



The Legal 500 & The In-House Lawyer  
Comparative Legal Guide  
Bulgaria: Private Client

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This country-specific Q&A provides an overview to private client law in the Bulgaria.

It will cover taxes, succession laws, wills, trusts and their structures.

This Q&A is part of the global guide to Private Client. For a full list of jurisdictional Q&As visit <http://www.inhouselawyer.co.uk/private-client/>



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## 1. **Which factors bring an individual within the scope of tax on income and capital gains?**

The taxation of the different kinds of income, e.g. employment and capital gain depends on the individual's tax residency and the source of the income - Bulgarian or foreign source. The Bulgarian legislation envisages two options regarding tax residency:

- Bulgarian tax residents are individuals having permanent address in Bulgaria, residing in the country for more than 183 days in any 12-month period or whose center of vital interests is in Bulgaria. Any person, who has a permanent address in Bulgaria but whose center of vital interests is not situated in the country, shall not be a Bulgarian tax resident. Tax Residents are subject to tax on their worldwide income.
- Bulgarian tax non-residents are all individuals who are not tax residents - as defined above. Bulgarian tax non-residents are subject to tax only on Bulgarian source income, i.e. remuneration for work/services performed on the territory of Bulgaria, capital gains from disposal of immovable property situated in the country and shares in Bulgarian companies, interests from Bulgarian bank accounts, etc.

Capital gains from disposal of shares on a regulated stock exchange in an EU/EEA member state are exempt from taxation.

## 2. **What are the taxes and rates of tax to which an individual is subject in respect of income and capital gains and, in relation to those taxes, when does the tax year start and end, and when must tax returns be submitted and tax paid?**

The general tax rate is 10% flat with certain exceptions, e.g.:

- Dividends distributed to individuals are subject to 5% tax;
- All types of interest income from bank accounts paid to Bulgarian resident individuals are taxed at 8%.

The tax year in Bulgaria coincides with the calendar year: January - December.

The general tax return filing and payment deadline is 30 April of the following year.

There is a possibility of utilizing a 5% discount on the outstanding tax (if any) under the individual's annual tax return when the annual tax return and the outstanding tax under it (if any) is paid by 31 January of the following year.

The obligation for statutory insurance contributions (social security and health insurance) rises when the individual is performing work activities, e.g. employment, freelancing etc.

**3. Are withholding taxes relevant to individuals and, if so, how, in what circumstances and at what rates do they apply?**

Certain types of income paid to Bulgarian tax residents and tax non-residents are subject to withholding tax ("WHT").

Interest, royalties, remuneration for consultancy, rental of immovable property located in Bulgaria<sup>2</sup> accrued/paid by Bulgarian residents in favor of Bulgarian tax non-residents not having Bulgarian fixed base ("FB") are subject to withholding tax at the rate of 10%.

Dividends and liquidation proceeds payable by Bulgarian companies to foreign individuals are subject to Bulgarian withholding tax at the rate of 5%.

**4. Is there a wealth tax and, if so, which factors bring an individual within the scope of that tax, at what rate or rates is it charged, and when must tax returns be submitted and tax paid?**

There is no wealth tax in Bulgaria.

**5. Is tax charged on death or on gifts by individuals and, if so, which factors cause the tax to apply, when must a tax return be submitted, and at what rate, by whom and when must the tax be paid?**

**Donation tax**

There is tax on donations. Subject to taxation are properties acquired free of charge and

extinguished liabilities.

Generally, the tax liable person is the donated individual; however, it is possible that both the donor and the donated person are tax liable if they have agreed on that.

The tax base is the value of the property determined. The donation tax is in the range of 0,4%-0,8% for siblings and their children and 3,3% - 6,6% for all other cases.

The donation must be declared and the donation tax should be paid by the tax liable person through filing a tax return at the municipality within two months from the donation receipt.

Exempt from taxation are donations between spouses and lineal heirs, and also donations to certain non-profit organizations and institutions, hospitals, common gifts and other donations envisaged by law.

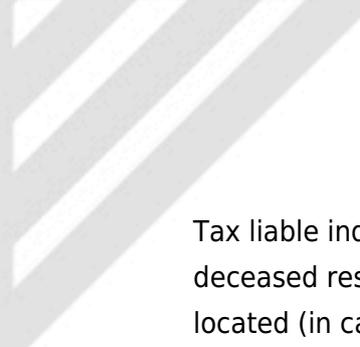
### **Inheritance tax**

There is also inheritance tax. Subject to taxation is the inherited property, incl. immovable property and the property rights on it as well as all other debts and liabilities (unless envisaged otherwise by law) located on the territory of Bulgaria or abroad. The inherited property located in Bulgaria of foreign citizens is also subject to Bulgarian inheritance tax.

