



InvestBulgaria Agency

Bulgaria

Brief Investor's Handbook 2010



You can rely on our support

www.investbg.government.bg

General Information

- Territory – 110,994 sq. km
- Population – 7.7 million (end 2008)
- Population density – 68.6 inhabitants per km²
- Political system: parliamentary republic
- Religion: 83.7% Christian, 12% Muslim
- Capital: Sofia – 1.4 mln. people
- Big cities: Plovdiv, Varna, Bourgas, Rousse
- Big airports: Sofia, Plovdiv, Varna, Bourgas
- Seaports: Varna, Bourgas
- River ports on the Danube: Vidin, Lom, Rousse
- Timezone: EET (UTC +2)
- Currency: Bulgarian Lev (BGN), pegged to Euro (EUR 1 = BGN 1.95583)
- Pan-European Transport Corridors (4, 7, 8, 9, 10)
- Official holidays: 01.01 – New Year, 03.03 – Liberation Day, Orthodox Easter, 01.05 – Labor Day, 06.05 – St. George’s Day and the Bulgarian Military Army’s Day, 24.05 – Bulgarian Education and Culture and Slavonic Writing Day, 06.09 – Unification Day, 22.09 – Independence Day, 24-26.12 – Christmas Days.
- Country code: +359
- Top-level domain: .bg



St. Alexander Nevsky Cathedral, Sofia



Welcome to Bulgaria,
your new business partner
in United Europe!

Borislav Stefanov,
IBA Executive Director

IBA mission - to help investors

Invest Bulgaria Agency is the Government's investment promotional arm, which is part of the Ministry of Economy, Energy and Tourism. The mission of IBA is to help potential and existing investors explore the investment opportunities in Bulgaria and carry out Greenfield investment projects in the country. Our team of 30 professionals works at the highest standards for project management, business confidence and integrity. We access directly all Bulgarian government institutions to facilitate the entry and development of your business in the country. Bulgaria – the youngest EU member can offer a number of high-return investment opportunities, both in industry and services, in the conditions of economic stability and minimum risk.

The development of the Bulgarian economy depends to a great extent on the increased inflow of foreign direct investments (FDI) in the local business environment. There are many reasons to invest and to conduct business in Bulgaria. The country offers a strategic location with a direct access to the markets of Europe and Middle East, competitive manufacturing costs, a highly qualified labor force at Europe's lowest wage levels as well as the lowest corporate tax rate in Europe. Furthermore, the new Bulgarian government has repeatedly identified foreign direct investment as one of the key factors for economic success. To support this process, important legislative measures have been taken, including amendments to the Investment Promotion Act, offering government support for large-scale projects and the Investor Program for Residence and Citizenship, which offers valuable benefits to high net worth individuals.

You can explore the business climate and the investment opportunities in the country by browsing the web site of InvestBulgaria Agency. I would like to cordially invite you to get in touch with our team that will help you learn more about Bulgaria and realize your business intentions.

Why Bulgaria

- **Stable political environment & low country risk:**
 - NATO membership;
 - EU membership
- **Macroeconomic and financial stability:**
 - real GDP growth rate: -4.9% (2009)
 - inflation rate, annual change: 0.6% (2009)
 - unemployment rate: 9.1% (2009)
 - no currency risk, local currency is pegged to Euro
 - budget surplus for the period 2004-2008 (-3.9% deficit for 2009)
 - investment grade credit rating by major rating agencies
- **EU's most favorable taxes:**
 - 10% corporate income tax rate; 0% in high-unemployment areas
 - 10% flat tax rate on personal income
 - 2-year VAT exemption for imports of equipment for investment projects over € 5 million, creating at least 50 jobs
 - depreciation of 2 years for computers and new manufacturing equipment
 - opportunity for R&D expenditure write-off
 - 5% withholding tax on dividends and liquidation quotas (0% for EU tax residents)
- **Strategic geographic position as a bridge between Europe and Asia**
- **Labor force:**
 - Highly skilled, multilingual work force
 - Europe's most competitive salary levels
 - 45,000 Bulgarian students in Europe
- **Europe's lowest operational costs**
- **Free movement of capital**
- **No restrictions on after-tax repatriation of profits**
- **Up to 1 year minimum salary and reimbursement of social/health care security for employing young people and disadvantaged people through the Employment Agency**
- **Government financial support for priority investment projects**
- **Excellent climate, natural scenery, food and hospitality**
- **Unique benefit of physical residence exemption for applicants in the Investor Program for Residence and Citizenship**

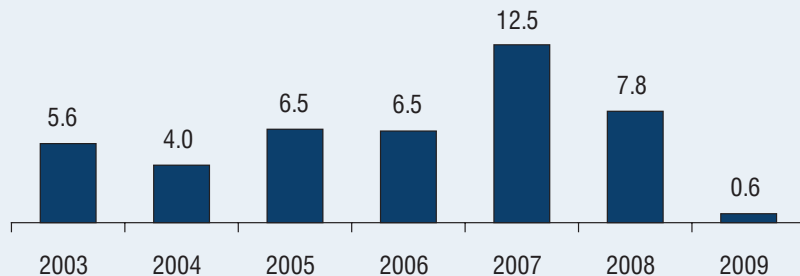
Macroeconomic Indicators

REAL GDP GROWTH RATE, %, 2003-2009



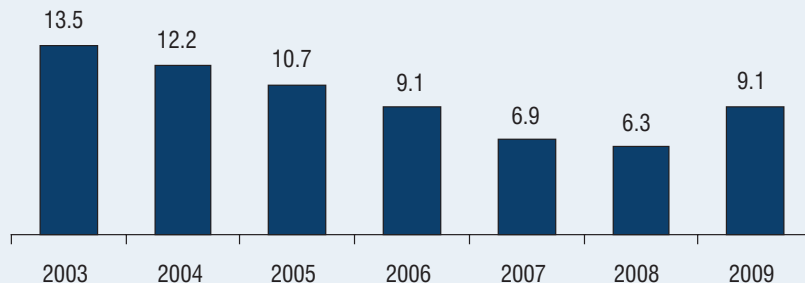
SOURCE: BULGARIAN NATIONAL BANK

INFLATION RATE, ANNUAL CHANGE, %, 2003-2009



SOURCE: BULGARIAN NATIONAL BANK

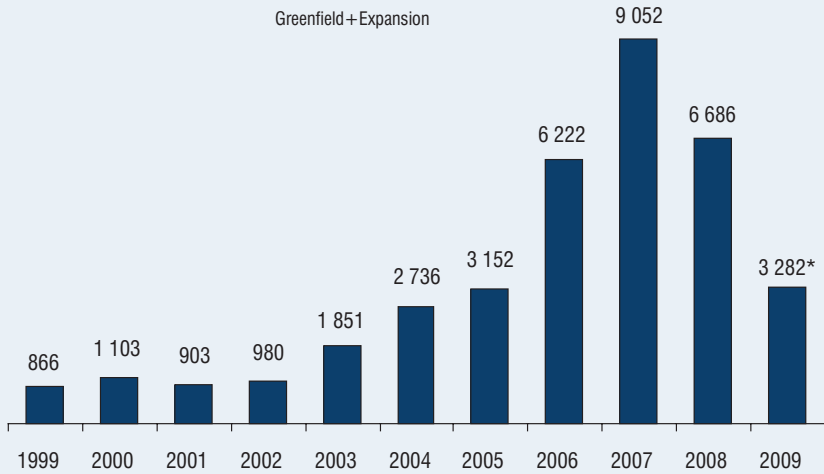
UNEMPLOYMENT RATE, %, 2003 - 2009



SOURCE: BULGARIAN NATIONAL BANK

FDI inflows

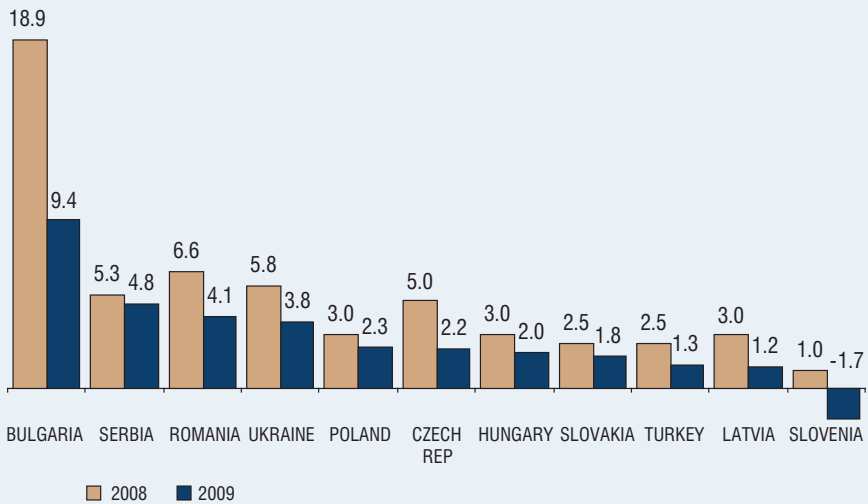
RECORD FDI INFLOWS IN 2006-2008, EUR MLN.



