

# **BULGARIA – EUROPEAN TAX PARADISE**

## **Guide to Taxation in Bulgaria**

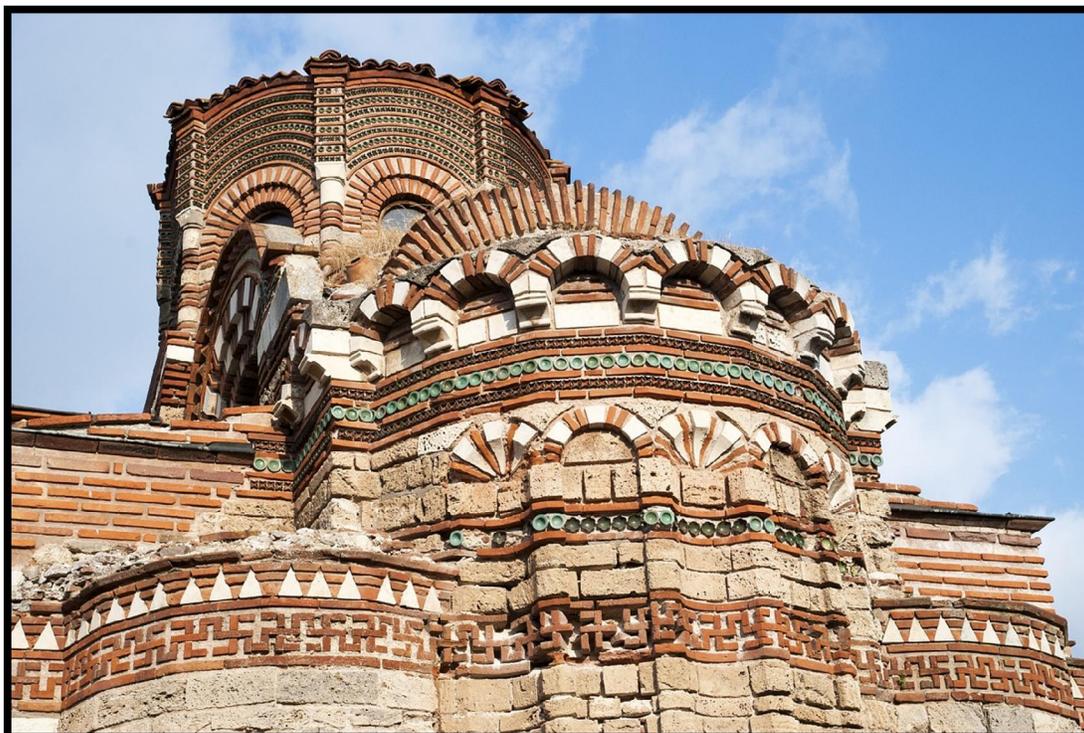


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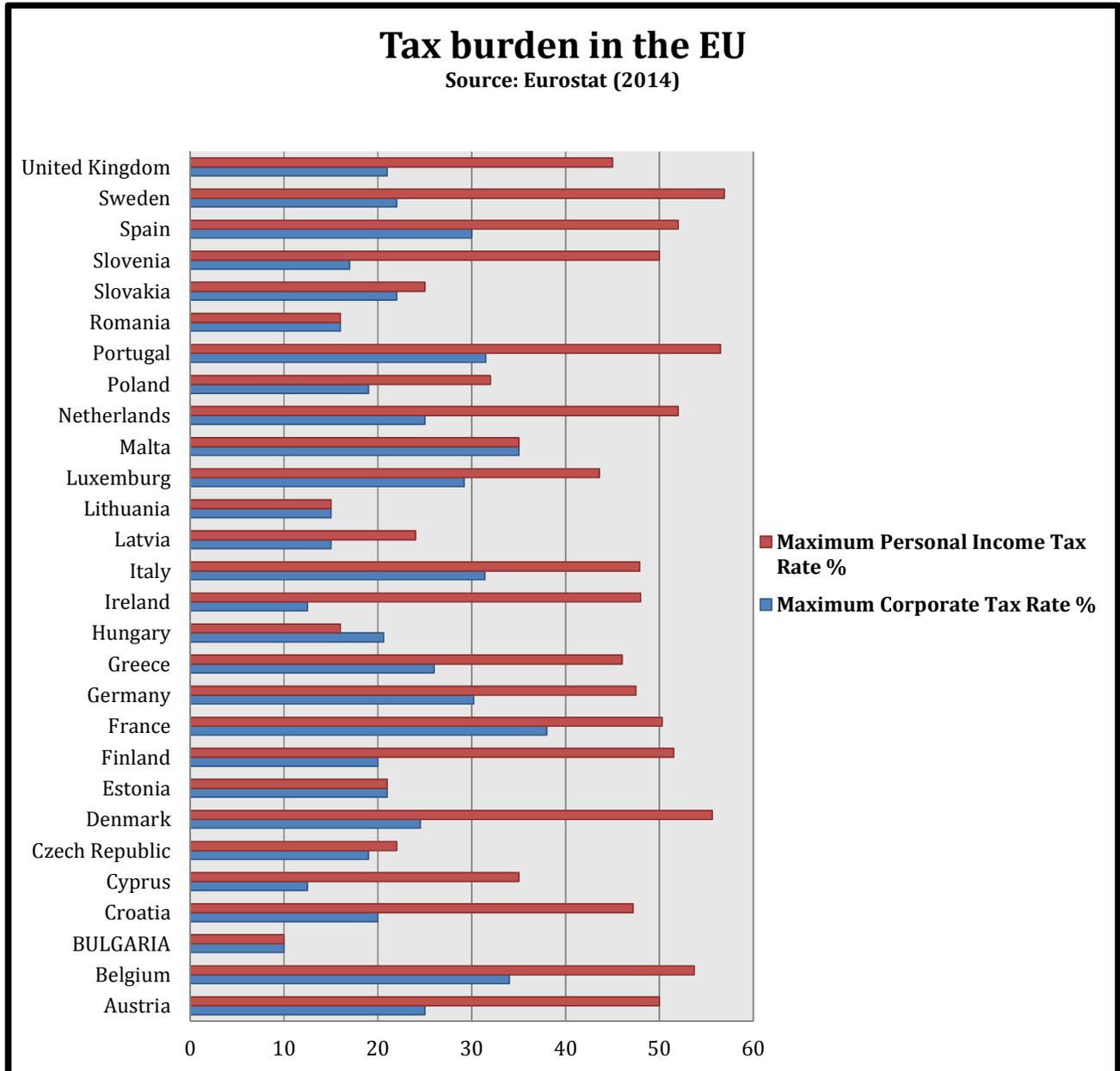
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## 1. INTRODUCTION

Bulgaria is an attractive destination for businesses and individuals because of its low tax rates, qualified and low-cost workforce, and good strategic location.

Bulgaria became a Member State of the European Union on 1 January 2007. Hence, the Bulgarian tax system is harmonized with the EU tax laws.

This booklet provides a concise and easy-to-understand information for everyone who is interested in Bulgarian taxes. The information will come handy for those who are looking for business and living opportunities in the European tax paradise.



## 2. TAXATION OF INDIVIDUALS

TAXATION OF INDIVIDUALS			
RESIDENTS		NON-RESIDENTS	
Personal income tax		Personal income tax	
Taxable income	Worldwide	Taxable income	Income from Bulgarian sources
Regular rate	10 %	Regular rate	10 %
Rate applying to self-employed individuals	15 %	Rate applying to self-employed individuals	15 %

### 2.1 RESIDENCE

- ✓ Individuals are considered to be Bulgarian residents for tax purposes if at least one of the following three conditions is met:
  - They spend 183 days a year in Bulgaria;
  - Their vital interest lies in Bulgaria (e.g., maintaining a business or having a family in Bulgaria);
  - They have a permanent address in Bulgaria. However, if an individual has a permanent address in Bulgaria, but her/his center of vital interests lies abroad, then the individual is not considered to be a Bulgarian resident.

### 2.2 PERSONAL INCOME TAX FOR RESIDENT INDIVIDUALS

#### Taxable income of resident individuals

- ✓ The taxable income of resident individuals include the following worldwide income:
  - Employment income;
  - Income from business and professional activities (e.g., agriculture, forestry, fishery);
  - Income earned by self-employed individuals;
  - Income from renting property (movable or immovable);
  - Capital gains on property (movable and immovable);
  - Other income sources.

