is issued by the Ministry of Internal Affairs, which implements both the residence and work permit issued by the Bulgarian Employment Agency. The foreign citizen is not allowed to reside in Bulgaria before obtaining the work permit.

The Permit for Seasonal Employment is granted to seasonal employees allowed to reside in Bulgaria only for the purpose to work on a seasonal basis. The seasonal work is such type of work which depends on the change in the seasons and is related with a specific time of the year and with specific season conditions which lead to a significantly higher demand of workforce.

The types of work activities considered as seasonal work are set out in the Bulgarian legislation. Currently, seasonal works include the activities in the field of agriculture, forestry and fishing and in the field of accommodation and food services activities.

The work permit is valid for the term of validity of the labour contract with the local employer which could not be shorter as 90 days and longer as 9 months per calendar year.

The employer has the obligation to cover all transport expenses of the foreign citizen from the state he/she is usually residing to the working place in Bulgaria and back, as well as all social and health insurance expenses of the employee.

### **Permit for Intra-corporate Transfer of Employees**

The Permit for Intra-corporate Transfer of Employees is issued by the Ministry of Internal Affairs, which implements both the residence and work permit issued by the Bulgarian Employment Agency. The foreign citizen is not allowed to reside in Bulgaria before obtaining the permit.

The Permit for Intra-corporate Transfer is granted to foreign citizens allowed to reside in Bulgaria only for the purposes of intra-corporate transfer. The transfer is a temporary relocation of an employee (a foreign citizen) working for an employer located outside Bulgaria to a Bulgarian department of the



same employer or to a Bulgarian undertaking from the same commercial group as the employer. The relocation is carried out for the purposes of work or training. Only employees appointed on a managing position, specialists and trainees which have been employed by the sending party for at least 12 months (6 months for the trainees) could be relocated by means of an intercorporate transfer.

The maximum validity of the permit is 3 years for employees on a managing position and specialists and 1 year for trainees.

### **Employees sent on a business trip**

The work permit is issued by the local department of the Employment Agency located at the seat of the employee (registered in Bulgaria) receiving employees (foreign citizens) sent on a business trip. On the basis of the work permit, the Ministry of Internal Affairs grants to the foreign citizen a continuous residence permit (for up to 1 year).

The work permit is granted to employees (foreign citizens) sent to Bulgaria for the purposes of providing services (workforce).

The work permit shall be issued before the employee arrives Bulgaria and starts performing the work activities for the local employer.

The work permit shall be valid for a term up to one year. As exclusion, the term could be extended with an additional term up to 12 months in case this is necessary due to the specifics of the work.

### **Activity as a self-employed person (freelancer)**

The permit for activity as a self-employed person (freelancer) is issued by the Executive Director of the Employment Agency.

The permit is granted to foreign citizens wishing to perform freelance activity (not related to any engagement with a local employer) in Bulgaria.

The permit shall be issued before the foreign citizen starts performing the activity as a freelancer in Bulgaria.

The permit is granted subject to the conditions, that:

- The freelance activity is justified in the light of the current status and the development level of the Bulgarian labour market and the interest of the society, where the foreign citizen shall prove that his/her activity would have an actual positive economic and/or social impact.
- If the foreign citizen is in possession of specialised knowledge, skills and expertise necessary for the particular activity (diplomas, education certificates, documents justifying the professional experience term).

The foreign person shall submit with the Employment Agency, inter alia, a description of the contemplated freelance activity, a detailed plan of the freelance activity for the term of the requested permit, documents showing that the foreign citizen has at least 2 years professional experience, a document certifying the knowledge of Bulgarian language on a minimal B1 level of the Common European Framework of Reference for Languages, etc.

The permit shall be received personally by the foreign person. It has an initial term of validity up to 1 year which can be extended without limitation if the conditions for issuing the initial permit still exist.

After the permit is issued by the Employment Agency, the foreign person shall apply for a Visa Type D with the competent Bulgarian embassy/consulate. After entering Bulgaria, the foreign citizen shall apply for a continuous residence permit with the Migration Directorate of the Ministry of Internal Affairs. In seven days from the actual date of starting the freelance activity, the foreign citizen shall inform the Bulgarian Labour Inspectorate by filing a standard application.

In certain cases, a foreign citizen can carry out a profitable activity in Bulgaria on the basis of a registration with the Employment Agency (without the need to obtain a work permit). Such registration is sufficient in case of sending employees on a business trip for 3 months per calendar year (6 months per calendar year for employees coordinating the execution of a contract for tourist services), for seasonal works for up to 90 days, for scientists sent for the purposes of a specific research project, etc.

## 10. Sales Promotion

### 10.1 Restrictions on the Different Types of Sales Promotions

Bulgarian law imposes several restrictions on sales promotions. In particular, Bulgarian law considers the breach of those restrictions as unfair client acquisition. Unfair client acquisition shall be all actions of a participant on the Bulgarian market which contradict the good commercial practice, which influence the objective judgement of the clients and these actions result in termination or breach of already existing contracts or hinder the conclusion of a new contract with a competitor on the market.

The competent authority which examines if there is a breach of the prohibition on unfair client acquisition is the Bulgarian Commission for Protection of Competition (CPC). When investigating if there is a breach of the restrictions on sales promotions, the CPC shall always take into consideration if:

- i) the competitors of the market participant have suffered any damages (in the form of termination or breach of already existing contracts or hindering of the conclusion of a new contract with clients); and
- ii) if there is a direct and immediate link between the market participant's actions and the damages incurred.

The following restrictions on sales promotions are applied:

#### **1) Giving of a good/providing of a service without consideration or against an apparent price.**

Bulgarian law prohibits the offering or giving of a good and the offering or providing of a service without consideration or against an apparent price.

This prohibition is not applied in the following cases:

- In case of offering or giving of promotional items with insignificant value and with a clear indication of the advertiser. According to the constant

practice of the CPC, the value of such items shall be insignificant in case it is not higher than 10% of the value of the goods/services to which it has been added;

- In case the trader offers goods or services considered an accessory to the sold good or the provided service. An accessory shall be such type of good/service which is serving the main purchased goods/services (e.g. consumables necessary for using the main good);
- In case the given goods or provided services are considered a discount in case of sale-purchase in greater amounts. Usually, this approach is applied in case of long-lasting commercial relationships where the trader made significant turnover.

## **2) Offer/promise for a gift depending on participation in game, lotteries, collecting of coupons**

Bulgarian law prohibits the offering/promising of a gift the receiving of which depends on participation in various types of games (problems solving, crosswords, collecting of coupons, lotteries, etc.), if the value of the gift is significantly higher than the value of the goods/services sold.

According to the constant practice of the CPC, the value of the offered/promised gift is significantly higher in case it exceeds with more than 100 times the value of the good/service sold or is higher than the total amount of 15 minimal gross salaries in Bulgaria (1 gross salary is currently BGN510 or approximately EUR260).

This prohibition pursues to restrict the market behaviour of the consumers which is determined not by the quality of the goods/services sold but by the potential uncertain opportunity to win a significant prize.

