

Bulgaria

Bulgaria is situated in the south-eastern part of mainland Europe and is a country of 7.1 million people. Bulgaria borders five different countries, including some of the most influential countries in the region, namely Turkey, Romania, Greece, Macedonia, and Serbia.

The official language is Bulgarian, which uses the Cyrillic alphabet, although Latin variations are often substituted. The historical cultural links mean that Russian is widely spoken, in particular among older citizens and there is a significant Turkish diaspora thriving in Bulgaria. Nonetheless, English is now the second language of choice for most Bulgarians.

Bulgaria has a mountainous topography, with some of the oldest mountain ranges in Europe, as well as a long Black Sea coastline. These combine to make it a popular tourist destination in both winter and summer seasons.

The capital is Sofia, with a population of around 1.2 million, which is where much of the country's economic activity is centred. The larger secondary cities, such as Plovdiv and Varna, have thriving local markets, however, they lag behind Sofia in terms of investment and growth.

Bulgaria joined the EU in 2007, however, the local currency, called the Leva (BGN), has been pegged to the Euro since 1997, ensuring a degree of confidence for foreign investors.

Taxation

Both corporate income and personal income are taxed in Bulgaria at 10%. Capital gains are included in the income tax calculation and dividends are taxed at 5%, unless they are made to other EU-based companies, in which case there is no tax.

Social contributions are payable by both employers and employees (in the proportion 60:40), on the first BGN 2,600 (approx. EUR 1,300) of income. The total employer and employee social contributions are broken down as follows: pensions contributions = 19.8%: sick leave and maternity = 3.5%: unemployment = 1%: health contributions = 8%. Taxes and contributions are withheld by the employer.

VAT is 20%, with reduced rates of 9% for a few specific categories (such as hotel accommodation).

Withholding taxes at a rate of 10% are applicable for certain income (such as interest, royalties, some consulting and professional services) or at 5% for other income (including dividends and liquidation quotas), but exemptions or reductions are available based on EU directives or double taxation agreements.

Corporate income tax returns and the associated payments are due by March 31 of the year after that being assessed.

Core services

Vistra Bulgaria offers a comprehensive range of services that can be delivered either on an individual basis or in combination to suit each Client's specific requirements.

• Company Incorporation

This service entails setting up a new company, using our detailed templates, which are populated with information provided by the Client. Our service includes the following:

- Drafting all the required documents;
- Assisting in opening the fund-raising bank account, with the subscribed capital;
- Registering the company with the Commercial Register.

• Shelf Companies

Vistra Bulgaria keeps a stock of fully-incorporated companies, for resale. All shelf companies are incorporated, registered and maintained under the exclusive control of Vistra, with no previous economic history, except for basic administrative transactions, as required under Bulgarian law.

These shelf companies are registered in the Commercial Register and with the VAT authorities. They have an operating bank account in Bulgarian leva, with the amount of contributed capital as an available balance. We offer a guaranteed clean trading history and the sale of the company is achieved by way of Vistra selling the shares to the Client using a standard share purchase agreement.

Vistra Bulgaria offers both limited liability and joint-stock shelf companies.

● **Standard Accounting Services**

We offer comprehensive accounting services to cover all compliance and reporting requirements. The local accounting regulations and tax legislation in Bulgaria are complex and subject to strict deadlines, therefore our accounting services embrace all these requirements and include:

- Maintenance of the accounting records of the Client in accordance with local regulations;
- Calculation, preparation and submission of monthly VAT returns in accordance with local regulations;
- Registration and communication with the authorities in regard to on-going accounting or tax issues, as and when requested or required;
- Implementation of communication processes and procedures between Vistra Bulgaria and the Client for monthly exchange of information;
- Generation of sales invoices to Clients, according to local legislation, upon request of the Client;
- Preparing payment orders within the online banking system, according to Client's payment policy;
- Preparation and submission of annual tax returns;
- Preparation of the annual financial statements, in accordance with Bulgarian law and international GAAP;
- Preparation of the monthly/quarterly/annual management reporting package in English and in accordance with international standards and the internal requirements of the Client.

● **Non-Standard and Project Accounting Services**

We provide professional support and interim staff, when Clients require additional resources or skills to carry out project work, or to cover extended periods of absence of staff. Our staff may also complete specific tasks which are project-based and thus difficult to scope, within standard accounting services. These may include:

- Assistance with financial audits;
- Assistance with VAT refund procedures;
- Limited due diligence or book reviews;
- Assistance with stocktaking of assets;
- Reconstructing prior year financial records;
- Preparation of bespoke reporting packages and financial statements.

● **Standard Payroll Services**

Our standard payroll service is managed by experienced, dedicated payroll experts. As this is a heavily-regulated part of Bulgarian legislation, Vistra's payroll service is designed to ensure the Client's compliance with Bulgarian law, while still achieving their strategic objectives and includes:

- Processing of payroll information and calculation of staff remuneration upon receipt of data (including bonus systems, fringe benefits, overtime etc.);
- Calculation of absences: holidays, sick leave, maternity benefit and others;
- Preparation of salary pay slips;
- Disbursement of funds to the employees/contractors using the Client's payroll subaccount, if required;
- Registration of the Client and its employees' data at the Social Security and tax offices, as well as other required institutions;
- Preparation and submission of monthly tax and social security returns;
- Preparation of payment orders to the social security and tax offices, using the Client's payroll account.

● **Corporate Secretarial Services**

Vistra's corporate secretarial services are designed to provide an efficient answer to the myriad of corporate compliance requirements in Bulgaria. Our team has extensive experience in corporate compliance, liaison with local authorities and working in tandem with a Client's retained legal advisors. Vistra Bulgaria may provide the following services upon the Client's request:

- Filing the annual financial statements in the online Commercial Register;
 - Preparation of documents related to hiring employees (labour or freelance contracts, orders and other related documents);
 - Preparation of documents related to the activities performed by the company (loan agreements, service agreements, sale and purchase agreements and other similar);
 - Preparation of documents related to the corporate status of the company (share transfer, changes in the management, preparation of resolutions of the owners or the management, registration of changes in the Commercial Register and other similar);
 - Other ad-hoc projects, as required and specifically requested by the Client.
- **Vistra Bulgaria offers also:**
- Domiciliary services;
 - Nominee directorship services;
 - Liquidations.

Contact

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