#### Exemptions

- ✓ The following income of resident individuals is not subject to personal income tax:
  - Certain types of investment income;
  - Income received from renting agricultural land;
  - Certain pensions received by Bulgarian and EEA pension institutions;
  - Scholarships and social aid;
  - Sick-leave sums paid by an employer to an employee (for the first 3 days of illness).

#### Deductions

- ✓ The expenses which are tax deductible include:
  - Mandatory social security and health insurance contributions (fully deductible);
  - Voluntary social security contributions (up to 10% of the aggregate taxable income);
  - Certain life and health insurance premiums (up to 10% of the aggregate taxable income);
  - A mortgage interest deduction for dwellings of young families (to the interest on the first BGN 100.000 of the mortgage loan);
  - Certain percentage of donations to qualifying organizations (e.g., educational and health organizations) located in the EEA.

### Tax rates

- ✓ The rate of the personal income tax is 10%, regardless of the amount of taxable income.
- ✓ The net income of self-employed individuals is subject to personal income tax of 15%.

### Fixed lump-sum tax

- ✓ A fixed lump-sum tax applies to individuals and self-employed persons who run a small hotel, work as a hairdresser or a tailor, and exercise other activities specified by law. The lump-sum tax applies only if such individuals (1) are not registered for VAT and (2) the income received by them for the last year does not exceed BGN 50.000. The lump-sum tax is imposed by municipalities and depends on various factors (e.g., the location and the area of the business premises).

### Withholding taxes

- ✓ Employers must withhold tax from Bulgarian employee wages on a monthly basis.
- ✓ If the payer is a self-employed individual or a company, a 10% advance tax must be withheld from:
  - Income of freelancers;
  - Income from civil contracts;
  - Rental income;
  - Royalties;
  - Income from franchising and factoring;
  - Operational leasing income.

## 2.3 SOCIAL SECURITY CONTRIBUTIONS FOR RESIDENT INDIVIDUALS

- ✓ Bulgarian residents, both employees and self-employed, are obliged to contribute to the Bulgarian social security system.

### Social security contributions for employees

- ✓ The social security contribution is based on employee's gross remuneration. In 2015, the annual base on which social security contributions are calculated cannot exceed BGN 31.200.
- ✓ The social security contributions are deductible for income tax purposes.
- ✓ The social security contributions must be paid to the following social security funds:
  - General Sickness and Maternity Fund;
  - Health Insurance Fund;
  - Pension Fund;
  - Professional Qualification and Unemployment Fund;
  - A private pension fund for additional mandatory pension insurance (if the employee was born on or after 1 January 1960).
- ✓ The total rate of social security contributions which must be paid by employees is 12.9%.

### Social security contributions for self-employed individuals

- ✓ The minimum monthly base on which social security contributions are calculated varies between BGN 420 and BGN 550 depending on the income of the self-employed individual for the previous tax year.
- ✓ In 2015, the monthly base on which social security contributions for self-employed individuals are calculated cannot exceed BGN 2.600.
- ✓ The social security contributions for self-employed individuals are payable to the following social security funds:
  - Pension Fund;
  - Universal pension fund (for self-employed individuals who were born on or after 1 January 1960);
  - Health Insurance Fund.
- ✓ The total rate of social security contributions for self-employed individuals is 25.8%.

- ✓ Self-employed individuals might also choose to purchase an optional insurance covering risks other than unemployment, accidents at work, or professional disability. The cost of the additional optional insurance is 3,5% (payable to General Sickness and Maternity Fund). The costs paid for this optional insurance are deductible from the taxable income.

#### **Supplementary compulsory pension insurance**

- ✓ The supplementary compulsory pension insurance entitles people who are born on or after 1 January 1960 to receive a second supplementary pension.
- ✓ For people working under certain conditions of labor, the supplementary compulsory pension insurance allows receiving pensions in case of an early retirement.
- ✓ The contributions for the supplementary compulsory pension insurance are paid simultaneously with the regular social security contributions.

