Public Disclosure Authorized

Public Disclosure Authorized

Economy Profile

Bulgaria

Doing Business 2020

Comparing Business Regulation in **190** Economies

WORLD BANK GROUP

Economy Profile of Bulgaria

Doing Business 2020 Indicators
(in order of appearance in the document)

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, and the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time, total tax and contribution rate for a firm to comply with all tax regulations as well as postfiling processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Employing workers	Flexibility in employment regulation and redundancy cost

About Doing Business

The *Doing Business* project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The *Doing Business* project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. *Doing Business* also measures features of employing workers. Although *Doing Business* does not present rankings of economies on the employing workers indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, *Doing Business* encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, *Doing Business* offers detailed subnational studies, which exhaustively cover business regulation and reform in different cities and regions within a nation. These studies provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that *Doing Business* has ranked.

The first *Doing Business* study, published in 2003, covered 5 indicator sets and 133 economies. This year's study covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where *Doing Business* also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

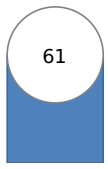
To learn more about *Doing Business* please visit doingbusiness.org

Ease of Doing Business in

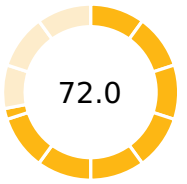
Bulgaria

Region	Europe & Central Asia
Income Category	Upper middle income
Population	7,024,216
City Covered	Sofia

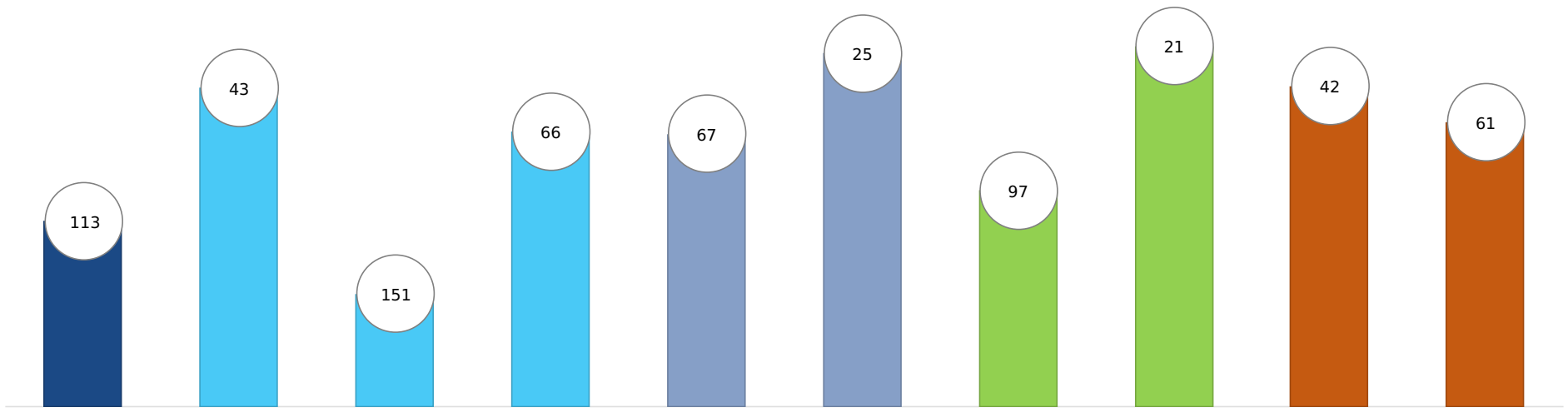
DB RANK



DB SCORE



Rankings on Doing Business topics - Bulgaria



Starting a Business | Dealing with Construction Permits | Getting Electricity | Registering Property | Getting Credit | Protecting Minority Investors | Paying Taxes | Trading across Borders | Enforcing Contracts | Resolving Insolvency

Topic Scores

Starting a Business (rank)	113
Score of starting a business (0-100)	85.4
Procedures (number)	7
Time (days)	23
Cost (number)	1
Paid-in min. capital (% of income per capita)	0.0

Dealing with Construction Permits (rank)	43
Score of dealing with construction permits (0-100)	75.9
Procedures (number)	18
Time (days)	97
Cost (% of warehouse value)	3.4
Building quality control index (0-15)	14.0

Getting Electricity (rank)	151
Score of getting electricity (0-100)	55.1
Procedures (number)	6
Time (days)	262
Cost (% of income per capita)	386.8
Reliability of supply and transparency of tariff index (0-8)	6

Registering Property (rank)	66
Score of registering property (0-100)	69.8
Procedures (number)	8
Time (days)	19
Cost (% of property value)	2.8
Quality of the land administration index (0-30)	19.5

Getting Credit (rank)	67
Score of getting credit (0-100)	65.0
Strength of legal rights index (0-12)	8
Depth of credit information index (0-8)	5
Credit registry coverage (% of adults)	78.0
Credit bureau coverage (% of adults)	0.0

Protecting Minority Investors (rank)	25
Score of protecting minority investors (0-100)	74.0
Extent of disclosure index (0-10)	10.0
Extent of director liability index (0-10)	2.0
Ease of shareholder suits index (0-10)	8.0
Extent of shareholder rights index (0-6)	6.0
Extent of ownership and control index (0-7)	4.0
Extent of corporate transparency index (0-7)	7.0

Paying Taxes (rank)	97
Score of paying taxes (0-100)	72.3
Payments (number per year)	14
Time (hours per year)	441
Total tax and contribution rate (% of profit)	28.3
Postfiling index (0-100)	71.2

Trading across Borders (rank)	21
Score of trading across borders (0-100)	97.4
Time to export	
Documentary compliance (hours)	2
Border compliance (hours)	4
Cost to export	
Documentary compliance (USD)	52
Border compliance (USD)	55
Time to export	
Documentary compliance (hours)	1
Border compliance (hours)	1
Cost to export	
Documentary compliance (USD)	0
Border compliance (USD)	0

Enforcing Contracts (rank)	42
Score of enforcing contracts (0-100)	67.0
Time (days)	564
Cost (% of claim value)	18.6
Quality of judicial processes index (0-18)	10.5

Resolving Insolvency (rank)	61
Score of resolving insolvency (0-100)	57.8
Recovery rate (cents on the dollar)	37.7
Time (years)	3.3
Cost (% of estate)	9.0
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	12.0

Starting a Business

This topic measures the number of procedures, time, cost and paid-in minimum capital requirement for a small- to medium-sized limited liability company to start up and formally operate in each economy's largest business city.

To make the data comparable across 190 economies, *Doing Business* uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times the income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

What the indicators measure

Procedures to legally start and formally operate a company (number)

- Preregistration (for example, name verification or reservation, notarization)
- Registration in the economy's largest business city
- Postregistration (for example, social security registration, company seal)
- Obtaining approval from spouse to start a business or to leave the home to register the company
- Obtaining any gender specific document for company registration and operation or national identification card

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

Paid-in minimum capital (% of income per capita)

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

The business:

-Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the limited liability form most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
-Operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
-Performs general industrial or commercial activities such as the production or sale to the public of goods or services. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It is not using heavily polluting production processes.
-Does not qualify for investment incentives or any special benefits.
-Is 100% domestically owned.
-Has five business owners, none of whom is a legal entity. One business owner holds 30% of the company shares, two owners have 20% of shares each, and two owners have 15% of shares each.
-Is managed by one local director.
-Has between 10 and 50 employees one month after the commencement of operations, all of them domestic nationals.
-Has start-up capital of 10 times income per capita.
-Has an estimated turnover of at least 100 times income per capita.
-Leases the commercial plant or offices and is not a proprietor of real estate.
-Has an annual lease for the office space equivalent to one income per capita.
-Is in an office space of approximately 929 square meters (10,000 square feet).
-Has a company deed that is 10 pages long.

The owners:

-Have reached the legal age of majority and are capable of making decisions as an adult. If there is no legal age of majority, they are assumed to be 30 years old.
-Are in good health and have no criminal record.
-Are married, the marriage is monogamous and registered with the authorities.
-Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

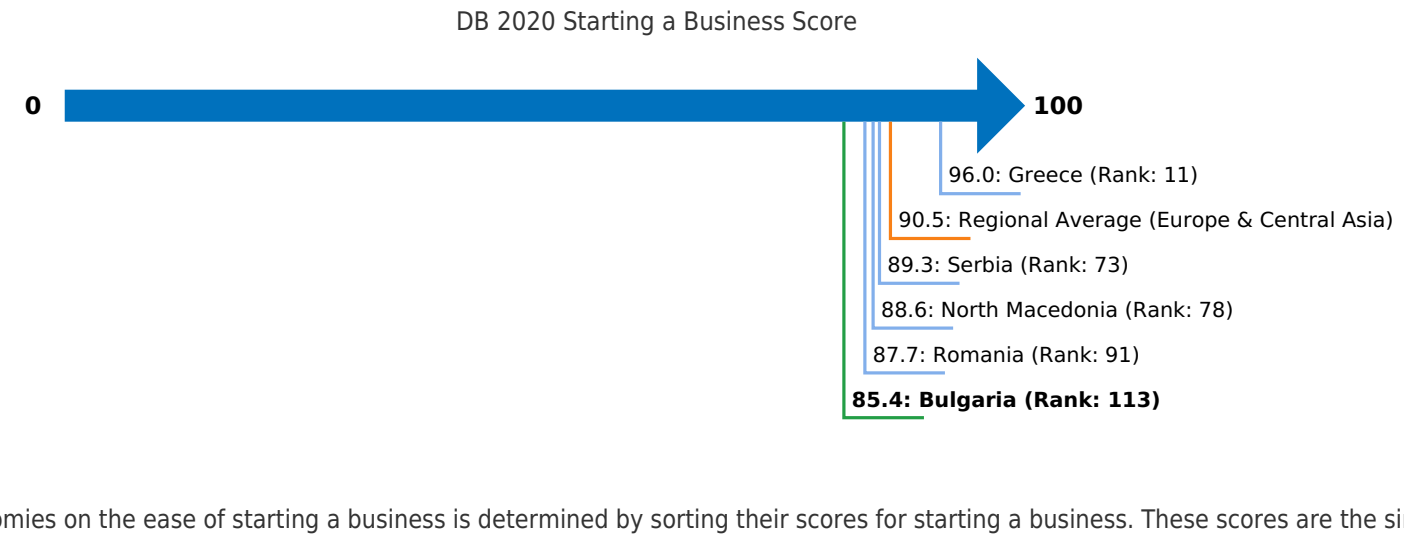
Starting a Business - Bulgaria

Standardized Company	
Legal form	Druzestvo s Ogranichena Otgovornost (OOD)
Paid-in minimum capital requirement	BGN 2
City Covered	Sofia

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedure – Men (number)	7	5.2	4.9	1 (2 Economies)
Time – Men (days)	23	11.9	9.2	0.5 (New Zealand)
Cost – Men (% of income per capita)	1.0	4.0	3.0	0.0 (2 Economies)
Procedure – Women (number)	7	5.2	4.9	1 (2 Economies)
Time – Women (days)	23	11.9	9.2	0.5 (New Zealand)
Cost – Women (% of income per capita)	1.0	4.0	3.0	0.0 (2 Economies)
Paid-in min. capital (% of income per capita)	0.0	0.7	7.6	0.0 (120 Economies)

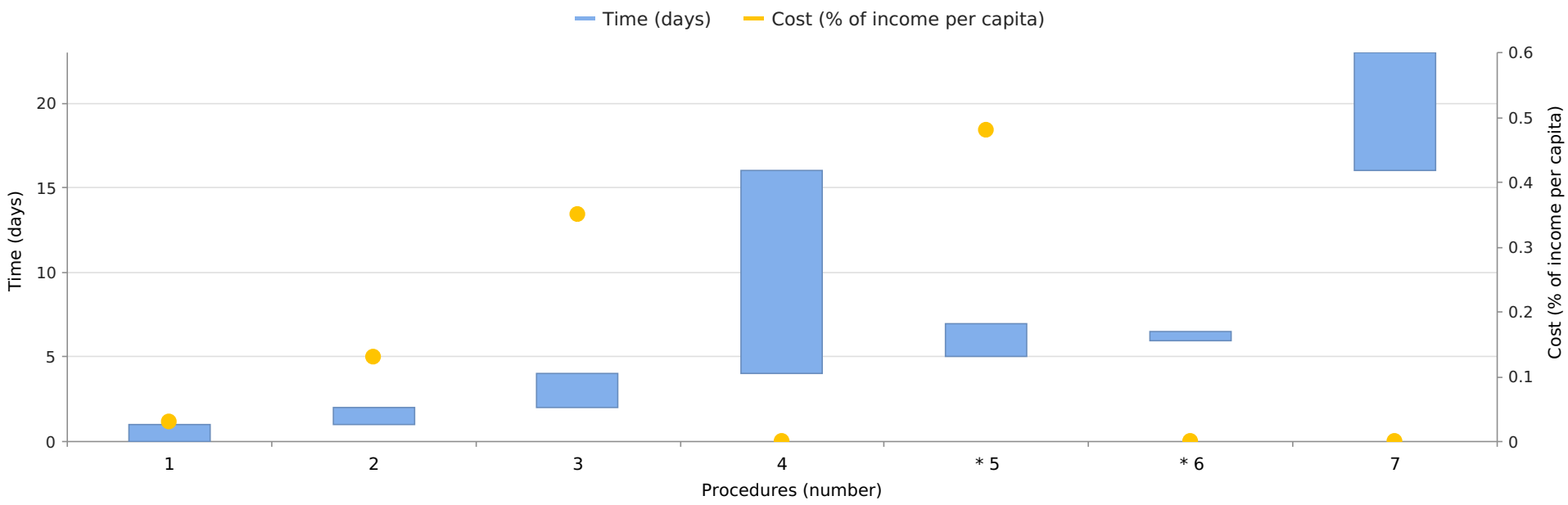
Figure – Starting a Business in Bulgaria – Score

Figure – Starting a Business in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of starting a business is determined by sorting their scores for starting a business. These scores are the simple average of the scores for each of the component indicators.

Figure – Starting a Business in Bulgaria – Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Details – Starting a Business in Bulgaria – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Execute the minutes of the constituent meeting of the shareholders in the OOD; obtain a notary certified statement of consent and signature specimen of the manager, and a certified copy of the articles of incorporation of the OOD.** *Agency* : Public Notary Each newly appointed general manager must sign and submit the following affidavits: (1) affidavit under Article 141 of the Commercial Act, where the general manager declares that (s)he has not been declared in bankruptcy and (s)he has not been a general manager, a member of a managing or controlling body of a company, dissolved because of bankruptcy during the last two years preceding the date of the resolution declaring the bankruptcy, and that, in addition, (s)he has not been a general manager or a member of a managing or controlling body of a company, that has been ascertained by an effective and enforceable penalty decree as not complying with such company's obligations for establishment and storage of the determined levels of reserves under the Bulgarian Law on Reserves of Oil and Oil Products; (2) affidavit under Article 142 of the Commercial Act where the general manager declares that without the prior consent of the company (s)he will not (i) enter into commercial transactions either in his/her personal capacity or on behalf of third parties; (ii) participate in general partnerships, limited partnerships and limited liability companies; and (iii) occupy positions in the managing bodies of other partnerships or companies; and (3) affidavit under Article 13 paragraph 4 of the Commercial Register and Register of Non-Profit Legal Entities Act to declare that the circumstances, as would be applied for registration in the Commercial Register and the adoption of the acts as would be applied for promulgation therein, are genuine and true. The affidavits under points (1) and (2) are typically included in one single document.	1 day	BGN 5
2	**Deposit paid-up capital in a bank** *Agency* : Commercial Bank The capital-accruing bank account must be opened either by the company manager or by a person authorized by a notary-certified power of attorney. Those persons delegated authority over the bank account must provide a signature specimen in person or a notary-certified specimen. The amount of capital stays blocked in the bank account until the registry issues a decision on the company registration. The Commercial Act requires the minimum capital prescribed by law, i.e. BGN 2, to be paid-in prior to incorporation. After opening the escrow account and depositing the funds therein the company under incorporation is issued a certificate evidencing the shareholders' deposit of the capital. The certificate must be presented at the registry. Alternatively, Commercial Register can also accept the proof of transfer of the share capital to into a regular bank account of the company. Some banks and the Commercial Register are also accepting the transfer of the share capital to be made to a regular current account of the company in process of incorporation whereas the payment order has to specify that the transfer is made for payment of the share capital.	1 day	BGN 10 -30 BGN (depending on the bank)