### **3) Prohibition for the sale of a significant amount of goods for a price lower than the manufacturing and the marketing price for a long term.**

Bulgarian law prohibits the sale of a significant amount of goods for a price lower than the manufacturing and the marketing price for a long term.

This prohibition pursues to prevent the crowding out of competitors from the market by significant undercutting of the prices. At the same time, this prohibition protects the consumer's interests which would in any case be threatened as a result of subsequent increase of the prices, deterioration of the quality or restriction of the consumer's right of choice.

The investigation of a breach of this prohibition is subject to a case-by-case review as no exact criteria for "significant amount" and "long term" have been adopted by the competent institutions. In any case, the amount of the goods sold below their manufacturing price and the sale period must impact consistently the consumers' behaviour.

## **10.2 Advertising and Internet Promotion**

Bulgarian law sets out significant requirements as far as the carrying out of advertising activity is concerned.

These requirements are an emanation of the main principle that unfair competition is forbidden. Unfair competition is any action or omission of a participant on the Bulgarian business market which contradicts the good commercial practice and breaches or might damage the interest of the competitors.

In general, the competent institutions controlling the advertising process in Bulgaria are:

- the CPC – regarding possible breach of the competition protection legislation; and
- the Bulgarian Commission for Consumer Protection (CCP) – regarding a possible breach of the consumers protection legislation.

Bulgarian law regulates the following types of advertising considered as unfair competition:

### **1) Misleading as regards essential characteristics of the goods and services**

Misleading as regards essential characteristics of the goods and services is prohibited.

Misleading regarding essential characteristics of the goods or services is found in any case when a participant on the market presents its own goods or services by claiming they possess non-existent characteristics or covers up their defects. The deceiving must be related to the essential characteristics of the goods or services. The assessment which characteristics of the goods or the services are essential is subject to a case-by-case review. In any case, essential characteristics shall review all characteristics related to the substance, the main purpose, the origin, and the manner of using, the price of the goods or services.

The CPC and the CCP shall consider that there is a breach of the prohibition for misleading as regards essential characteristics of the goods and services when there is a discrepancy between the main characteristics of the actual goods/services offered by the trader and the information related to the main characteristics announced on the advertising materials and on the advertisement.

### **2) Misleading advertising**

Misleading advertising is prohibited. Misleading advertising is the type of advertising which by any means deceives or is likely to deceive the consumer and thus could influence the consumer's economic decisions or damage the interest of the competitors.

The deceiving shall be of such manner capable to:

- influence the consumer to buy a certain good or to use the services of the advertiser; or

- influence the consumer to refuse buying the goods or using the services offered by the advertiser's competitors.

The deceiving shall be related to the main characteristics of the goods or services such as appearance, type, content, manner and date of manufacturing, manner of using, quality, commercial quality, the price, the manner of its formations, the delivery conditions; information regarding the advertiser such as company name, address, etc.

### **3) Comparative advertising**

The provisions of Bulgarian law regarding comparative advertising aim to protect the advertiser's competitors on the market in case the advertiser inaccurately compares its own goods or services with analogous or similar goods or services offered by a competitor of the advertiser.

Comparative advertising, in general, is not prohibited.

Bulgarian law sets out the particular requirements for the cases when comparative advertising is allowed. In accordance with these requirements, comparative advertising is allowed when, inter alia:

- it is not considered misleading advertising (please see item 2) above) and it is not considered to be unfair commercial practice (as per the provisions of the consumers protection legislation);
- it compares goods and services, which satisfy one and the same needs or are designed for one and the same purpose;
- it compares impartially one or more typical characteristics of the goods and the services, which are substantial, comparable and representative for these goods and services, including their price;
- it does not lead to confusion of the advertiser with its competitors or trademarks, with trade names, other distinctive features, goods or services of the advertiser with that of his competitors;

- it does not lead to damage of the reputation of the trademarks, trade names or other distinctive attributes, goods, services, activities or position of the competitors;
- it compares goods of one and the same designation of origin;
- it does not take unfair advantage of the popularity of the trademark, trade name or other distinctive attributes of the competitors;
- it does not promote its goods or services as an imitation or copy of goods or services of registered trade mark or name.

For internet promotion and advertising via the internet, the same legal requirements as those set out in 10.1 and 10.2 apply.



## **11. Other Aspects**

### **11.1 Investment Rules and Regulations**

Investment Promotion Act (IPA) settles the terms and the order of encouraging investments on the territory of Bulgaria, the activity of the state bodies in the field of encouraging investments, as well as their protection. The improvement of the investment climate and creating new and highly productive job positions are among the main purposes of this Act. The increase of the investments for science research, innovations and technological development in high value-added production and services by observing the principles of steady development are also among the main priorities.

The Minister of Economy shall provide the implementation of the State policy in the field of the investments in interaction with the bodies of the executive authority.

The Minister of Economy issues certificates for investment classes and priority investment projects and make proposals to the Council of Ministers for implementation of investment promotion measures.

The mayor of the municipality issues a certificate for investment projects with municipal significance and implement the promotion measures within his/her competence.

Depending on their value, investments are divided into classes A, B and Priority projects. There are required threshold amounts (in BGN) for acquisition of fixed tangible and intangible assets, stipulated in the Regulations for Application of the Investment Promotion Act for Class A and B:

**The required threshold amount (in BGN), stipulated in the Regulations for Application of the Investment Promotion Act for Class A and B certificates is as follows:**

- In general, investments within a single establishment in the economic activities of the industrial sector – manufacturing industry:
  - Class A: BGN10 million;
  - Class B: BGN5 million.
  
- The threshold amount of investments within a single establishment in the economic activities of the services sector such as: warehousing and support activities for transportation, office administrative and support activities, activities of call centres and other business support service activities not elsewhere classified:
  - Class A: BGN3 million;
  - Class B: BGN1.5 million.
  
- Where the initial investment is implemented entirely within the administrative boundaries of municipalities where the rate of unemployment for the year last preceding the current year is equal or higher than the national average, the threshold amount of investments within a single establishment is:
  - Class A: BGN4 million;
  - Class B: BGN2 million.
  
- The threshold amount of investments within a single establishment in the high technology activities of the industrial sector of the economy is:
  - Class A: BGN4 million;
  - Class B: BGN2 million.

- The threshold amount of investments within a single establishment in the high technology activities and knowledge-based activities of the services sector is:
  - Class A: BGN2 million;
  - Class B: BGN1 million.