Exempt from taxation is an inheritance share with value below BGN 250 thousand, inheritance of the surviving spouse and the lineal heirs and certain other exceptions envisaged by law.

Tax liable individuals are the heirs or the covenants. The tax base is determined by law considering certain deductions envisaged. The taxable inheritance is divided into inheritance shares as each heir receives a particular share.

The tax rate is from 0.4 % to 0.8 % for siblings and the children of siblings per inherited share above BGN 250 thousand and between 3,3% and 6,6 % for all the others per inherited share above BGN 250 thousand.



Tax liable individuals are obliged to submit a tax return in the municipality where deceased resided last or in the municipality where the majority of the inheritance is located (in case the decedent had domicile outside Bulgaria) within six months after the inheritance was found. Representatives of the respective municipality determine the amount of the inheritance tax due and notify the heirs. The tax due should be paid within two months from the receipt of this notification.

**6. Are tax reliefs available on gifts (either during the donor's lifetime or on death) to a spouse, civil partner, or to any other relation, or of particular kinds of assets (eg business or agricultural assets), and how do any such reliefs apply?**

As mentioned above, "common gifts" are exempt from donation tax. The Bulgarian tax legislation does not contain a definition for "common gifts".

Based on the guidance of the Bulgarian tax authorities, when determining whether certain gift could be qualified as "common gift" it should be taken into account whether the gift is granted for a certain occasion. The value of the gift is also a decisive factor. Based on the scarce practice available so far it seems that the Bulgarian tax authorities tend to act more conservatively when determining whether a gift could be qualified as a common gift exempt from taxation (e.g. based on the guidance of the tax authorities a birthday gift in the amount of BGN 6 thousand could not be qualified as common gift and thus should be subject to donation tax).

Even not qualifying for common gifts, donations between spouses and lineal heirs, are exempt from donation tax.

**7. Do the tax laws encourage gifts (either during the donor's lifetime or on death) to a charity, public foundation or similar entity, and how do the relevant tax rules apply?**

Bulgarian non-profit legal entities conducting activity for public benefit, registered in the Central Registry of Non-profit Entities Conducting Activity for Public Benefit or equivalent EU/EEA non-profit legal entities are exempt from donation tax and from inheritance tax (e.g. in case of a will towards such entity). The donation tax exemption is for both

received and granted donations. For EU/EEA non-profit legal entities, the exemption applies subject to provision of official documents from the other country certifying the status of the entity.

Bulgarian non-profit legal entities are not subject to corporate income tax ("CIT") unless they generate profits from business activity.

Any expenses for donations incurred by Bulgarian entities are deductible for CIT purposes up to 10% of their accounting profit before tax if the donation is in favor of the above-mentioned non-profit entities conducting activity for public benefit. The reviewed relief is not applicable in case the management of the donating entity directly or indirectly benefits from the granted donation.

The law also envisages tax deductions for individuals for the donations made throughout the year in favor of certain strictly indicated institutions/facilities. The deduction is a certain percentage (5%, 10% or 15%) from the tax base of the income taxable through the total annual tax base.

## **8. How is real property situated in the jurisdiction taxed, in particular where it is owned by an individual who has no connection with the jurisdiction other than ownership of property there?**

Subject to taxation are the buildings and plots located within the territory of Bulgaria, situated within the development limits of the build-up areas, and outside them, in certain cases. The tax is levied regardless of whether the property is in exploitation. Certain properties are exempted from taxation.

Tax liable individuals are the owners of the property, which is subject to taxation regardless of their nationality.

Tax base and tax rate: each municipality determines the amount of the tax due on their territory within the range of 0,1 to 4,5 per mile (thousand) of the tax base, determined as follows:

- For individuals: the tax base equals the tax value of the property, which is determined by the municipality;
- For companies: the tax base is the higher of the tax value determined by the municipality and the book value of the property/ its revaluated amount in case of revaluations.
- Immovable property used as a main residence, the tax is levied at 50%.

The tax liable person notifies the municipality, at which the property is located, for the newly built and acquired immovable property with filing a tax return in 2 months.

The tax is determined based on the tax value of the immovable property as of 01 Jan of the year in which the tax is due.

Along with tax on immovable property, owners of immovable property located in Bulgaria are required (with certain exceptions) to pay garbage collection fees.

