

CORPORATIONS TAX

In 2004, standard corporate tax in Bulgaria is 19.5%. The tax is expected to become 15% in the year 2005. Corporation tax is 0% in areas of high unemployment.

BULGARIA - INCOME TAXES

- All income of any individual is subject to a progressive tax. As at 2003, an individual pays a progressive tax of 15% - 29%.
- Exemptions are granted to taxpayers with specific types of income.
- The standard rate of tax for a corporation in 2004 is 19.5%.

INCOME TAXES

- An individual in Bulgaria is liable for tax on his income as an employee as well as on income as a self-employed person. In the case of an individual who answers the test of a "permanent resident" of Bulgaria, tax will be calculated both on his income earned in Bulgaria and overseas.
A foreign resident who is employed in Bulgaria pays tax only on his income in Bulgaria.
- To be considered a Bulgarian resident, the requirements must be met of residency in Bulgaria of at least 183 days in any calendar year, and occasionally also if residency is less than 183 days, if the individual has a home in Bulgaria that is his main residence, he will be considered a Bulgarian resident.
- An employer is obligated to deduct the income tax payable as well as national insurance, immediately each month from a salary paid to an employee.
- Certain payments are deducted from taxable income as detailed below.

INDIVIDUAL TAX TABLE

TAXATION BRACKET	INCOME (BGL)
0	to 1,320
15%	1,321 - 1,800
22%	1801 - 3,000
26%	3,001 - 7,200
29%	7,201 and above.

CAPITAL GAIN TAX

- In Bulgaria, capital gains tax is paid by an individual on the sale of real estate or work vehicles such as planes or cars on the difference between the sale price and the higher of two calculations - the market price of the asset sold, or the cost of purchase linked to the index.
- An individual who sells one moveable asset pays tax on the difference between the sale price and the cost of the asset sold on adjusting the cost to the rate of inflation.
- Capital gains tax for companies in Bulgaria is added to the regular income.

REPORTING DATES

- The tax year in Bulgaria is the year ending on December 31.
- A limited company files an annual report by March 31. An individual must file an annual report by April 15.
- Companies that finished the previous year with a profit pay 12 monthly advance payments in the following year. New companies make 4 quarterly advance payments.