Criteria for certification of investment projects class A and class B when new jobs are created:

Where the investment project plans to create and maintain full-time jobs, the threshold amounts for the investments are decreased, as follows:

- For the economic activities of the industrial sector:
  - Class A: BGN4 million and 150 new jobs;
  - Class B: BGN2 million and 100 new jobs.
- For the economic activities of the services sector:
  - Class A: BGN1 million and 150 new jobs;
  - Class B: BGN0.5 million and 100 new jobs.
- Where the initial investment is implemented entirely within the administrative boundaries of municipalities where the rate of unemployment for the year last preceding the current year is equal or higher than the national average, criteria for certification is the number of establishing and maintaining employment, which shall be not less than:
  - Class A: 25 new jobs
  - Class B: 10 new jobs
- Where the initial investment is implemented in the high technology activities of the industrial sector of the economy, criteria for certification

is the number of establishing and maintaining employment, which shall be not less than:

- Class A: 25 new jobs
  - Class B: 10 new jobs
- Where the initial investment is implemented in the high technology activities of the services sector of the economy, criteria for certification is the number of establishing and maintaining employment, which shall be not less than:
- Class A: 50 new jobs
  - Class B: 25 new jobs

### **Projects of municipal significance**

The projects of municipal significance shall be encouraged as class C investments, if they are implemented within the administrative boundaries of a certain municipality and meet certain requirements. The projects:

- may be implemented in all sectors of the economy with some exact exceptions. The economic activities shall be determined according to the current Statistical Classification of Economic Activities in the European Community (NACE), while its direct implementation in Bulgaria through the corresponding classification;
- shall provide for an investment size exceeding the minimum amount of class B;
- create employment and the minimum amount of employed persons may be a criterion for the class C certificate together with the amount of investment.

## **Invest Bulgaria Agency (IBA)**

InvestBulgaria Agency (IBA) is a government institution providing information, contacts and project management support to potential investors. The Agency is a corporate body at budget support with a seat in Sofia and has a status of executive agency at the Minister of Economy.

The IBA provides the following activities:

- provide information to the investors;
- carry out investment marketing, presentation and advertising abroad to showcase the possibilities of investing in the country;
- provide administrative services to the investors;
- draw up a plan to attract and service investors and present it for approval to the Minister of Economy by 31 December of the preceding year. The plan shall be updated quarterly during the current year;
- work out an annual report for the investments in the country and for the terms of their promotion (presented through the Minister of Economy to the Council of Ministers);
- draw up quarterly reports on its activity in relation to the above stated annual plan;
- maintain a website with information for:
  - the investment and business climate in the country;
  - sites and industrial zones for making investments by region in the country with regional economic and investment profiles;
  - forms and samples for applying for a certificate for class A, class B investments and priority investment project and using the promotion measures;

- the issued certificates as set out in IBA, etc.
- issue a document certifying the implementation of the investment project at the request of the investor or the competent local or central government authority on occasion of the implementation of the promotion measure in compliance with the law.

### **Attainment of Certificate**

To attain the certificate, the following requirements must be fulfilled:

- the investments must be related to the setting-up of a new enterprise, to the extension of an existing enterprise or activity, to diversification of the output of an enterprise or activity into new additional products or to a fundamental change in the overall production process of an existing enterprise or activity;
- they must be implemented in the following economic activities specified in the Regulations for Application of IPA with the corresponding codes, identified according to the effective Statistical Classification of Economic Activities in the European Community:
  - a) industrial sector:
    - manufacturing industry excluding certain activities (under Chapter I, Art. 1, paragraphs 2 and 3 of Regulation № 651/2014);
  - b) services sector:
    - high-tech activities in the field of information technologies and services and software publishing;
    - accounting and auditing services and tax consultations;
    - scientific research and development and professional activities of head offices;

- human healthcare and medical social care;
- education;
- warehousing and support activities for transportation, which includes supporting services such as operation of warehouses and transport infrastructure – airports, ports, etc.;
- administrative and office support activities, activities of call centres and business support activities;
- Architectural and engineering activities, technical testing and analysis.

c) All economic activities for priority investment projects.

**Other requirements for the investments:**

- at least 80% of the future income must come from the products produced by the economic activities listed above;
- at least 40% of the eligible costs of the investment must be financed by the investor's own or borrowed resources;
- the tangible and intangible fixed assets acquired must be new and purchased at market conditions from third parties independent from the investor;
- the investment must be maintained for at least five years for large enterprises and three years for small and medium-sized enterprises (SME), from the date of implementation of the investment;
- the investment must lead to a net increase in the number of employees in the establishment/organisation concerned, employment must be maintained for at least three years for SMEs and five years for large enterprises;

- the period of implementation must not exceed three years from the date of award of an investment class certificate.
- the investments are encouraged also by the provisions of the Corporate Income Tax Act, the Value Added Tax Act, the Employment Promotion Act and the Farm Lands Ownership and Use Act, if specified requirements are met.

### **Measures for investment encouragement**

Investments that have been granted a certificate of class A or class B are encouraged to complete the project through:

1. short-term administrative servicing;
2. individual administrative servicing necessary for realisation of the investment project;
3. obtaining ownership or limited real rights in property according to special procedure;
4. financial aid for construction of components of the technical infrastructure, necessary for realisation of one or more investment projects;
5. financial aid for training or acquiring vocational qualification by persons, including trainees from the universities in the country occupying the new job positions related to investments;
6. financial aid for partial refund of the mandatory insurance payments for state public insurance, for additional mandatory pension insurance and for mandatory health insurance of new employees made for the account of the investor as an employer.



## 11.2 Participating in Public Tenders

### **Legislative frame**

The legislative framework in the field of public procurement is in accordance with the latest EU Directives (Directive 2014/24/EC and Directive 2014/25/EC). Their requirements are implemented in the active Public Procurement Act (PPA) and the Regulation for its application. The provisions of the adopted EU regulations in the field of public procurements are directly applicable in Bulgaria.

### **Subject of regulation**

The PPAs define the conditions and procedure for assigning public procurements for construction and supply of goods or services and for conducting competition for project by assignors, aiming at effective spending of:

- public funds;
- funds provided by the EU;
- funds related to performing activities in the sectors of water supply, energy, transport and post services;
- funds of companies and undertakings, which are acting as assignor of public procurement.

Public procurements can cover construction (execution or design and execution of construction), supply of goods (purchase, leasing, rent or financial leasing, installation or mounting works, testing of machines and facilities, etc.) and provision of services.

### **Assignors in public procurements**

The assignors in public procurements are divided into two types – public assignors and sector assignors:

The public assignors are:

- the President of Bulgaria;
- the President of the National Assembly;
- the Prime Minister;
- the Ministers;
- the Ombudsman of Bulgaria;
- The Governor of the Bulgarian National Bank;
- the President of the Constitutional Court of the Republic of Bulgaria, the administrative heads of the judiciary bodies, which govern independent budgets, as well as the administrative heads of Prosecutions in the Country;
- the Regional Governors;
- Municipality Mayors, of regions, of City Halls, as well as Deputy Mayors, where they are budgetary spending units;
- the Chairpersons of state agencies;
- the Chairpersons of the state commissions;
- the Executive Directors of executive agencies;
- heads of state institutions, established by an Act or a Council of Ministers Decree, including separate structures of the executive, where they are legal persons and budgetary spending units;
- representatives of public-legal organisations;
- heads of diplomatic and counsellor representations of Bulgaria abroad, as well as the permanent representations of Bulgaria at the international organisations;

- the representing medical establishments – trade companies, owned by the state and/or municipalities, of which more than 50% of the revenues are from the state and/or the municipal budget, and of the budget of the National Health Insurance Fund;
- heads of central bodies for purchases, established for satisfaction of the needs of the public assignors.