3	**Register with the Commercial Register at the Registry Agency** *Agency* : Registry Agency The registration is done using a Standard Application (A4 Form – "Application for registration of circumstances related to a limited liability company"). The following documents must be attached to the application: (1) Articles of Association, (2) Resolution for setting up of a new company and appointment of manager(s), (3) Notary certified consent and signature specimen of manager(s), and (4) Bank certificate for deposited capital. The state fees are BGN 110 if hard copies of the documents are filed with the Registry Agency or BGN 55 if the registration documents are filed with the Registry Agency electronically. The following affidavits by each of the appointed general managers of the company must also be attached to application A4: Affidavit under Article 141 paragraph 8 of the Commercial Act; Affidavit under Article 142 of the Commercial Act; and Affidavit under Article 13 paragraph 4 of the Commercial Register and Register of Non-Profit Legal Entities Act. The document under (3) and the Affidavits under Art. 141 and 142 of the Commerce Act may be included in a single notarized document, though this is not required. As of January 1, 2016 the applications for initial registration of companies have to be reviewed by the Commercial Register officials by the end of the next business day following submission of the application. The Bulgarian Measures against Money Laundering Act (the “AML Act”) establishes an obligation for all legal entities, including newly established companies, to register their ultimate beneficial owner/s with public registries. Companies, whose beneficial owners are physical persons registered as shareholders in the commercial register are exempt from the obligation of submitting the special declaration about the beneficial owners. Furthermore, it is possible to apply for voluntary VAT registration within the incorporation application. However, a follow-up with the National Revenue Authority is still required in that case.	2 days	BGN 55 for electronic registration and BGN 110 for hard copy application
4	**Register for VAT** *Agency* : National Revenue Agency (Sofia-City Territorial Directorate of NRA - office responsible for VAT-related matters) The main piece of legislation governing the VAT registration in Bulgaria is the Value Added Tax Act (effective as of January 1, 2007). Under the Value Added Tax Act, the company may voluntarily register for VAT purposes at any time without having to meet certain thresholds or requirements. As of 01.01.2019 the company may apply for VAT registration simultaneously with its incorporation. Once the voluntary registration is implemented, a voluntarily registered person is not entitled to opt for voluntary de-registration within 12 months starting from the beginning of the year following the year of voluntary VAT registration. The company must register for VAT purposes in Bulgaria if its taxable turnover for 12 consecutive months exceeds BGN 50,000. As of 01.01.2018 the Company must register for VAT purposes if its turnover for the last 2 months (including the current month) exceeds BGN 50,000, as the application for registration must be filed within 7 days after the date on which the turnover has been reached. Specific grounds for obligatory registration for VAT purposes apply when: - A person from an EU member state who is not established in Bulgaria and provides taxable supplies of goods that are to be assembled or installed in Bulgaria by that person or at his or her expense (if the recipient is not registered for VAT in Bulgaria). - A person from another EU member state supplies goods to Bulgaria exceeding total value of BGN 70,000 under the conditions of distance sales of goods within a given calendar year. - A person (whether resident or not) performs taxable intra-community acquisitions in Bulgaria exceeding BGN 20,000 within a given calendar year. - A person (whether resident or not) receives supplies of services under chargeable supplies having place of performance on Bulgarian territory with respect to which the VAT is due by the recipient. This point should be interpreted as referring to taxable persons from Bulgarian VAT perspective (i.e., a person conducting independent economic activity). - A Bulgarian resident performing supplies of services having place of supply the territory of another EU member state. Within 7 days from submission of the application for VAT registration, the Revenue Agency shall perform a check of the grounds for registration. Once the grounds for registration are concluded, the decision on VAT registration shall be issued within 7 days. In practice, VAT registration is performed within 12 days.	12 days	no charge

⇄ 5	**Purchase and register fiscal device (cash register)** *Agency* : Authorized seller Ordinance No. 18 of 2006 on the recording and reporting of sales mandates that companies conducting commercial activities register their cash register machine. Once the company has purchased the fiscal device from an authorized seller, representatives of the authorized seller install the device. After installation at the company's premises, the registration of fiscal device with the National Revenue Authority is performed electronically. After verifying that the established connection is in line with the technical and functional requirements set by the National Revenue Authority, a confirmation of successful registration is sent to the user. It is required to obtain a standard certificate of registration, which is provided by the authorized seller. Such certificate is usually given the day after the registration of the fiscal device with the National Revenue Authority. The company has no right to report sales via a cash register or fiscal printer introduced for work after the purchase or change of ownership, without a certified certificate of registration. Upon putting into operation and handling a fiscal device, the company must have a written maintenance and repair contract with a person authorized by the Bulgarian Metrology Inspection, who has a certificate of service for the respective type of fiscal device. Putting in operation of a fiscal device shall be carried out after completing an application according to a model in accordance with Annex № 24 to the Ordinance, drawn up in 2 copies, one for the company and for the servicing and repairing person who keeps it in the file. The introduction shall be carried out in the presence of the representative of the company and by a servicing technician of the person servicing and repairpc the passport. When putting in operation the fiscal device the person carrying out servicing and repairs, issues a certificate of registration of fiscal device as per Annex № 11. The price of the machines can vary from 50 BGN - 300 BGN	2 days (simultaneous with previous procedure)	BGN 50 - 300
⇄ 6	**Register employment agreements with NRA** *Agency* : National Revenue Agency (one of the 13 territorial offices in Sofia, depending on the location of taxpayer - office responsible for employees registration) Company has to register employment agreements with NRA within 3 days from conclusion of the employment agreement. This requirement is based on the Bulgarian Labor Code, article 62, para 3 and 5. The registration of employment agreements with NRA has a notification nature, and is done using a specific form as determined in the Attachment 1 of Ordinance No. 5 on the Contents and Procedure for Submission of Notifications under Art. 62, para. 5 of the Labor Code. The notification should contain, among other, the following main groups of details: - details of the employer (name, Unified Identification Number (UIC), number given by the NRA to the employer in its capacity as insurer); - details of the employee (full name, Personal Identification Number, Personal Number of Foreigner, Service Number given by the NRA); - details regarding the main terms of the employment agreement (legal grounds for conclusion of the employment agreement, date of conclusion, term of the agreement (if any), basic salary, name of the position); - other details (code of the position under the National Classification of Professions and Positions, code of the economic activity under the Classification of Economic Activities, code under the Unified Classification of Administrative-Territorial and Territorial Units of the residential area where the employee's work place shall be located). Companies can register employees with NRA either online on a specific page (https://inetdec.nra.bg/), by mail, or in person (by visiting the competent territorial directorate of NRA). In case the employer is simultaneously submitting more than five notifications (i.e. notifications for more than five employment agreements), the filing shall be made on an electronic media or via the website with electronic signature. After submission of the notification, the NRA shall issue a reference note (sample set as Appendix No. 3 to the Ordinance 5) containing a list of the certified notifications and a list of the notifications which have not been accepted /if any/ containing a description of the reason for non-acceptance. The reference note shall be certified by an official of NRA and shall be presented to a representative of the employer or it shall be sent by a registered mail or by Internet.	Less than one day (online procedure, simultaneous with previous procedure)	no charge
7	**Register Commercial Object and Site of the company** *Agency* : Sofia Municipal Council Companies must register the working hours of any commercial sites they operate with the mayor of the relevant region in Sofia. The registration is implemented through submission of an application together with evidence of main details of the company (e.g. Registry Agency certificate). The following documents are needed to complete the registration process: - Application form; - Declaration, Registry Agency Certificate, - Registration certificate of the fiscal device.	1 week	no charge

⇄Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in May 2019. See the methodology for more information

What the indicators measure

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes

Building quality control index (0-15)

- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

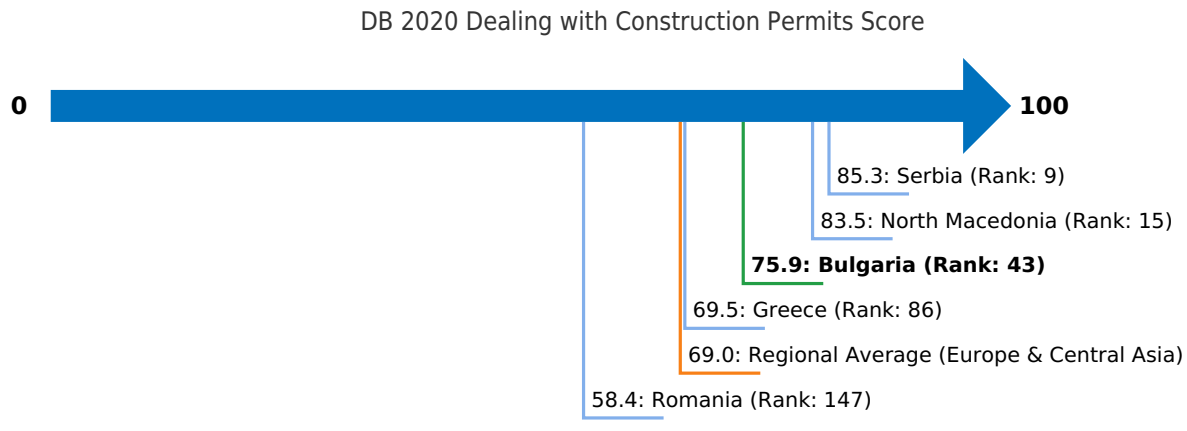
Dealing with Construction Permits - Bulgaria

Standardized Warehouse	
Estimated value of warehouse	BGN 779,753.50
City Covered	Sofia

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	18	16.2	12.7	None in 2018/19
Time (days)	97	170.1	152.3	None in 2018/19
Cost (% of warehouse value)	3.4	4.0	1.5	None in 2018/19
Building quality control index (0-15)	14.0	12.1	11.6	15.0 (6 Economies)

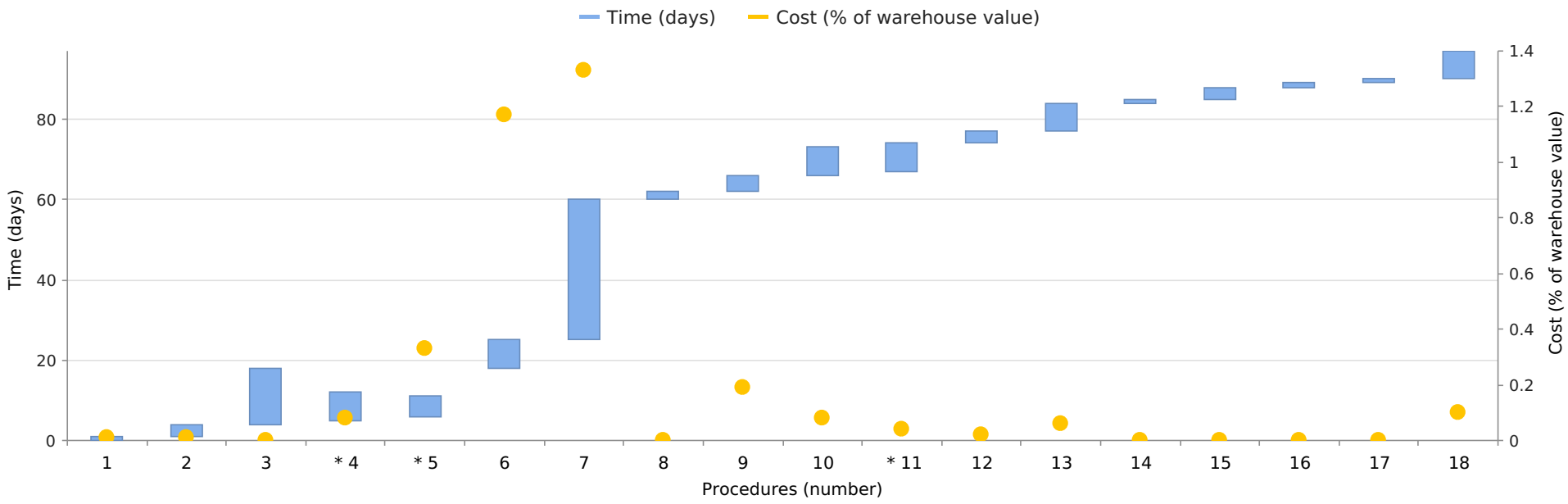
Figure – Dealing with Construction Permits in Bulgaria – Score

Figure – Dealing with Construction Permits in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their scores for dealing with construction permits. These scores are the simple average of the scores for each of the component indicators.

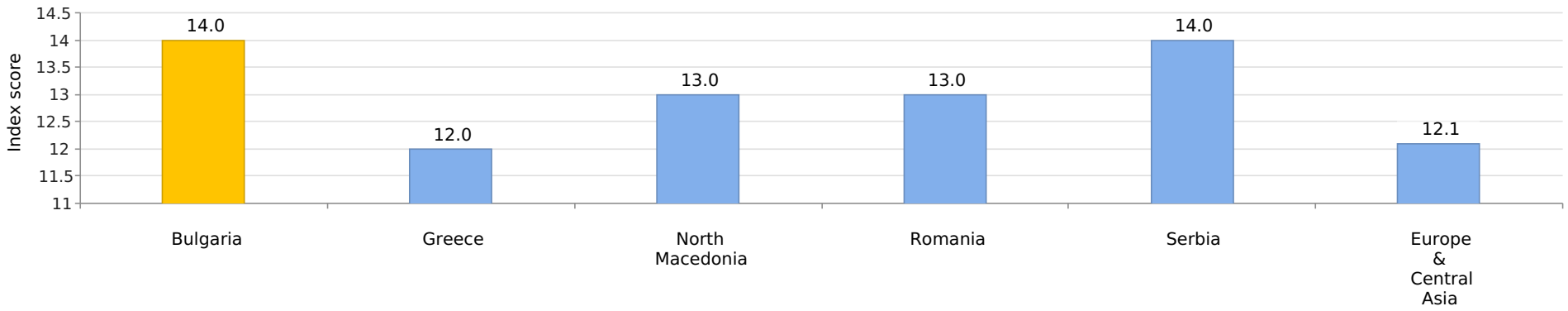
Figure – Dealing with Construction Permits in Bulgaria – Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Bulgaria and comparator economies – Measure of Quality



Details – Dealing with Construction Permits in Bulgaria – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Obtain current cadastral extract from the Agency for Geodesy, Cartography and Cadastre** *Agency* : Agency for Geodesy, Cartography and Cadastre in Sofia Based on the size of BuildCo's warehouse (1,300 sq. m.) and on the number of workers (60), the building falls under construction category IV which encompasses medium-sized buildings between 1,000-5,000 sq. m. employing between 50-100 workers, according to Regulation № 1 of the Ministry of Regional Development and Public Works, from 30 July 2003, for the requirements of the different types of construction. Pursuant to the Regulation # RD-02-20-5 from 15 December 2016 for the content, creation and maintenance of the cadastral extract and the cadastral registers, BuildCo must obtain an extract from the Agency for Geodesy, Cartography and Cadastre in Sofia. The following documents must be submitted: - Application form - Proof of ownership - Copy of original sketch issued with the original land title - Proof of fee payment	1 day	BGN 90
2	**Apply for VISA from the Chief Architect of the Municipality** *Agency* : Municipality To obtain the design permit, BuildCo must submit an application form, a title of property or proof of ownership, a sketch of the acting regulation plan, and a change proposal with tax receipts. The time limit for obtaining the design permit is 14 days, according to the Law of the Spatial Planning (Article 140). The design permit fees are set according to Decision No 894, Protocol No 93 (dated November 23, 2006) of the Sofia Municipal Council, Addendum 4, Article 2.	3 days	BGN 80
3	**Obtain decision from the Director of the Regional Inspectorate of Environment and Water** *Agency* : Regional Inspectorate of Environment and Water The Law on Environment Protection (Appendix 1 and Appendix 2) defines the investment projects that are subject to an environmental impact assessment (EIA). The warehouse building for storing books and stationary does not fall among the investment projects listed in both appendices. Thus, the EIA is not obligatory. However, a decision issued by the Director of the Regional Inspectorate of Protection of Environment is required to confirm that EIA is not necessary. The decision is issued within 14 days of submitting the request. The decision is valid for 5 years.	14 days	no charge
⇄ 4	**Sign preliminary contracts with the water authorities** *Agency* : Water Authorities In principle, BuildCo must obtain approval from the water authorities. The approval is valid for a year. Several documents are necessary to obtain this approval, including proof of ownership, the plan, the application form, the design permit, and the investment design by the Municipality's Chief Architect. The filing can be submitted at the same time with obtaining a decision from the Director of the Regional Inspectorate of Environment and Water. On these grounds, the water company undertakes a preliminary survey and subsequently issues a report that contains the necessary technical data and the specifications for the network connection. The cost and time vary according to the service: - Regular service: Free of charge, 26 days, - Fast service: BGN 300, 14 days, - Express service: BGN 600, 7 days	7 days	BGN 600
⇄ 5	**Request and obtain preliminary assessment of the building for its compliance with energy efficiency requirements from licensed company** *Agency* : Licensed Company Every investment project for construction, reconstruction and modernization, on the basis of which permission for construction is granted, has to be assessed for its compliance with the energy efficiency requirements. There is no fixed price for the issuance of a certificate for energy effectiveness. The rates are subject to negotiation. The assessment is done by a privately licensed company.	5 days	BGN 2,601