## **2.4. TAXATION OF NON-RESIDENT INDIVIDUALS**

### **Taxable income**

- ✓ Non-resident individuals are taxed on the income which they receive from Bulgarian sources.

### **Tax rates for non-resident individuals**

- ✓ The following income received by non-residents from Bulgarian sources is subject to 10% withholding tax:
  - Interest;
  - Fees for technical services;
  - Royalties;
  - Rental payments;
  - Management fees;
  - Director's fees;
  - Income from factoring agreements;
  - Income from franchising agreements,
  - Performers' remuneration;
  - Scientists' remuneration.
- ✓ A 10% capital gain tax applies to:
  - Gains received from immovable property located in Bulgaria (a 10% deduction is applied);
  - Gains received from transactions in securities provided by the Bulgarian government, Bulgarian companies, or Bulgarian municipalities.
- ✓ Dividends received by a non-resident individual are subject to withholding tax of 5%.
- ✓ EEA residents are exempt from withholding taxes for income which is exempt for Bulgarian residents.

### 3. TAXATION OF COMPANIES

TAXATION OF COMPANIES	
<b>Corporate tax</b>	
Corporate tax rate	10%
<b>Withholding tax</b>	
Dividends paid to non-resident companies	5%
Dividends paid to EEA companies	0%
Interest paid to non-resident companies	10%
Interest paid to EU companies	0%
Royalties paid to non-resident companies	10%
Royalties paid to EU companies	0%
Other payments to non-resident companies (e.g., rental payments, management fees, director's fees, fees for technical services, income from factoring agreements, income from franchising agreements)	10%
<b>Social security contributions</b>	
Total rate for employer	17,4%
<b>Capital gains tax</b>	
Income derived by non-resident companies in relation to: <ul style="list-style-type: none"> <li>• alienation of real estate in Bulgaria;</li> <li>• transactions of securities issued by Bulgarian government, Bulgarian municipalities, and Bulgarian companies.</li> </ul>	10%

#### 3.1 CORPORATE INCOME TAX

##### Resident entities obliged to pay corporate income tax

- ✓ Corporate income tax must be paid by the following resident entities:
  - Legal persons registered under Bulgarian law;
  - European Companies (SEs) registered in Bulgaria and having their head office there;
  - European Cooperative Societies (SCEs) registered in Bulgaria and having their head office there.

##### Taxable income

- ✓ Resident companies are taxable on their income received worldwide.

##### Exemptions

- ✓ The following income is exempted for corporate tax purposes:
  - Dividends distributed by resident companies to resident corporate shareholders;
  - Capital gains and losses related to transactions of shares through a stock exchange in Bulgaria or another EEA country. Such losses cannot be deducted;
  - Income originating from certain voluntary funds registered in the EEA, e.g., income originating from an additional voluntary pension fund.

##### Deductible and non-deductible expenses

- ✓ Properly documented expenses for running a business are deductible from the taxable income in the year in which they were incurred.
- ✓ The Bulgarian law defines the following types of deductible donations:
  - Donations to qualifying organizations and socially disadvantaged people located in the EEA

- (deductible up to 10% of the positive financial result prior to tax adjustments);
  - Donations to the Fund for Child Health Treatment and the Fund for Assisted Reproduction (deductible up to 50% of the accounting profits);
  - Donations to qualifying cultural institutions (deductible up to 15% of the accounting profits);
  - The total amount of donations to the abovementioned organizations cannot exceed 65% of the accounting profits.
- ✓ Non-deductible expenses include, for example, improperly documented expenses, expenses incurred for bribes, and expenses related to monetary sanctions for legal violations.

### Capital gains and losses

- ✓ Capital gains are included in the taxable income of a company.
- ✓ Resident companies and permanent establishments of non-resident companies are allowed to deduct capital losses from their taxable income.
- ✓ Gains on quoted shares sold through a stock exchange in Bulgaria or another EEA country are exempt.
- ✓ Companies are allowed to carry forward net operating losses (after a tax adjustment) for a time period of 5 years with the exception of losses that are a result of restructuring operations (other than changing a legal form of a company). If a new permanent establishment in Bulgaria is a consequence of an intra-EU merger, then such a permanent establishment has the right to carry forward net operating losses in Bulgaria for a period of 5 years.