SOURCE: BNB

* Preliminary Data

BULGARIA LEADS CEE COUNTRIES IN TERMS OF FDI TO GDP RATIO



SOURCE: BNB, BANK AUSTRIA CREDITANSTALT



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Operational Costs in Bulgaria, 2010

Gross monthly salary, average, Q2 2010, EUR	327
Average nominal monthly salary growth rate, yoy % ch., Q2 2010	8.6
Social security, unemployment and health care contributions as % of monthly salary, 2009	18.10 paid by the employer
Consumer price index (annual change, %) September 2010	3.5
Corporate income tax rate, 2010, %	10
VAT, 2010, %	20
Personal income tax rate, 2010,%	10, flat rate
Office prime rent in Sofia, Q2 2010, EUR/sq m/month	Class A 10 - 13
Office purchase price in Sofia – City center, Q2 2010, EUR per sq m	Class A 800 - 2000
Office purchase price in Sofia – Business Park Mladost, Q2 2010, EUR per sq m	Class A 690 - 1850
Prime rent for contemporary industrial space, Q2 2010, EUR/sq m/month	3-5
<i>Costs of rough construction, 2009, EUR per sq m</i>	
Industrial construction	350 - 450
Office building construction	400 - 700
Water charges for industrial use in Sofia (potable water supply, sewage, purification), as of 1 January 2009, incl. VAT, EUR per m ³	0.84 - 1.01
Water charges for industrial users in Sofia (non-potable water supply), as of 1 January 2009, including VAT, EUR per m ³	0.62 - 0.80
Water charges for household use in Sofia (potable water supply, sewage, purification), as of 1 January 2009, incl. VAT, EUR per m ³	0.72

Operational Costs in Bulgaria, 2010

<i>Electricity prices per kWh including VAT, as of 01 July 2009, EUR</i>		
<i>Electricity for companies with less than 50 people personnel and annual revenue of up to BGN 19.5 million, medium and low voltage (price depends on the supplier)</i>	<i>medium voltage</i>	<i>low voltage</i>
3 tariff-reading		
peak electricity	0.098 - 0.106	0.120 - 0.147
day electricity	0.061 - 0.067	0.079 - 0.087
night electricity	0.031 - 0.038	0.050 - 0.059
2 tariff-reading		
day electricity	0.078 - 0.085	0.102 - 0.106
night electricity	0.031 - 0.038	0.050 - 0.059
1 tariff-reading	0.076 - 0.076	0.096 - 0.100
<i>Electricity for household use</i>	<i>low voltage</i>	
2 tariff-reading		
day electricity	0.086 - 0.092	
night electricity	0.056 - 0.059	
1 tariff-reading		
day & night electricity	0.086 - 0.092	
Natural gas for industrial users, VAT included, Q2 2010, EUR per 1,000 m ³ (price depends on the supplier and the volume consumed)	291 to 405	

SOURCES: NATIONAL STATISTICS INSTITUTE, MINISTRY OF AGRICULTURE AND FOOD, COLLIERS INTERNATIONAL, SOF-YSKA VODA, STATE ENERGY AND WATER REGULATORY COMMISSION, MARKET INFORMATION, NATIONAL LEGISLATION

Legal conditions for investment in Bulgaria

TAXATION

Corporate Income Tax

Under the Corporate Income Tax Act (CITA) all companies and partnerships (including non-incorporated partnerships), carrying out business in the country, are liable to a corporate income tax at a rate of 10%. This is the lowest rate of corporate income tax in the European Union. For the purposes of this Act, non-incorporated partnerships are equal to legal entities. Bulgarian resident entities are taxed on a worldwide basis. Foreign entities are taxed on their Bulgarian-source income. Companies are considered to be tax residents if they are registered in Bulgaria. Resident companies are also any companies incorporated under Council Regulation (EC) No 2157/2001 and any co-operative society incorporated under Council Regulation No 1435/2003, where the registered office thereof is situated in the country and they are entered into a Bulgarian register. Companies that are non-residents in Bulgaria but operate in Bulgaria through a branch, office, agency or other form of a permanent establishment are only liable to tax on the profits generated through their Bulgarian establishment.

Annual profit must be declared no later than 31 March of the year following the taxable year. Generally, the taxable profit is determined in accordance with the financial result reported in the Profit and Loss Account ("P&L") adjusted for tax purposes.

Depreciation

Depreciation is calculated by systematically applying the straight-line depreciation method. Depreciation norms should not exceed the following rates:

Category of assets	Asset description	Annual depreciation norm (%)
I	solid buildings, including investment properties, plants and installations, transmission facilities, electric power carriers, communication lines	4
II	machinery, manufacturing equipment, apparatus	30 or 50*
III	transportation vehicles, excluding automobiles; coverage of roads and airplane runways	10
IV	computers, computer peripheral equipment, software and right of using software, mobile phones	50
V	automobiles	25

VI	tax tangible and intangible fixed assets whereof the period of use is restricted according to contractual relationships or a legal obligation	100/years of legal restriction The annual rate may not exceed 33 1/3
VII	all other depreciative assets	15

* 50% FOR NEW EQUIPMENT USED IN ENTIRELY NEW INVESTMENT OR EXPANSION

Withholding Taxes

Certain types of income from sources in Bulgaria and payable to non-resident legal entities (if not generated through a permanent establishment) are subject to withholding taxes. The income of natural persons is regulated by Personal Income Tax Act. The types of income are defined in CITA as:

- dividends and liquidation quotas;
- income generated from financial assets and transactions with financial assets, issued from local legal entities, municipalities and the government;
- interests, including interests on financial leasing payments;
- rents;
- royalties;
- technical services remuneration;
- income generated from franchise and factoring;
- income for management or control of a Bulgarian legal entity;
- income generated from real estate or transactions with real estate, located in the country.

The withholding tax rate is 5% on dividends and liquidation quotas and 10% on other types of taxable income. No WHT is due on dividends distributed to companies in the EU states under certain conditions. The withholding tax rate may be reduced under an applicable double tax treaty.

Personal income tax

According to the Bulgarian Personal Income Tax Act (PITA), with regard to personal income taxation the relevant criterion is the tax resident status of the individual. This status is determined by reference to the periods of physical presence on the territory of the country or center of vital interests of the individual (availability of permanent home, family, economic and social interests and other facts).

A Bulgarian tax resident is considered any person, regardless of his/her citizenship:

1. whose permanent place of residence is in Bulgaria, or
2. who spends inside the territory of Bulgaria more than 183 days in each period of 12 consecutive months, or
3. who resides abroad on assignment of the Bulgarian State, its authorities and/

or its organizations, or on assignment of Bulgarian companies, and the members of his/her family, or

4. whose centre of vital interests is in Bulgaria.

If a foreign citizen qualifies as a Bulgarian "local person" from a tax point of view under any of the given criteria then he/she will be taxed in accordance to the Bulgarian tax law. Example of foreign individuals who are not considered local tax residents are the participants in the Investment Program for Residence and Citizenship in Bulgaria who only make the legally determined investment in government bond portfolio for a period of 5 years and do not conduct other business activities in the country.

The annual taxable income is defined as an aggregate of the total income received by the individual during the calendar year with the exception of the income which is non-taxable by virtue of a law and the income specifically excluded from the annual income which is taxed separately under specific rules.