6	**Hire a construction supervision company for evaluation of the project and supervision during construction** *Agency* : Construction Supervision Company In order to be able to apply for a final construction permit, BuildCo must obtain an evaluation of the project plans to make sure that the building project design complies with essential construction requirements, according to Article 142 from the Law of Spatial Planning. This evaluation is prepared by an independent licensed construction supervision company. This part of the procedure costs BGN 2000 and takes 7 days. In addition, BuildCo signs a contract with the same independent construction supervision company. The supervisor must be licensed by the Ministry of Regional Development and Public Works. The supervisor will sign all acts and records during construction. This part of the procedure costs BGN 7150 and the time is included in the 7 days mentioned above. The firm's instructions and orders are binding for BuildCo and the technical manager. Within 3 days of being issued, objections against the supervisory firm's instructions can be made before the Directorate for National Construction Control. Construction will be stopped until a decision is reached, and the decision is considered to be a new set of binding rules. The supervisor must notify the Regional Directorate for National Construction control of any irregularities within 3 days of detection. The supervisor will be responsible for damages caused to the assignor and to the other participants in the construction, and jointly responsible with BuildCo for damages caused by not complying with the technical rules and the approved designs. The supervision contract must be valid for the entire construction process. The rates for a contract are between BGN 6.00 and BGN 10.00 per sq. m. of built area. However, the cost for this procedure is subject to negotiation between the investor and the surveillance company. There is no legally regulated minimum cost, but the Bulgarian Association of Architects and Engineers has issued an act containing recommended fees. The fees depend on the value of the construction work but may not be less than BGN 800.00. After the end of the construction, the person exercising construction supervision will prepare a final report to the assignor. In total, the the procedure costs BGN 9150 and takes 7 days.	7 days	BGN 9,150
7	**Obtain final construction approval from the Chief Architect of the Municipality** *Agency* : Municipality The fees are BGN 8.00 per sq. m., according to Decision No. 894, Protocol No. 93 (dated November 23, 2006, and amended in February 5, 2008) of the Sofia Municipal Council, Addendum 4, Table 1, assuming suburban Zone V. Once the Chief of Architect of the Municipality has issued the permission (or VISA) BuildCo must submit a folder with 12-13 files, including all the approvals from different departments (water, electricity, environment, etc.). A "project number" or tracking number is issued to BuildCo by the Municipality confirming that the complete file has been received. It takes about one month (sometimes more depending on the Municipality) to receive the final construction approval. However, even though the construction approval has been issued, construction is not allowed to commence yet, as there is a 14-day period which allows for an appeal on behalf of the residents in the area where the construction will take place (Article 149 (4) of Bulgarian Law of Spatial Planning from 2003). Construction work can only start on the 15th day.	35 days	BGN 10,405
8	**Obtain approval for opening a construction site and determining construction line and construction level** *Agency* : Municipality In order for BuildCo to be able to start the construction process, it needs to obtain approval to open a construction site (Law of Spatial Planning). A special document is prepared by the construction supervision company and submitted to the Municipality. The document stipulates the security and health precautions for labor, the safeguarding of any adjacent buildings, safety of movement, protective fences, large plants that will not be removed. To apply for the approval, BuildCo must submit: - Application form - Construction permit - Permission to dispose of land masses - Receipt for paid fees Tme and cost vary: Regular service: BGN 10, 7 days Fast service: BGN 15, 4 days Express service: BGN 20, 2 days	2 days	BGN 20

9	**Obtain approval from Municipality once the superstructure is complete** *Agency* : Municipality This is the first step of the construction control process after construction of the carcass of the building is complete. When the the foundation, walls and roofing have been completed, a document called Act 14 must be prepared by the investor (BuildCo), the construction supervision company and the architect. This document is then submitted for approval to the Sofia Municipality, as per Article 181 of the Law of Spatial Planning. The cost and time vary according to the service: - Regular service: BGN 750, 14 days - Fast service: BGN 1,125, 7 days, - Express service: BGN 1,500, 4 days	4 days	BGN 1,500
10	**Sign contract with water provider and receive connection** *Agency* : Water Authorities The decision is valid for 3 years, according to the Order of the Environmental Protection Law.	7 days	BGN 600
⇄ 11	**Obtain geodetic measurement from a licensed company** *Agency* : Licensed company A licensed geodetic company must outline the measurements of the completed warehouse and prepare a sketch for amending the cadastral map. The price is agreed upon with the licensed company, but no official fee schedule exists.	7 days	BGN 350
12	**Map the building in the cadastral map and receive registration certificate** *Agency* : Agency for Geodesy, Cartography and Cadastre Once BuildCo completes the construction of the warehouse, it must have the building mapped in the Agency for Geodesy, Cartography and Cadastre in Sofia. There are a number of documents that BuildCo needs to present: - Application form - Sketch for amending the cadastral map - Materials and data from geodetic measurements - Proof of ownership - Documents for check with a control computer program - Copy of proof of payment - Copy of the licensed of the expert who conducted the geodetic measurements - Copy of the insurance documents of the geodetic expert - Other documents indicating grounds for amendments	3 days	BGN 124
13	**Request and obtain certificate for energy efficiency** *Agency* : Licensed Company After completing a new construction, a certificate for energy efficiency (energy passport) must be issued as part of the technical passport of the construction. The issuance of the certificate is performed under a contract signed by the assignor and natural person/entity and is entered in the register for the persons authorized to perform certification for energy efficiency.	7 days	BGN 500
14	**Have the Construction Surveillance file a report on the completed construction** *Agency* : Construction Supervision Company After the construction is finished, the assignor, the designer, the constructor, and the supervisor must issue a document confirming that the construction has been carried out in accordance with the approved designs, the certified executive documentation, the requirements of the construction and the conditions of the contract. The records for conducted trials on the machines and on the facilities should also be attached. The transfer of the construction by the constructor to the assignor is also implemented.	1 day	no charge
15	**A technical passport is registered with the Chief Architect of the Municipality** *Agency* : Municipality The Law on Spatial Development was supplemented on September 15, 2006, State Gazette, Issue No. 76. The law contains a new requirement for licensed experts performing surveillance control. A technical passport for the construction should be prepared after the completion of construction. This document defines all terms for the performance of any major or current repairs and contains data on all certificates issued (those required by the construction legislation). Inspections should also be recorded in the passport. The technical passport must be prepared by the surveillance company. Either the surveillance company or the investor files two copies of the technical passport (one for the investor and one for the Chief Architect of the Municipality) and an electronic copy with the Chief Architect of the Municipality -- Office for Registration. The registration of the technical passport may take 2 or 3 days (no charge) after which the investor or the surveillance company may take back their original (it should bear a stamp with the date and the registration number).	3 days	no charge
16	**File a copy of the registered technical passport with the Cadastre** *Agency* : Agency for Geodesy, Cartography and Cadastre A copy of the registered original technical passport (notarization not required), along with the original technical passport, should be filed with the Cadastre Agency (this second procedure costs BGN 2.00 and is completed in one day). The copy is to be kept by the Cadastre Agency, while the original (with a stamped registration number) is returned to the investor.	1 day	no charge

17	**Receive final inspection by the Municipality** *Agency* : Municipality - National Construction Control Department A State Commission coordinated by National Construction Control Department grants final approval of the building construction. The commission is comprised of members from different authorities, including the Hygienic Epidemiological Institute and the Fire Alarm Security Service.	1 day	no charge
18	**Obtain approval of the building and occupancy permit from the Municipality** *Agency* : Municipality After completing the construction and tests of facilities, the assignor must register before the Chief Architect of the Municipality, present the ultimate report, the utility provider contracts, and document from the cadastral agency that its requirements have been fulfilled in order to obtain an occupancy permit. The Municipality issues the occupancy permit within 7 days.	7 days	BGN 750

⇉Takes place simultaneously with previous procedure.

Details – Dealing with Construction Permits in Bulgaria – Measure of Quality

	Answer	Score
Building quality control index (0-15)		**14.0**
Quality of building regulations index (0-2)		**2.0**
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
Quality control before construction index (0-1)		**1.0**
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed architect; Licensed engineer; Private firm.	1.0
Quality control during construction index (0-3)		**2.0**
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections by in-house engineer; Inspections by external engineer or firm; Inspections at various phases.	1.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are always done in practice.	1.0
Quality control after construction index (0-3)		**3.0**
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, final inspection is done by government agency; Yes, external engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		**2.0**
Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1.0
Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company; Insurance is commonly taken in practice.	1.0
Professional certifications index (0-4)		**4.0**
What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering; Being a registered architect or engineer.	2.0

What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management; Being a registered architect or engineer.	2.0

Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0–3)
- Tools to monitor power outages (0–1)
- Tools to restore power supply (0–1)
- Regulatory monitoring of utilities' performance (0–1)
- Financial deterrents limiting outages (0–1)
- Transparency and accessibility of tariffs (0–1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: *Doing Business* measures the price of electricity, but it is not included in the ease of doing business score nor in the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions about the warehouse, the electricity connection and the monthly consumption are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in January of the current year are used for calculation of the price of electricity for the warehouse. Although January has 31 days, for calculation purposes only 30 days are used.

Getting Electricity - Bulgaria

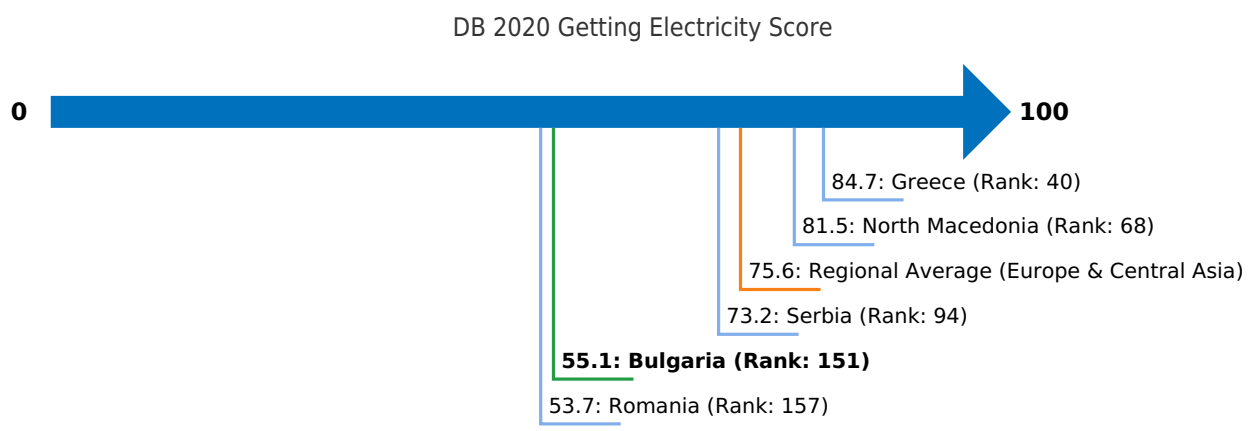
Standardized Connection

Name of utility	CEZ Distribution Bulgaria AD
Price of electricity (US cents per kWh)	10.7
City Covered	Sofia

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	6	5.1	4.4	3 (28 Economies)
Time (days)	262	99.6	74.8	18 (3 Economies)
Cost (% of income per capita)	386.8	271.9	61.0	0.0 (3 Economies)
Reliability of supply and transparency of tariff index (0-8)	6	6.2	7.4	8 (26 Economies)

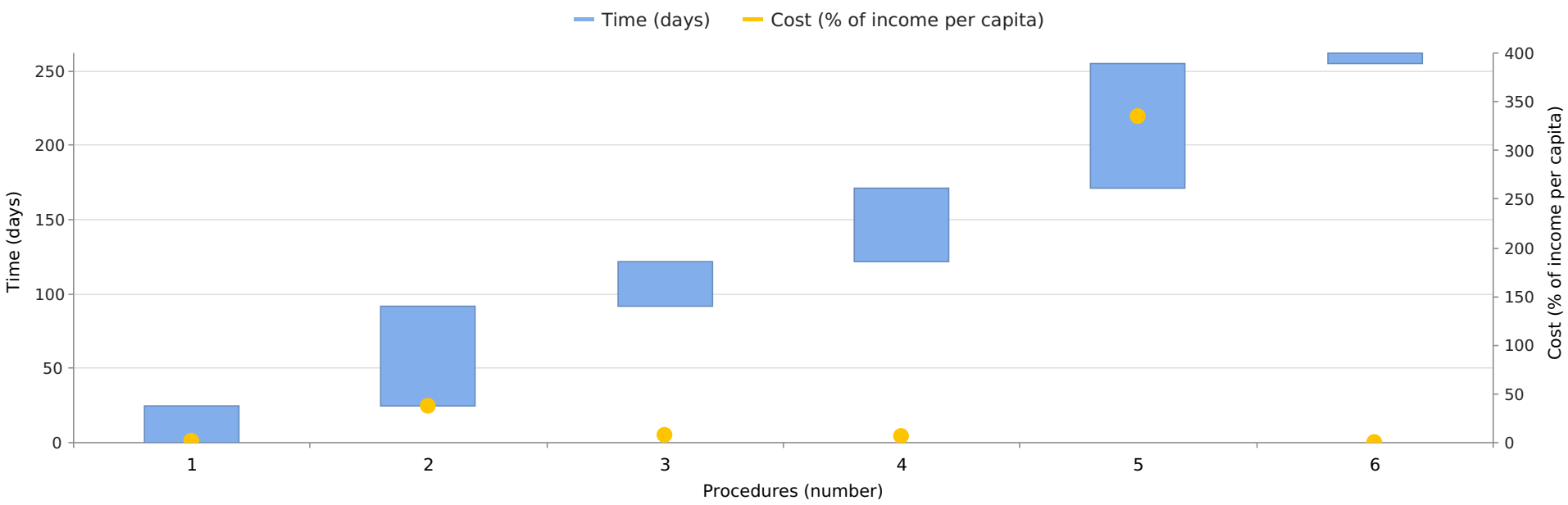
Figure – Getting Electricity in Bulgaria – Score

Figure – Getting Electricity in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of getting electricity is determined by sorting their scores for getting electricity. These scores are the simple average of the scores for all the component indicators except the price of electricity.

Figure – Getting Electricity in Bulgaria – Procedure, Time and Cost

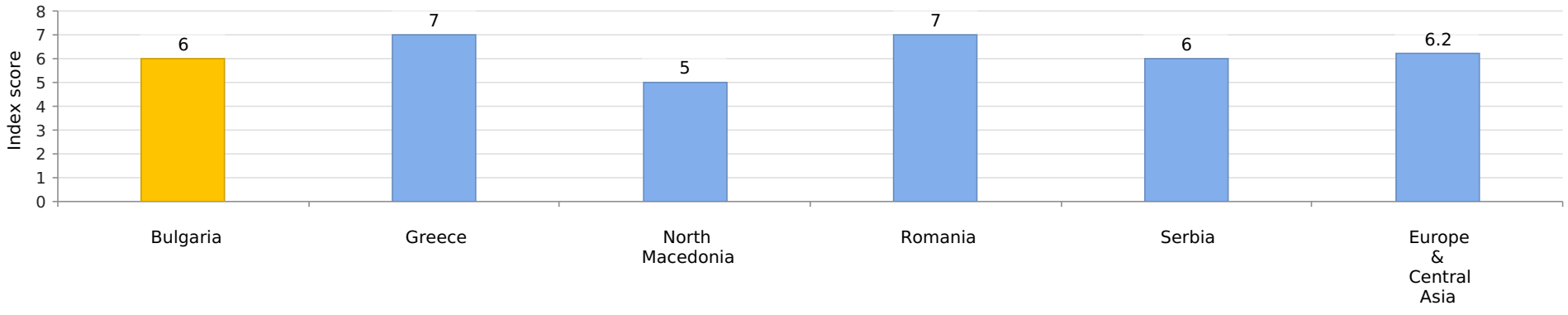


*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures

reflected here, see the summary below.