### Tax rates

- ✓ The corporate income tax rate is 10%.
- ✓ Companies engaged in gambling activities are obliged to pay a variety of governmental fees and, in some cases, a 10 % or 15% corporate tax.

## 3.2 WITHHOLDING TAX

- ✓ Bulgarian companies are required to pay a final withholding tax of 10% on the following payments to non-residents:
  - Royalties;
  - Interest;
  - Rental payments;
  - Management fees;
  - Director's fees;
  - Fees for technical services;
  - Income from factoring agreements;
  - Income from franchising agreements.
- ✓ Withholding tax is not applied for income received by a resident company from another resident company.

### Dividends paid to non-resident companies

- ✓ Dividends paid by resident companies to non-resident companies are subject to withholding tax of 5%, unless a Double Taxation Treaty applies.
- ✓ The inbound and outbound dividends within the EEA are exempt from tax.

### Interest and royalties paid to EU/Swiss companies

- ✓ There is no withholding tax on interest and royalties paid by resident companies to companies in the EU and Switzerland.

### 3.3 SOCIAL SECURITY CONTRIBUTIONS FOR EMPLOYERS

- ✓ Employers are obliged to contribute to a number of Bulgarian social security funds (e.g., Pension Fund, Unemployment Fund, and Health Insurance Fund). All social security contributions paid by the employer are deductible for corporate income tax purposes.
- ✓ The social security contribution base is the gross remuneration of the employee. In 2015, the annual ceiling of the social security contribution base is BGN 31,200.
- ✓ The total rate of the social security contributions paid by the employer is 17,4%. This rate applies for employees working under standard working conditions. For certain categories of labor, the rate of social security contribution is higher.
- ✓ In addition to regular social security contributions, the employer is obliged to pay 0.4% to 1.1% to the Labor Accident and Vocational Sickness Fund.

### 3.4 TAXATION OF NON-RESIDENT COMPANIES

- ✓ Non-resident companies are those legal entities which are not:
  - Registered under the Bulgarian law;
  - European Companies (SEs) registered in Bulgaria and having their head office there;
  - European Cooperative Societies (SCEs) registered in Bulgaria and having their head office there.
- ✓ The following income of non-resident companies is subject to 10% corporate income tax:
  - Income received by a non-resident company through a permanent establishment in Bulgaria;
  - Gains from sales of assets owned by a permanent establishment in Bulgaria.
- ✓ Capital gains tax of 10% applies to gains from the alienation of real estate in Bulgaria and transaction of securities issued by the Bulgarian government, Bulgarian municipalities, and Bulgarian companies.
- ✓ A 10% final withholding tax is charged on the Bulgarian-source income derived by non-residents (see Section 3.2).

### 3.5 DEPRECIATION AND AMORTIZATION

- ✓ Depreciable assets for tax purposes include corporate tangible (e.g., buildings, machinery) and intangible (e.g., patents, licenses) assets and investment properties. Land is excluded from corporate depreciable assets.
- ✓ Companies are obliged to have a tax depreciation plan defining the depreciation of fixed assets.
- ✓ The maximum rates of depreciation for some assets are stated below:
  - Computers, software, and mobile phones - 50%;
  - Devices, machinery and equipment - 30% or 50% (depending on whether the assets relate to an initial investment);
  - Cars and trucks - 25%;
  - Road vehicles (except cars) - 10%;
  - Buildings, factories, transmission machinery, electric power conveyers, communication lines - 4%;
  - Other - 15%.

## 4. VAT

VAT	
Taxable persons	All persons who perform taxable supplies
Threshold for VAT registration	
Taxable turnover	BGN 50.000 per year
VAT rates	
Standard VAT rate	20%
Hotel accommodation	9%
Export of goods and services Intra-EU supplies International transport	0% -rated

### 4.1 TAXABLE PERSONS

- ✓ VAT applies to all persons who perform taxable supplies, including:
  - Legal persons;
  - Natural persons;
  - Resident persons;
  - Non-resident persons.
- ✓ A person is obliged to register for VAT purposes if that person's taxable turnover for the previous year exceeds BGN 50.000 (including zero-rated supplies).
- ✓ Voluntarily VAT registration is allowed irrespectively of the amount of the turnover.