A significant amendment in income taxation of individuals is that the progressive tax rate which depended on the amount of the annual taxable income and was within the range of 20% to 24% has been replaced with a **flat rate of 10%** regardless of the amount of taxable income. Thus, in general the amount of tax on the aggregate annual taxable amount is determined by multiplying the aggregate annual taxable amount by a **tax rate of 10%**.

Certain items of income of residents or non-residents are not included in the taxable annual income and are subject to special rules of taxation with respect to the rates and the basis for tax. Some tax rates, applicable thereto, have been decreased since 1 January 2008. Thus, dividends are subject to 5% tax instead of 7%; income from supplementary voluntary social insurance, from voluntary health insurance and life assurances and income acquired by a person upon sale or exchange of movable property under certain conditions is levied with 10% tax instead of 15%.

Some of the available tax exemptions are the following:

- Pensions and other social security benefits received from a Bulgarian or foreign mandatory social security system;
- Interest on bank deposits under certain conditions;
- Certain compensations as per the Labor Code;
- Gains from shares traded on the Bulgarian stock market;
- Gains from disposal of movable and immovable property under certain conditions.

VAT

The Value Added Tax Act (VAT Act) currently in force is effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union – 1 January 2007.

Pursuant to Bulgarian legislation, the following transactions are VAT taxable:

- any taxable supply of goods or services effected for consideration;
- any intra-Community (EU) acquisition effected for consideration, where the place

of transaction is within the territory of the country, by a person registered under this Act or by a person in respect of which an obligation to register has arisen;

- any intra-Community acquisition of new means of transportation effected for consideration, where the place of transaction is within the territory of the country;
- the importation of goods.

As of 19 December 2007, persons who practice a liberal profession, including private bailiffs, lawyers and notaries are also subject to taxation under the Value Added Tax Act.

The standard **VAT rate is 20%** and is applicable to:

- any taxable supplies, except for those explicitly specified as subject to zero tax rate;
- any importation of goods into the territory of the country;
- any taxable intra-Community acquisitions.
- any taxable supplies, except for those explicitly specified as subject to zero tax rate;
- any importation of goods into the territory of the country;
- any taxable intra-Community acquisitions.

The rate of tax applicable to accommodation provided by hoteliers, where part of a package tour, is **7%**.

The rate of intra-Community supplies, exports and other supplies explicitly listed in the law is **0%**.

VAT Registration

Bulgarian and foreign businesses which carry out taxable transactions with a place of supply in Bulgaria and have a taxable turnover of at least BGN 50,000 (EUR 25,565) during the preceding twelve months is obliged to register for VAT purposes. The same is valid for taxable persons or non-taxable legal entities which (i) are not registered on other grounds, and (ii) are performing intra-Community acquisitions, the total amount of which during a calendar year exceeds BGN 20,000 (EUR 10,225).

Any taxable and non-taxable legal person, which does not cover the compulsory registration conditions, has the right to register under the VAT Act for intra-Community acquisition. The intra-Community acquisition of goods is defined in details in the Value Added Tax Act.

VAT Credit Refund

Where VAT incurred on purchases exceeds VAT charged on sales, the excess VAT deduction is first carried forward for a period of three months to offset VAT debt due in these three months. If at the end of the three-month period the excess VAT or part thereof has not been recovered, the balance is refunded within 30 days after the date of filing the VAT return for the third month.

Employment issues

Working hours: 8 hours a day. A 24-hour rest period is required during a 7-day period ;

Annual leave: not less than 20 days ;

Retirement age¹: minimum of 63 for men and 59 for women¹ ;

Minimum monthly gross salary: EUR 123 (2010);

Average monthly gross salary: EUR 327 (Q2, 2010).

Social security: A complex system covering retirement, health and unemployment risks and obligations. Side costs to the amount of 18.10% of the gross monthly salary are to the account of the employer.

Type of insurance	Paid by		Total (%)
	Employer (%)	Employee (%)	
Health	4.80	3.20	8.00
Social:			
<i>Pension insurance fund*</i>	7.20	5.80	13
<i>Additional Compulsory Pension Insurance*</i>	2.80	2.20	5.00
<i>Sickness & motherhood insurance fund</i>	2.10	1.40	3.50
<i>Employment insurance fund</i>	0.5	0	0.5
<i>Unemployment fund</i>	0.60	0.40	1.00
<i>Guaranteed payment of the employees and servants fund</i>	0.1	0	0.1
Total	18.10	13.00	31.10

* For employees working under the conditions of 3rd category work and born after year 1960

The above contributions are calculated on the remuneration and other employment income of the employee for the respective month but on not more than the maximum monthly insurance base fixed annually in the Mandatory National Insurance Budget Act. The fixed base for 2009 is BGN 2,000 (around EUR 1,023). Since January 2003, the minimum monthly insurance bases for the main economic activities and groups of professions have been introduced.

¹ The minimum retirement age for women is being increased by 6 months each year. There are certain limits set that will no longer be changed ~ 60 years for women; the limit was reached in 2009.

Labor contracts: According to the Labor Code, the employment contract may be concluded for an indefinite period of time or, alternatively, as an employment contract for a fixed term. An employment contract is considered to be concluded for an indefinite period unless explicitly agreed and stated otherwise. An employment contract concluded for an indefinite period may not be changed to a fixed-term contract unless explicitly requested by the employee, and stated so in writing.

1. An employment contract for a fixed term may be concluded:

- for a definite period to the maximum term of 3 years – upon request in writing by the employee or for execution of temporary, seasonal or short-term work and activities;
- until completion of some specified work;
- in case of substitution of an employee who is absent from work.

2. Employment contract for a trial period

In case the work requires the ability of the employee who will perform it to be tested, his final appointment may be preceded by a contract providing for a trial period of up to 6 months. Such a contract may also be concluded in the case when the employee wants to make sure the job is suitable for him. This contract indicates to whose benefit the trial period has been agreed upon. Before the expiration of the trial period, the party to whose benefit it has been agreed may terminate the contract without notice.

Termination: Employees other than senior management cannot be dismissed without sufficient justification. The employee has the right to sue for damages for unfair dismissal. Certain people cannot be dismissed during absence (e.g. on sick leave or military assignment, pregnant women, nursing mothers).

The maximum terms of the advance notice are specified in the Labor Code: 1 month for non-fixed term contracts unless otherwise specified in the contract, but no more than 3 months, and 3 months for fixed term contracts, but no more than the remainder to the expiry of the contract; if the employee who is working under an indefinite-period contract is dismissed without a notification and there is a sufficient justification by the employer, the employee is compensated by 1 monthly salary.

If the relation is based on a term contract, the compensation is equal to the amount of the gross salaries to be paid for the rest of the contract time.

The employer, acting on his own initiative, may offer the factory or office worker termination of the employment contract in consideration of compensation. In this case he has to compensate the employee with at least 4 monthly gross salaries.

Upon dismissal due to closing down of an enterprise or part of it, staff reduction, reduction of the volume of work and discontinuance of work for more than 15 working days, the employee is entitled to compensation from the employer. The compensation is in the amount of his/her gross labor remuneration for the period of unemployment but for no more than one month. A compensation for longer periods may be stipulated by a collective contract or by the labor contract.

Upon termination of the employment relationship after the employee has acquired the right to a pension for insured service and age, irrespective of the grounds for the termination, he/she is entitled to compensation by the employer in the amount of his/her gross labor remuneration for a period of two months; where the employee has worked with the same employer for the last ten years of his/her length of service, the compensation is equal to his/her gross labor remuneration for a period of six months.

Employment of foreign persons: All foreign persons that have a permanent residence permit or are granted the right of sanctuary or refugee status can be employed in the same way as Bulgarian citizens. Temporary work permits are issued by the National Office of Employment of the Ministry of Labor and Social Policy. The work permits are issued for a specified time, job and employer. The permit is issued after a request by the employer and is valid for the time of the employment contract but for no more than one year. The permission can be prolonged several times but within a three-year period.

Foreign persons that have an employment contract and a valid work permit can acquire a permit for stay in the country for the time of the contract but for no more than one year. The permission for continuous residence can be prolonged if the work permit is prolonged but the maximum period for prolongation of the work permit cannot exceed three years.