Figure – Getting Electricity in Bulgaria and comparator economies – Measure of Quality



Details – Getting Electricity in Bulgaria – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Apply for and await examination of the conditions for connection to the electricity grid** *Agency* : CEZ Distribution Bulgaria The customer submits an application to join the electricity distribution network at one of CEZ Distribution's offices. Although the steps and process for applying are explained online, the application should be done in-person. The following documents have to be submitted with the application: • Copy of the visa for exploration (excerpt/blueprint from the acting detailed development plan delivered by the Municipality); • Proof of ownership of the warehouse; • BULSTAT and other identification documents (if needed, e.g. Court decision for registration); • Power of Attorney of the person submitting the application on behalf of the customer (if needed). In the course of this procedure the utility examines the conditions for connection of an object to the electricity grid. The customer does not have to be present during the inspection. Within 25 days, the customer is invited to go back to CEZ Distribution's office to receive the results of examination. The document states the terms and conditions of the agreement between the customer and CEZ Distribution, and describes the technical specifications of the new connection. Note: This procedure takes place at early stage, before the issuance of the construction permit for the warehouse.	25 calendar days	BGN 211.92
2	**Await completion and approval of project design** *Agency* : Electrical design firm, Construction supervision firm The customer's private design and construction supervision companies prepare the design and have it approved by the relevant agencies. All the approval process is done by the design and construction supervision companies, without further interaction with the customer. The design of the external connection is prepared in accordance with the Ordinance № 6 of 24.02.2014, art. 21, which states that for connections to the medium-voltage the preparation of the design and the construction of the connection are undertaken by the customer's design company. The design has to correspond to the technical requirements set forth by the Law of Spatial Planning (LSP) of 31.03.2001. The design company on behalf of the customer submits the design for approval to the utilities/agencies whose communication lines and activities may be affected by the new connection (e.g. water, gas, heating, telecoms, fire department, etc.). In practice, several copies of the document are prepared to be sent to all agencies simultaneously in order to save time. Once the design has been approved by relevant agencies/utilities, it has to be approved by CEZ Distribution.	67 calendar days	BGN 5,800
3	**Apply for and await final contract** *Agency* : CEZ Distribution Bulgaria The customer has to sign a final contract with CEZ Distribution within a period of maximum one year after receiving the preliminary agreement with terms and conditions and technical specifications. During this period, the customer must have obtained the construction permit for the warehouse, which is required to sign the final contract. When applying for the final contract, the customer needs to submit a set of additional documents, including: • All design documents (not only electrical part); • Construction permit for the building (warehouse); • Copy of the preliminary contract. After submitting the application, the customer awaits the final contract. Within 30 days, the customer is invited to go back to CEZ Distribution's office to receive it. The final contract specifies all legal and technical terms as well as the responsibilities of the customer and the distribution utility. Upon signature of the final contract, the customer pays an administrative fee to CEZ Distribution, which cover all expenses that CEZ Distribution will make throughout the process. Note: Connection fees regulated by DKER do not apply here, as the customer is in charge of conducting and paying for the construction of the connection him/herself.	30 calendar days	BGN 1,150
4	**Sign guarantee contract for pavement recovery, obtain construction permit and other authorizations from the Municipality** *Agency* : Customer, Sofia Municipality, Construction supervision firm This procedure is completed at the Municipality. It involves signing the contract for pavement recovery and obtaining the construction permit for the connection. The customer signs a contract for pavement recovery with the Municipality to guarantee that the pavement will be recovered upon completion of the external works (as it involves excavating under the road/pavement). In parallel, the customer pays a deposit, which will be reimbursed 20% per year over a period of five years if no damages to the pavement are observed. There are no interests paid on this deposit. The conditions of the guarantee contract and deposit are regulated by the Municipality. Once the contract for pavement recovery has been signed and the deposit paid the Municipality can grant the construction permit for the connection. Within the deadlines set by the Law of Spatial Planning (art. 144(3) and art. 148(4)), the Municipality approves the design and issues the construction.	49 calendar days	BGN 971.75

5	**Await completion of external works, inspections and issuance of relevant documents** *Agency* : Construction firm, Construction supervision firm The customer hires a construction and supervision firms to conduct the external connection works and acquire all necessary inspections and approvals. The CEZ Distribution Internal Committee has to provide an approval of the completed external connections work in the form of the protocol of compliance of the completed site (Act 15). In parallel, the municipality reviews the pavement works and prepares a document stating that the pavement is in the required condition—which allows the reimbursement of the first segment of the deposit paid by the customer. The Permit to Use for the newly built connection (Act 16) is provided by the Commission at the Directorate for National Construction Control (DNSK), according to art. 177.2, LSP based on the approvals received from the CEZ Distribution and the Municipality. Once the works are completed, a digitalized geodesist image of the connection is taken and is added to the project documentation by the construction supervision company. Together with the technical passport of the construction, this documentation is archived at the Regional and State Agencies for Geodesy Cartography and Cadaster	84 calendar days	BGN 52,185
6	**Conclude contract with electricity supplier and await meter installation and electricity flow** *Agency* : CEZ Electro Bulgaria/CEZ Distribution Bulgaria AD Once the Act 16 has been issued, the customer concludes a supply contract with an electricity supplier of his/her choice, which in most cases is CEZ Electro. The customer is informed when the meter will be installed, tested (72-hour test) and activated, and once the electricity is flowing.	7 calendar days	BGN 0

⇉Takes place simultaneously with previous procedure.

Details – Getting Electricity in Bulgaria – Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	6
Total duration and frequency of outages per customer a year (0-3)	1
System average interruption duration index (SAIDI)	6.2
System average interruption frequency index (SAIFI)	5.0
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	3.0
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	1
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	Yes
Financial deterrents aimed at limiting outages (0-1)	1
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	Yes
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	http://www.cez.bg/bg/za-klienta/bitovi-i-nebitovi-klienti/calculator-konsumacia.html
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0–6)
- Geographic coverage index (0–8)
- Land dispute resolution index (0–8)
- Equal access to property rights index (-2–0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban (that is, on the outskirts of the city but still within its official limits) area of the economy’s largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Perform general commercial activities.

The property (fully owned by the seller):

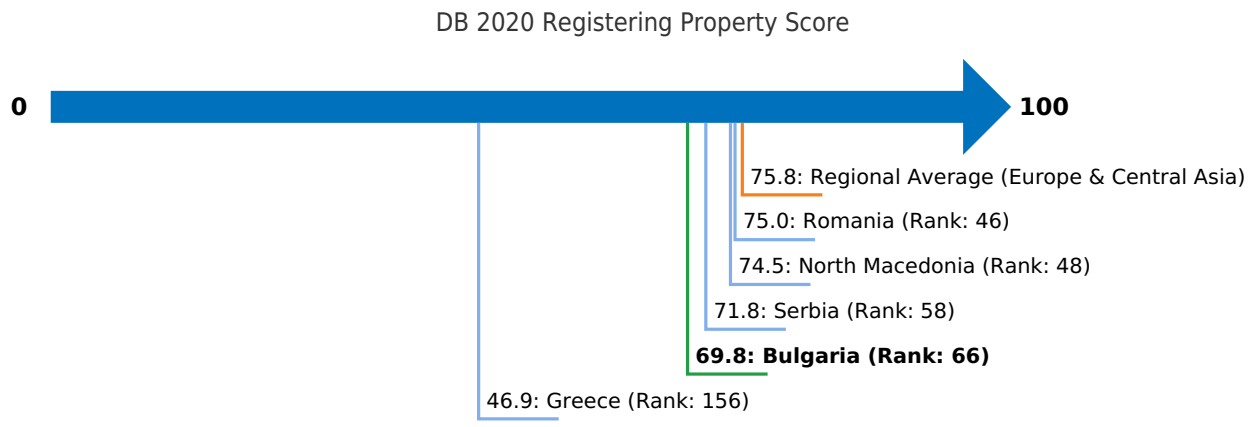
- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone (that is, on the outskirts of the city but still within its official limits), and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Registering Property - Bulgaria

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Procedures (number)	8	5.5	4.7	1 (5 Economies)
Time (days)	19	20.8	23.6	1 (2 Economies)
Cost (% of property value)	2.8	2.7	4.2	0.0 (Saudi Arabia)
Quality of the land administration index (0-30)	19.5	20.4	23.2	None in 2018/19

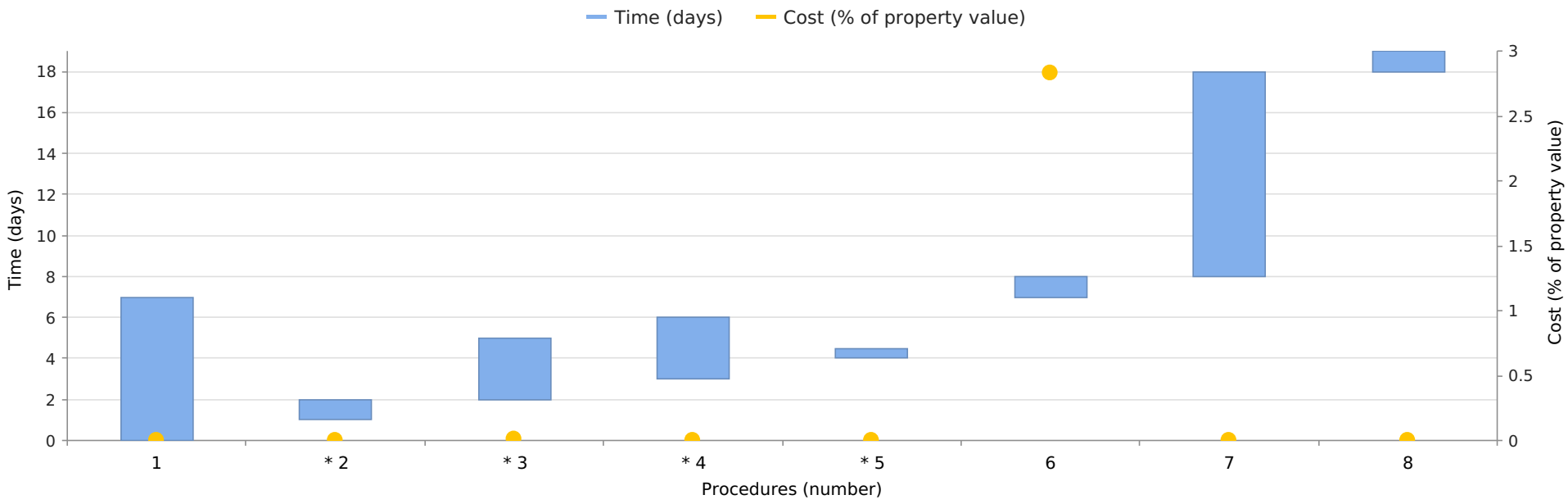
Figure – Registering Property in Bulgaria – Score

Figure – Registering Property in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of registering property is determined by sorting their scores for registering property. These scores are the simple average of the scores for each of the component indicators.

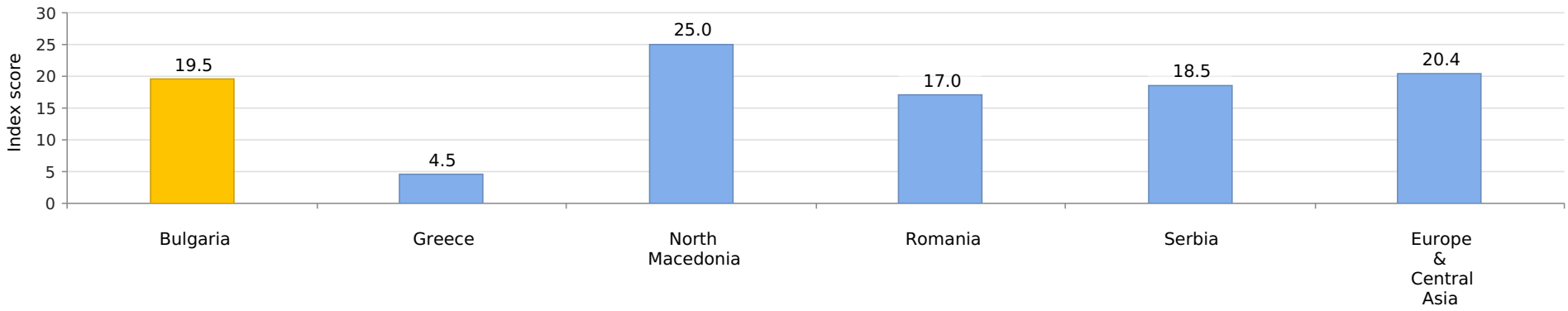
Figure – Registering Property in Bulgaria – Procedure, Time and Cost



*This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the *Doing Business* website (http://doingbusiness.org/en/methodology). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Bulgaria and comparator economies – Measure of Quality



Details – Registering Property in Bulgaria – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	**Obtain the tax clearance certificate** *Agency* : National Revenue Agency According to Taxation and Insurance Procedure Code (Art. 87, paragraph 6) in effect as of 1 January 2006, the tax clearance certificate, showing that no taxes (taxes, social security contributors) are owed by the company, is obtained from the National Revenue Agency. The certificate can be obtained online on the website of the National Revenue Agency.	7 days	no charge
⇄ 2	**Obtain the tax valuation of a property** *Agency* : Sofia Municipality - Local Taxes and Fees Department The tax valuation is the basis for calculating the fees for notary deeds only when the purchase (sale) price is equal to the tax valuation price. If the purchase (sale) price is higher than the tax valuation, the higher purchase (sale) price serves as the basis for calculating the fees. In addition, the tax valuation is the basis for calculating the tax at acquisition of property. According to Art.46 of the Local Taxes and Fees Act, the basis for determining the tax shall be the valuation of the property in BGN at the moment of transfer. The immovable property shall be valued according to the agreed price or the tax valuation if it is higher than the agreed price. The fee for issuing a tax valuation certificate is determined in schedule 5 of the ordinance for the definition and administration of local fees and prices for services provided by the Sofia Municipality.	1 day	BGN 34; (BGN 17 for 5-day procedure, BGN 25.50 for 3-day procedure and BGN 34 for 1-day procedure)
⇄ 3	**Obtain the non-encumbrance certificate from the Real Estate Register** *Agency* : Registry Agency of Bulgaria The fee for the issuance of non-encumbrance certificates is determined in Art. 7 of the tariff for state fees by the Registry Agency. Two separate certificates need to be issued: one for the building and a different one for the land. No joint certificate can be issued.	3 days	BGN 60; (BGN 10 for regular service (7 working days), BGN 30 for fast service (3 working days) Two separate certificates need to be issued: one for the building and a different one for the land. Each certificate costs BGN 30.)
⇄ 4	**The sketch of the estate is drafted by the Geodesy, Cartography and Cadaster Agency** *Agency* : Geodesy, Cartography and Cadastre Agency The draft of the estate is a graphic sketch of the estate with its borders, area in square meters, and a unique identifier of the area where the estate is located. This draft is issued by the Geodesy, Cartography and Cadastre Agency for areas where cadastral maps have been prepared and approved. For areas where the cadastral maps have not been prepared and approved yet, the sketch is issued by the municipalities for urban areas, and by the municipal agricultural services for agricultural lands.	3 days	BGN 28; (BGN 40 for a fast 3-days procedure and BGN 20 for a regular 7-days procedure. If obtained online, a 30% discount applies.)
⇄ 5	**Obtain the certificates of good standing for seller and buyer** *Agency* : Registry Agency of Bulgaria Certificates are issued by the Registry Agency of Bulgaria. As of January 1st, 2008, all companies in Bulgaria are registered into the new centralized Business Register. The companies must have been registered by December 31st, 2011 into the Business Register. Companies that are not registered in the Business Register have been liquidated since January 1st, 2012. Certificates are issued in order to make sure that the company is registered and active. Certificates for good standing are issued online since 2009.	Less than one day, online	BGN 8; (Hard copy document: BGN 5 for first page, BGN 2 for every following page Electronic document: BGN 2.50 for first page, BGN 1.50 for every following page (Art. 16g of the Tariff for state fees collected by the Registry Agency))

6	**The notary executes the transfer deed** *Agency* : Notary Public operating within the Sofia Regional Court The notary executes the transfer deed and collects the money for payment of the state fee (transfer tax) and the registration fee. Usually the notary pays the state and registration fees. This is done for the clients' convenience. The parties can pay the fees at the account of the tax authority where the estate is situated and bring the receipts to the notary. Local tax for acquisition of real estate varies between 0.1% to 3% of either the (i) the purchase price or (ii) the tax evaluation of the real estate (whichever one is higher). The local tax is subject to determination by each municipality on yearly basis.	1 day	BGN 22,083.85; (1. Property Transfer Tax Property transfer tax (for all kinds of property transfers except for donations) for the region of Sofia Municipality, determined with an Ordinance (Art. 35, para. 2 of the Ordinance for determining the amounts of the local fees) of the Sofia City Council, is 2.5 % of the sale price (or tax evaluation if higher). 2. State fee for registration of the Notary Deed in the Property Register – Office Sofia According to Art. 2, para. 1 of the Tariff for the fees collected by the Registry Agency, the fee for registration of notary deeds (as well as other documents that may serve as property ownership titles) is 0.1 % over the sale price, but not less than BGN 10. 3. Notary fees for execution of the property transfer and certification of the notary deed According to Art. 8 of the Tariff for the notary fees, the notary fee is calculated on the basis of the sale price/tax evaluation of higher (the so called "material interest") in the following manner. For property transfers with material interest: 1. Up to BGN 100 – the notary fee is BGN 30 2. From BGN 101 - to BGN 1,000 – the notary fee is BGN 30 + 1,5 % of excess over BGN 100 3. From BGN 1001 - to BGN 10,000 – the notary fee is BGN 43,50 + 1,3 % of excess over BGN 1,000 4. From BGN 10 001 - to BGN 50,000 – the notary fee is BGN 160,50 + 0,8 % of excess over BGN 10,000 5. From BGN 50 001 - to BGN 100,000 – the notary fee is BGN 480,50 + 0,5 % of excess over BGN 50,000 6. From BGN 100 001 - to BGN 500,000 – the notary fee is BGN 730,50 + 0,2 % of excess over BGN 100,000 7. Over BGN 500,000 – the notary fee is BGN 1530,50 + 0,1 % of excess

7	**Registration of notarized deed at the Registry** *Agency* : Registry Agency of Bulgaria The notary will register the notarized deed at the registration office with the respective district court. This can be done by the parties, but it is common that the notary will do it (and it is included in the above fees). The notary will pay registration and state fees collected previously. Registration should take 1 day, but it can take up to 3 days during busy periods. According to Art. 25, para. 5 of the Notary Public and Notarial Activity Law of 2009, the notary has to submit the notarized deed in the same day it is signed. In practice, this generally happens in Sophia. The notarized deed will be registered by the Notary Public with the respective office of the Registry Agency. If a notary public does not perform their obligation for entry of a notary deed or other notary certified act with the real estate register, the interested persons are entitled to claim the suffered damages. Furthermore, the interested persons may address the Notary Chamber regarding the violations of the notary's obligations. This may entail disciplinary proceedings against the respective notary public. This amendment also ensures that the notaries public have access to the National Database "Population" and to the National Automatic Information Fund for personal identity documents. It also introduced an obligation for the notaries public to make special checks in the database and the fund when performing notary certifications connected to rights over real estates.	10 days	Already paid in Procedure 6
8	**Registration of the new owner by the Local Taxes and Fees Department of the competent Municipality** *Agency* : Local Taxes and Fees Department at the respective Municipality For newly acquired property, the new owner submits a declaration to the municipal authorities, where the property is located. The owner must attach a copy of his/her ownership title (notary deed, etc.) to the declaration before filing it. The purpose of the declaration is to indicate the new owner of the real estate before the municipal authorities for the calculation of the local tax for owning of a real estate and the waste tax that are due according to Art. 10 and Art. 62 of the Local Taxes and Fees Act (LFTA). Under Art. 14 of the LFTA, it was mandatory for new owners to submit the declaration to the municipal authorities within two months from the date of acquisition of the property. However, the LFTA was amended on December 29th, 2018, which became effective on January 1st 2019. Under Art. 51 (1) and (2) of the LFTA, the Registry Office, where the transfer deed is registered, must notify the municipal authorities of the new ownership. In addition, the notary public, who executed the transfer deed, shall have an obligation to notify the municipal authorities of the new ownership in 7 days after the execution of the notary deed. New owners no longer have the obligation to notify the municipality of this change of ownership. However, in practice, it is common for new owners to submit a declaration to the municipal authorities.	1 day	no charge

⇉Takes place simultaneously with previous procedure.