## **9. Are taxes other than those described above imposed on individuals and, if so, how do they apply?**

Transfer tax on immovable property located in Bulgaria and vehicles having Bulgarian registration is due upon their transfer / sale. The beneficiary owes transfer tax. In case the beneficiary is a foreign person, transfer tax is owed by the transferor.

Transfer tax is determined by the municipality in the range of 0,1% - 3% of the tax base. For immovable property, the tax base is the higher of the transfer price and the tax value of the property determined by the municipality and for vehicles - their insurance value.

## **10. Is there an advantageous tax regime for individuals who have recently arrived in or are only partially connected with the jurisdiction?**

Generally, there is no special regime envisaged in the legislation for such cases. In case the individual:

- stays less than 183 days in any twelve-month period in Bulgaria
- his centre of vital interest, e.g. close family, employment relationship, immovable property and investments are not in Bulgarian;

she/he would most probably qualify as a Bulgarian tax non-resident and liable to tax only on Bulgarian source income, e.g. working in Bulgaria, interest from Bulgarian banks, income from renting out immovable property in Bulgaria, etc.

In addition, a tax relief for certain income may be envisaged in a treaty for avoidance of double taxation concluded between Bulgaria and another country (currently Bulgaria has 68 enforceable double tax treaties).

**11. What steps might an individual be advised to consider before establishing residence in (or becoming otherwise connected for tax purposes with) the jurisdiction?**

The individual should be aware that Bulgarian tax residents are obliged to tax on their worldwide income and subject to reporting of certain items in their Bulgarian annual tax return. Avoidance of double taxation is possible through the methods for avoidance of double taxation in a double tax treaty (if any applicable) or in the national legislation, where the „tax credit” method is foreseen. It is advisable to consult with a tax specialist in advance regarding his/her tax residency status and taxation in Bulgaria.

**12. What are the main rules of succession, and what are the scope and effect of any rules of forced heirship?**

The governing legislation for succession in Bulgaria is the Inheritance Act of 1949, which sets out the following main principles:

- the distribution of the deceased`s estate is dealt by either the rules for succession order stipulated in the Inheritance Act or the deceased`s last will subject to the forced heirship rules;
- In case of intestate succession the Inheritance Act provides for four levels of successors in order of succession rights whereby those in the preceding level exclude those in the successive ones. The surviving spouse inherits along with the

heirs from the 1st to the 3rd level and replaces the heirs of the 4th level.

- Any part of the estate outside the reserved portion determined by the forced heirship rules may be freely disposed of by will or gift;
- The heirs that are protected by the forced heirship rules are the spouse, the descendants (children and grandchildren) and the parents of the deceased;
- The exact proportions of the reserved portion depends on the capacities of the protected heirs and their number:
  - if the deceased doesn't have a surviving spouse, the reserved portion of the descendants (including adopted children) is:  $\frac{1}{2}$  - in case of 1 one child or descendants thereof; and  $\frac{2}{3}$  - in case of two or more children or descendants thereof;
  - The reserved portion of the parent(s) is  $\frac{1}{3}$ ;
  - The reserved portion of a surviving spouse, where inheriting without the deceased's parent(s) is  $\frac{1}{2}$ , and  $\frac{1}{3}$ , where inheriting along with the parent(s);
  - If the deceased has left descendants and a spouse, the spouse is entitled to a portion of the estate that is equal to that of any surviving children. In this case the disposable part of the estate is: (i)  $\frac{1}{3}$  in case of spouse and one child; (ii)  $\frac{1}{4}$  in case of spouse and two children; and (iii)  $\frac{1}{6}$  in case of spouse and three or more children.
- If there are no successors determined by the applicable law and there is no will in place, the estate is inherited by the Bulgarian state or municipality

### 13. **Is there a special regime for matrimonial property or the property of a civil partnership, and how does that regime affect succession?**

As per the Bulgarian Family Code of 2009 there are three types of property regimes from which the spouses may choose either before or in the course of the marriage:

- the statutory regime of community of property - assets acquired during marriage as a result of the joint contributions of the spouses belong jointly to both spouses even though they might be acquired on the name of only one of the spouses. Movable property acquired by one spouse during the marriage which serves for

his/her personal use, profession or trade, is his/her personal property. The community property does not include assets acquired before the marriage or assets acquired by inheritance or by donation during the marriage.