The number of employees who are foreign citizens cannot exceed 10% of the total work force. This restriction is not applicable to citizens of EU member states, EAA (Norway, Iceland and Liechtenstein), and Switzerland. Moreover, the citizens of these countries and the members of their families can work in Bulgaria without the issue of a work permit.

As of 01.01.2007, integral parts of the Bulgarian legislation are also all labor-related regulations and directives of the European Union. In case of controversy between any internal law and any of EU regulations, Bulgarian courts are obliged to apply directly the provisions of the latter.

Incentives

1. The Investment Promotion Act regulates the terms and procedures of investing in Bulgaria

The Investment Promotion Act (IPA), developed in 2004, supports prospective investors to Bulgaria by introducing a system of incentives for initial investments in tangible and intangible fixed assets and new employment linked thereto, according to Commission Regulation (EC) No. 800/2008 on the application of Articles 87 and 88 of the Treaty to national regional investment aid, and will be applied as a multi-sector regional aid scheme and training aid scheme.

The main target of the Investment promotion act is to enhance the competitiveness of the Bulgarian economy through increase of investments in scientific research, innovations and technological development in production and services adding high value while observing the principles of sustainable development.

Companies, fulfilling the set of criteria outlined in IPA are eligible for receiving the status - "Certified Investor", which carries with itself the rights to apply the incentives measures under IPA.

For attainment of Certificate for class Investment (Priority investment project) 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:

- of the industrial sector: manufacturing industry;
- of the services sector:
 - high technology activities in the field of information technologies and services;
 - scientific research and development and professional activities of head offices;
 - education;
 - human health care;
 - warehousing and support activities for transportation sector

and to meet the following requirements:

- at least 80 per cent of the future income must be from the products produced by the economic activities listed above;
- at least 40 per cent of the eligible costs of the investment must be financed by

- the investor's own or borrowed resources;
- the investment must be maintained for at least five years for large enterprises and three years for SMEs, reckoned from the date of implementation of the investment;
- the investment project must lead to a net increase in the number of employees in the establishment/organization concerned, compared with the average number of employees over the previous 12 months;
- employment must be created and maintained for at least three years for SMEs and five years for large enterprises;
- the period of implementation must not exceed three years, reckoned from the date of award of an investment class certificate;
- The tangible and intangible fixed assets acquired must be new and purchased at market conditions from third parties independent from the investor.

Priority investment projects shall be investment projects which are related to all sectors of the economy in accordance with the requirements of Regulation (EC) No 800/2008 and are particularly important for the economic development of the Republic of Bulgaria or for the regions in Bulgaria.

Promotion according to the procedure established by the Investment Promotion Act is not extended to enterprises in difficulty, for implementation of privatization contracts or concession contracts under the Privatization and Post-privatization Control Act, respectively, under the Transformation and Privatization of State-Owned and Municipal-Owned Enterprises Act as superseded and the Concessions Act, and in implementation of compensatory (offset) arrangements, as well as investments for production of products in the coal and steel industry, the shipbuilding and synthetic fibers sectors, fisheries and aquaculture, as well as in activities linked to the primary production of agricultural products listed in Annex I to the Treaty establishing the European Community, according to Commission Regulation (EC) No 800/2008 on the application of Articles 87 and 88 of the Treaty to national regional investment aid.

Depending on their value, investments are divided into classes A, B and Priority investment projects. Their threshold amount, fixed in the Regulations for Application of the Investment Promotion Act **for Class A and B** is as follows (in BGN leva) :

General case (for the entire country):

for Class A: **BGN 20 million**;

for Class B: **BGN 10 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:

for Class A: **BGN 7 million**;
for Class B: **BGN 4 million**.

The threshold amount of investments within a single establishment in the high technology activities of the industrial sector of the economy is:

for Class A: **BGN 7 million**;
for Class B: **BGN 4 million**.

The threshold amount of investments within a single establishment in the high technology activities of the services sector is:

for Class A: **BGN 4 million**;
for Class B: **BGN 2 million**.

For priority investment projects:

The threshold amount of investments within a single establishment and the minimum average annual number of people employed, as from the date of the completion of the investment are as follows:

General case (for the entire country):

- BGN 100 million and 200 employees;

For the development of an industrial zone and its development into an industrial park through attracting of investments:

- BGN 70 million and 100 employees;

In the field of high technology of the industrial sector and within the administrative boundaries of municipalities with high unemployment rate:

- BGN 50 million and 100 employees;

For the development of high-tech parks:

- BGN 30 million and 50 employees;

In the field of high technology and knowledge-intensive services – education, R&D, human healthcare etc.

- BGN 20 million and 50 employees;

The threshold amounts for the investments can be decreased as much as 2 times with the increasing of the employed personnel with the following parameters:

- When hiring one hundred employees more, the threshold is decreasing with 10% in the general case, in the municipalities with high unemployment rate, in

investments in the field of hi-tech of the industrial sector and for the development of industrial zones

- For fifty employees more, the threshold is decreasing with 10% for hi-tech services and hi-tech parks.

The certificate determines the investment class and the rights of the investor under the law.

According to the measures established by the Investment Promotion Act, investments are promoted through:

1. Shorter term for administrative services: Class A and B;
2. Personalized administrative services for implementation of the investment project: Class A;
3. Sale or establishing, against a consideration of limited real rights of private state or private municipal property, without a tender procedure or competitive bidding: Class A and B;
4. Sale, exchange of property or establishing, against a consideration, of limited real rights over immovables of Sole proprietor companies with state or municipal participation, as well as commercial companies, whose capital is owned by sole proprietor companies with state participation without a tender procedure or competitive bidding, at market or lower price Class A and B;
5. Financial aid for construction of physical infrastructure elements needed for the implementation of one or more investment projects: Class A (or two projects class B in an Industrial zone);
6. Financial aid for vocational training for attainment of professional qualification by the hired staff, including interns from the higher schools in Bulgaria, who have occupied the new jobs created upon implementation of the investment project (only for investments in municipalities with high unemployment rate or in the field of Hi tech activities): Class A and B.

PRIORITY INVESTMENT PROJECTS – all the measures that apply for class A and B plus the following:

1. Sale or establishing, against a consideration, of limited real rights over immovables - private state or private municipal property without a tender procedure or competitive bidding, at market or lower price but not lower than the tax assessment of the property and no state fees shall be paid in the event of changing the land use for the purposes of implementation of the project;
2. Sale, exchange of property or establishing, against a consideration, of limited real rights over immovables of Sole proprietor companies with state or municipal

participation, as well as commercial companies, whose capital is owned by sole proprietor companies with state participation without a tender procedure or competitive bidding, at market or lower price, but not lower than the tax assessment of the property;

3. Possibility for other forms of state aid, institutional support, public-private partnership of establishing of joint companies;
4. Different types of transactions closed between the investor and a commercial company established for the purpose of construction and development of industrial zones.
5. Providing grant in the following cases and under the following conditions:
 - up to 50 percent maximum aid intensity for investments in education and research (Codes P 85 and M 72 according to CEA 2008), where at least 25 percent of the threshold amount of the investment implemented up to the third year from the start of the works / activities under the investment project;
 - up to 10 percent maximum aid intensity for investments in the manufacturing industry where at least 50 percent of the threshold amount of the investment is implemented up to the third year from the start of the works / activities under the investment project;

2. Employment incentives

Each Bulgarian citizen, as well as each citizen of another Member State of the European Union or of another Contracting State to the Agreement on the European Economic Area, who is actively seeking a job, may register with the competent local division of the Employment Agency.

a) Programs and measures for employment of young and/or disadvantaged people on the labor market in Bulgaria

1. If the requirements below are met, the Employment Agency may cover the amount of salary expenses and the due social and health security installments to the account of the employer for the duration of the employment contract for each hired person (but for no longer than 12 months), as well as the expenses for training for acquiring professional qualification (for no longer than 6 months).

Requirements:

- The person has to be directed by the division of the Employment Agency on the basis of contract between the Agency and the employer;
- Unemployed up to 29 years of age;

- Unemployed up to 29 years with reduced working capacity;
- Young people from social institutions who have completed their education;
- Unemployed with permanently reduced working capacity;
- Unemployed – single parents (adoptive parents) or mothers (adoptive mothers) with children up to 3 years of age;
- Unemployed women over 50 years of age and men over 55 years of age.