Details – Registering Property in Bulgaria – Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		**19.5**
Reliability of infrastructure index (0-8)		**6.0**
Type of land registration system in the economy:	Deed Registration System	
What is the institution in charge of immovable property registration?	Registry Office - Sofia at the Registry Agency - Property Register	
In what format are past and newly issued land records kept at the immovable property registry of the largest business city of the economy —in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there a comprehensive and functional electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	Yes	1.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Geodesy, Cartography and Cadastre Agency or Sofia Municipality	
In what format are past and newly issued cadastral plans kept at the mapping agency of the largest business city of the economy—in a paper format or in a computerized format (scanned or fully digital)?	Computer/Scanned	1.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	Yes	1.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Different databases but linked	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
Transparency of information index (0–6)		**4.5**
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Anyone who pays the official fee	1.0
Is the list of documents that are required to complete any type of property transaction made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://www.property-in-bulgaria.bg/en/Buying_and_selling_property/Required_Documents	
Is the applicable fee schedule for any type of property transaction at the agency in charge of immovable property registration in the largest business city made publicly available–and if so, how?	Yes, online	0.5
Link for online access:	http://www.property-in-bulgaria.bg/en/Buying_and_selling_property/Taxes_and_Fees_in_Case_of_Purchase_and_Sale_Transactions; http://www.registryagency.bg/media/filer_public/2018/01/26/tarifa_12_2017.pdf	
Does the agency in charge of immovable property registration agency formally commit to deliver a legally binding document that proves property ownership within a specific timeframe –and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://www.registryagency.bg/bg/registri/imoten-registar/udostovereniya/	

Is there a specific and independent mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	Yes	0.5
Number of property transfers in the largest business city in 2018:	33943.0	
Who is able to consult maps of land plots in the largest business city?	Anyone who pays the official fee	0.5
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	https://kais.cadastre.bg/en/Services?lnDocumentType=40 http://www.gis-sofia.bg/js/backend/tiny_mce/plugins/ajaxfilemanager/upload/ceni_01_08_2014.pdf http://www.gis-sofia.bg/js/backend/tiny_mce/plugins/ajaxfilemanager/upload/cenorazpis_EN_nov_01.08.pdf	
Does the cadastral/mapping agency formally specifies the timeframe to deliver an updated cadastral plan—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	https://kais.cadastre.bg/en/Services?lnDocumentType=40	
Is there a specific and independent mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0-8)		**4.0**
Are all privately held land plots in the largest business city formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	Yes	2.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
Land dispute resolution index (0-8)		**5.0**
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	Yes	1.5
Legal basis:	Art. 112 and Art. 113 of the Ownership Act and Ordinance for the maintenance and keeping of the Land Register	
Is the system of immovable property registration subject to a state or private guarantee?	Yes	0.5
Type of guarantee:	State guarantee	

Legal basis:	According to art.49 of the rules of registrations when a discrepancy appear between the registration books kept by Registry Agency and the certificates and transcripts issued by the latter is found, the data from the registration books is given priority, but the Registry Agency is responsible for damages resulted.	
Is there a is a specific, out-of-court compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Legal basis:	According to Art. 49 of the Rules on registrations, when a discrepancy between the registration books kept by the Registry Agency and the certificates (e.g. encumbrances certificates) and transcripts issued by the latter is found, the data from the registration books is given priority, but the Registry Agency is responsible for the damages, resulted as a consequence of the discrepancies in these certificates or transcripts. Aside from the above, according to Art. 1 of the Liability of the State and the Municipalities for Damages, the Bulgarian state is responsible for the damages caused to physical persons and entities by unlawful acts, actions and omissions of its bodies and officials by or in relation to the performance of their administrative functions.	
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary;	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary;	
Is there a national database to verify the accuracy of government issued identity documents?	Yes	1.0
What is the Court of first instance in charge of a case involving a standard land dispute between two local businesses over tenure rights for a property worth 50 times gross national income (GNI) per capita and located in the largest business city?	Sofia City Court (Art. 104 and Art. 109 of the Civil Procedural code)	

How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	Between 2 and 3 years	1.0
Are there publicly available statistics on the number of land disputes at the economy level in the first instance court?	No	0.0
Number of land disputes in the economy in 2018:		
Equal access to property rights index (-2-0)		**0.0**
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	
Do married men and married women have equal ownership rights to property?	Yes	0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

What the indicators measure

Strength of legal rights index (0–12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0–8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

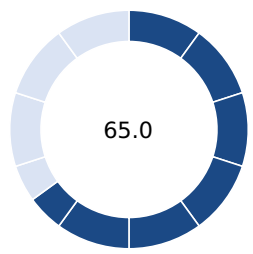
The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

Getting Credit - Bulgaria

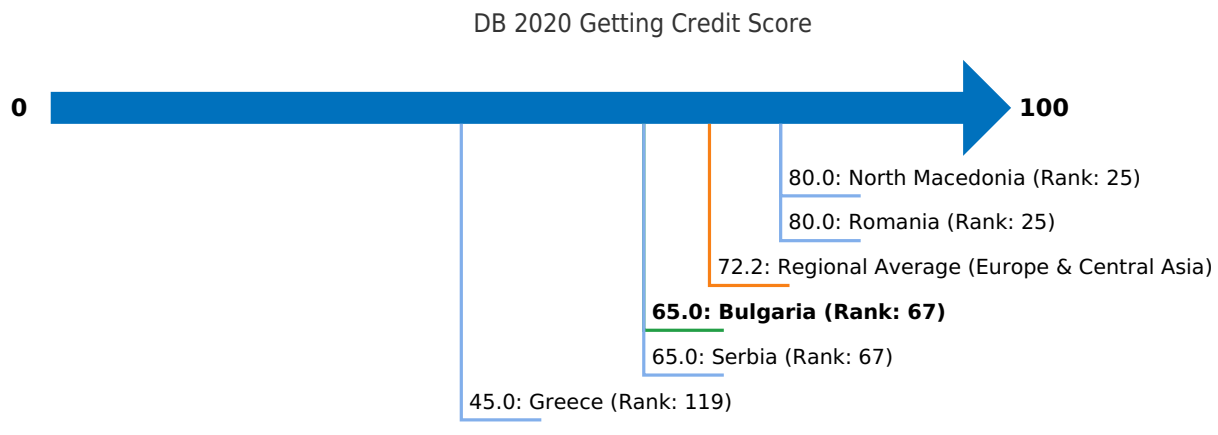
Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Strength of legal rights index (0-12)	8	7.8	6.1	12 (5 Economies)
Depth of credit information index (0-8)	5	6.7	6.8	8 (53 Economies)
Credit registry coverage (% of adults)	78.0	24.0	24.4	100.0 (2 Economies)
Credit bureau coverage (% of adults)	0.0	41.7	66.7	100.0 (14 Economies)

Figure – Getting Credit in Bulgaria – Score



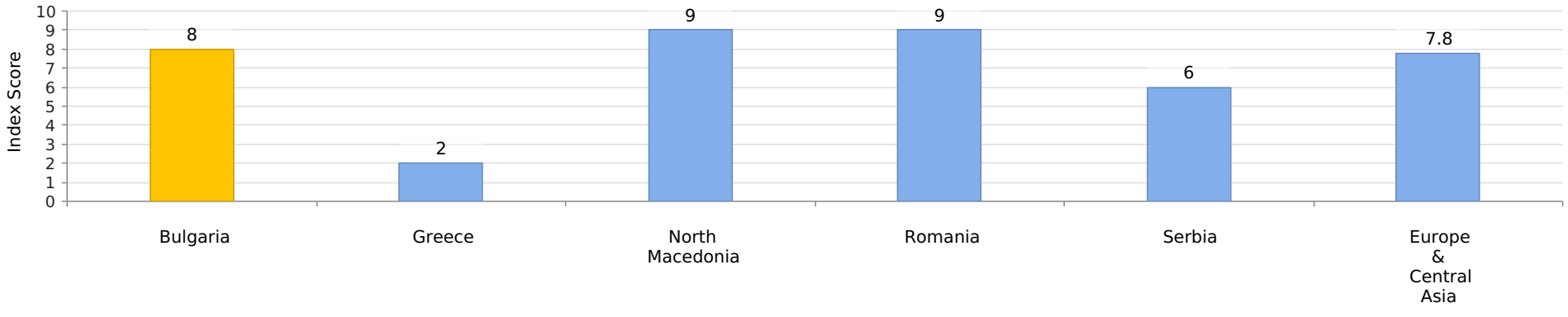
Score - Getting Credit

Figure – Getting Credit in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of getting credit is determined by sorting their scores for getting credit. These scores are the sum of the scores for the strength of legal rights index and the depth of credit information index.

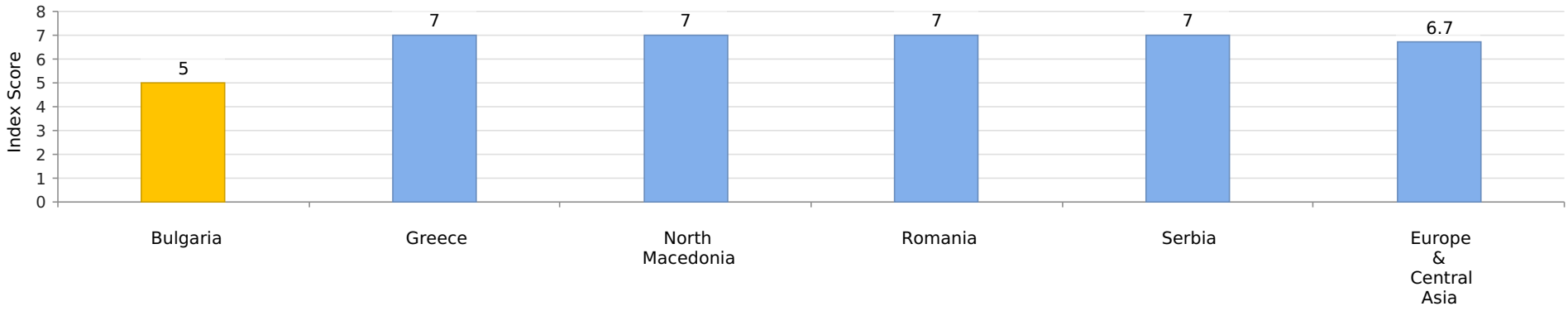
Figure – Legal Rights in Bulgaria and comparator economies



Details – Legal Rights in Bulgaria

Strength of legal rights index (0-12)	**8**
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	No
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	Yes
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets?	Yes
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	Yes
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	Yes
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	Yes
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it?	Yes
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	Yes

Figure – Credit Information in Bulgaria and comparator economies



Details – Credit Information in Bulgaria

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	No	Yes	1
Are both positive and negative credit data distributed?	No	Yes	1
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	No	No	0
Are data on loan amounts below 1% of income per capita distributed?	No	Yes	1
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	No	Yes	1
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	No	Yes	1
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	No	No	0

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	0	3,363,862
Number of firms	0	172,562
Total	0	3,536,424
Percentage of adult population	**0.0**	**78.0**

Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

What the indicators measure

- **Extent of disclosure index (0–10)**: Disclosure, review, and approval requirements for related-party transactions
- **Extent of director liability index (0–10)**: Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, disqualification from managerial position(s) for one year or more, rescission of the transaction)
- **Ease of shareholder suits index (0–10)**: Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0-30):** Sum of the extent of disclosure, extent of director liability and ease of shareholder suits indices
- **Extent of shareholder rights index (0-6)**: Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0-7)**: Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0-7)**: Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0–20)**: Sum of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0–50)**: Sum of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):
- Is a publicly traded corporation listed on the economy's most important stock exchange.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board in economies with a two-tier board system on which Mr. James appointed 60% of the shareholder-elected members.
- Has not adopted bylaws or articles of association that go beyond the minimum requirements. Does not follow codes, principles, recommendations or guidelines that are not mandatory.
- Is a manufacturing company with its own distribution network.

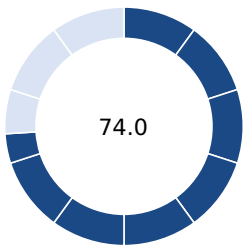
The transaction involves the following details:
- Mr. James owns 60% of Buyer, sits on Buyer's board of directors and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's principal activity and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made—that is, the transaction was not entered into fraudulently.
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the executives and directors that approved the transaction.