- the regime of separation of property – in this case the rights acquired by each of the spouses remain his/her ownership.
- the contractual regime – spouses arrange their property relationships by means of a prenuptial agreement, where the principle of freedom of contract is limited. The may contain provisions only regarding the property, the consequences in case of a divorce, child support during marriage, etc. Any terms regulating personal relationships are not valid. The inclusion of arrangements concerning the legal consequences in case of death is also inadmissible and invalid. As a result the inheritance rules, in particular the forced heirship rules may not be avoided.

The property regimes regulating the spouses relationships are subject to registration with a registry kept by the Bulgarian Registration Agency.

Civil partnerships are not legally recognised in Bulgaria. Therefore, a will should be considered for the assets to devolve to the other partner.

**14. What factors cause succession laws to apply on the death of an individual?**

Succession is opened on death, at the last place of residence of the deceased. Please also refer to the answer to question 15 below.

**15. How does the jurisdiction deal with conflict between its succession laws and those of another jurisdiction with which the deceased was connected or in which the deceased owned property?**

Succession to movable property is governed by the law of the state in which the deceased had a habitual residence upon death, while the succession to immovable property is governed by the law of the state in which the said property is situated.

The deceased may have designated the law of the state of which he or she was a national at the time of the designation to govern the succession and the validity of such choice will be subject to the designated law. However the choice of law must not affect the reserved share of the heirs determined under the law applicable based on the type of assets.

**16. In what circumstances should an individual make a Will, what are the consequences of dying without having made a Will, and what are the formal requirements for making a Will?**

According to the Bulgarian Inheritance Act, any person who has reached 18 years of age, is of sound mind and capable of acting reasonably, can make a will with regard to the disposable part of his estate for the time after his or her death.

A will can be notary form or personally handwritten. The notary will shall be executed by the testator in the presence of two witnesses and the notary. A personally handwritten will must be entirely written by hand of the testator him- or herself, the date of its execution shall be set out, and it must also be signed by him or her. The signature must be placed below the testamentary dispositions.

When it comes to immovable property (real estate) on the territory of Bulgaria, a will that is not made in Bulgaria must also comply with the Bulgarian law regarding its form of execution. In this regard, the provisions of Regulation 650/2012 shall be applicable for citizens of a country member of the EU.

If a person has died without having made a will, the general rules for succession will apply, which are the following:

- If the deceased left only descendants, they inherit the estate in equal proportion;
- In the absence of descendants and spouse, the parent(s) inherit the estate in equal proportion;
- If the deceased left only ascendants (i.e. grandparents, great-grandparents, etc.) the first in range inherit equally;
- If the deceased left only siblings, they inherit in equal proportion;

- If the deceased left only siblings and ascendants, the siblings inherit 2/3 and the ascendants 1/3;
- consanguine and uterine brothers and sisters inherit half of the amount, distributed to full brothers and sisters;
- If none of the above categories exist, the collateral relatives up to 6th degree are entitled to inherit;
- The surviving spouse inherits the entire property if he/she is the only heir, or inherits along with every of the above (excluding the collateral heirs) as follows: equally with the descendants; where inheriting along with parents or with siblings or their descendants - 1/2 if married to the deceased at least 10 years, or 2/3 if married to the deceased more than 10 years; where inheriting along with parents and with siblings or their descendants - 1/3 if married to the deceased at least 10 years, or 1/2 if married to the deceased more than 10 years.

**17. How is the estate of a deceased individual administered and who is responsible for collecting in assets, paying debts, and distributing to beneficiaries?**

A person becomes an heir or legatee upon the acceptance of succession. Prior to the acceptance of succession, the person entitled to inherit assets may administer the estate and bring possessory actions for its preservation.

The appointment of an administrator is not mandatory. The testator may assign one or more legally capable persons to act as administrators.

At the request of any interested party the district judge for the place where succession is opened may set a time limit for the assignee to accept the appointment. If the time limit expires and the assignee has not accepted the appointment, the assignee is deemed to have waived acceptance.

The heir obtains the right to acquire its share with the opening of the succession. The acceptance of the inheritance requires the consent of the respective heir which may be explicitly or implicitly expressed. The succession may be accepted as a whole or subject to inventory, which limits the liability to the obtained rights otherwise the heirs are liable to the creditors of the

testator. The acceptance subject to inventory must be declared in written form to the district court within three months after the succession became known to the heir.

The heirs can also waive the succession, in which case the next ranking of heirs can step up and accept it. In case all rankings of heirs waive the acceptance, the state shall be entitled to receive the succession estate.