The same incentive is valid for employer who accepts for training for acquiring professional qualification and/or for work on probation unemployed persons under 29 years of age, directed by the divisions of the Employment Agency on the basis of a contract concluded, for the term of education or work on probation, but for no longer than 6 months.

b) Employment Protection and Employment Security

Programs and measures for training and qualification:

1. An employer who provides maintaining and improvement of the qualification of the hired workers and employees can apply for granting of half of the maximum determined size of the amounts for training of one person (the maximum amount is BGN 500 according to the National Operative Employment Plan).

Steps of the procedure:

- The local division of the Employment Agency “Employment Bureau”, announces every month on an information board and in at least two local or regional mass media the encouragement measures, for which contracts can be concluded with employers during the following month;
- The employer submits an application at the local Employment Bureau and files a declaration to keep the employees for at least 6 months after the successful end of the training;
- In 3 days of the expiry of the application term, the Council for cooperation discusses the submitted applications and proposes to the director of the Employment Bureau a list of the employers with whom contract could be concluded during the respective month;
- A list of the approved employers is placed on the information board of the Employment Bureau.

The employer has the right to indicate the organization to carry out training for acquiring professional qualification, within the frames of the maximum amount of resources for training of one person (BGN 500).

Additional information about other programs encouraging employers is available on the website of the Employment Agency under www.az.government.bg.

c) Tax deduction for employing individuals in specific social conditions

The employer is entitled to deduct from its taxable profit, as an additional allowance, an amount equal to the remunerations, social, health and unemployment insurance paid for the following employees employed for a period of at least 12 months:

- Individuals who have been registered as unemployed for a period exceeding one year; or
- Individuals who have been registered as unemployed and are of more than 50 years of age; or
- Disabled persons who have been registered as unemployed.

The above tax allowance is to be used at the end of the calendar year during which the 12-month period of employment expires.

3. Incentives for investments in regions with high unemployment

As of 1 January 2007 corporate income tax in Bulgaria is 10%.

Regions with high unemployment

Incentives are available for investments in municipalities where the unemployment rate is 35% higher than the average for the country, as per a list approved by the Minister of Finance. Where the value of the exemptions/incentives and other state aids for regional development exceeds BGN 75 million, a clearance from the Competition Protection Commission is required. Where the amount of the state grants and subsidies (including tax incentives) does not exceed EUR 200,000 in a three-year period, the tax incentives can be used under less strict conditions.

a) Corporate tax exemption for manufacturing companies

Manufacturing companies which invest in municipalities with unemployment rate 35% higher than the average for the country are entitled to complete exemption from corporate income tax, subject to the following basic conditions:

- Manufacturing activity is performed only in high unemployment regions;
- Tax exemption for manufacturing companies.

The amount of the tax credit for each year should be invested in the acquisition of assets part of the initial investment within a period of three years after the end of the year in which the exemption was claimed.

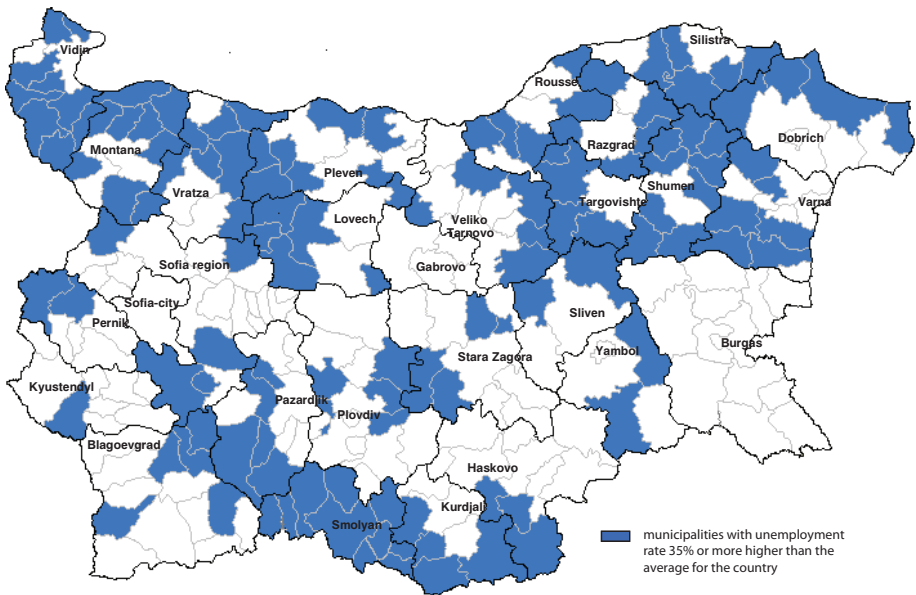
The eligible investment should consist of fixed tangible assets or licenses, patents and know-how at a value not exceeding 25% of the costs of the fixed tangible assets. It should be aimed at starting a new or expanding an existing business activity, or at launching an activity resulting in considerable changes of the product or the production process (i.e. rationalization, diversification or modernization); the investment in an asset which replaces an existing asset

of similar purpose and characteristics, and the acquisition of means of transport by taxable persons in the transportation sector shall not be counted as initial investments. The investor is also required to invest own funds of at least 25% of the amount of the acquired assets. The assets acquired shall not be disposed of for a period of 5 years, except in cases of mergers or reorganization. Some other additional conditions are also required to be met.

The incentive is available continuously, subject to meeting its conditions in each respective year. If the respective region is excluded from the list of the high unemployment regions, the incentive can be applied just for another 5 consecutive years. Where a company has started preparatory work for investing in a high unemployment region, but prior to commencement of manufacturing the region was excluded from the list, the company is still eligible to use the incentive for a period of 4 years.

High unemployment municipalities providing opportunities for corporate tax breaks in 2009 (colored)

HIGH UNEMPLOYMENT MUNICIPALITIES



b) Employment incentives

Tax incentive for job opening: the accounting financial result may be debited with the compulsory social insurance contributions to the account of the employer for the current year in respect of the newly created jobs. This incentive is applicable to companies hiring

staff in municipalities with unemployment rate exceeding the national average unemployment rate by 50%. Some conditions must be met for this reduction to be available:

- the average number of employees for the current year must have increased compared with the preceding year as a result of the newly created jobs and persons registered as unemployed must be appointed to the newly created jobs under an employment contract;
- the newly created jobs must be maintained for a minimum period of three years;
- the State aid referred to herein, together with other State aids for employment in respect of the same newly created jobs, must not exceed 50% of the cost of wages and compulsory social insurance contributions for the newly created jobs for two years;
- the State aid, together with other regional aids and State aids for employment, must not exceed 50% of the sum total of the initial investment and the cost of wages and compulsory social insurance contributions for newly created jobs related to the initial investment for two years.

Where the State aid for employment referred to herein (including other State aids for employment) exceeds BGN 30 million for three years, the reduction shall be valid if the taxable person has been granted a permissibility authorization by the European Commission under the terms and according to the procedure established by the State Aids Act.

4. Dividends

Since 1 January 2008 the tax rate of the withholding tax on dividends has been decreased from 7% to 5%.

Dividends, distributed by a subsidiary, local for an EU Member State in favor of a local (Bulgarian) mother company, are not subject to withholding tax provided that:

1. According to the tax legislation of the respective EU member State, the person is considered as a resident of this country for tax purposes and, by force of an agreement for avoiding the double taxation levying with a third state, is not considered as local person of non-EU country;
2. The person is levied with corporate tax, without having the right of choice or exemption from levying with this tax;
3. The local company holds at least 15% of the shares/stocks of the subsidiary for a period of at least two years without interruption.

Dividends, distributed by a Bulgarian subsidiary, in favor of a mother company local for an EU Member State, are also not subject to withholding tax under similar conditions.

If at the date of making the decision on distributing dividend the two years' term for owning at least 15% of the capital has not expired, no tax shall be withheld, however, a guarantee

must be submitted to the revenue body. It must cover the full amount of the due tax and may be established only by way of a cash deposit or a bank guarantee.