Protecting Minority Investors - Bulgaria

Stock exchange information	
Stock exchange	Bulgarian Stock Exchange
Stock exchange URL	http://www.bse-sofia.bg
Listed firms with equity securities	63
City Covered	Sofia

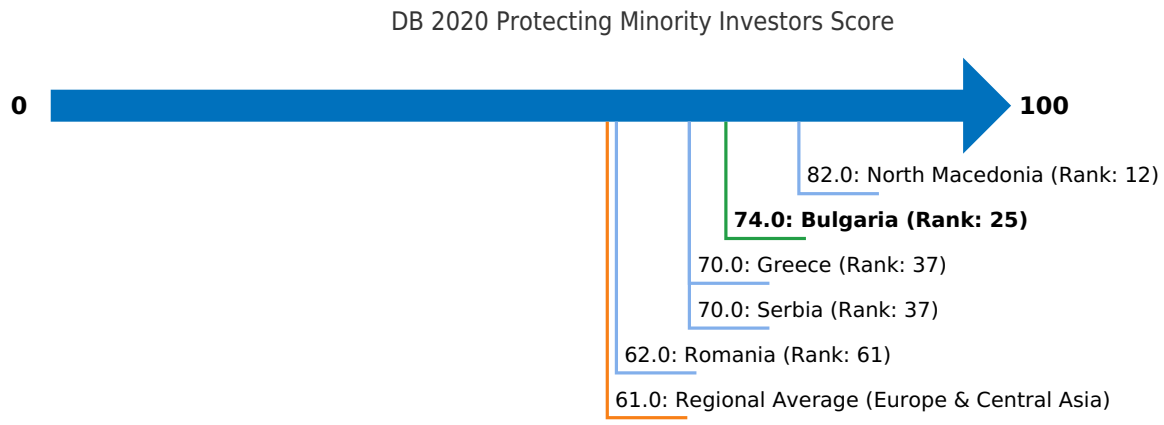
Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Extent of disclosure index (0-10)	10.0	7.5	6.5	10 (13 Economies)
Extent of director liability index (0-10)	2.0	5.0	5.3	10 (3 Economies)
Ease of shareholder suits index (0-10)	8.0	6.8	7.3	10 (Djibouti)
Extent of shareholder rights index (0-6)	6.0	3.4	4.7	6 (19 Economies)
Extent of ownership and control index (0-7)	4.0	3.7	4.5	7 (9 Economies)
Extent of corporate transparency index (0-7)	7.0	4.1	5.7	7 (13 Economies)

Figure – Protecting Minority in Bulgaria – Score



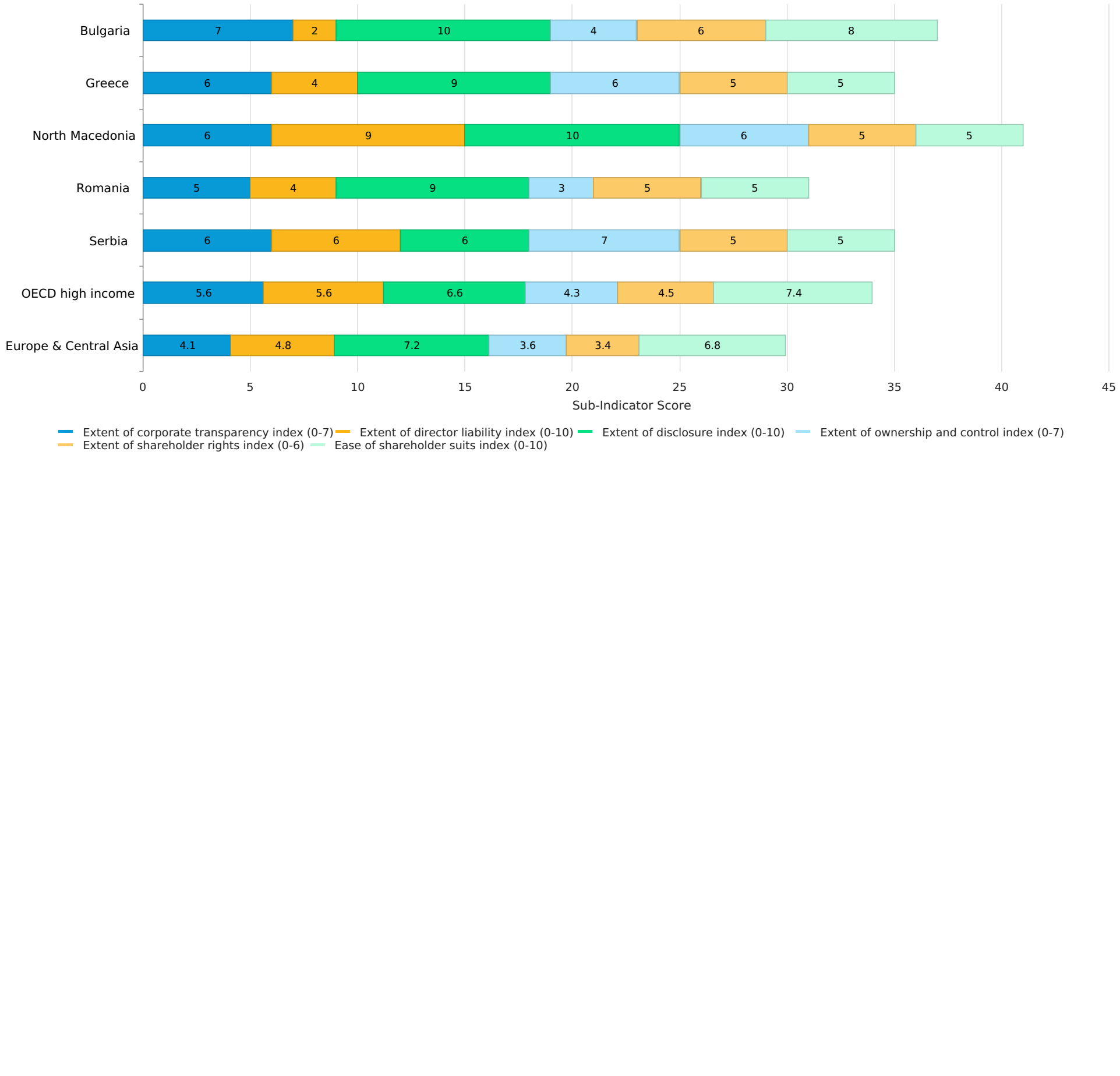
Score - Protecting Minority Investors

Figure – Protecting Minority Investors in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their scores for protecting minority investors. These scores are the simple average of the scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure – Protecting Minority Investors in Bulgaria and comparator economies – Measure of Quality



Details – Protecting Minority Investors in Bulgaria – Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-30)		
Extent of disclosure index (0-10)		**10.0**
Whose decision is sufficient to approve the Buyer-Seller transaction? (0-3)	Shareholders excluding interested parties	3.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in periodic filings (e.g. annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Extent of director liability index (0-10)		**2.0**
Can shareholders representing 10% of Buyer's share capital sue for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold Mr. James liable for the damage the transaction caused to Buyer? (0-2)	Not liable	0.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer? (0-2)	Not liable	0.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	No	0.0
Is Mr. James disqualified upon a successful claim by shareholders? (0-1)	No	0.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Only in case of fraud or bad faith	0.0
Ease of shareholder suits index (0-10)		**8.0**
Before suing, can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	Any relevant document	3.0
Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	Yes	1.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	Preapproved questions only	1.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	Yes	1.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes if successful	1.0
Extent of shareholder governance index (0-20)		
Extent of shareholder rights index (0-6)		**6.0**
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	Yes	1.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Do shareholders elect and dismiss the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Extent of ownership and control index (0-7)		**4.0**

Is it forbidden to appoint the same individual as CEO and chairperson of the board of directors?	No	0.0
Must the board of directors include independent and nonexecutive board members?	Yes	1.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	No	0.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	Yes	1.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0
Is a subsidiary prohibited from acquiring shares issued by its parent company?	No	0.0
Extent of corporate transparency index (0-7)		**7.0**
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	Yes	1.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	Yes	1.0
Must Buyer disclose the compensation of individual managers?	Yes	1.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	Yes	1.0
Must Buyer disclose its audit reports to the public?	Yes	1.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as the administrative burden of paying taxes and contributions and complying with postfiling procedures (VAT refund and tax audit). The most recent round of data collection for the project was completed in May 2019 covering for the Paying Taxes indicator calendar year 2018 (January 1, 2018 – December 31, 2018). See the methodology for more information.

What the indicators measure

Tax payments for a manufacturing company in 2018 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid or withheld, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Preparing separate tax accounting books, if required
- Completing tax return, filing with agencies
- Arranging payment or withholding

Total tax and contribution rate (% of commercial profits)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with VAT refund (hours)
- Time to obtain VAT refund (weeks)
- Time to comply with a corporate income tax correction (hours)
- Time to complete a corporate income tax correction (weeks)

Case study assumptions

Using a case scenario, *Doing Business* records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:
- TaxpayerCo is a medium-size business that started operations on January 1, 2017. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2018). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:
- In June 2018, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2018.

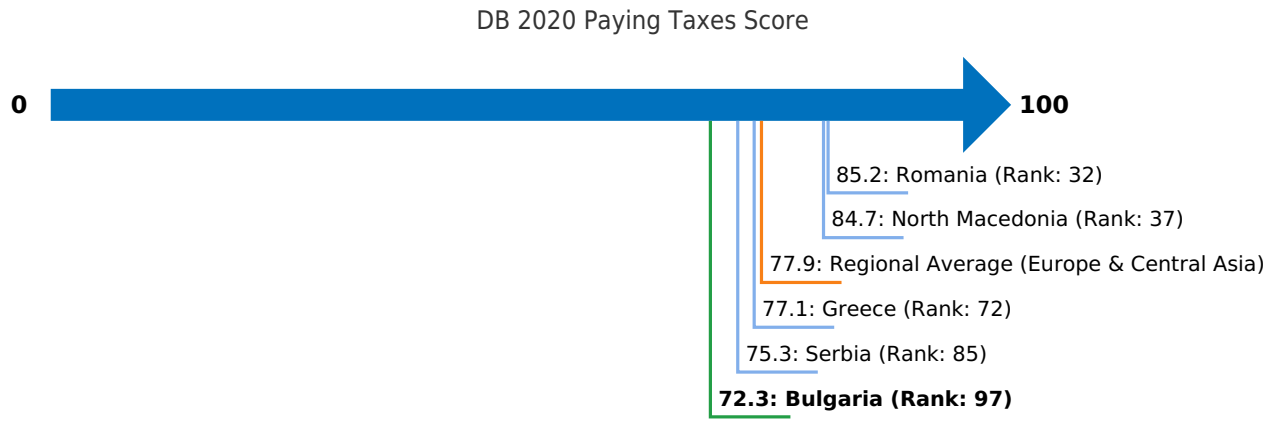
The corporate income tax audit process:
- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

Paying Taxes - Bulgaria

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Payments (number per year)	14	14.4	10.3	3 (2 Economies)
Time (hours per year)	441	213.1	158.8	49 (3 Economies)
Total tax and contribution rate (% of profit)	28.3	31.7	39.9	26.1 (33 Economies)
Postfiling index (0-100)	71.2	68.2	86.7	None in 2018/19

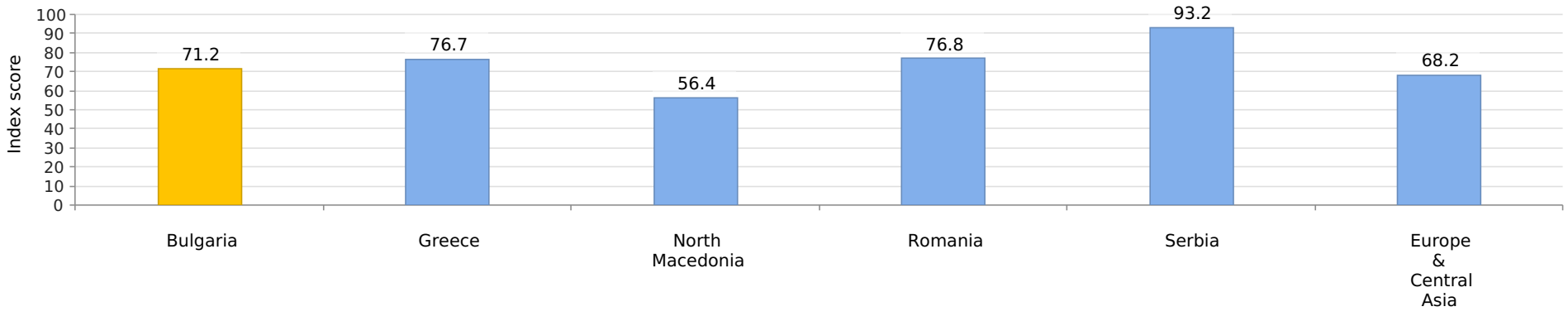
Figure – Paying Taxes in Bulgaria – Score

Figure – Paying Taxes in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of paying taxes is determined by sorting their scores for paying taxes. These scores are the simple average of the scores for each of the component indicators, with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax and contribution rate. The threshold is defined as the total tax and contribution rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax and contribution rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Bulgaria and comparator economies – Measure of Quality



Details – Paying Taxes in Bulgaria

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTCR
Social security contributions	1.0	online	250.0	18.92%-19.62%	gross salaries	21.45	
Corporate income tax	1.0	online	30.0	10%	taxable income	4.88	
Fees for municipal services (garbage collection fee) - Sofia	4.0			BGN1340+0.4%	tax value of land and building	0.81	
Registry fee of property transfer	1.0			notary fees of BGN 6,000 and 0.1% of sales price	higher of tax value and agreed value of real estate	0.52	
Vignette	1.0			BGN 1743	type of vehicle	0.29	
Real estate tax on the land and building	1.0	online		0.1875%	tax value of land and building	0.26	
Vehicle tax	1.0	online		BGN 296, discount available	per truck	0.05	
Insurance premium tax	1.0	online		2%	insurance amount	0.02	
Final/one-off tax on certain expenses	1.0	online		10%	gross expenses	0.00	small amount
Fuel tax	1.0				included in the price of fuel	0.00	small amount
Employee paid - Social security contributions	0.0	online and jointly		13.34%	gross salaries	0.00	withheld
Value added tax (VAT)	1.0	online	161.0	20%	value added	0.00	not included
Totals	14		441			28.3	

Details – Paying Taxes in Bulgaria – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	4.9
Labor tax and contributions (% of profit)	21.5
Other taxes (% of profit)	2.0

Details – Paying Taxes in Bulgaria – Measure of Quality

	Answer	Score
Postfiling index (0-100)		**71.2**
VAT refunds		
Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	none	
Percentage of cases exposed to a VAT audit (%)	50% - 74%	
Is there a mandatory carry forward period?	Yes	
Time to comply with VAT refund (hours)	15.0	71.0
Time to obtain VAT refund (weeks)	25.0	58.2
Corporate income tax audits		
Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	50% - 74%	
Time to comply with a corporate income tax correction (hours)	11.5	81.7
Time to complete a corporate income tax correction (weeks)	8.3	74.1

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.
The hours for VAT include all the VAT and sales taxes applicable.
The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.
The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax correction and time to complete a corporate income tax correction.
N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. *Doing Business* measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in May 2019. See the methodology for more information.

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as 22×24=528 hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study:

- For all 190 economies covered by *Doing Business*, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy.
- It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be $50,000.
- The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport or land border crossing.
- All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process.
- A port or border is a place (seaport or land border crossing) where merchandise can enter or leave an economy.
- Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

Trading across Borders - Bulgaria

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Time to export: Border compliance (hours)	4	16.1	12.7	1 (19 Economies)
Cost to export: Border compliance (USD)	55	150.0	136.8	0 (19 Economies)
Time to export: Documentary compliance (hours)	2	25.1	2.3	1 (26 Economies)
Cost to export: Documentary compliance (USD)	52	87.6	33.4	0 (20 Economies)
Time to import: Border compliance (hours)	1	20.4	8.5	1 (25 Economies)
Cost to import: Border compliance (USD)	0	158.8	98.1	0 (28 Economies)
Time to import: Documentary compliance (hours)	1	23.4	3.4	1 (30 Economies)
Cost to import: Documentary compliance (USD)	0	85.9	23.5	0 (30 Economies)