**18. Do the laws allow individuals to create trusts, private foundations, family companies, family partnerships or similar structures to hold, administer and regulate succession to private family wealth and, if so, which structures are most commonly or advantageously used?**

The Bulgarian laws do not recognise the concept of trusts.

However private foundations or closed companies where the entry of new shareholders is limited may be used for holding, administration and regulation of succession to private family wealth.

**19. How is any such structure constituted, what are the main rules that govern it, is there any requirement for registration with or disclosure to any authority or regulator, and what information about the structure is available to the public?**

The Bulgarian Non-profit Legal Entities Act of 2000 provides for the possibility to establish a private foundation (one that pursues private rather than public purposes) by a unilateral act of incorporation, either during one's lifetime or upon one's death by which the property is provided free of charge in order to achieve the envisaged non-profit purpose, which may be of a different nature – environmental, educational, sports, etc.

The foundation is a separate legal entity. The main information regarding the foundation, seat and management address, its purpose, government bodies and the names of the members of these bodies, etc. is publicly available in the register of Non-Profit Legal

Entities. The following documents are also subject to entry in the register of Non-Profit Legal Entities: the act of incorporation, which specifies the foundation's property upon its incorporation, the financial statements and decisions changes regarding the foundation.

The establishment of Bulgarian companies is regulated by the Bulgarian Commerce Act of 1991. The most common types of companies are the limited liability company and the joint stock company. The information on the shareholders in a joint stock company is not publicly available in the Commercial Registry, in which companies in Bulgaria are registered.

20. **How are such structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?**

The tax treatment of the structure depends on its legal form as follows:

**Non-profit legal entity conducting activity for public benefit, registered in the Central Registry of Non-profit Entities Conducting Activity for Public Benefit**  
**Donations made in favor of the entity would be exempt from donation tax and any income from donations would be exempt from CIT at the level of the entity.**

Expenses for donations incurred at the level of a donating entity towards such non-profit legal entities would be deductible for CIT purposes up to 10% of its accounting profit before tax.

Non-profit legal entities conducting activity for public benefit are exempt from real estate transfer tax, vehicles transfer tax and inheritance tax as well.

Income from business activities (if any) of the non-profit legal entity (e.g. from rent, disposal of assets etc.) should be included in its overall tax base and thus be subject to 10% CIT.

**Non-profit legal entity conducting activity for private benefit**

Donations made in favor of such legal entity would be subject to local donation tax in the range of 3.3% - 6.6% (depending on the respective municipality) while income from donations would be exempt from CIT at the level of the entity.

Expenses for donations incurred at the level of a donating entity towards such non-profit legal entity will be non-deductible for CIT purposes.

Non-profit legal entities conducting activity for private benefit are not exempt from real estate transfer tax and vehicles transfer tax (in the range of 0.1%-3%) and inheritance tax (in the range of 3.3% - 6.6% on any inheritance share above BGN 250 thousand).

Income from business activities (if any) of the non-profit legal entity (e.g. from rent, disposal of assets etc.) should be included in its overall tax base and thus be subject to 10% CIT.

### **Non-personified entities**

Non-personified entities are not considered transparent for CIT purposes in Bulgaria, thus any profits (both related to business transactions or received donations) realized by the entity would be subject to 10% CIT at the level of the non-personified entity.

Donations made in favor of the entity would be subject to local donation tax in the range of 3.3% - 6.6%.

Expenses for donations incurred at the level of a donating entity towards such non-personified entity would be non-deductible for CIT purposes.

Non-personified entities are not exempt from real estate transfer tax and vehicles transfer tax (in the range of 0.1%-3%) and inheritance tax (in the range of 3.3% - 6.6% on any inheritance share above BGN 250 thousand).

### **Taxation of dividends towards Bulgarian entities**

Dividends distributed by Bulgarian entities towards Bulgarian non-commercial legal entities are subject to 5% Bulgarian withholding ("WHT") on their gross amount. Any dividends distributed to Bulgarian commercial legal entities are exempt from WHT.

There is no special taxation regime envisaged for the individuals (settlers, founders, directors, etc.) They will be obliged to tax under the general rules of taxation on the effectively received income.

21. **Are foreign trusts, private foundations, etc recognised?**

Please refer to our answers to questions 18 and 19.

22. **How are such foreign structures and their settlors, founders, trustees, directors and beneficiaries treated for tax purposes?**

**WHT comments applicable in case the foreign structure does not have a permanent establishment (“PE”) in Bulgaria**

Certain types of income (e.g. interest, royalties, remuneration for consultancy, marketing research and asset installation services, rental of moveable property, franchise and factoring fees and fees for management and supervision of Bulgarian legal entities) accrued by Bulgarian resident entities in favor of a foreign entity will be subject to 10% WHT.