The sector assignors are:

- representing public undertakings and their unifications, where they perform one or several sector activities;
- representing the traders or other persons, which are not public undertakings, where on the basis of special or exclusive rights perform one or several sector activities;
- the heads of central bodies for purchase, established for satisfaction needs of sector assignors.

### **Applicants, participants and executors of public procurements**

Applicants, participants and executors of public procurements can be any Bulgarian or foreign natural or legal person or their partnerships, as well as any other formation, which has the right to fulfill construction, supply of goods or services under the legislation of the state in which it is established. The assignors do not have the right to require the partnerships to have a certain legal form in order to participate in assigning a procurement (only in case the establishment of a legal person is needed for the fulfillment of the procurement).

### **Procedures for assigning, thresholds, forecast value of the public procurement**

The following procedures are applicable in public procurement:

1. **open procedure** (all interested persons may submit an offer);
2. **restricted procedure** (offers may only be submitted by applicants, who have received invitation by the assignor after preliminary selection);
  - **competition procedure with agreement** (the assignor conducts negotiations with applicants and receives invitation after conducted preliminary selection. As a basis for conducting the negotiations, the applicants shall submit initial offers);
  - **agreement with preliminary invitations for participation** (the assignor conducts negotiations with applicants and receives invitation after conducted preliminary selection. As a basis for conducting the negotiations, the applicants shall submit initial offers);
3. **negotiation with publication of notice for procurement** (the assignor conducts negotiations with applicants and receives invitation after conducted preliminary selection. As a basis for conducting the negotiations, the applicants shall submit initial offers);
4. **competition dialogue** (assignor conducts a dialogue with the admitted applicants after preliminary selection to determine if one or more proposals meet its requirements, before inviting the proposed applicants to submit final offers);
5. **partnership for innovations** (the assignor conducts negotiations with the admitted applicants after preliminary selection to establish partnership with one or more partners, which will carry out a certain scientific-research and development activity);
6. **agreement without preliminary notifications of proposals** (the assignor conducts negotiations to define the clauses of the contract with one or more exactly determined persons);
7. **agreements without preliminary invitation for participation** (the assignor conducts negotiations to define the clauses of the contract with one or more exactly determined persons);
8. **agreement without publication of notification for procurement** (the assignor conducts negotiations to define the clauses of the contract with one or more exactly determined persons);

9. **competition for a project** (the assignor acquires basically a plan or project, selected by an independent board on the basis of a conducted competition with or without assigning prices. Usually in the areas of city and village public planning, architecture, engineering activity or data processing);
10. **public competition** (all interested persons may submit an offer);
11. **direct agreement** (the assignor conducts negotiations to define the clauses of the contract with one or more exactly determined persons).

### **Applicable thresholds**

The above procedures (from 1 to 11) apply where the following threshold criteria are fulfilled:

1. public assignors, as well as their partnerships, assign public procurements with prognosis value, larger or equal to:
  - a) BGN5,000,000 for construction;
  - b) BGN264,033 for supply of goods and services;
  - c) BGN500,000 for social and other specific services (listed in the annex);
2. sector assignors assign public procurements with prognosis value larger or equal to:
  - a) BGN 5,000,000 for construction;
  - b) BGN817,524 for supply of goods and services;
  - c) BGN1,000,000 for social and other specific services (listed in the annex);

In the area of defence, different thresholds have to be considered.

### **Applicable threshold for applying competition for a project**

The assignor conducts a competition for a project in the value, higher or equal to BGN70,000.

### **Applicable threshold for applying direct agreement and public competition**

The assignor applies the procedures, direct agreement and public competition, where the public procurements have prognosis value:

1. for construction from BGN270,000 to BGN 5,000,000;
2. for supply of goods and services, including for social and other specific services (exact listed in an annex), from BGN70,000 to the relevant threshold (BGN264,033 or BGN817,524) depending on the type of the assignor and the subject of the procurement.

### **Applicable threshold for applying procedures for invitations for participation and publication of notice for procurement to certain persons**

The assignors apply the procedures with invitations for participation and publication of notice for procurement to certain persons, where the public procurements have prognosis value:

1. for construction from BGN50,000 to BGN270,000;
2. for supply of goods and services, with the exception for social and other specific services (exact listed in an annex), from BGN30,000 to BGN70,000.

### **Applicable threshold for applying direct public procurement**

The assignors may assign direct public procurement with prognosis value, smaller than:

1. BGN50,000 for construction;

2. BGN70,000 for social and other specific services (exact listed in an annex);
3. BGN30,000 for supply of goods and services apart from the ones under p. 2.

### **Documents for public procurement**

As defined in PPA, the public procurement documentation has to contain:

- technical specifications;
- investment and other projects, where they are required for preparation of the offer;
- methods for defining the complex assessment of the offer, where applicable;
- document samples, as well as instruction for their preparation;
- draft contract, unless the contract is concluded under general conditions or a normative act defines its obligatory content.

In the competition for a project, the documentation shall contain:

- the project task and instructions for its fulfillment;
- all technical data needed for the project fulfillment;
- assessment criteria of the project, their reference weight and the way for defining the complex assessment of the project.

The documentation may also contain other documents, which the assignor provides or refers to in order to define the characteristics of the procurement, the project and the way for conducting the procedure, or which are needed for the preparation of the participation application, offers or projects.

### **Selection Criteria**

The assignor may define in relation to the applicants or participants selection criteria, which refer to:

1. the ability (capacity) for exercising professional activity;
2. the economic and financial condition;
3. the technical and professional capacity.

### **Criteria for assigning the public procurements**

The public procurements have to be assigned to the economically most advantageous offer, which is defined on the basis of one of the following assigning criteria:

1. the lowest price;
2. the cost effectiveness, including the costs for the whole life cycle;
3. optimal quality/price ratio, which shall be evaluated on the basis of the price or the level of costs, as well as of indicators, including quality, ecological and/or social aspects, related to the subject of the public procurement.

### **Unusually Favourable Offers**

When a proposal includes an offer (related to prices or costs subject to evaluation) 20% more favourable than the average value of the offers of the other participants using the same evaluation indicator, the assignor is obliged to require a detailed written justification about the way of its formation from the participant, who needs to submit within 5 days from receiving the request.

### **Guarantee for Fulfillment**

The assignor may require from the selected contractor to provide guarantees, which may ensure the fulfillment of the contract or the advance provided. The



guarantee, ensuring the contract fulfillment shall not exceed 5% of its value (except for some specific cases).

### **Requirements for publishing the public procurement information**

The information for public procurement (related to assigning and fulfillment) has to be published on the EU Official Journal.

There is an active Public Procurement Register (PPR). The register is public and the access to the information is free and free of charge. The assignors are obliged to send the decisions and notices, connected with the procedures under PPA, electronically to the Public Procurement Agency (PPA).