### 4.2 TAXABLE ACTIVITIES

- ✓ The following business activities are subject to VAT:
  - Domestic sale of goods and services;
  - Distance sales of goods (e.g., e-commerce transactions);
  - Imports;
  - The supply of goods or services free of charge (advertising goods and services having an insignificant value are not taxable);
  - Exports (zero rated) conducted by taxable persons;
  - Intra- European Union acquisitions of new transportation means;

### 4.3 VAT RATES

- ✓ The standard VAT rate is 20%.
- ✓ A rate of 9% applies to hotel services.

### 4.4 VAT EXEMPTIONS

- ✓ The transactions are VAT exempt if they relate to:
  - Culture;
  - Education;
  - Religion;
  - Sport;
  - Health care;
  - Social insurance;
  - Gambling activities;

- Postal transactions;
- Goods and services donated by non-business organizations;
- Rent of land and dwellings;
- Sale of old buildings;
- Sale of agricultural land and forests;
- Financial and insurance services.

#### 4.5 VAT FOR NON-RESIDENT COMPANIES

- ✓ Non-resident companies are allowed to register a Bulgarian branch for VAT purposes under the general VAT registration rules.
- ✓ Non-EU entities can register for VAT purposes only by using the services of a fiscal representative.
- ✓ Persons who are residing in another EU country may receive a VAT refund on purchases in Bulgaria.

## 5. OTHER TAXES

### 5.1 INHERITANCE TAX

#### General information

- ✓ Individuals are subject to inheritance tax if they inherit property located in Bulgaria.
- ✓ Inheritance tax applies also to Bulgarian citizens who inherit property situated abroad.
- ✓ The spouse and direct line relatives who receive an inheritance are not subject to inheritance tax.
- ✓ The taxable base of the inheritance tax is the value of the inherited property on the date of disclosure of the inheritance.
- ✓ Debts of the deceased as well as funeral expenses may reduce the taxable base.

#### Inheritance tax rates

- ✓ The inheritance tax rates are set by the Bulgarian municipalities within the limits defined by law.
- ✓ The first BGN 250.000 of the value of the inherited property is tax exempt.
- ✓ For the property that is valued over the general exemption of BGN 250.000, the following inheritance tax rates apply:
  - 0.4% - 0.8% on inheritances received by siblings and the children of siblings;
  - 3.3% - 6.6% on inheritances received by other beneficiaries.

### 5.2 GIFT TAX

#### General information

- ✓ Gift tax is levied on property that is donated or transferred for no consideration.
- ✓ The spouse and relatives in a direct line are not subject to gift tax.
- ✓ The base for the gift tax is the value of the donated property.
- ✓ Donations to qualifying organizations, such as health, social, educational, or cultural institutions, are not subject to gift tax.

#### Gift tax rates

- ✓ The gift tax rates are set by the municipalities within limits defined by law.
- ✓ The rates of gift tax are:
  - 0.4% - 0.8% on gifts received by siblings and the children of siblings;
  - 3.3% - 6.6% on gifts received by other beneficiaries.

### 5.3 REAL ESTATE TAX

- ✓ Individuals and companies who own immovable property are subject to real estate tax.

- ✓ The taxable base for the real estate tax is the value of the property.
- ✓ The real estate tax rates are set by the municipalities and may vary between 0.01% and 0.45% of the value of the property.
- ✓ If the taxable property is the main residence of a taxpayer who is a natural person, a 50% discount applies.
- ✓ The real estate tax may be paid at once or in two installments. If the full amount of tax is paid before 30 of April of the relevant year, a 5% discount is applied.

#### **5.4 PROPERTY TRANSFER TAX**

- ✓ The property transfer tax is levied on sales and exchanges of immovable property.
- ✓ The rate is determined by each municipality according to the location of the real estate and may vary between 0.1% and 3%.
- ✓ The property transfer tax is based on the value of the property as defined by the municipal authorities.
- ✓ In addition to property transfer tax, a 0.1% registration duty and notary fees apply.
- ✓ Shares, bonds, and other securities are not subject to property transfer tax.