Figure – Trading across Borders in Bulgaria – Score

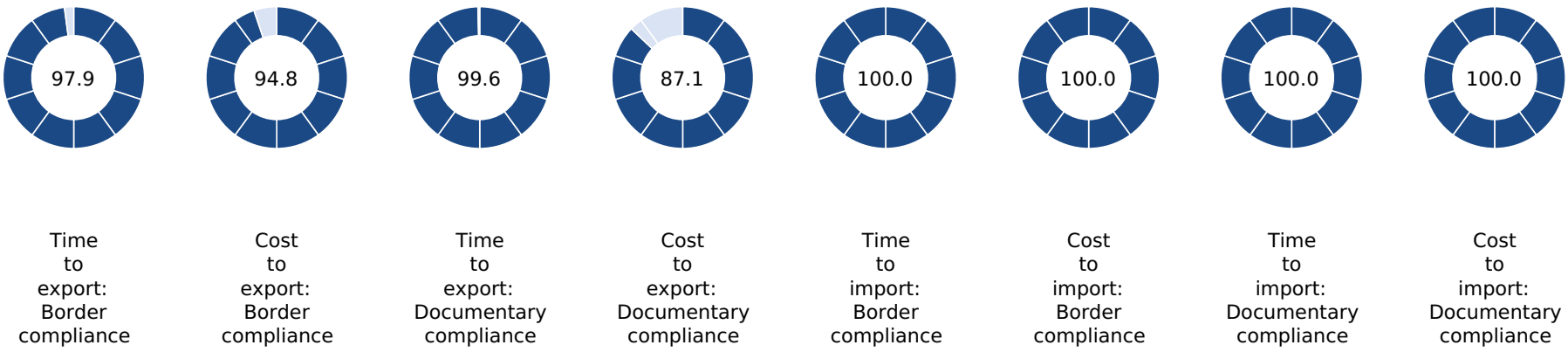
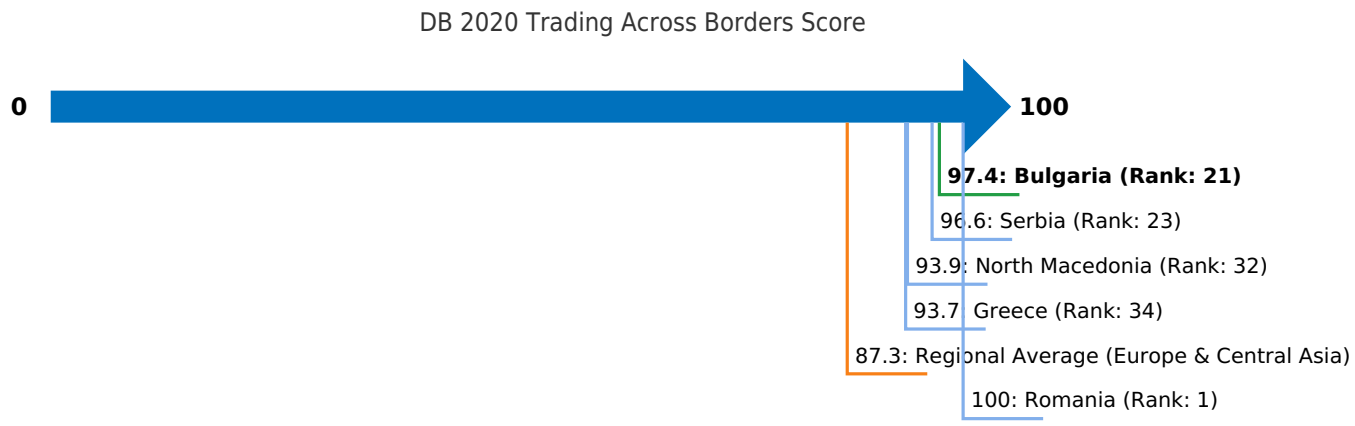
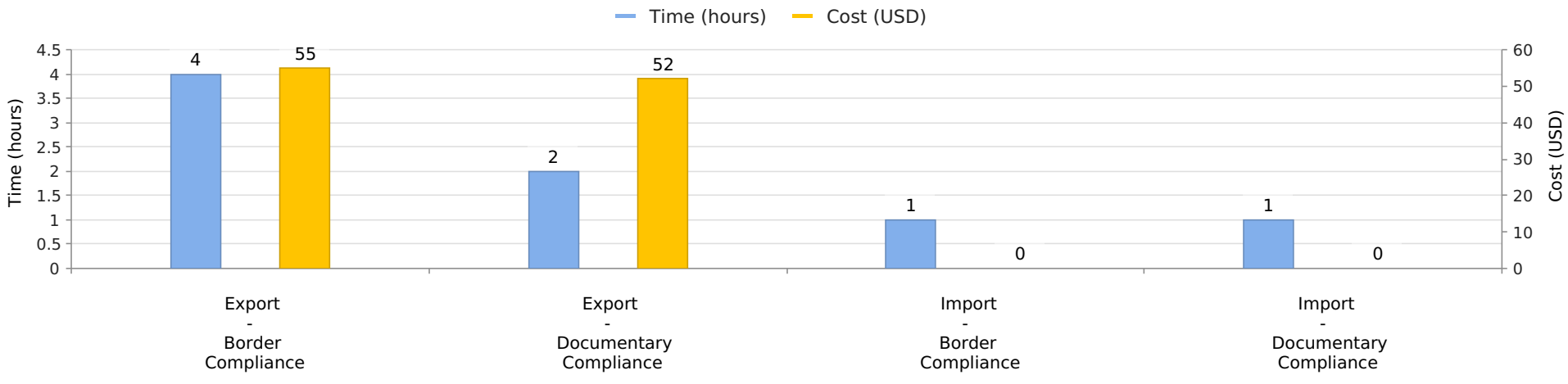


Figure – Trading across Borders in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of trading across borders is determined by sorting their scores for trading across borders. These scores are the simple average of the scores for the time and cost for documentary compliance and border compliance to export and import.

Figure – Trading across Borders in Bulgaria – Time and Cost



Details – Trading across Borders in Bulgaria

Characteristics	Export	Import
Product	HS 74 : Copper and articles thereof	HS 8708: Parts and accessories of motor vehicles
Trade partner	Turkey	Germany
Border	Svilengrad border crossing	Bulgaria- Romania border crossing
Distance (km)	290	55
Domestic transport time (hours)	6	3
Domestic transport cost (USD)	400	115

Details – Trading across Borders in Bulgaria – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	4.4	55.0
Export: Clearance and inspections required by agencies other than customs	0.0	0.0
Export: Port or border handling	4.4	0.0
Import: Clearance and inspections required by customs authorities	0.0	0.0
Import: Clearance and inspections required by agencies other than customs	0.5	0.0
Import: Port or border handling	0.5	0.0

Details - Trading across Borders in Bulgaria - Trade Documents

Export	Import
Commercial Invoice	CMR waybill
Packing List	Commercial invoice
Customs Export Declaration	Intrastat
Certificate of origin (EUR1)	Packing list
CMR	

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in May 2019. See the methodology for more information.

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim value)

- Average attorney fees
- Court costs
- Enforcement costs

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between two domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data on the time and comparable across economies, several assumptions about the case are used:
- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The Buyer orders custom-made furniture, then fails to pay alleging that the goods are not of adequate quality.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The Seller sues the Buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or $5,000 whichever is greater.
- The Seller requests the pretrial attachment of the defendant's movable assets to secure the claim.
- The claim is disputed on the merits because of Buyer's allegation that the quality of the goods was not adequate.
- The judge decides in favor of the seller; there is no appeal.
- The Seller enforces the judgment through a public sale of the Buyer's movable assets.

Enforcing Contracts - Bulgaria

Standardized Case	
Claim value	BGN 28,134
Court name	Sofia City Court
City Covered	Sofia

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Time (days)	564	496.4	589.6	120 (Singapore)
Cost (% of claim value)	18.6	26.6	21.5	0.1 (Bhutan)
Quality of judicial processes index (0-18)	10.5	10.3	11.7	None in 2018/19

Figure – Enforcing Contracts in Bulgaria – Score

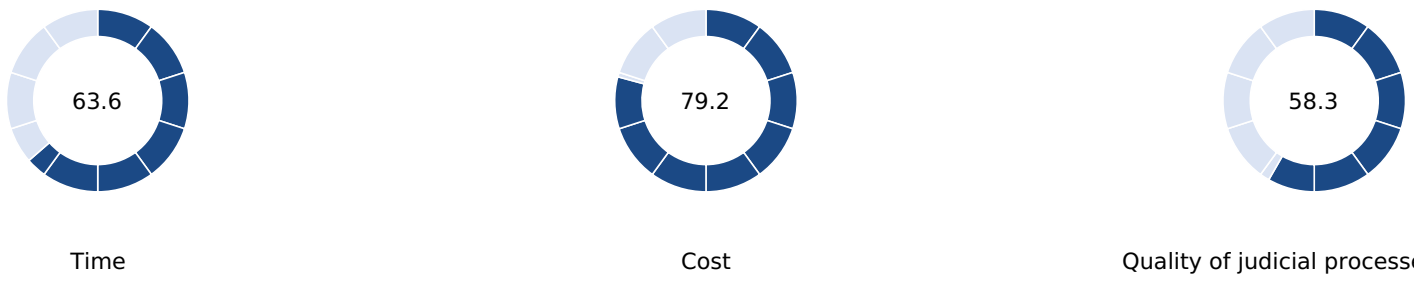
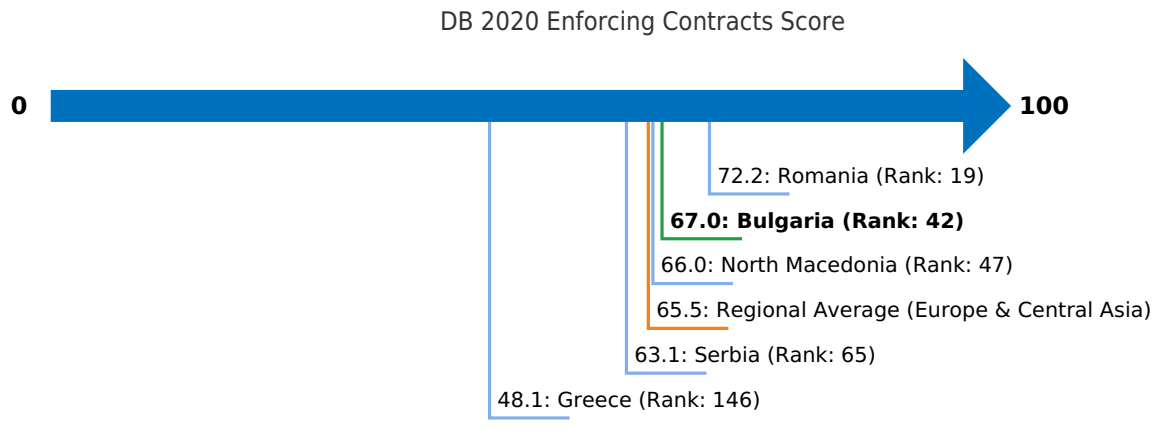


Figure – Enforcing Contracts in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their scores for enforcing contracts. These scores are the simple average of the scores for each of the component indicators.

Figure – Enforcing Contracts in Bulgaria – Time and Cost

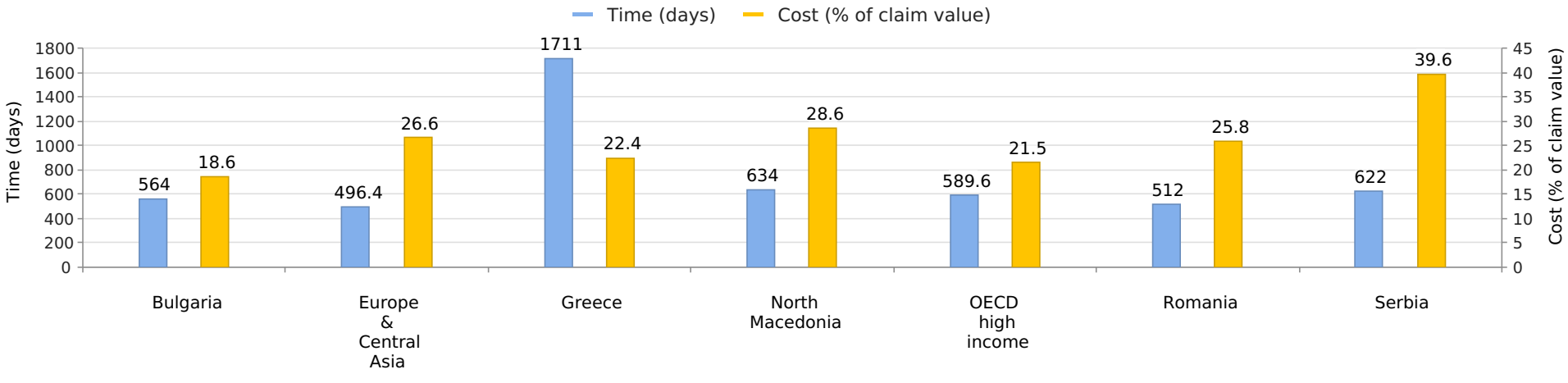
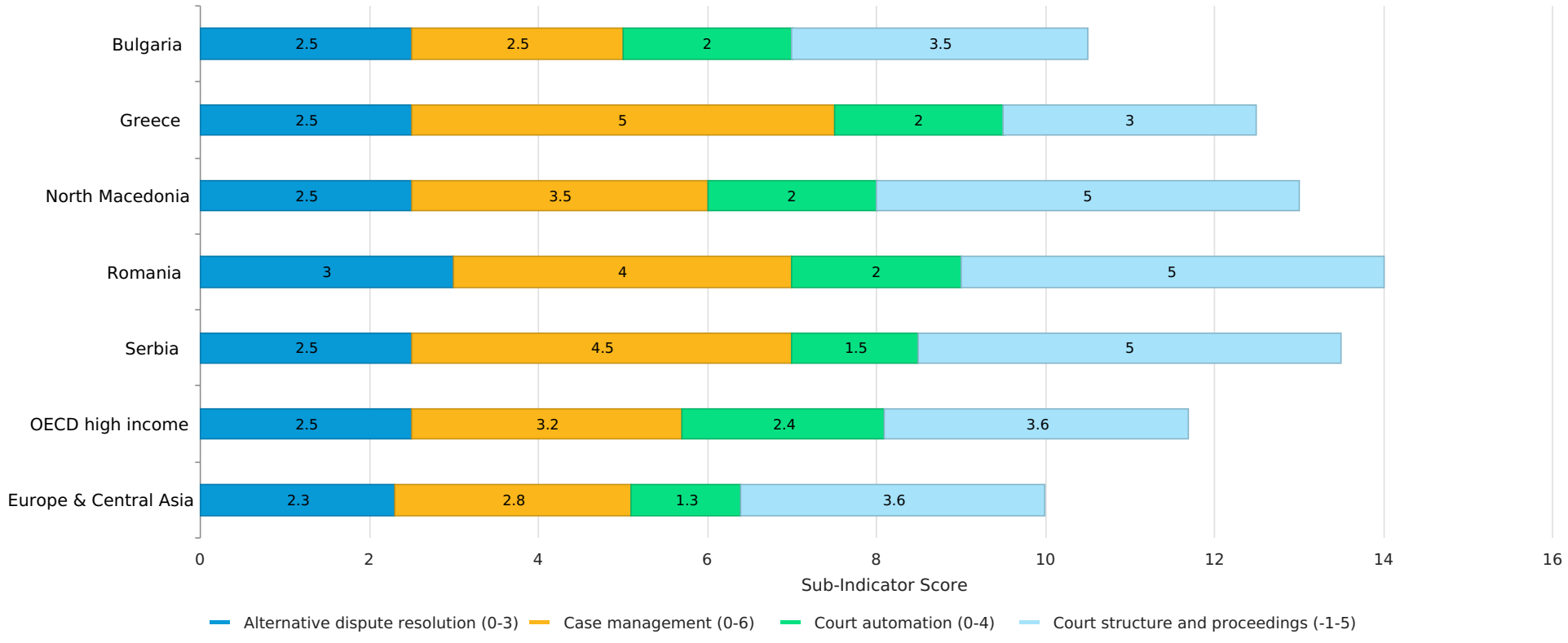


Figure – Enforcing Contracts in Bulgaria and comparator economies – Measure of Quality



Details – Enforcing Contracts in Bulgaria

	Indicator
Time (days)	**564**
Filing and service	105
Trial and judgment	334
Enforcement of judgment	125
Cost (% of claim value)	**18.6**
Attorney fees	10
Court fees	5.6
Enforcement fees	3
Quality of judicial processes index (0-18)	**10.5**
Court structure and proceedings (-1-5)	3.5
Case management (0-6)	2.5
Court automation (0-4)	2.0
Alternative dispute resolution (0-3)	2.5

Details – Enforcing Contracts in Bulgaria – Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		**10.5**
Court structure and proceedings (-1-5)		**3.5**
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	Yes	1.5
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, automatic	1.0
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		**2.5**
1. Time standards		1.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	Yes	
1.b. If yes, are the time standards set for at least three court events?	Yes	
1.c. Are these time standards respected in more than 50% of cases?	Yes	
2. Adjournments		0.5
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	Yes	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	Yes	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	Yes	1.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		**2.0**
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0
2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	Yes	1.0
4. Publication of judgments		1.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	Yes	
Alternative dispute resolution (0-3)		**2.5**
1. Arbitration		1.0
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	Yes	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	

2. Mediation/Conciliation		1.5
2.a. Is voluntary mediation or conciliation available?	Yes	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects (for example, definition, aim and scope of application, desig	Yes	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	Yes	

Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, *Doing Business* uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit. The most recent round of data collection was completed in May 2019. See the methodology for more information.

What the indicators measure

Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

Case study assumptions

To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

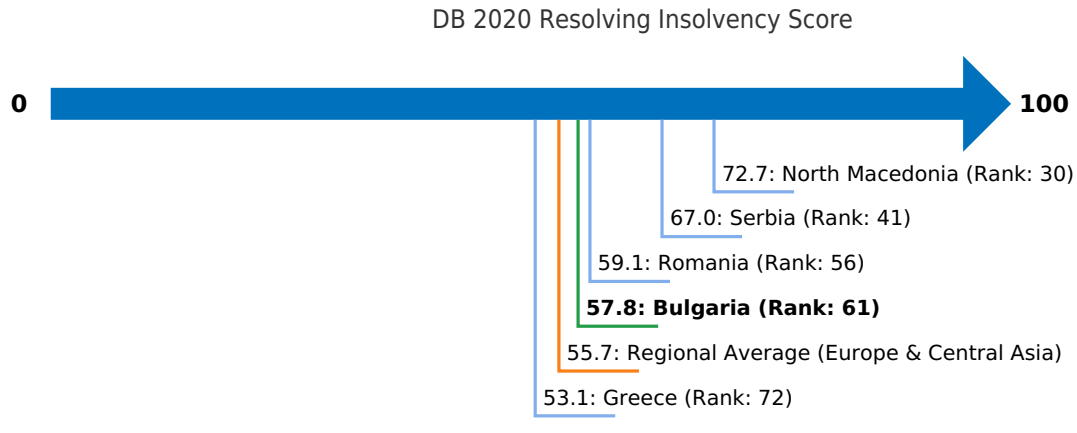
In addition, *Doing Business* evaluates the quality of legal framework applicable to judicial liquidation and reorganization proceedings and the extent to which best insolvency practices have been implemented in each economy covered.