The PPA is obliged to provide access to public procurement information through the Public Procurement Portal (PPP). The PPP is public and the access to the information is free of charge. The PPP provides access to:

- a single national electronic web-based platform, including the PPR;
- methodological instructions;
- forms of documents that the assignors use when assigning public contracts;
- list of the contracting entities;
- list of external experts;
- monitoring results of public procurement, etc.;

## **11.3 Local Investment Incentives**

### **European Structural and Investment Funds**

The EU Operational Programs (OP) are the financial instruments whereby the EU not only sets out general development guidelines which should be implemented specifically in the form of projects and activities, but also effectively supports their actual “happening” through the material resources it

provides. The OP for the new programming period (from 1 January 2014 to 31 December 2020) are co-financed by the European Regional Development Fund (ERDF), the European Social Fund (ESF), the Cohesion Fund (CF) The European Maritime and Fisheries Fund (EMFF) of the EU. The active EU Operational programs for the 2014 – 2020 period in Bulgaria are summarised in the table below.

Each program and its measures have requirements to which candidates have to meet in order to qualify for funding.

Operational Program	2014 – 2020 Financial Allocation	Management Authority	Type of projects funded / main targets
Innovations and competitiveness	EUR1.27bn	Directorate “European Funds for Competitiveness” at the Ministry of Economy and Energy	<ul style="list-style-type: none"> <li>➤ Supporting the creation and commercialisation of enterprise innovation and protection of industrial property</li> <li>➤ Improving pro-innovative infrastructure</li> <li>➤ Target Bulgarian enterprises with potential for development and commercialisation of innovations – both start-ups and existing companies; public or private organisations that set up and manage technology transfer offices, technology business incubators, technology parks, etc.</li> </ul>
Regions in growth	EUR3bn	Directorate “Strategic Planning and Regional Development Programs” at the Ministry of Regional Development and Public Works	<ul style="list-style-type: none"> <li>➤ Assistance for a more balanced and sustainable development of Bulgarian cities.</li> <li>➤ Overcoming the differences in the development of the regions, how to deal with the negative migration processes to Sofia and the big cities leading to the depopulation of large parts of Bulgaria</li> <li>➤ The financed projects are in the areas of regional development, education, health, social policy and transport accessibility</li> </ul>
Human resources development	EUR1.092bn	Directorate “European Funds, International Programs and Projects” at the Ministry of Labour and Social Policy	<ul style="list-style-type: none"> <li>➤ Improving access to employment and job quality</li> <li>➤ Reducing Poverty and Promoting Social Inclusion</li> <li>➤ Modernisation of institutions in the fields of social inclusion, health, equal opportunities and non-discrimination and working conditions</li> </ul>

Operational Program	2014 – 2020 Financial Allocation	Management Authority	Type of projects funded / main targets
Good governance	EUR0.336bn	Directorate “Good Governance” at the Administration of the Council of Ministers	<ul style="list-style-type: none"> <li>➤ The main instrument of Bulgaria for the implementation of administrative and judicial reform, including the introduction of e-government</li> <li>➤ Beneficiaries are Central Administration, District and Municipal Administrations, Institute for Public Administration, Public Procurement Agency, Bulgarian National Audit Office, Diplomatic Institute with the Minister of Foreign Affairs, Academy of the Interior, Institute of Psychology-Ministry of Interior, National Association of Municipalities in Bulgaria, civil organisations and their associations, socio-economic partners</li> </ul>
Science and education for smart growth	EUR1.37bn	Executive Agency “Operational Program” Science And Education For Intelligent Growth Ministry of Education and Science	<ul style="list-style-type: none"> <li>➤ Aims to increase investment in science and research to 1.5% of GDP</li> <li>➤ Reducing the rate of early school leavers to below 11%</li> <li>➤ increasing the percentage of graduates to 36% of people between 30 and 34 years of age</li> </ul>
Transport and transport infrastructure	EUR1.604bn	Directorate “Coordination of Programs and Projects” at the Ministry of Transport, Information Technology and Communications	<ul style="list-style-type: none"> <li>➤ Completion of major national and Pan-European transport routes on the territory of the country.</li> <li>➤ The main investments are directed to projects funded under OP for the 2007-2013 period, aimed at maximum completion of their upgrading or their completion</li> <li>➤ Implementing intelligent traffic management systems, improving the safety and security of rail transport</li> <li>➤ Transport system development projects that contribute to the effective connectivity of the transport network and the removal of bottlenecks, reducing congestion, noise and pollution levels, improving safety, promoting the use of environmentally friendly modes of transport</li> </ul>

Operational Program	2014 – 2020 Financial Allocation	Management Authority	Type of projects funded / main targets
Rural Development	EUR4.017bn	Directorate for “Rural Development” at the Ministry of Agriculture and Food	<ul style="list-style-type: none"> <li>➤ Enhancing the competitiveness and balanced development of agriculture, forestry and manufacturing</li> <li>➤ Socio-economic development of rural areas, providing new jobs, reducing poverty, social inclusion and better quality of life</li> <li>➤ Development of farms and businesses</li> <li>➤ Village renovation in rural areas</li> <li>➤ Training, counselling and farm management development projects</li> </ul>
Maritime and Fisheries	EUR0.113bn	Directorate “Maritime Affairs and Fisheries” at the Ministry of Agriculture and Food	<ul style="list-style-type: none"> <li>➤ Encouraging economic growth, social inclusion, job creation and providing support for employability and labour mobility in communities in fisheries areas</li> <li>➤ Building capacity, setting up local grassroots fishing groups and developing a community-led local development strategy</li> <li>➤ Development or introduction of new or significantly improved fisheries products, new or improved processes and techniques, new or improved management and organisation systems</li> <li>➤ Investments to improve infrastructure in fishing ports</li> <li>➤ Investments to improve quay sites for unloading</li> <li>➤ Construction or modernisation of boat lodges</li> <li>➤ Preservation and restoration of marine biodiversity and ecosystems initiatives</li> <li>➤ Production investments in new aquaculture farms.</li> </ul>

Operational Program	2014 – 2020 Financial Allocation	Management Authority	Type of projects funded / main targets
Environment	EUR1.5bn	Directorate “Operational Program Environment” at the Ministry of Environment and Water	<ul style="list-style-type: none"> <li>➤ Investments in the water sector to comply with the requirements of the EU environmental achievements</li> <li>➤ Investments in the waste sector (reduce the amount of landfilled household waste)</li> <li>➤ Protection and restoration of biodiversity and soils and promotion of ecosystem services</li> <li>➤ Promoting investment to address specific risks, ensuring disaster resilience and developing disaster management systems</li> <li>➤ Reducing air pollution and promoting measures to reduce noise pollution</li> </ul>
Initiative for small and medium-sized enterprises (SMEs)	EUR0.102bn	Directorate “European Funds for Competitiveness” at the Ministry of Economy	<ul style="list-style-type: none"> <li>➤ Improving access to debt financing for SMEs in Bulgaria</li> <li>➤ Growth of investment activity of SMEs</li> <li>➤ Growth in SMEs` productivity.</li> </ul>

### **Tax-related incentives**

The Bulgarian Corporate Income Tax Act provides for the following tax-related incentives to investors and employers:

#### **Incentives for employing an unemployed person**

An enterprise shall be entitled to reduce his accounting financial result provided that he has employed a person under an employment contract for at least 12 consecutive months and at the time of his being employed, the said person:

1. Has been registered as an unemployed person for more than a year, or
2. Is a registered unemployed person aged 50 or more, or
3. Is an unemployed person of reduced capacity for work.