#### **5.5 EXCISE DUTIES**

- ✓ Excise duties apply to:
  - Alcoholic beverages;
  - Manufactured tobacco;
  - Energy products and electricity.

## **6. TAX RETURNS AND COMPLIANCE**

### **6.1 RESIDENT INDIVIDUALS**

- ✓ Resident individuals are obliged to submit the annual tax return declaration before 30 April of the year following the tax year.
- ✓ Individuals are not obliged to file a return if they derive only:
  - Employment income;
  - Income to which a final withholding tax is applied;
  - Exempt income.
- ✓ Income related to (1) civil contracts, (2) rents, (3) royalties, and (4) income of freelancers is subject to advance tax. If the payer is an enterprise, the advance tax is withheld by a payer. If such an advance tax is not withheld by the enterprise, the recipient is obliged to make the advance payment.
- ✓ Self-employed individuals are also obliged to make advance payments.

### **6.2 NON-RESIDENT INDIVIDUALS**

- ✓ In certain situations, non-resident individuals must file annual tax returns for the annual income received from a Bulgarian source.
- ✓ Non-resident taxpayers may acquire an official document from the Bulgarian tax authorities that indicates the income received from Bulgarian sources as well as the amount of tax paid in Bulgaria.

### **6.3 RESIDENT COMPANIES**

#### **Deadlines**

- ✓ The corporate tax return declarations must be filed no later than 31 March of the year following the tax year.
- ✓ The annual corporate income tax must be paid no later than 31 March of the year following the tax year.

- ✓ The annual tax return should be delivered to the National Revenue Agency office where the taxable entity is registered.
- ✓ If the tax return is filed electronically, a discount of 1% of the tax due (maximum discount of BGN 1.000) is granted.

#### Advance corporate income tax payments

- ✓ Some resident companies may be obliged to make advance corporate income tax payments. Such payments must be made in monthly or quarterly installments, depending on the annual taxable turnover:
  - A company is not obliged to pay monthly/quarterly tax payments if (1) its net sales revenue for the previous year is less than BGN 300.000 or (2) if it is a newly incorporated taxable entity (except as a result of restructuring).
  - A company must make quarterly tax payments if its net sales revenue is between BGN 300.000 and BGN 3.000.000.
  - A company is obliged to make monthly advance payments if its net sales revenue for the previous year is more than BGN 3 million.
- ✓ The monthly or quarterly advance tax payments must be indicated in the annual tax return. The amount of advance payments is considered a tax credit towards the final annual corporate income tax.

#### 6.4 NON-RESIDENT COMPANIES

- ✓ A non-resident company having a permanent establishment in Bulgaria is taxed on the basis of the income derived from the permanent establishment.
- ✓ Non-resident companies that do not have a permanent establishment located in Bulgaria must declare and pay the tax themselves if they receive income from Bulgarian sources.

## 7. DOUBLE TAXATION TREATIES

- ✓ Bulgaria has signed a number of Double Taxation Treaties with other countries.
- ✓ Double Taxation Treaties are currently in force between Bulgaria and the countries listed in the table below.

LIST OF COUNTRIES WHICH SIGNED DOUBLE TAXATION TREATIES WITH BULGARIA					
No	COUNTRY	No	COUNTRY	No	COUNTRY
1.	Albania	24.	Indonesia	47.	Poland
2.	Algeria	25.	Iran	48.	Portugal
3.	Armenia	26.	Ireland	49.	Qatar
4.	Austria	27.	Israel	50.	Romania
5.	Azerbaijan	28.	Italy	51.	Russia
6.	Bahrain	29.	Japan	52.	Serbia
7.	Belarus	30.	Jordan	53.	Singapore
8.	Belgium	31.	Kazakhstan	54.	Slovak Republic
9.	Canada	32.	Korea (Dem. People's Rep.)	55.	Slovenia
10.	China (People's Rep.)	33.	Korea (Rep.)	56.	South Africa
11.	Croatia	34.	Kuwait	57.	Spain
12.	Cyprus	35.	Latvia	58.	Sweden
13.	Czech Republic	36.	Lebanon	59.	Switzerland
14.	Denmark	37.	Lithuania	60.	Syria
15.	Egypt	38.	Luxembourg	61.	Thailand
16.	Estonia	39.	Macedonia (FYR)	62.	Turkey
17.	Finland	40.	Malta	63.	Ukraine
18.	France	41.	Moldova	64.	United Arab Emirates
19.	Georgia	42.	Mongolia	65.	United Kingdom
20.	Germany	43.	Montenegro	66.	United States
21.	Greece	44.	Morocco	67.	Uzbekistan
22.	Hungary	45.	Netherlands	68.	Vietnam
23.	India	46.	Norway	69.	Zimbabwe

