



## Outsource and seed your business

# BULGARIA

Capital: Sofia  
Population: 7,204,687 (July 2009 est.)  
Language: Bulgarian 84.5%, Turkish 9.6%, Roma 4.1%, other and unspecified 1.8% (2001 census)  
Currency: Bulgarian Lev (BGN). The exchange rate with the EURO is fixed at EUR 1 = BGN 1.95583  
Time zone: GMT+2 (+3 in summer)  
Electricity: 230V/50Hz  
Tax year: 1 January - 31 December



## Working in Bulgaria

While working in Bulgaria consultants must be aware of the local legislation regarding tax and social security, please review our General information.

Once an individual has the right to work in Bulgaria they will need to find a local payroll provider.

Capital Consulting can assist individuals in identifying local providers and advising consultants on the local regulations. While we do not provide a full payroll service in Bulgaria we can facilitate solutions dependent on your personal circumstances.

**Capital Consulting will discuss your personal circumstances with you and, where possible, provide you with assistance in minimising your costs within the bounds of Bulgarian legislation.**

**Tailor-made tax planning, worldwide**

# GENERAL INFORMATION (2010)

## Income tax

**Tax residents in Bulgaria:** are liable to pay Bulgarian tax on their worldwide income,  
**Non tax residents in Bulgaria:** are liable to pay tax on Bulgarian-source income only.

Individuals will be regarded as tax residents:

- if they have a permanent address in Bulgaria, -
- if their centre of vital interests is in Bulgaria, or
- if they reside in Bulgaria for more than 183 days in any twelve-month period.

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

Married persons are taxed separately.

Taxable income includes:

- all remuneration, including bonus,
- other benefits in cash and kind.
- income from business or professional activities,
- capital gains,
- income from rent.

Certain types of income in 2010 do not constitute taxable remuneration:

- mandatory social security contributions,
- voluntary contributions to pensions, unemployment and life or health insurances (limited amount),
- allowance for business travel,
- pensions, scholarships,
- certain types of investment income.

There are no tax credits nor personal allowances (except for disabled individuals).

Income tax rates for 2010:

- 10.00% flat tax rate.

Filing date:

Annual tax returns must be filed by the 30<sup>th</sup> of April the following year.

**Tailor-made tax planning, worldwide**

**[PHDKalev.com](http://PHDKalev.com), For additional information and contact +359 88 55 21 883**

---

## Social security contributions

**Residents and non-residents** working in Bulgaria are required to pay social security contributions on their gross salary in Bulgaria or in the country of their employer after an E101 has been issued.

---

Social security rates for 2010:

- 16.90% - 17.60% for employers,
- 12.10% for employees.

---

The minimum social security bases (thresholds) have been generally increased for 2010.

Employers and employees pay contributions to the following funds:

- Pension Fund
- General Sickness and Maternity Fund
- Guaranteed Receivables of Employees Fund
- Health Insurance Fund
- Professional Qualification and Unemployment Fund
- Additional mandatory private pension insurance if the employee was born after 1959.

In addition, employers also pay into a Labour Accident and Vocational Sickness Fund.

## Work permits and visas

Nationals of the EU/EEA Member States and Switzerland are able to work without restriction in Bulgaria.

---

For all other nationalities work permits are needed which their prospective employers have to apply for before the worker can begin the work.

---

To obtain a work permit:

It is usually lengthy and difficult and in principle only possible if the Bulgarian company has advertised the open position for several months and can prove that it has been unable to find a qualified candidate not only on the local labour market but in the whole of Europe.