(2) The reduction concerns the amounts paid as remuneration and the contributions paid at the expense of the employer in the State Social

Insurance Fund and the National Health Insurance Fund for the first 12 months of the employment. The reduction is enjoyed once in the year in which the 12 months' period expires.

### **Enterprises employing disabled persons**

The corporate income tax shall be totally released to those legal entities, specialised enterprises or co-operative societies within the meaning of the Integration of Persons with Disabilities Act which as at 31 December of the respective year are members of the national representative organisations of disabled people and for disabled people, and in which at least:

1. 20% of the total number of staff are people of poor eyesight, or
2. 30% of the total number of staff are people of poor hearing, or
3. 50% of the total number of staff are people suffering from other impairments

The tax relief shall be allowed where the it is spent only on the integration of the disabled people or on maintaining and creating new jobs for people with reduced capacity for work who should be reassigned to suitable jobs within a period of two years following the year for which the assignment is enjoyed.

### **State Aid in the form of tax relief**

Tax relief is granted in the case of carrying out production activities in municipalities in which the unemployment rate is higher than the country's average unemployment rate.

The corporate tax on tax profit shall be released in the amount of up to 100% in those cases where the taxable person carries out production activities, including work done with materials supplied by the customer, and all of the following conditions are present:

The enterprise shall:

- a) carry out production activities only in municipalities in which in the year

preceding the current year the unemployment rate was with, or at least 25% higher than the country's average unemployment rate for the said period – in the cases of minimal assistance;

- b) carry out production activity in fulfillment of a project for initial investment only in municipalities in which for the previous year before the year, in which an application form is submitted for assistance, there is unemployment with or above 25% higher than the average for the country in the same period – in the cases of state aid for regional development;
- c) during the all fiscal period the taxable person maintains not less than 10 job positions, and 50% of them are being occupied directly in the carried out production activity;
- d) during the all fiscal period, not less than 30% of the staff are persons, who have their permanent address in the municipalities as defined in Item 1;

#### **Tax relief in form of de minimis aid**

There shall be a state relief in form of de minimis aid, when the amount of the de minimis aid granted to the taxable person in the course of the last three years including the current one, regardless of their form and source, does not exceed a threshold of the BGN equivalent of EUR200,000, and in respect of taxable persons involved in the road transport sector on other persons account or against remuneration – a threshold of the BGN equivalent of EUR100,000, determined in accordance with the official exchange rate of the BGN towards the euro. These thresholds shall apply irrespective of whether the aid is fully or partially financed with funds of the EU. The amount of the granted de minimis aid shall also include:

- a) the released corporate tax of a taxable person for the last 3 years, including the corporate tax, which is to be released for the current year;
- b) all previous aids for the last 3 years, including the current one, provided to some of the transforming companies, which are to be taken in consideration by the taxable person under Art. 3, Para. 8 and 9 of Commission Regulation (EU) No. 1407/2013 of 18 December 2013 on

the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ, L 352/1 of 24 December 2013) as a result of transformation of the companies or transfer of an undertaking.

### **Tax relief, which is state aid for regional development**

The state aid for regional development in the form of tax relief shall be provided for a project for initial investment while observing the following conditions:

1. General conditions:

- a) the enterprise shall submit to the executive director of the Bulgarian Investment Agency a standard application form for assistance for regional development before beginning of the fulfillment of the project for initial investment;
- b) the enterprise has received an order from the Bulgarian Investment Agency, in which for the project for initial investment:
  - i) it has been confirmed, that the assistance has the needed stimulating effect, meeting one of the scenarios under pp.61 of the guidelines for regional assistance for the period 2014-2020, the assistance does not cause the evident negative effects, described in pp.121 of the guidelines for regional assistance for the period 2014-2020, as well as that all other admissible conditions have been observed, and
  - ii) the maximum amount, intensity and term of the assistance have been entered;
- c) the procedure and way for issuance of the order under 1b shall be defined by an order of the Minister of Finance and the Minister of Economy;

2. Conditions, which cause influence over the amount and intensity of the



assistance:

- a) the sum of the tax relief (assistance) in the run of fulfillment of the project for initial investment shall not exceed the amount of the assistance, defined by the order under 1b above;
  - b) decreasing the amount of the acceptable costs for the relevant initial investment shall not lead to exceeding the intensity of the assistance, defined in the order under 1b above;
  - c) the maximum intensity of the assistance shall be 50%, and for an initial investment, carried out in municipalities of the South region is 25%, calculated on the basis of the current value of the assistance to the current value of the total acceptable costs for initial investment, declared by the taxable person in the application form;
  - d) for the purposes of 2a-2c, the value of the assistance and the value of the acceptable costs for tangible and intangible assets shall be defined in the current value on the date of providing the assistance, while using the reference interest rate, defined by the European Commission on that date;
  - e) the amount of the assistance for large undertakings shall comply with the net additional costs for realisation of the initial investment in the relevant municipality in comparison with the comparable scenario without assistance; while the amount is calculated according to pp.79-80 of the Guidelines for regional assistance for the period 2014-2020 with the maximum intensities of assistance as an upper limit;
3. Conditions, related to acceptable costs, the initial investment and the assets, which are part of it:
- a) the state aid in the form of corporate tax relief shall be used for acquiring tangible and intangible assets, which are part of the project for initial investment;

- b) the initial investment shall be carried out within the term of up to 4 calendar years, including the year of receiving the order under 1b above;
- c) the activity related to the initial investment shall continue within the same municipality for at least 5 years from the year of completion of the initial investment; this fact shall be stated annually by expiration of the 5 years term in the annual tax statements;
- d) at least 25 percent of the value of the acceptable costs for tangible and intangible assets in the initial investment must be financed by way of the taxable person's own means or borrowed ones; the released corporate tax and other means containing an element of State aid shall not be regarded as the enterprise's own means or borrowed ones;
- e) the tangible and intangible assets in the initial investment must have been acquired under market economy conditions corresponding to those between unrelated parties; the intangible assets in the initial investment shall be depreciable assets;
- f) the amount of the admissible expenses for intangible assets in the initial investment shall not exceed 50 per cent of the amount of the admissible expenses for tangible and intangible assets in the initial investment;
- g) the intangible assets in the initial investment shall be used only in the activity of the enterprise and shall be part of its assets for a term of at least 5 years;
- h) for the assets under 3a, the taxable person has not received neither of the following assistances:
  - i) assistance in the meaning of Art.107, Para.1 of the Treaty on Functioning of the EU;
  - ii) minimal assistance, provided under all regulations for assistance

de minimis;

iii) financial assistance under the Programme for Development of Rural Regions;

iv) every other public financial assistance from the State budget and/or from the EU budget;

