

How to start own business

How to start your own business in Bulgaria

To start a company in Bulgaria is both not expensive and easy. Bulgaria has relatively low taxes and low labor costs and this makes it a good place to start and grow a business. There are many benefits available to new business owners and companies can start growing quickly and easily. Bulgaria is also a member of the European Union, which allows you to enter the single EU market. Also 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. No prior authorization is needed except for certain highly-regulated businesses, such as banking, insurance and transport.

Foreign citizens (also citizens of third countries - outside the EU) are not subject to a special regulation - they are free to follow the same procedure as Bulgarian citizens. It is not obligatory for the owner of the company to live in Bulgaria. But it is recommended for him/her be present during the procedure of registration of the company.

There are only some specific requirements:

- the documents for the registration of the company to be written both in Bulgarian and another language. This language is usually English, but could be any language, which the owner of the company understands;
- the owner should have a passport as document to prove his/her identity and provide both the original and copy. 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;
- also in the Bulgarian version of the documents, the data of the company (including the names of the owner) should be written in Bulgarian letters.

For the process of registration of company in Bulgaria:

- the company should have a bank account and local address for efficient communication with the authorities;

- 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;
- there must be at least one director, who is allowed to represent the company in front of all authorities (there is no requirement for the director/s to be resident in Bulgaria);
- the company has to be registered in the commercial register of the district court, where the business is located;
- the company must also be registered at the local tax office and also the National Statistical Institute.

One can register different **types of companies** in Bulgaria, of which the most common are:

- a limited liability company - either sole-owned (EOOD) or with multiple shareholders (OOD) - the minimum share capital for these types of companies is only 2 Bulgarian leva (BGN), which is €1 and should be paid entirely in the company's bank account . If a company wants to register with capital above this minimum, then at least 70% of it must be paid into the company's accumulation account.
- a joint-stock company - either sole-owned (EAD) or with multiple shareholders (AD). The minimum capital amount required by the law for AD/EAD is 50,000 leva (Bulgarian currency). In the statutes you can determine the part of the capital that you will put in the company bank account at the start - but it cannot be less than 25%. The company should have at least three Board members. An annual audit is required for all joint-stock companies.

The **documents** you need to register a company of the type sole-owned limited liability company (EOOD) and the steps to follow are given below:

- Choose a name for your company. You will have to verify that the name you have chosen is unique. This name should not repeat with the name of

another company, which is already registered in the Commercial Register of the country. This is easy to check on the Internet from the [Trade Register site](#). You have to click on the link “Commercial register”, then choose the link “References”, then the link “Rights over the company”. In the blank space there you must write the business name you want to have for your company. If the search shows you result “no results found” – then you know the name you want to register is free. Pay attention that the name of the company should be written in Bulgarian language in the search. However be careful about close company names. If there is an existing company “IGAN Company” and you want to register “IGAN-Company”, the name of your company is very close to the already registered one. In this case registration of your company with this name may be refused. Note: If the site displays a Certificate error, click Proceed anyway to open the page.

- If you want you can keep your company’s name. This is done at the [Registry Agency](#) on the basis of an application form D1, which can be downloaded from the Trade Register www.brra.bg, Documents section. This act has an effect on the territory of the whole country. The fee for saving the name of a company for yourself is 50 leva. Absolutely anyone can keep a company name before filing an application for registration. However this makes sense only if you do not intend to register a company at the moment, but you will register it in the next few months and want to make sure that no one will register a company with the same name during that time.
- Then you will have to prepare all the [necessary documents for the registration](#)
- A document for capital paid in the bank. This document can be issued by a bank of your choice. The law does not specify the kind of banks, in which the initial capital of the company should be paid.
- Consent to accept management and specimen of signature (specimen). It must be certified by a notary and signed by the manager. You can prepare the specimen yourself and only ask the notary to certify it. Or you can ask the notary office to prepare it for you – but in this case you will have to pay much more.
- Instead of consent to accept management and specimen of signature you can prepare a combined declaration under Art. 141, para 3 and para 8 of the Commerce Code. With this declaration one can at the same time

accept the management of the company; write down the specimen of the signature and sign a declaration of lack of other obstacles for the exercise of the activity. With this combined document you can save a notary fee.

- Application A4 of the Registry Agency (entry of the circumstances regarding a limited liability company) - contains the company name, manager, capital, etc.
- The protocol of the decision of the sole owner - it certifies the desire to set up a company.
- Founding act of the company. It must contain: name of the company, company's address (headquarters) - registered office of the company; scope of business activity; the name and personal details of the manager.
- Declaration under Art. 13, para. 4 of the Commercial Register Act - with this declaration the truth of the announced circumstances is declared, and also all the acts presented for announcement shall be accepted. This declaration is submitted when the documents are submitted in the Registry agency by the manager of the future company himself/herself.
- Declaration under Art. 13, para. 5 of the Commercial Register Act - with this declaration, it is stated that the application (application A4, mentioned above) and the documents annexed to it have been provided by the applicant. It is submitted only if the documents are filed by an authorized person (also a power of attorney required in this case). In short: if you as the manager submit the documents - you need - Declaration under Art. 13 para 4. If someone else files the documents on your behalf you need Declaration under Art. 13 para 5.
- Declaration under Art. 142 from the Commercial Law (CC) - this declaration is about prohibition of doing competitive activity. It must be signed by the manager.



The building of the Registry agency in Sofia. [Source](#).

About the taxes in the country

Bulgaria has a lot to offer to entrepreneurs with its tax system of low taxes. The tax system includes the following:

- flat corporate income tax rate that is at 10%;
- 0% corporate tax in regions with high unemployment (under specific conditions);
- flat personal income tax rate of 10%;
- 5% dividend tax;
- also a wide network of benefits like for example: exemptions on paying value added tax (VAT) on importing production means for certain production projects; possibility for tax deduction on costs for research and development; expedited amortization term of 2 years on computers and production equipment; no restrictions on the repatriation of capital.