



## Bulgaria Company Formation

### Introduction to Company Incorporation Bulgaria

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Bulgaria is the latest EU-entrant, at the crossroads of Europe and Asia. The legislation in Bulgaria is designed to make it attractive to foreign investors and the income tax regime is amongst the lowest in Europe, with a **10% flat tax** on all sources of income and favourable tax treaties with its European partners. Bulgaria has one of the lowest costs of labour and services in the EU, despite having a well-qualified workforce. Bulgaria had one of the fastest growing EU economies in the ‘noughties’ and is projected to return to growth in 2017. Corruption, which has been a problem for Bulgaria in the past is finally under control. For more information on Bulgarian incorporation, and how to open a Bulgarian company, please contact us.

#### What are the most common types of Bulgarian company formation?

- A limited liability company – either sole-owned (EOOD) or with multiple shareholders (OOD)
- A joint-stock company – either sole-owned (EAD) or with multiple shareholders (AD)

Foreign companies seeking Bulgarian incorporation may operate either through a subsidiary (incorporated under Bulgarian law) or as a branch.

How much share capital is required to establish a limited liability company (EOOD / OOD)?

The minimum share capital is only 2 Bulgarian leva (BGN), which is €1.

#### What are the formalities regarding Bulgaria incorporation as an EOOD / OOD?

- There should be a copy of the identity documents of all the owners of the company (if individuals) or legalized copies of the corporate documents of owners – legal entities
- The share capital should be placed in a special capital-raising bank account opened for this purpose
- The articles of association should be drafted and signed by all shareholders

#### What other requirements are there for an EOOD / OOD?

There needs to be at least one director, who can represent the company in front of all authorities; there is no requirement for the director/s to be resident in Bulgaria.

- Monthly VAT returns should be filed if the turnover exceeds €25,000 or in case of voluntary VAT registration
- The company should have a bank account and local address for efficient communication with the authorities. Please contact us for details



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### **How much share capital is needed for a joint-stock company (EAD / AD)?**

The minimum share capital BGN 50,000 (approx. €25,000), of which at least 25% or €6,250 must be initially paid up, the remainder to be paid up within 2 years of incorporation.

### **What are the other features of an EAD / AD?**

- The company should have at least three Board members
- Shares can be easily transferred by endorsement to a new shareholder/s
- An annual audit is required for all joint-stock companies

### **What other types of Bulgarian company formation are there?**

Non-resident companies can register a Bulgarian branch or a trade representation office in Bulgaria. You must be resident in Bulgaria to start a business as a sole proprietor.

### **How easy is it to recruit staff?**

The country has a skilled workforce, which is very much concentrated in the capital Sofia. Labour costs are low, as are national insurance contributions for both employers and employees. Bulgarian workers are noted for their IT skills and English is widely spoken.

### **What is the regulatory environment like for those seeking company registration Bulgaria?**

Bulgaria guarantees the freedom to set up a company and transfer capital to all foreign companies and to any foreign investor who wishes to settle in the country, in order to start a commercial or industrial operation. No prior authorisation is needed except for certain highly regulated businesses, such as banking, insurance and transport

### **How can I get more information on forming a company in Bulgaria?**

Please contact us at Smith & Smith Global Advisory Division Euro Company Formation and we will be pleased to discuss your Bulgarian company incorporation matters in greater detail.

### **Info BULGARIA**

Company foundation with legal, tax and financial experts

Other services and offers:

- Opening company bank accounts and private bank accounts
- Establishment of an office and addresses structure
- Mediation of licenses



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- Nominee service
- Accounting
- Marketing

**We have already established companies (shelf companies) in stock.**