Resolving Insolvency - Bulgaria

Indicator	Bulgaria	Europe & Central Asia	OECD high income	Best Regulatory Performance
Recovery rate (cents on the dollar)	37.7	38.5	70.2	92.9 (Norway)
Time (years)	3.3	2.3	1.7	0.4 (Ireland)
Cost (% of estate)	9.0	13.3	9.3	1.0 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0	..	..	..
Strength of insolvency framework index (0-16)	12.0	11.2	11.9	None in 2018/19

Figure – Resolving Insolvency in Bulgaria – Score

Figure – Resolving Insolvency in Bulgaria and comparator economies – Ranking and Score



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their scores for resolving insolvency. These scores are the simple average of the scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Bulgaria – Time and Cost

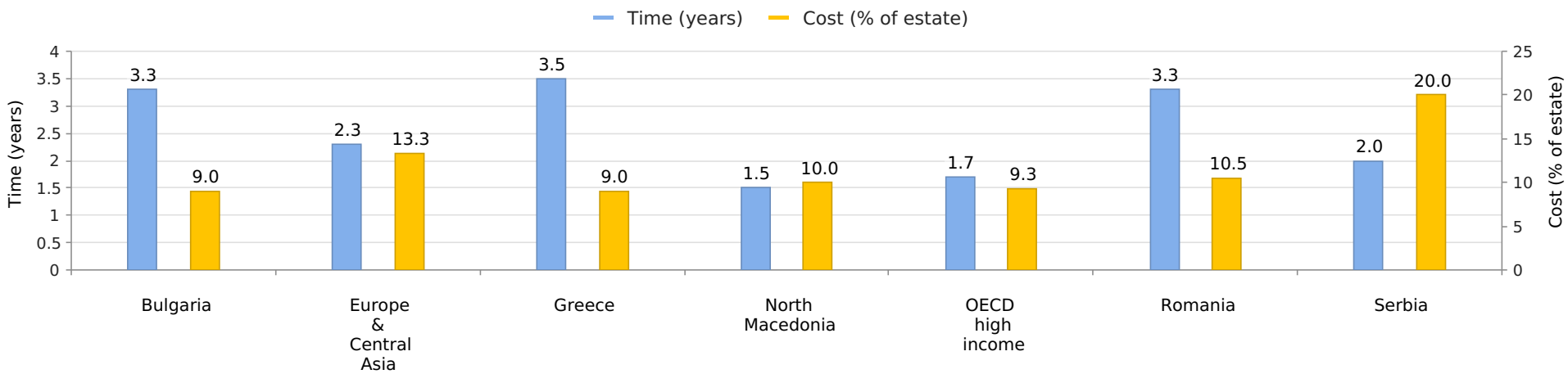
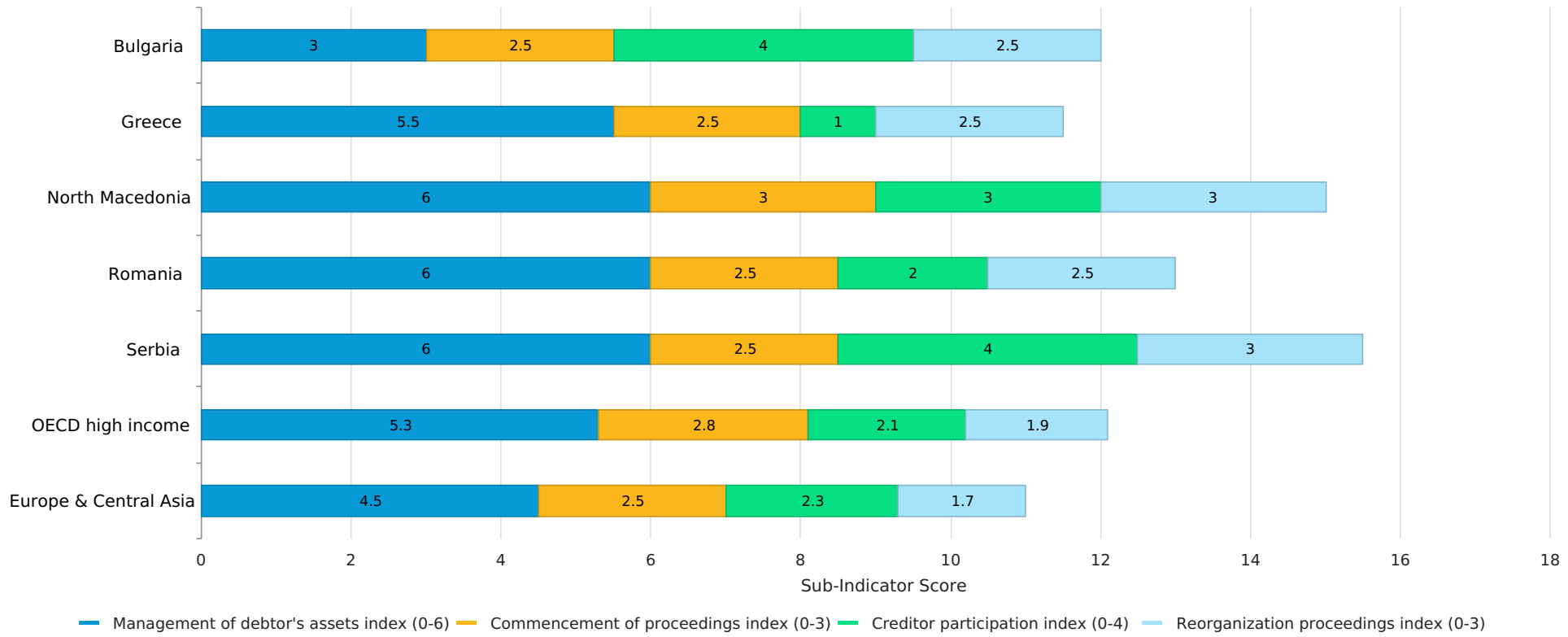
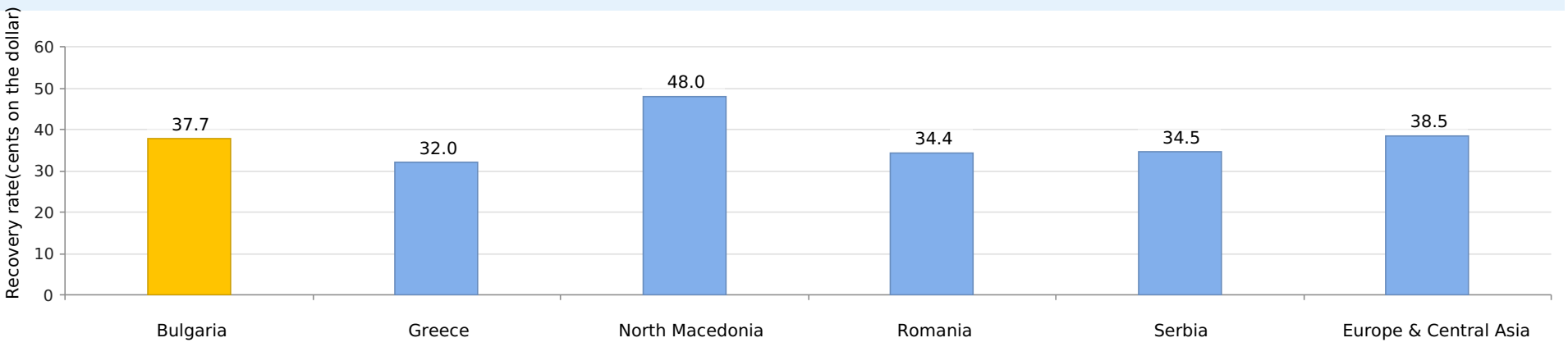


Figure – Resolving Insolvency in Bulgaria and comparator economies – Measure of Quality



Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Figure – Resolving Insolvency in Bulgaria and comparator economies – Recovery Rate



Details – Resolving Insolvency in Bulgaria

Indicator	Answer	Score
Proceeding	liquidation	The Mirage management must initiate insolvency proceedings when the state of insolvency is discovered. Mirage may propose a restructuring plan (within 30 days), however, acceptance of this plan is not very likely, so the court will declare Mirage bankrupt and proceed with liquidation.
Outcome	piecemeal sale	As a result of the liquidation proceedings, Mirage will be liquidated and its assets will be sold piecemeal. Very few companies survive insolvency proceedings as a going concern.
Time (in years)	3.3	Bizbank will first declare the default of Mirage in written form and will invite it to pay the debt. Mirage management will file for bankruptcy with the appropriate court. The court will appoint an expert witness, who will give an opinion on the financial state of Mirage. The court will appoint a hearing of the expert witness and later will declare the insolvency of Mirage with a decision starting the bankruptcy proceedings. The period between filing for bankruptcy and the decision takes 3-12 months. The court will schedule a date for the first meeting of the creditors and invite them to file their claims. The invitation will be published online on the website of the Commercial Registry. The creditors must file their claims within a month, but can have an extension of 2 months to file their claims. If they miss the deadline, they cannot file their claims. At the first meeting, the creditors will choose a permanent official receiver (called "syndik") and the creditor's committee will be established. The syndik will review the claims, decide which of them have grounds and file a list of the accepted claims and another list of the unaccepted claims with the court and in the Commercial Registry. The creditors may object against the lists. The court will review the objections and will decide which of them have grounds. This process can take about 5 months. Mirage may propose a reorganization plan within 30 days after the final list of claims has been published. If there is such plan, a second meeting of the creditors should be scheduled, where creditors will vote for the plan. Bizbank will reject the plan, as it is a privileged creditor and will get all the money from the public sale. This process can take 5 months or longer. After rejecting the plan, the court will declare Mirage bankrupt and will start the procedure of turning the assets of Mirage into cash. One or two public sales will be held for the hotel and one or two public sales for the rest of the property (including the movable assets like furniture, etc.). If the syndik does not succeed in selling the property at the public sales, he will sell the property directly, without a public sale, after the court's approval. After turning the assets into cash, he will prepare lists of amounts to be distributed among the creditors. The creditors may appeal before the court against the lists. Meanwhile, the syndik must collect all amounts owed to Mirage by its debtors (if there are any). When no assets are left, the official receiver will prepare a final report to the court and the creditors, and a final meeting of the creditors will be held. The court will declare the end of the procedure and will erase Mirage from the Commercial Registry. The sale process can take about 15 months.
Cost (% of estate)	9.0	The cost of the liquidation procedure would amount to approximately 9% of the value of the hotel. The cost would mainly include: attorneys’ fees - 2%, fees of the bankruptcy trustee (syndik) - about 4%, auctioneer's fees - 1% and fees of accountants and other professionals - 2%.
Recovery rate (cents on the dollar)		37.7

Details – Resolving Insolvency in Bulgaria – Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		**12.0**
Commencement of proceedings index (0-3)		**2.5**
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(a) Debtor may file for both liquidation and reorganization	1.0
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework? (a) Debtor is generally unable to pay its debts as they mature (b) The value of debtor's liabilities exceeds the value of its assets	(c) Both (a) and (b) options are available, but only one of them needs to be complied with	1.0
Management of debtor's assets index (0-6)		**3.0**
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	No	0.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	No	0.0
Does the insolvency framework assign priority to post-commencement credit?	(c) No priority is assigned to post-commencement creditors	0.0
Reorganization proceedings index (0-3)		**2.5**
Which creditors vote on the proposed reorganization plan?	(a) All creditors	0.5
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	Yes	1.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	Yes	1.0
Creditor participation index (0-4)		**4.0**
Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	Yes	1.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	Yes	1.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice."

Employing Workers

Doing Business presents detailed data for the employing workers indicators on the *Doing Business* website (http://www.doingbusiness.org). The study does not present rankings of economies on these indicators or include the topic in the aggregate ease of doing business score or ranking on the ease of doing business.

The most recent round of data collection was completed in May 2019. See the methodology for more information.

What the indicators measure

Hiring
(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the maximum probationary period; (iv) minimum wage;(v) ratio of minimum wage to the average value added per worker.

Working hours
(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) length of paid annual leave.

Redundancy rules
(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether the law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost
(i) notice period for redundancy dismissal; (ii) severance payments, and (iii) penalties due when terminating a redundant worker. Data on the availability of unemployment protection for a worker with one year of employment is also collected.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:
- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:
- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Employing Workers - Bulgaria

Details – Employing Workers in Bulgaria

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	No
Maximum length of a single fixed-term contract (months)	36.0
Maximum length of fixed-term contracts, including renewals (months)	36.0
Minimum wage applicable to the worker assumed in the case study (US$/month)	318.2
Ratio of minimum wage to value added per worker	0.3
Maximum length of probationary period (months)	6.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	6.7
Premium for work on weekly rest day (% of hourly pay)	0.0
Premium for overtime work (% of hourly pay)	50.0
Restrictions on night work?	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	Yes
Paid annual leave for a worker with 1 year of tenure (working days)	20.0
Paid annual leave for a worker with 5 years of tenure (working days)	20.0
Paid annual leave for a worker with 10 years of tenure (working days)	20.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	20.0
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	No
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	No
Third-party approval if nine workers are dismissed?	No
Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	No
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure (weeks of salary)	4.3
Severance pay for redundancy dismissal for a worker with 5 years of tenure (weeks of salary)	4.3

Severance pay for redundancy dismissal for a worker with 10 years of tenure (weeks of salary)	4.3
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure, in weeks of salary)	4.3
Unemployment protection after one year of employment?	Yes

Business Reforms in Bulgaria

From May 2, 2018 to May 1, 2019, 115 economies implemented 294 business regulatory reforms across the 10 areas measured by Doing Business. Reforms inspired by *Doing Business* have been implemented by economies in all regions. The following are reforms implemented since *Doing Business* 2008.

✓ =*Doing Business* reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2019

Employing Workers: Bulgaria amended its legislation to extend the duration of the contribution period that is required before an employee can become eligible for unemployment protection.

DB2017

✓ **Getting Electricity:** Bulgaria increased the reliability of power supply by implementing an automatic energy management system, the Supervisory Control and Data Acquisition (SCADA), to monitor outages and service restoration.

DB2015

✓ **Starting a Business:** Bulgaria made starting a business easier by lowering registration fees.

DB2014

✓ **Resolving Insolvency:** Bulgaria made resolving insolvency easier by expanding the basis for commencement of insolvency proceedings and making it easier to void suspect transactions.

DB2013

✓ **Starting a Business:** Bulgaria made starting a business easier by reducing the cost of registration.

DB2012

✗ **Getting Credit:** Bulgaria made access to credit information more difficult by stopping the distribution of credit reports to financial institutions by the private credit bureau (Experian).

✓ **Trading across Borders:** Bulgaria made trading across borders faster by introducing online submission of customs declaration forms.

✓ **Resolving Insolvency:** Bulgaria amended its commerce act to extend further rights to secured creditors and increase the transparency of insolvency proceedings.

DB2011

✓ **Starting a Business:** Bulgaria eased business start-up by reducing the minimum capital requirement from 5,000 leva ($3,250) to 2 leva ($1.30).

✓ **Paying Taxes:** Bulgaria reduced employer contribution rates for social security.

DB2010

✓ **Starting a Business:** Bulgaria made starting a business easier by reducing the paid-in minimum capital requirement and enhancing efficiency at the company registry.

✓ **Registering Property:** Bulgaria reduced the time required to register property by launching an integrated web-based property register making it possible to check the ownership and cadastre status of properties online.

DB2009

✓ **Starting a Business:** Bulgaria made starting a business easier by creating a centralized electronic database for commercial registration, consolidating registration procedures and eliminating some registration formalities.

✗ **Dealing with Construction Permits:** Bulgaria made dealing with construction permits more complicated by increasing the fees, time and number of procedures for obtaining construction-related approvals.

✓ **Paying Taxes:** Bulgaria made paying taxes easier for companies by introducing new corporate income and value added tax laws, abolishing the requirement for an additional annual value added tax return and reducing the employer share of social security contributions.

✓ **Enforcing Contracts:** Bulgaria improved its contract enforcement system by amending rules for evidence and default judgment, raising the minimum threshold value for the lower jurisdiction and giving the civil court of last instance the power to select which cases to hear so as to limit abuse of the appeals process.

✓ **Resolving Insolvency:** Bulgaria adopted a new civil procedure code and a new law for the commercial registry, introducing changes expected to reduce delays and allow for faster resolution of bankruptcy. Among other things, the commercial registry law requires that major decisions and rulings of the bankruptcy court be posted on the commercial registry's website.

DB2008

✕ **Dealing with Construction Permits:** Bulgaria made dealing with construction permits easier by adopting new legislation clarifying the process.

✓ **Paying Taxes:** Bulgaria made paying taxes easier and less costly for companies by encouraging electronic filing and payment and by reducing the corporate income tax rate and employers' social security contribution rate.

✓ **Enforcing Contracts:** Bulgaria made enforcing contracts easier by introducing changes to its judicial system, increasing transparency in the system and appointing private bailiffs.

Doing Business 2020 is the 17th in a series of annual studies investigating the regulations that enhance business activity and those that constrain it. It provides quantitative indicators covering 12 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.

www.doingbusiness.org

WORLD BANK GROUP

ISBN 978-1-4648-1440-2

SKU 211440