## 8. TAX INCENTIVES

### 8.1 CORPORATE INCOME TAX WAIVER

- ✓ A company that is engaged in manufacturing activities and operates in municipalities with a high unemployment rate is entitled to pay 0% corporate income tax.
- ✓ Companies are eligible for this tax incentive if they fulfill all of the following requirements:
  - The company should be established and operate in regions with a high unemployment rate (25% higher than the average in the country);
  - The company should perform manufacturing activities;
  - The company should employ at least 10 persons from an area with a high unemployment rate;
  - At least 50 % of employees should be engaged in manufacturing activities;
  - 30% of company's staff should be residents of a region with a high unemployment rate;
  - The remitted corporate tax should be reinvested in the same area within 4 years;
  - The company should continue its manufacturing activities for at least 5 years after receiving the tax exemption.

### 8.2 EMPLOYMENT INCENTIVE

- ✓ Employers are entitled to deduct from their taxable profit an amount equal to the remunerations, health, unemployment, and social insurance paid for employees for a period of at least 12 months.
- ✓ In order to use this incentive, the following requirements must be met:
  - The employment term must be at least 12 months;
  - The employee must be in one of the following specific social conditions: (1) the individual was registered as unemployed for a period exceeding one year; (2) the individual was registered as unemployed and was more than 50 years old; (3) the individual was registered as unemployed and was disabled.
- ✓ The employer has the right to use the employment incentive only in the tax year in which the first 12-month employment period expires.

### 8.3 TONNAGE TAX

- ✓ The companies that are engaged in commercial shipping activities may opt for a tonnage tax regime.
- ✓ The tonnage tax regime can be applied instead of the corporate income tax regime for a period of at least 5 years.
- ✓ Under the tonnage tax regime, the tax base is calculated according to the net tonnage of vessels operated per day.
- ✓ To be eligible for the tonnage tax regime, the shipping companies must meet the following criteria:
  - The net tonnage of each vessel must be more than 100 tons;
  - The crew of each vessel must be citizens of Bulgaria or any other EEA country;
  - 60% or more of the net fleet tonnage owned by the company must fly a Bulgarian flag or the flag of an EEA country.
- ✓ The tonnage tax regime cannot be applied for:
  - Fishing boats;
  - Entertainment ships;
  - Offshore rigs for natural resources;
  - Vessels chartered out under a bareboat charter.

### 8.4 AGRICULTURAL INCENTIVES

- ✓ Agricultural producers have the right to a corporate income tax waiver of up to 60% of the tax due on their income from unprocessed animal and plant production.

### 8.5 INVESTMENT SCHEMES

- ✓ The corporate income tax does not apply to collective investment vehicles, e.g., national investment funds and common investment companies.

### 8.6 SCHOLARSHIP DEDUCTION

- ✓ Companies are entitled to a corporate income tax deduction if they provide scholarships to students. In order to benefit from such a deduction, the grantor of the scholarship must hire the student to which the scholarship was granted for a time period equal or longer the duration of the scholarship.

## 9. SOURCES TO CONSULT

- ✓ For more information about taxation in Bulgaria, please visit the official websites of Bulgarian authorities:
  - **National Revenue Agency** <http://www.nap.bg/en/>
  - **Bulgarian Parliament** <http://parliament.bg/en>
  - **Ministry of Finance** <http://www.minfin.bg/en/>

***In order to discuss the particular situation and not to get lost in the Bulgarian tax labyrinth, it is always a right decision to contact a tax professional!***