- i) for initial investment, related to diversification of the production of a production site with products, which it does not produce, the acceptable costs shall be at least 200% of the balance value of the assets, which are used repeatedly on 31 December of the year before beginning of the fulfillment of the project for initial investment;
  - j) the value of the acceptable costs for assets, included in the initial investment, related to a substantial change in the general production process, shall exceed the sum of the accounting costs for amortisation of the assets, related to the activities, which will be modernised for the previous 3 reported periods;
4. Additional conditions in the cases, where the initial investment is a part of a large investment project or of a single investment project:
- a) Where a tax relief has been granted to a large investment project which has received assistance from all the sources at a group level, the total amount of which exceeds the BGN equivalent of EUR37.5 million, for first investment, carried out in municipalities in the South-west region – EUR18.75 million, calculated according to the official exchange rate of the BGN towards the EUR, the tax relief may be used during the specified year only if a positive decision of the European Commission has been received as a result of a notification, made under Art.108, Para.3 of the Treaty on Functioning of the EU; The Minister of Finance shall notify the European Commission under the State Aid Act; The enterprise shall be obliged to provide to the Minister of Finance the needed information for sending a notification to the European Commission.

- b) the value of the aid and the value of the acceptable expenses for tangible and intangible assets in a large investment project shall be determined according to the current value at the date of notification of the European Commission under the order of Art.108, Para.3 of the Treaty on Functioning of the EU, using the reference interest rate, defined by the European Commission on that date;
- c) where for a large investment project (as described in 4a) is not to apply, the tax relief may be used only if the corrected amount of the assistance for regional assistance for large investment projects has been observed, as defined in pp.20 of the Guidelines for regional assistance for the period 2014-2020;
- d) for the purposes of 4c, the value of the assistance and the value of the acceptable costs for tangible and intangible assets, included in a large investment project shall be defined under the current value on the date of provision of the assistance by using the reference interest (%), defined by the European Commission on that date;
- e) in the cases, where assistance is provided for a project for initial investment, considered part of an investment project, the assistance of the taxable persons for this project shall be decreased for the acceptable costs, exceeding to EUR50 million.

### **Tax relief in the form of a state aid for agricultural producers**

The corporate tax shall be remitted in the amount of up to 60% to taxable persons, registered as an agricultural producer, for their taxable profit from activity of production of non-processed plant and animal products.

The corporate tax shall be remitted where the following requirements have been met in aggregate:

1. The remitted tax is invested into new buildings and new agricultural equipment required for carrying out of the abovementioned activity and acquired by the end of the year, following the year, for which the remittance is applied;

2. The assets are acquired under market conditions, corresponding to those for non-affiliated persons;
3. The activity must continue being carried out for a period of at least three years after the year of remittance; this circumstance shall be declared every year up to the expiration of the three-year term together with the annual tax returns;
4. The remitted tax must not exceed 50% of the current value of the assets, determined as of the date of granting of the aid; the interest rate for the purposes of determination of the current value of the assets shall be the reference interest rate determined by the European Commission as of 31 December of the year of remittance;
5. The current value of all assets determined as of the date of granting of the aid may not exceed a limit of the equivalent in BGN of EUR500,000; the interest rate for the purposes of determination of the current value of the assets under item 1 is the reference interest rate determined by the European Commission as of 31 December of the year of remittance;
6. The limit referred to in item 5 may not be by-passed through artificial division of the assets;
7. The assets shall not replace already existing assets;
8. The farmer shall not be a recipient (beneficiary) of other aid specifically stated in the respective item of the Corporate Income Tax Act.

## **11.4 Risk Portfolios**

### **11.4.1 Distribution of profit**

In accordance with the applicable legislative frame in Bulgaria the registered subsidiaries of foreign companies may distribute dividends, based on the generated profits from previous years (after corporate tax of 10%). The dividend distribution has to be grounded by a decision of the General Meeting of the company or the sole owner of the capital.

There is no legal limitation on how many times in a given year the partners or owner may decide to allocate retained earnings from past years as a dividend.

Dividends should be considered any income, originating from shares, shareholding (including the shareholding in unincorporated companies), as well the hidden profit distribution.

Any distribution accounted as expense in accordance with the accounting legislation by the distributing person, shall not be treated as dividend (except for the cases of hidden profit distribution).

The provisions of Corporate Income Tax Act (CITA) provides a detailed definition for hidden profit distribution. The following payments should be treated as hidden profit distribution:

- the amounts not related to the carried by the taxable person activity or such exceeding the usual market levels, accounted, paid or distributed in any form in favour of the shareholders, or parties related thereto, except for the dividends;
- accounted expenses for interests (unless the loan conditions have been negotiated to perform requirements stipulated in a normative act), where at least three of the following conditions are available:
  - a. by 31 December of the preceding year the loan exceeds the own capital of the payer of the income;
  - b. the payment of the loan or the related interests is not restricted to a fixed term;
  - c. the payment of the loan or the related interests or the amount of the interests depends on the availability or the amount of profits of the payer of the income;
  - d. the payment of the loan depends on the satisfaction of the claims of other creditors or on the payment of dividends.

## **Tax aspects on profit distribution**

The Bulgarian tax system is straightforward with respect to the profit repatriation. The Bulgarian tax legislation imposes withholding tax due on dividends distributed to certain foreign legal persons and individuals.

### **Dividends in the EU**

In case the dividends are distributed to a foreign legal entity, which is a local person for tax purposes of an EU or EEA Member State, the dividends are exempt from withholding taxation. The exemption does not apply in case of hidden profit distribution, where the withholding tax due should be imposed.

### **Dividends outside EU**

Withholding tax at source is due on the dividends and liquidation shares distributed by local legal entities in favour of:

- a. foreign legal entities, except for the cases in which the dividends are realised through a permanent establishment of the foreign legal entity in Bulgaria;
- b. local legal entities that are not traders, including municipalities.

The withholding tax rate amounts to 5%. The payer of the dividend income is obliged to withhold and remit the tax to the tax authorities, alongside with some declaration obligations. In case Bulgaria has a concluded Double Tax Treaty (DTT) with the country in which the foreign legal person is established, provisions of the respective DTT may be applied (in case they lead to exemption from taxation or impose a lower tax rate). Bulgaria does not have a DTT with Hong Kong, so in case of dividend distribution to a Hong Kong's established company, 5% withholding tax would be due in Bulgaria.

### **Dividends to local and foreign individuals**

The distributed dividends in favour of a local or foreign natural person, where the income is sourced from Bulgaria are subject to a final tax, amounting to 5%.

The local natural persons are levied with this final tax also for the income, which originates from a source abroad.

The local legal entity (payer of the income) is the obliged person for withholding, remitting and declaring the tax due. As there is not a concluded DTT with Hong Kong, in case of dividend distribution to a Hong Kong's individuals, 5% final tax is due in Bulgaria.

### **Legally Determined Sanction for Hidden Profit Distribution**

In case the tax authorities detect hidden profit distribution, they are entitled to impose a pecuniary sanction at the amount of 20% of the amount, constituting hidden profit distribution. Furthermore, the 5% withholding tax will be also imposed.

