

Setting up a company

According to current Bulgarian Law foreign individuals cannot own land in this country and, despite the upcoming EU membership in 2007, will not be able to do so until 2014. A legal loophole currently allows foreigners to set up a Bulgarian company which can then buy the land. This little bit of bureaucracy means that you will need to use a local lawyer or a real estate agency to set up the company and do the deal for you, and that you will have to retain their services on a permanent basis to maintain the company. You will also need to use an accountant to submit annual tax returns, since the land is considered an investment. If you are buying an apartment and there is no land included in the deal then you can buy it outright as an individual.

Companies According to the Bulgarian Law

The two most popular legal ways of carrying out business in Bulgaria are as a joint stock company (AD) and a limited liability company (OOD), though the law also provides for sole trader operations (ET), joint ventures, branches, holdings, cooperatives, and representa-

tive offices. The first two restrict the liability of the shareholders to the amount of their personal shares in the initial capital of the company, which makes the AD and OOD the preferred way to do business for both locals and foreigners in Bulgaria.

Characteristics

The main characteristics of an OOD form of company are that the shares are attributed to individuals and can only be transferred via a court decision and by entering the Commercial Register of the district. Another characteristic is that its annual financial statements do not need to be audited by a certified public accountant, unless the company happens to meet certain requirements under the Bulgarian Accountancy Act.

One characteristic of an AD is that its shares are not individually named and can be sold or transferred without the court being informed. An AD may also issue special kinds of shares, such as registered, bearer's and preference shares. The AD company ensures the anonymity of

its shareholders and allows for raising funds with the issuing of bonds or shares on the stock exchange. An AD is managed by the general meeting of shareholders, the board of directors or supervisory and management boards. It is obligatory for all ADs to have their annual financial statements audited by a certified public accountant at the end of each business year.

Peculiarities

Individuals can also establish both types of companies; in these cases the one-man limited liability company is called an EOOD and the one-man joint stock company an EAD. EOODs and EADs are regarded as local legal entities even when the sole owner of the capital is a foreign physical or legal person; this gives the company and its owners a very wide range of opportunities for purchasing different types of properties or doing business in this country.

The Process

All of these companies have to be registered with the district court, a process that usually

takes two or three weeks. In all cases you should use a reputable law firm to handle the whole process for you, as it has to be done within strict deadlines and carries hefty fines if they are not adhered to.

The very process of setting up a company for a foreigner in Bulgaria is as follows:

- Check that the company name is free and reserve it
- Produce the Articles of Association
- Pay in to the bank at least 70% of the obligatory company capital for an OOD (the total capital being 5000 levs), or 25% for an AD (the total capital being 50,000 levs). This sum can subsequently be withdrawn, once the registration process is completed
- Submit the application to form the company, together with proof that you have paid the capital to the district court
- The company becomes active when it is published in the State Gazette (2 or 3 weeks later)
- Registration with the National Statistical Institute to receive a BULSTAT identification number must be done within 14 days
- Registration with the National Insurance Institute (NOI) must be done within 7 days
- Registration with the local tax authority must be done within 14 days
- Any bank accounts that are opened in the company name must also be registered with the tax authority within 14 days



**Fashion House
Bride**

Ladies' Formal & Wedding Wear
•
Men's Dress coats & Dinner jackets
•
Wedding Accessories

11A, Krastyu Mirski Str.
Varna 9000, Bulgaria
Tel: +359 52 604727
Mobile: +359 887 468750

Ilalina Vila jayna Nov Area
Manager
Close to the Cathedral