



i-paye



**Guide to Contracting in
Bulgaria**



COUNTRY HIGHLIGHTS (2017)

Bulgaria – Individual

| | |
|-----------------|--|
| Currency | Bulgarian Lev (BGN) |
| Tax Year | Starts 1 January Ends 31 December |
| Tax Rates | Flat Tax Rate at 10% |
| Social Security | Employers Social Between 31.7% and 32.4% Employees Social 13.3% |
| | Social Security is capped on earnings of BGN 2,600 per month |

Tax Residency

An individual becomes Tax Resident in Bulgaria if:

- on any day they have spent more than 183 days in Bulgaria; or
- their centre of vital interests is considered to be Bulgaria.

An individual who is Tax Resident is taxable on Worldwide Income except if exempt under a double taxation treaty.

An individual who is not Tax Resident is taxable in Bulgaria on Income earned or generated there.

Social Security

Social Security is payable in Bulgaria unless the individual is paying Social Security in the country in which their employer is based and they are habitually resident. A certificate of continuing liability to Social Security is required to exempt the individual from Bulgarian Social Security.

Right to Work

EU and EEA Nationals have an unfettered right to work in Bulgaria without the need to hold a VISA or Work Permit.

Other Nationals, generally, need to have the relevant approval to work in Bulgaria work permits issued following the presentation of specific documents to the Bulgarian Immigration Office.

I-PAYE Service

I-PAYE is registered as an employer in Bulgaria and all individuals are engaged on contracts of employment.

All income is reported to the Bulgarian National Revenue Agency, with deduction for expenses allowed under Bulgarian Law. Any expenses that are reimbursed that are not allowed or are above published rates will be subject to Bulgarian Taxation and Social Security at the appropriate rates.

I-PAYE will provide UK Nationals that habitually reside in the UK or other Nationals that have a right to work in Bulgaria. I-PAYE will not normally seek to employ Bulgarians Nationals.

As an employee of I-PAYE then you simply would register as working in Bulgaria and the rest is down to US.

Frequently Asked Questions

Q. I currently work on a project in the United Kingdom through a PSC and have an assignment in Bulgaria, is it true that I can operate the same model in Bulgaria?

A. Under Bulgarian Domestic Law a UK PSC may be considered as having a Permanent Establishment in Bulgaria, which means that all income derived by the business will be subject to Bulgarian Taxation. No matter the taxation position of the company any employment income paid in respect of duties performed in Bulgaria will be subject to Bulgarian Taxation and Social Security from day 1.

In addition any dividends payable to shareholders will be subject to Bulgarian Dividend Taxation either at resident or non-resident rates.

Q. What happens if I choose to ignore the rules?

A. Bulgaria as with all European Countries may seek to apply the Mutual Assistance Recovery Directive (MARD) to request the UK and other Tax Authorities to collect any unpaid moneys due.

From 1 October 2017 new legislation has been enacted in the United Kingdom that means that any entity engaging in or with business that evades taxation in a Foreign Country will be subject to an unlimited fine. Failing to report income to the Bulgarian National Revenue Agency is Tax Evasion, not avoidance, and under Bulgarian Law would generally lead to a criminal conviction.

Q. I want to do it correctly where should I seek advice?

A. Specialist advice should be sought before going on assignment in Bulgaria.

More information is available from I-PAYE on 0151 449 3500



e info@i-paye.com

t +44 (0) 0151 449 3500

w www.i-paye.com

f +44 (0) 0151 203 3130