During tax revisions (checks), in respect with the settlement of the tax obligations of the company, extraordinary tax burden and sanctions could be imposed (whether the authorities have different treatment or detect discrepancies with the appliance of the tax legislation).

#### **11.4.2 Ease of doing business**

According to the World Bank ranking for Ease of doing business in 2018, Bulgaria ranks 50th out of 190 countries analysed. Bulgaria is ranked higher than Greece (67th) or Turkey (60th), but behind Serbia (43rd) or Romania (45th). Bulgaria's rankings for individual factors considered in the World Bank study are:

- Ease of starting a business: 95th place out of 190
- Dealing with construction permits: 51st place out of 190
- Getting electricity: 141st place out of 190
- Registering property: 67th place out of 190
- Getting credit: 42nd place out of 190



- Protecting minority investors: 24th place out of 190
- Paying taxes: 90th place out of 190
- Trading across borders: 21st place out of 190
- Enforcing contracts: 40th place out of 190
- Resolving insolvency: 50th place out of 190

Bulgaria also ranks 49th (out of 137) according to the World's Economic Forum Global Competitiveness Index, 2017-2018 edition. The top 5 most problematic factors for doing business are considered: corruption, inefficient government bureaucracy, tax rates, poor work ethics in national workforce and the access to financing.

#### **11.4.3 Complex taxation system**

According to the Financial Complexity Index for 2018 that evaluates the complexity of accounting and tax systems across the world, Bulgaria ranks 65th globally out of 94 countries evaluated. This means that the Bulgarian tax and accounting systems are less complex than most of these countries.

#### **11.4.4 Comprehensive double tax avoidance treaties (DTT)**

Bulgaria has concluded 71 comprehensive double tax avoidance (DTT) treaties including a DTT with China which has been signed in 1990 and amended in 2003. The full list of treaties can be consulted on the National Revenue Agency dedicated website ([www.nap.bg](http://www.nap.bg)). No DTT has been concluded between Bulgaria and Hong Kong.

#### **11.4.5 Investment Promotion and Protection Agreements (IPPAs)**

An agreement on the mutual promotion and protection of investments has been concluded between Bulgaria and China, signed in Sofia on 27 June 1989, in force since 24 August 1994. This Agreement was respectively amended with Protocol signed in 2007 (in force from 10 November 2007). The full list with the countries with which Bulgaria has concluded IPPAs is stated

on the website of Investment Bulgarian Agency ([www.investbg.government.bg/bg](http://www.investbg.government.bg/bg)).

#### **11.4.6 Currency exchange controls**

In general, there are no special restrictions for money transfers to and from abroad. There are some requirements for submission of special declarations and additional documents, when required from the payment services providers.

Information for the national currency and the applicable exchanges rates in Bulgaria are stated in Chapter 2.

Information for the special requirements (such as providing certain documents and declarations) to trans-border payments (to third countries) are also stated in Chapter 2.

## 12. Useful Contacts

- **Bulgarian Embassy in Beijing**  
Xiu Shui Bei Jie 4, Beijing - 100600, China  
Tel: +86 10 6532 1946; +86 10 6532 1916  
E-mail: Embassy.Beijing@mfa.bg; Consulate.Beijing@mfa.bg
  
- **Bulgarian Chamber of Commerce and Industry**  
9 Iskar Street  
1058 Sofia, Bulgaria  
Tel: +3592 8117 400, +3592 987 26 31  
E-mail: bcci@bcci.bg
  
- **Registry Agency – Trade and BULSTAT registers**  
20 Elisaveta Bagriana Street  
1111 Sofia, Bulgaria  
Tel: +3592 9486 194; +3592 9486 166  
E-mail: office@registryagency.bg
  
- **Bulgarian Institute for Standardisation**  
13 Lachezar Stanchev Street  
1797 Sofia, Bulgaria  
Tel: +3592 8174 523, +3592 8174 504  
E-mail: info@bds-bg.org
  
- **Commission for Customer Protection**  
4a Slaveykov Square, floor 2-3  
1000 Sofia, Bulgaria  
Tel: +3592 9330 565  
E-mail: info@kzp.bg
  
- **Executive Environment Agency**  
136 Tzar Boris III Blvd.  
P.O.Box 251  
1618 Sofia, Bulgaria  
Tel: +3592 9559 011  
E-mail: iaos@eea.government.bg

- **Bulgarian National Bank**  
1 Knyaz Alexander I Square,  
1000 Sofia, Bulgaria  
Tel: +3592 91459  
E-mail: [press\\_office@bnbank.org](mailto:press_office@bnbank.org)
  
- **National Revenue Agency**  
Territorial Directorate of Sofia city  
21 Aksakov Street  
1000 Sofia, Bulgaria  
Tel: +3592 9859 3821  
E-mail: [td\\_sofia\\_grad@ro22.nra.bg](mailto:td_sofia_grad@ro22.nra.bg)
  
- **National Social Security Institute**  
Head Office Sofia city  
62-64 Al. Stambolijsky Blvd.,  
1303 Sofia, Bulgaria  
Tel: +3592 9261 940  
E-mail: [Sofia@nssi.bg](mailto:Sofia@nssi.bg)
  
- **Employment Agency**  
3 Dondukov Blvd.  
1000 Sofia, Bulgaria  
Tel: +3592 9808 719  
E-mail: [az@az.government.bg](mailto:az@az.government.bg)
  
- **Ministry of Foreign Affairs**  
2 Aleksandar Zhendov Street  
1113 Sofia, Bulgaria  
Tel: +359 2 948 2999
  
- **Ministry of Interior**  
Migration Directorate  
48 Knyaginya Maria Louisa Blvd.  
1000 Sofia  
Tel: + 3592 9824 808, + 3592 9827 251, + 3592 9823 764  
E-mail: [migration@mvr.bg](mailto:migration@mvr.bg)

➤ **Commission for Protection of Competition**

18 Vitosha Blvd.

1000 Sofia, Bulgaria

Tel: +3592 9356 113

E-mail: [cpcadmin@cpc.bg](mailto:cpcadmin@cpc.bg)

➤ **Public Procurement Agency**

4 Lege Street,

1000 Sofia, Bulgaria

Tel: +359 2 9859 7150

E-mail: [aop@aop.bg](mailto:aop@aop.bg)

➤ **InvestBulgaria Agency**

31 Aksakov Street

1000 Sofia, Bulgaria

Tel: +3592 9855 500

E-mail: [iba@investbg.government.bg](mailto:iba@investbg.government.bg)

## 13. Web Resources

- **Ecopack Bulgaria (waste treatment and recycling collective platform)** [www.ecopack.bg](http://www.ecopack.bg)
- **National Organisation on Waste Treatment and Recycling** [www.nooro.eu](http://www.nooro.eu)
- **National Statistical Institute** [www.nsi.bg](http://www.nsi.bg)
- **Custom Agency** [www.customs.bg](http://www.customs.bg)
- **Patent Office of Bulgaria** [www.bpo.bg](http://www.bpo.bg)