5. VAT incentive

Special preferential VAT regime for imports of goods necessary for the implementation of an investment project

VAT-registered investors who perform certain eligible investment projects are entitled to import assets needed for the project without effective payment of import VAT. In addition, such investors are entitled to refund VAT incurred on local purchases within 30 days after filing the tax return.

In order to benefit from the special investment rules, the investor needs to obtain an advance approval from the Ministry of Finance.

In order to receive the approval, the investment project must meet certain conditions:

- The size of investment should be at least BGN 10 million (EUR 5 million) for a period not more than 2 years;
- The period for the completion of the project should not exceed two years;
- The project should result in the creation of at least 50 new jobs;
- The project should be eligible for state aid for regional development;
- The investor should prove its ability to finance the project.

Permission shall be issued for a period of up to two years on the basis of a request in writing.

6. Special VAT Regulations for Tourism Sector

There are two regimes in the new VAT Act regarding the tourist sector depending on the services provided. The rate of tax applicable to accommodation provided by hotelier to foreign tour operators for organized group of foreign tourists (which is called "**basic tourist service**"), where part of a package tour, shall be 7%. The provision by a tour operator or a travel agent, acting in his own name, of goods or services in connection with the journey of a tourist for the direct benefit of the tourist, is treated as a supply of a **single service** to tourists. The goods and services directly benefiting the tourist shall be the goods and services which the tour operator or the travel agent has received from other taxable persons and has provided to the tourist without alteration. If the place of transaction of a single service to tourists is in Bulgaria, the tax rate is **20%**. However, if the supplies of goods and services for the direct benefit of the tourist have a place of transaction within the territory of third countries and territories (i.e. outside the territory if the Community) they are taxed at **zero rate**.

Investor Program for Residence and Citizenship

A decisive amendment in the Bulgarian legislation as of May 2009 is one of the significant government measures for encouragement of foreign investments providing considerable advantages for foreigners in Bulgaria. Under this investor program, foreigners and their families can receive Permanent Residence Permit and have the unique benefit to be exempted from physical residence as per Art. 40, para 1, sub para 6 of the Foreigners in the Republic of Bulgaria Act (FRBA). This law provision is tailored especially to foreign investors who have made a significant investment in the local economy and allows them to reside freely in Bulgaria for an indefinite term. To that effect they obtain Permanent Residence Permit, issued by the Ministry of Interior on the grounds of a certificate of the Ministry of Finance proving the amount and type of investment made.

The strict statutory procedures to be followed are provided into the Foreigners in the Republic of Bulgaria Act, the Regulations for its implementation and in the Ordinance for the Conditions and Procedure for Issuance of Visas as well. These three legislative acts give legal definitions of "foreign investor" and "qualified forms of investment", as well as the legal framework of entering, residing and exiting the Republic of Bulgaria by citizens of non-EU countries.

Requirements

Permanent Residence Permit may be provided to a foreign investor who has a Certificate for Investment in Bulgaria issued by the Ministry of Finance. To obtain such Certificate, the foreign person must invest at least 1,000,000 BGN (€511,292) in qualified governmental bond portfolio or under trust management agreement with chartered local credit institution for a period of five years.

The required documents by the Ministry of Finance in order to issue such Certificate include but are not limited to: Investment Agreement, Proof of Incoming Foreign Funds (SWIFT), Bank Investment Confirmation, Declaration for Source of Funds, Power of Attorney, etc.

The obtaining of Investment Certificate is a condition for the application for long-term visa (Visa D). In order to apply for it the investor must present the following documents in the Bulgarian consulate or embassy in the respective country of residence:

- Application form
- Passport with validity of no less than 12 months
- Two recent photographs of the applicant
- Original of the investment certificate issued by the Bulgarian Ministry of

Finance

- Notarized lease agreement for residence in Bulgaria
- Proof of the non-criminal record in the country of residence
- An insurance policy issued by an insurance company licensed to conduct insurance business within the territory of the European Union, with a minimum cover of €30,000
- Proof of possession of sufficient funds to cover the accommodation costs, to the minimum amount of EUR 50 for each day of the stay as requested by the visa application or the equivalent of this amount in another freely convertible currency.

The statutory term for issuance of a Visa D is 60 days after submission of all required documents.

Permanent Residence

The Migration Directorate of the Ministry of Interior issues Permanent Residence Permit. This document entitles its holder to enter and exit Bulgaria freely and to reside in the country for an indefinite period of time. The Permanent Resident must then apply for Bulgarian personal identity number and afterwards – for a Bulgarian permanent residence card. Permanent Residence Permit, which takes up to 60 days to be processed, may be provided to a foreign investor who has a valid passport with Bulgarian long-term visa (type D), original clear criminal record, Certificate for Investment in Bulgaria, rent agreement, and others.

Citizenship

According to the Bulgarian Citizenship Act (BCA), a foreign investor may apply for Bulgarian citizenship at least five years after acquiring of Permanent Residence Permit provided that it has not been interrupted. To that effect the foreign person must, as of the date of filing the application for naturalization and as per Art. 12 of BCA: have reached the age of majority (18 years); maintain a current valid status of Permanent Residence, have never been sentenced by a Bulgarian court for criminal offence nor accused of committing such a crime in criminal proceedings, unless he has been rehabilitated.

A foreign citizen may acquire Bulgarian citizenship regardless of the provisions of Art. 12 of BCA if the Republic of Bulgaria has demonstrated distinct interest in his/her naturalization or if the concerned person has made a special contribution to the Republic of Bulgaria in socio-economic spheres, as well as in the fields of science, technology, culture and sports.

Bulgarian citizenship is granted by the President of the Republic by virtue of a President Decree issued on the grounds of a special well-founded proposal by the Minister of

Justice after the completion of a statutory procedure provided for in the Bulgarian Citizenship Act.

More about the program

For additional information about the requirements, qualified investments, investment financing, legal conditions, statutory terms and procedures regarding the Investor Program for Residence and Citizenship or any other question related to obtaining Permanent Residence Status leading to future Bulgarian citizenship, please refer to the specialized Financial Intermediary ARTON CAPITAL.

Key Procedures

a) Company registration

Pursuant to the new Commercial Register Act, the procedure for incorporation of commercial companies is transformed from judicial into administrative. Commercial companies and branches are subject to one single registration in the commercial register with the Registry Agency and this registration serves also for tax, social security and statistics purposes. The commercial registration of trade representative offices remains with the Bulgarian Chamber of Commerce and Industry. The legal entities that are not commercial are subject to registration under the Law on BULSTAT Register at the Registry Agency.

Registration of Limited Liability Company

Authority	Any registry office of the Registry Agency
Required documents and procedure	<p>The LLC (OOD in Bulgarian) is founded or owned by one or more persons, including foreign individuals or legal entities. The minimum authorized capital is BGN 2.</p> <p><u>Forming a Limited Liability Company</u></p> <ul style="list-style-type: none"> ▪ Reservation of the name of the company and issuance of a certificate for uniqueness of the name (optional); ▪ Composing articles of association or founding a deed for a sole owner LTD; ▪ Formation of company's share capital (at least BGN 2) ▪ Issuance of bank deed certifying that the statutory minimum of the capital has been paid; ▪ Appointment of managing body; ▪ Issuance of a permit from the competent body for performing specific commercial activity before entry into the commercial register (e.g. investment broker); <p><u>Necessary documents for registration in the Commercial Register</u></p> <ol style="list-style-type: none"> 1. Application for registration 2. Constituent act 3. Constitutive assembly minutes 4. Notary certified consent with specimen of signature for each of the managers 5. Declaration in compliance with art. 142 CA (Commercial Act) 6. Bank document of capital deposited 7. Company name uniqueness certificate 8. Certificate for actual status of a shareholder – legal person 9. Decision of the General meeting respectively of the sole owner of the capital concerning the appointment of a manager/managers of the company 10. The respective license or permit required by virtue of special laws for the performance of a specific activity 11. Decision of the managing body of a shareholder – legal person 12. Receipt for paid state taxes

Fees	<p>1. Registration – BGN 160 (BGN 110 when the required documents are submitted by electronic means)</p> <p>2. Reservation of the name of the company and issuance of a certificate for uniqueness of the name – BGN 50</p> <p>Minimum capital for establishing LLC – BGN 2</p>
Timeframe	1 day
Legal framework	Law of the Commercial Register Commercial Law