Subject to 10% WHT are also foreign entities’ income or capital gains from disposal of financial assets issued by Bulgarian legal entities, municipalities and the state (subject to certain exemptions) as well as rental income or capital gains from disposal of immovable property located in Bulgaria.

Dividends distributed by Bulgarian entities towards foreign entities are subject to 5% Bulgarian WHT on their gross amount in the general case and 0% WHT if distributed to legal entities resident in an EU/EEA member state.

The domestic WHT rate may be reduced or eliminated under the provisions of an applicable double tax treaty (if any) between Bulgaria and the country of residence of the beneficiary of the income subject to certain formalities.

**CIT comments applicable in case the foreign structure has a PE in Bulgaria**

Subject to additional analysis should be whether the activity of the foreign structure results in creation of a Bulgarian PE. If a PE is created the profits attributable to the Bulgarian PE would be subject to 10% CIT.

As foreign non-personified entities are not considered transparent for Bulgarian PE purposes, in case of a PE, the immediate CIT effects (10% CIT on profits) would arise at

the level of the structure and not at the level of its participants.

According to the Bulgarian domestic legislation a PE is: (i) a fixed place, through which a foreign person wholly or partially carries out business in Bulgaria, such as: a place of management, a branch, a representative office, registered in the country, an office, a bureau, a studio, a plant, a workshop (a factory), a retail shop, a wholesale storage facility etc.; or (ii) the conduct of activities in Bulgaria by persons authorized to conclude contracts on behalf of a foreign person, except for the activities of independent agents in accordance with chapter six of the Commerce Act; or (iii) the permanent execution of commercial transactions with a place of performance in Bulgaria, even where the foreign person has no permanent representative or a fixed place. According to the Bulgarian tax authorities practice a PE is created if the activities continue for 5-6 months or more.

The definitions of PE under Bulgarian tax treaties are generally in line with the OECD Model Tax Convention (treaties override domestic law). However, in some cases they may differ from the OECD Model. Thus, the relevant tax treaty should always be checked in each specific case.

There is no special taxation envisaged for the individuals (settlers, founders, directors, etc.). They will be obliged to tax under the general rules of taxation on the effectively received income.

**23. To what extent can trusts, private foundations, etc be used to shelter assets from the creditors of a settlor or beneficiary of the structure?**

The private foundations and the companies are separate legal entities, therefore they may be used to shelter assets from the creditors of the settlers. However any illegal actions or actions aimed at wilfully harming creditors may be subject to challenge through court proceedings. Piercing of the corporate veil may apply in the same cases.

**24. What provision can be made to hold and manage assets for minor children and grandchildren?**

If minor children receive income subject to tax, the annual tax return is filed by the

parents or their legal guardian on their behalf at the National Revenue Agency office competent for the minor children.

It should be noted that disposal of property owned by a child may be performed only with the permission of the regional court at the current place of residence and provided that the disposal does not contravene the child's interests.

**25. Are individuals advised to create documents or take other steps in view of their possible mental incapacity and, if so, what are the main features of the advisable arrangements?**

People with mental incapacity are placed under a guardianship. The Bulgarian Family Code provides that the guardian shall manage the property of the person placed under guardianship with good care and in his or her best interests.

The regime under which such people are placed depends on the degree of their illness. The Law for Individuals and Family provides for two categories of legal incapacity: (a) plenary guardianship, which means that the adult's legal capacity is entirely removed and the person is left with no legal powers; and (b) partial guardianship, which means that the adult's legal capacity is limited rather than removed.

The person who is placed under guardianship must live with his guardian, unless the law requires that he/she should be settled somewhere else (e.g. due to special medical needs, etc.).

**26. What forms of charitable trust, charitable company, or philanthropic foundation are commonly established by individuals, and how is this done?**

The Bulgarian law does not recognise figures such as charitable trust. Individuals may establish foundations with non-profit purposes.

The law recognises two types of foundations – public benefit or private (mutual) benefit foundations. It is the founder's right to determine the scope and type of activity which the newly established foundation will be carrying out as well as to determine whether



these activities will be performed in public or mutual benefit.

27. **What important legislative changes do you anticipate so far as they affect your advice to private clients?**

We are not aware of any anticipated major legislative changes both in terms of tax and legal perspective.