

Buying Guide – Bulgaria

The current boom in Bulgarian property consists mainly of high quality new developments in both the ski resorts and the seaside resorts along the Black Sea Coast. Property in Bulgaria caters for all tastes, whether in terms of location or property style, and offers unbeatable prices. Where new luxury developments co-exist alongside traditional cottages and taverns offering local delicacies, accompanied by impromptu folk singing and dancing.



Reasons why property in Bulgaria is a good investment

- Early stage of development in Bulgaria , ideal time to invest
- Huge tourism growth potential. Increase of 50% between 2000 and 2004 (90% increase from EU visitors)
- Stable government committed to economic reform
- Strong bid for the 2014 winter Olympic games
- Strong possibility of inclusion in the European Union in 2007 backed by the UKee UK Plan .
- Excellent property prices very low compared to most other European locations
- "Blue Flag" Beaches along 354km of Black Sea coast
- Top Ski resorts with latest equipment - See Bulgaria Ski Resorts .
- Short flight times from Europe
- Average air temperature on Black Sea Coast in Summer is 27°c and average water temperature is 22°c
- Considered one of the most rapidly advancing countries in Europe

The law on foreigners owning property in Bulgaria

According to the Bulgarian Constitution, foreign individuals can buy buildings but not land. Therefore the most common method for foreigners buying property in Bulgaria where they also wish to own the land is to set up a company which then owns the land and the buildings. The law is expected to change on this within the short to medium term with the expected entry of Bulgaria into the European Union (2007). This historic restriction is one of the reasons why property in Bulgaria is so competitively priced compared to Western and Central Europe. Current amendments to the constitution will allow citizens of countries with which Bulgaria has agreements on land sales to buy land in 2007 when the amendments would come into effect, while EU citizens will have the right to buy land in 2014. In the meantime a company is still required for land ownership.

Real Estate Tax Summary

Apart from corporate tax, no other direct taxes are levied on the transfer of real property. The transfer is however subject to notary and municipal fees. The notary fees are paid on the higher of the market price or the book value of the property at varying rates, with the maximum being BGN 3,500. In addition, 2% of the market value of the property is paid to the municipality in which the property is situated upon completion. This is a little like the UK equivalent of Stamp Duty.

Local taxes and rates

The owner of a building or a plot is obliged to pay a property tax. Where a building is built on a State or municipal plot, the value of the plot will also be included in the tax base. The tax is equal to 0.15% of the book value of the property. Arable land is exempt from local taxes. In addition to the property tax, owners also pay waste-collection fees. These fees are determined when you register your ownership with the municipality, which should be done within 60 days of completion. Small fines are levied where this registration is done after 60 days.

Value Added Tax

Transactions with land and lease of property for residential purposes are exempt from VAT (Value Added Tax). All other real estate transactions are subject to VAT at the uniform rate of 20% assuming that the seller is VAT registered. The buyer is entitled to a VAT refund, provided that it is registered for VAT purposes.