Registration of Joint-Stock Company

Authority	Any registry office of the Registry Agency
Required documents and procedure	<p>Persons entitled to request registration-only the relevant managing body of the company could request registration in the Commercial register.</p> <p>Preliminary preparation for the registration procedure:</p> <ol style="list-style-type: none"> 1. Reservation of company name and obtaining a certificate for uniqueness of the company name (optional) 2. Holding Constitutive Assembly, where the Articles of Association is accepted and the managing bodies are voted. At the meeting all shares of the JSC capital should be subscribed. 3. Founders Contributions, which must be made by the founders in cash or by in-kind contribution (contributed property). <p>Necessary documents for registration in the Commercial Register:</p> <ol style="list-style-type: none"> 1. Application signed by all members of the managing body 2. Articles of Association, accepted on the constitutive meeting 3. Minutes of the constitutive meeting, drawn in compliance with the terms and conditions of Art. 232 and subsequent from Commercial Law 4. List of the persons, subscribing shares upon the incorporation (founders) attested by the managing body 5. Bank document for pecuniary contributions, installed by the subscribers 6. Written consent with a notary certified signature of the contributor of in-kind contribution (contributed property) 7. Notary certified signature specimens of the persons, who shall represent the company 8. Founders' declarations (if natural persons) stating that they are not declared insolvent and court certificates for the founders-legal persons are not declared insolvent 9. Declarations of the members of the managing authorities that they agree to become members of the relevant authority 10. Notary certified consent and declaration of the board members in compliance with Art. 234 (3) Commercial Act 11. Certificate for actual status of a shareholder – legal person 12. Decision of the managing body of a shareholder – legal person 13. Experts' statement duly admitted by the district court if non-cash contributions are made

	<p>14. For founder who is legal person – court registration, certificate of good court standing, managing body resolution for participation in the joint-stock company and an explicit notary certified power of attorney of the person who represents the legal person at the constitutive meeting</p> <p>15. Receipt for paid state taxes</p>
Fees	<p>Reservation of company name and obtaining a certificate for uniqueness of the company name – BGN 50 (BGN 35 when the required documents are submitted by electronic means)</p> <p>For JSC registration – BGN 460 (BGN 320 when the required documents are submitted by electronic means)</p> <p>For registration of banking or insurance JSC – BGN 1,700 (BGN 1,200 when the required documents are submitted by electronic means)</p> <p>For registration of JSC branch – BGN 430 (BGN 320 when the required documents are submitted by electronic means)</p> <p>Minimum capital for establishing JSC – BGN 50,000</p>
Timeframe	1 day
Legal framework	Law of the Commercial Register Commercial Law

Registration of trade representative office of a foreign person

Authotrity	Bulgarian Chamber of Commerce and Industry (BCCI)
Required documents and procedure	<ol style="list-style-type: none"> 1. Application form with a registration request 2. Official document for the registration of the foreign person, issued by the competent authority in compliance with the person's national legislation 3. Resolution of the managing body of the foreign person to open a trade representation office in Bulgaria 4. Special power or attorney in the original, notary attested issued by the person in item 2 to the person authorized to register and govern the representation office. As well as the volume of permitted rights 5. Official document indicating the persons representing and binding the foreign person 6. Original specimens of the persons, representatives in the Republic of Bulgaria by right or by special powers, notary attested 7. Document for paid fee for registration in BCCI 8. Filled-in registration card for the information system of BCCI
Fees	EUR 120
Timeframe	3 days
Legal framework	Investment Encouragement Law

Registration under BULSTAT

Authority	The registry offices of the Registry Agency at the place of company's headquarters (www.registryagency.bg)
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<p>Required documents and procedure</p>	<p>Branches of foreign and local entities, which are not commercial and trade representative offices registered at BCCI</p> <ol style="list-style-type: none"> 1. Certified copy of the document for registration/ registration at BCCI; 2. Copy of the decision defining the person who manages/ represents the branch (for branches of local entities); 3. Declaration indicating the following data: <ul style="list-style-type: none"> - Address for correspondence on the territory of the country as well as phone, fax, e-mail address; - Address of implementing of the activity; - Subject of activity/basic economic activity of the company; - Document for paid state fee. <p>The new Law on BULSTAT register provides for registration at the territorial divisions of the Registry Agency for issuance of an identification code of the following categories of foreign nationals:</p> <ol style="list-style-type: none"> 1. Long-term and permanent residents exercising free-lance profession or craft activity (*Foreign nationals, except for citizens of the EU and EEA Member States, who do not possess permanent residency permit, need a permit issued prior to the commencement of the activity by the Employment Agency); 2. Foreign nationals who do not have unified civil number (personal identification number) or personal number of a foreigner (who have entered the country with a short-stay visa – visa C) and: <ul style="list-style-type: none"> - Implement commercial activity or render independent personal services in the country (such are activities which cannot be determined as activity of an enterprise, as craftsman's or as free-lance profession), including also through place of economic activity or defined base or object, or - Are insurers. 3. Foreign nationals who have acquired immovable property in Bulgaria. <p>BULSTAT code is identified with identification card and until its issuing – with a registration certificate with one-month term of validity. Within 5 days after the expiration of the term, the manager (respectively, the representative or other explicitly authorized person) is obliged to return the registration certificate in the office in order to receive the identification card. Upon applicant's request, the identification card can be supplied with a microprocessor chip containing the data, entered in the register in electronic form. Such a card is issued within 14 days.</p>
<p>Authority</p>	<p>The registry offices of the Registry Agency at the place of company's headquarters (www.registryagency.bg)</p>
<p>Fees</p>	<p>Foreign person executing economic activities in Bulgaria, including place of economic activity or specific base – BGN 40 Trade representative offices registered at BCCI – BGN 70 Branch of a non-profit organization – BGN 15 Foundation, partnership – BGN 40</p>
<p>Timeframe</p>	<p>1 day</p>
<p>Legal framework</p>	<p>Law on the BULSTAT Register Commercial Law</p>

b) Construction

Procedure	1. Transformation of the legal status of the land from agricultural to industrial (if the land purchased is agricultural)
Authority	1. Commissions to the regional directorates "Agriculture and forests" – when the requested area is up to 5 ha and the land is located in the land areas of the settlements on the territory of the respective region; 2. The Commission for the farm lands – in all the other cases.
Required documents and procedure	<p>For the purpose of land zoning, agricultural lands are classified in 10 categories as per the soil performance and climatic conditions, the relief and technological qualities of the land, its suitability for production of different kinds of vegetal production and the imposed restrictions of land usage, under conditions and by an order determined by an ordinance issued by the Council of Ministers.</p> <p>Preliminary steps and documents:</p> <ol style="list-style-type: none"> 1. Act for categorization of the agricultural lands at the change of their designation, issued in compliance with the Ordinance for Categorization of Agricultural Lands 2. Determined necessary platform or track with a project for detailed development plan and a positive decision for environmental impact assessment, issued by the order of the Environmental Protection Act. 3. Approved detailed development plan according to article 129 of the Law for Spatial Planning. 4. Land deed <p>In the presence of an approved detailed development plan, the owner of the land or the investor of the site shall propose a change of the designation of the necessary agricultural land. The commissions shall take decision for change of the designation of the agricultural land within 14 days from filing the proposal. Along with the proposal, the applicant must file 2 copies of the approved detailed development plan.</p> <p>Copy of the decision for change of the designation of farm lands for purposes other than agricultural shall be sent within 7 days from its enactment by the respective commission to the cadastre office at the location of the real estate for entry into the cadastre.</p>
Fees	State fees are determined by a tariff of the Council of Ministers. The fee is paid by the owner of the agricultural land who has required the change of its purpose or by the investor.
Timeframe	90 days (60 days)
Legal framework	Law for Preservation of Agricultural Lands, Rules and Regulations for Implementation of the Law for Preservation of Agricultural Lands

