



A word cloud of Central and South Eastern European countries. The words are arranged in a roughly triangular shape, with 'CENTRALEUROPE' being the largest and most prominent word in the center. Other countries listed include Albania, Bosnia-Herzegovina, Czech Republic, Croatia, Bulgaria, Hungary, Lithuania, Slovenia, Poland, Slovakia, Romania, Kosovo, Serbia, Latvia, and Estonia. The words are in various shades of green and grey.

ALBANIA
BOSNIA-HERZEGOVINA
CZECH REPUBLIC
CROATIA
BULGARIA
HUNGARY
CENTRALEUROPE
LITHUANIA
SLOVENIA
POLAND
SLOVAKIA
ROMANIA
KOSOVO
SERBIA
LATVIA
ESTONIA

Investment Strategy

Best practices in Central and South Eastern Europe

5 June 2017

Contents

Individual country experiences

- Taxation and Legal implications; effects on the investment climate
- Privatization and private investments



Bulgaria

FDI in Bulgaria – current situation

Amount of FDI (period 1992-2016): EUR 47 billion

Investors (countries):

- Netherlands 16%
- Austria 14%
- Greece 8%
- Germany 6%
- United Kingdom 6%
- Other countries 50%

Investments by sector:

- Real estate 25%
- Manufacturing 20%
- Financial intermediation except insurance and pension funding 18%
- Wholesale trade 15%
- Utilities 10%
- Transport and logistics 4%

BULGARIA

GENERAL INFORMATION

Territory:	110,994 km ²
Population:	7,2 milion
Currency:	Lev (BGN)
GDP 2016:	EUR 46,95 bn
GDP per capita:	EUR 7,149
Growth rate:	3,4%
Average monthly gross earnings:	EUR 500
Export:	EUR 30,107 milion
Import:	EUR 28,658 milion

FDI in Bulgaria – current situation

The biggest investors in Country:

Aurubis, Lukoil, ABB, Scheider Electric, Liebherr, Solvay, Telecom Austria, Telenor, Teva, BAT, HP, SAP

Investors perception about investment climate:

Strong points:

- advantageous taxation system for investors
- sizeable workforce that is skilled and at low cost
- strategic geographical position

Weak points:

- administrative inefficiencies
- slow judiciary system
- protective labor code

Why to invest in Country:

- Political and business stability
- Low cost of doing business
- Access to markets
- Educated and skilled workforce
- Government incentives

BULGARIA

BUSINESS SECTORS TO INVEST:

INDUSTRY:

- Information Technology
- Business Process Outsourcing
- Electronics
- Machine building
- Automotive industry
- Pharmaceutical industry
- Textile industry
- Chemical industry
- Food processing industry

TOURISM-nautical, ski, health, congress

AGRICULTURE- grains, rose oil, sunflower seeds

RENEWABLE ENERGY – water, wind, solar

Taxation implication

Tax advantages for investors

- Overall very competitive tax system
- Simple tax rules
- Low corporate tax rate (10%) and personal income tax rate (10% flat)
- Corporate income tax relief for investors in regions with high unemployment rate

TAXES IN BULGARIA

STATE TAXES:

- CIT (10%)
- PIT (10%)
- VAT (20%, 9%)
- Excise duties and special taxes
- Gambling taxes

MUNICIPAL TAXES:

- Real estate tax
- Garbage collection charge
- Vehicle tax
- Real estate transfer tax (2.5%)
- Inheritance and gift taxes

Stimulating investment measures

Grant and incentives:

Criteria for certification

Criteria for certification for investment incentives depends on:

- economic activity of the project (high tech, manufacturing, services)
- employment establishment
- location of the project (underdeveloped regions)

Administrative incentives

- shortened administrative procedures
- acquisition of real estate
- institutional support

Financial incentives

- reimbursement of labor costs for social security paid by the employer
- financial support for the vocational training for obtaining professional qualifications
- financial grants for education, R&D and manufacturing projects (applicable for priority projects)

Legal implication

Legal challenges on foreign investors and investment climate:

- Political and business stability
 - ✓ EU, NATO & WTO member
 - ✓ Currency board
 - ✓ Low budget deficit and government debt
- Legal stability – easy and fast incorporation procedure within an electronic nationwide commercial register
- Large number of business organisation forms available
- Up to 100% of the registered capital can be held by foreign investors
- Favorable office rents and low cost of utilities
- Access to markets – European Union, Turkey, Russia

Privatization and private investments

- Major part of privatization completed in the period 1993-2004
- Methods of privatization:
 - ✓ Voucher privatization (1996-1997)
 - ✓ Public tender
 - ✓ Public auction
 - ✓ Through the stock exchange
- Main foreign investor through privatization: CEZ, E.ON Energie, EVN, Solvay, Lukoil, Heidelberg Cement, Knauf
- GDP – what is portion of state owned company in country GDP – 13%
- Main state-owned enterprises: NPP Kozloduy, BDJ, BDJ Cargo railways, Airports, VMZ Sopot
- Opportunities for privatization: BDJ Cargo railways, Bulgarian Stock Exchange

Thank you for your attention!





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