

Bulgaria

Legal Provisions

Compiled by:

Bulgarian – Swiss Chamber of Commerce

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GENERAL REMARKS

Bulgaria is a member of the European Union, NATO and major international organizations.

The current Bulgarian legal system is dynamic and constantly improving, by adopting the modern patterns which reflect economic progress, globalization and political development. The process of harmonization of the legal system with the EU *acquis communautaire*, has finished successfully.

The administration of justice in Bulgaria is based on three instances. The courts are state bodies that administer justice in civil, criminal and administrative cases.

The organization and activities of the Bulgarian courts are governed by the Judicial System Act, which lays down the structure and operating principles of the judicial bodies and governs their interaction with each other and with the legislative and executive bodies.

CUSTOMS

Bulgaria is bound by the EU Customs Tariff (TARIC). Customs issues are managed by the competent Bulgarian Customs Agency <http://customs.bg/>. The agency works closely with respective EU institutions in order to achieve full harmonization of standards.

Products which are imported into Bulgaria are subject to a VAT (generally 20%) and in some cases to an excise tax (petrol products, alcohol, tobacco) in addition to customs duties.

IMPORT AND EXPORT REGULATIONS

Imports from Switzerland are generally customs-free. The legal basis for this is the free trade agreement with the EC signed in 1972. Exceptional restrictions to the free trade regulations must be motivated by public health reasons.

Ministry of Health: www.mh.government.bg

Customs Agency: <http://customs.bg/>

CURRENCY REGULATIONS

The national currency of the Republic of Bulgaria is the Bulgarian Lev (ISO 4217 code: BGN). No individual or legal entity is allowed to refuse payment carried out in the national currency.

Currency Board introduction took place in Bulgaria on July 1, 1997 after the approval of the new legal act on the Bulgarian National Bank (BNB) by the Parliament. The new act pegged the Bulgarian Lev to the German mark (Deutschemark), at an official exchange rate of one Bulgarian Lev per one German mark. The act also obliged the BNB to sell and purchase on demand German marks against Levs up to any amount within the territory of Bulgaria. With the replacement of the German mark with the euro, the Bulgarian Lev's peg has been switched to the euro and set at rate of BGN 1.95583 per 1 euro, which was the fixed exchange rate of the German mark to the euro.

Being a member of the European Union, Bulgaria also follows the EU directives on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing.

Cross-border transfers and payments may be made through the payment service providers upon stating the grounds for the transaction or payment respectively. A person who makes a cross-border payment or transaction of a sum exceeding BGN 30,000 (€ 15,339) (including sums in other currency whose equivalent in BGN exceeds BGN 30,000) to a third country shall also present to the payment service providers specific documents and proofs.

Bulgaria has introduced a limit of BGN 15,000 (€ 7,669) for any transaction to be paid in cash.

The payment system is modern (credit cards are generally accepted in stores, restaurants etc.) and works well. It is recommended to use bank transfers for cross-border transactions.

Since 2007, any person entering or leaving the EU (incl. BG) with €10,000 or more in cash is required to declare that sum to the competent authorities of the Member State through which EU territory is entered or left.

http://ec.europa.eu/taxation_customs/customs/customs_controls/cash_controls/index_fr.htm

REGISTRATION PROCEDURE FOR PRODUCTS

Bulgaria protects licenses, trademarks and copyrights.

The Bulgarian law protects the products of intellectual labour, but distinguishes between their specific characteristics, providing them with separate protection regiments. Thus, for all objects of industrial property, protection arises after registration with the Patent Office www.bpo.bg which keeps separate registries for each type of industrial property (e.g. Geographical Indications Registry).

However, in regard to copyright protection arises from the moment a work is incorporated in an objective carrier.

STANDARDS, TECHNICAL RULES, LABELLING REGULATIONS

Bulgaria applies the harmonized EU standards. For products not covered by these standards ISO standards are applied. However, in order to verify the relevant standards currently in force, refer to the following entity:

Bulgarian Institute for Standardization (BDS)

www.bds-bg.org

The labelling requirements vary depending on the products but follow EU directives. In general labels should include information regarding origin, identity, quality, composition and conservation of the product. It must be in Bulgarian.

TAXES

Corporate income tax and personal income tax in Bulgaria applies in a single rate of 10% (the lowest in Europe).

Products which are imported into Bulgaria are subject to a VAT (generally 20%) and in some cases to an excise tax (petrol products, alcohol, tobacco) in addition to customs duties.

On 19.09.2012 in Sofia, Switzerland and Bulgaria signed a new double taxation agreement (DTA) in the area of taxes on income and capital. It replaced the agreement of 28 October 1991 and contains provisions on the exchange of information in accordance with the international standard applicable at present. It is largely in line with Switzerland's agreements policy.

More info at: <https://www.news.admin.ch/message/index.html?lang=en&msg-id=46017>

SETTING UP COMPANIES

The following corporate forms exist under Bulgarian law:

- limited liability company,
- joint-stock company
- general partnership,
- limited partnership, and
- partnership limited by shares.

Commercial companies are set up as legal entities separate from their founders. Regardless of the nationality of their founders, all companies registered in Bulgaria are considered to be Bulgarian legal entities which are established and existing under Bulgarian law.

Foreign equity participation in a Bulgarian company can be up to 100%. The incorporated companies receive the capacity of legally established entities since the moment of entry into the commercial register kept by the Registry Agency, which is electronic and is online accessible through www.brra.bg.

For the establishment of foreign investments under Bulgarian law, in addition to five different companies listed above, the investor – legal entity may choose one of the following corporate forms:

- Branch and
- Trade representation

PROMOTION OF INVESTMENT

InvestBulgaria Agency is the national agency for investment promotion in Bulgaria.

www.investbg.government.bg

ENTRY CONDITIONS, WORK PERMITS, RESIDENCE PERMITS, LABOUR LAW

Following the introduction of the free movement of persons, Swiss citizens are granted the right to freely choose their place of work and residence within the European Union, including Bulgaria. In order to do so, Swiss citizens either must present an employment contract, be self-employment or possess sufficient financial resources and health insurance. The free movement of persons is furthermore facilitated by a system of mutual recognition of professional qualifications in regulated

professions and a coordination of national social security schemes.

On the other hand, and according to Article 5 of the agreement on the free movement of persons, a service provider or company has the right to provide services in another country not exceeding 90 days of actual work per calendar year.

www.admin.ch/ch/f/rs/c0_142_112_681.html

The largest part of the economic activity in Bulgaria is concentrated in the capital city Sofia and in several of the biggest cities in the country. The relationship between employer and employee is regulated by a large number of labour laws and the social security contribution system is highly complex. In Bulgaria collective bargaining agreements can be concluded at the level of enterprise, branch, industry and municipality. Bulgarian labour legislation predominantly protects the interests of the employee. Also the rules of termination of the employment relationship by the employer are quite restrictive. Dismissing an employee is further obstructed by court practices (most of the court decisions are in favour of the employee). Certain labour law disputes are subject to a specific court procedure before the civil courts. In Bulgaria there are several trade unions that are recognised as representative organisations of employees at national level.

SOURCES OF INFORMATION

See the links above

Bulgarian – Swiss Chamber of Commerce

www.bscc.bg

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