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Procedure	2. Design Visa
Authority	The chief architect of the respective municipality
Required documents and procedure	<ol style="list-style-type: none"> 1. Application form 2. Land deed 3. Documents certifying the right to build 4. Documents for limited property rights 5. Other documents <p><i>Remark: The environmental impact assessment is conducted prior to issuance of a design permit visa in compliance with the Environmental Protection Act (depending on the type and scope of construction)</i></p>
Fees	Pursuant to Article 9 of the Law for the Local Taxes and Fees, the Municipal Council determines the fees for issuing design visas for each municipality
Timeframe	14 days (5 days)
Legal framework	Law for Spatial Planning

Procedure	3. Preparation and approval of draft architectural project
Authority	Chief architect of the municipality District Governor if the project includes more than one municipality Minister of Regional Development and Public Works, if the project includes more than one district or is of national significance
Required documents and procedure	<ol style="list-style-type: none"> 1. Application form; 2. Document proving the ownership of property or the construction right; 3. Design visa.
Fees	Pursuant to Article 9 of the Law for the Local Taxes and Fees, the Municipal Council determines the fees for each municipality.
Timeframe	1 month (14 days)
Legal framework	Law for Spatial Planning

Procedure	4. Coordination and approval of technical or working investment project
Authority	Chief architect of the municipality District Governor if the project includes more than one municipality Minister of Regional Development and Public Works, if the project includes more than one district or is of national significance
Required documents and procedure	<ol style="list-style-type: none"> 1. Application form; 2. Document proving the ownership of the property; 3. Design visa; 4. Three copies of the investment project; 5. Environmental impact assessment (Art. 144 of the Law for Spatial Planning).

	<p>The following documents should also be enclosed:</p> <p>Preliminary contract for connecting to the electricity distribution network with the National Electric Company;</p> <p>Preliminary contract with a local water and sewage company for connecting to the water and sewage network;</p> <p>Approval of the project by the competent fire safety authority (for sites with over 200 workplaces and other listed buildings).</p>
Fees	Pursuant to Article 9 of the Law for the Local Taxes and Fees, the Municipal Council determines the fees for each municipality
Timeframe	1 month (14 days)
Legal framework	Law for Spatial Planning

Procedure	5. Construction permit
Authority	<p>Chief architect of the municipality and for cities with district division – upon decision of the Municipal Council – by Chief Architect of the district</p> <p>District Governor if the project includes more than one municipality</p> <p>Minister of Regional Development and Public Works if the project includes more than one district or is of national significance</p>
Required documents and procedure	<p>Permission for construction in cases when approval of investment design is not required shall be issued only on the basis of application for permission to the chief architect and document for ownership, established construction right or right to build on other's property by force of special law. If approval of investment project is required, it must be enclosed with the written application.</p>
Fees	Tariff No 14 for the fees collected by Ministry of Regional Development and Public Works and by district governors
Timeframe	7 days
Legal framework	Law for Spatial Planning

Procedure	6. Certificate for compliance with the fire safety rules
Authority	Director of National Fire Safety and Population Protection Directorate
Required documents and procedure	<ol style="list-style-type: none"> 1. Written request to the Director of National Fire Safety and Population Protection; Directorate 2. Certificate of good court standing issued by the Commercial Registry; 3. Copy of ID card from BULSTAT registry; 4. Copy of ID card of the applicant when he/she is a natural person; 5. Copy of the documents identifying the site by type, built-up area, and fire hazard category of the production facility; 6. Receipt for paid state fee; 7. Information on the raw materials used; 8. Construction, technical and technological documentation if it is necessary for the certificate examinations; 9. Presence of specialists and experts when it is necessary for the certificate examinations.

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	The authorities of National Fire Safety and Population Protection Directorate shall examine the site for compliance with the fire safety rules within 1 month from the date of the written request. They shall make a record about the results from the examination, on the basis of which, it shall be decided if the site is in compliance with the fire safety rules. The certificate is valid for 3 years.
Fees	Article 31 of Tariff No 4 for the fees collected by Ministry of Interior determines the fees
Timeframe	1 month (14 days)
Legal framework	Ordinance No. I3-489 for the rules on state fire prevention control, issued on 28.03.2007

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CONTACTS OF MAJOR INSTITUTIONS IN BULGARIA	
President of the Republic of Bulgaria www.president.bg	National Assembly of the Republic of Bulgaria www.parliament.bg
Government	
Council of Ministers www.government.bg	Ministry of Education and Science www.minedu.government.bg
Ministry of Economy and Energy www.mi.government.bg	Ministry of Labour and Social Policy www.mlsp.government.bg
Ministry of Finance www.minfin.bg	Ministry of Foreign Affairs www.mfa.government.bg
Ministry of Regional Development and Public Works www.mrrb.government.bg	Ministry of Transport www.mtitc.government.bg
Ministry of Environment and Water www.moew.government.bg	Ministry of Agriculture and Forestry www.mzh.government.bg
Other state institutions	
Privatization Agency www.priv.government.bg	Bulgarian State Tourism Agency www.bulgariatravel.org
Bulgarian Small and Medium Enterprises Promotion Agency www.sme.government.bg	National Construction Control Directorate www.dnsc.mrrb.government.bg
Agency for Economic Analysis and Forecasting www.aeaf.minfin.bg	Cadastre Agency www.cadastre.bg
National Revenue Agency www.taxadmin.minfin.bg ; www.nap.bg	National Customs Agency www.customs.bg
Public Procurement Agency www.aop.bg	Competition Protection Commission www.cpc.bg
Energy Efficiency Agency www.seea.government.bg	PHARE Implementing Agency to the Ministry of Economy and Energy www.iaphare.org
National Audit Office www.bulnao.government.bg	National Employment Agency www.az.government.bg
State Agency for Information Technology and Communications www.esmis.government.bg	Patent Office of Republic of Bulgaria www.bpo.bg
Executive Agency Bulgarian Accreditation Service www.nab-bas.bg	Executive Agency Certification & Testing www.exact.e-gov.bg
State Energy and Water Regulatory Commission www.dker.bg	Bulgarian Export Insurance Agency www.baез-bg.com
Bulgarian Drug Agency www.bda.bg	National Agency for Vocational Education and Training www.navet.government.bg
Other institutions & organizations	
National Statistics Institute www.nsi.bg	Bulgarian Branch Chamber of Energy www.bbce.org
Bulgarian Chamber of Commerce and Industry www.bcci.bg	National Health Insurance Fund www.nhif.bg
Bulgarian Industrial Association www.bia-bg.com	National Social Security Institute www.noi.bg
Bulgarian Academy of Sciences www.bas.bg	Confederation of Employers and Industrials in Bulgaria www.ceibg.bg/
Bulgarian Stock Exchange www.bse-sofia.bg	Bulgarian Credit Rating Agency www.bcra-bg.com
Bulgaria National Chamber of Electrical Engineering www.bcee-bg.org/	Bulgarian Branch Chamber of Machine Building www.bbcmb.dir.bg/index_en.html
Arton Capital www.artoncapital.com	Investor Program for Residence and Citizenship in Bulgaria www.invesbulgaria.eu



InvestBulgaria Agency

IBA services:

InvestBulgaria Agency is the Government investment promotion arm, part of Ministry of Economy and Energy.

- Macroeconomic data on Bulgaria
- Legal advice
- Data on operational costs
- Regional information: industrial zones and infrastructure, data on unemployment, skilled labour force and level of education
- Recommendation of investment project sites
- Financial support for training, infrastructure and land acquisition
- Personalized administrative servicing
- Liaison with central and local governments
- Liaison with branch chambers and NGOs
- Endorsement of Investment Program for Residence and Citizenship



INVESTOR PROGRAM FOR RESIDENCE AND CITIZENSHIP IN BULGARIA

- ✓ **Invest in Bulgaria**, become resident of EU member country
- ✓ **Fast track process**, 6 to 9 months within legislative framework
- ✓ **Government approved** investment and available financing options from Banks
- ✓ **Special exemption** from physical residence enforced with the legislation
- ✓ **Unique benefits** towards EU citizenship for investors and their families
- ✓ **Highly-skilled labor** force at Europe's lowest operational cost
- ✓ **Free movement** within Schengen countries starting 2011
- ✓ **Strategic geographic location**, linking Europe to Asia, Middle East and Africa
- ✓ **Favorable tax** rates and free trade environment within EU
- ✓ **Competitively priced** healthcare and education

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