



Invest Bulgaria – your success is our mission

Sofia – 27.11.2024

Economic business opportunities between Kuwait and Bulgaria

Julian Balchev

Secretary General

Invest Bulgaria Agency



About us



- One-stop-shop
- Promoting Bulgaria as attractive business destination
- Providing in-depth information about Bulgarian business environment
- Assisting investors during their country assessment process, connecting business with the government institution
- Certification procedure and Incentives application
- Support in the implementation process of the investment project, post-investment support



Why Bulgaria?



Strategic and geopolitical location

- Member of the European Union, NATO, IMF, WTO;
- “Made in the EU” commercial label;
- Not only nearshoring but a friendlyshoring destination;
- 5 international road corridors pass through the country;
- Access to 1.3 Billion customers – Europe & Middle East;
- Pending access to the Schengen area;
- Pending accession to the Eurozone.



Macroeconomic stability and constant growth

2.2% ↑
GDP
(Q3 2024)

€ 3.28 Bn
FDI (2023)
3.5% of GDP

21.6%
Government
debt to GDP
ratio (2023)

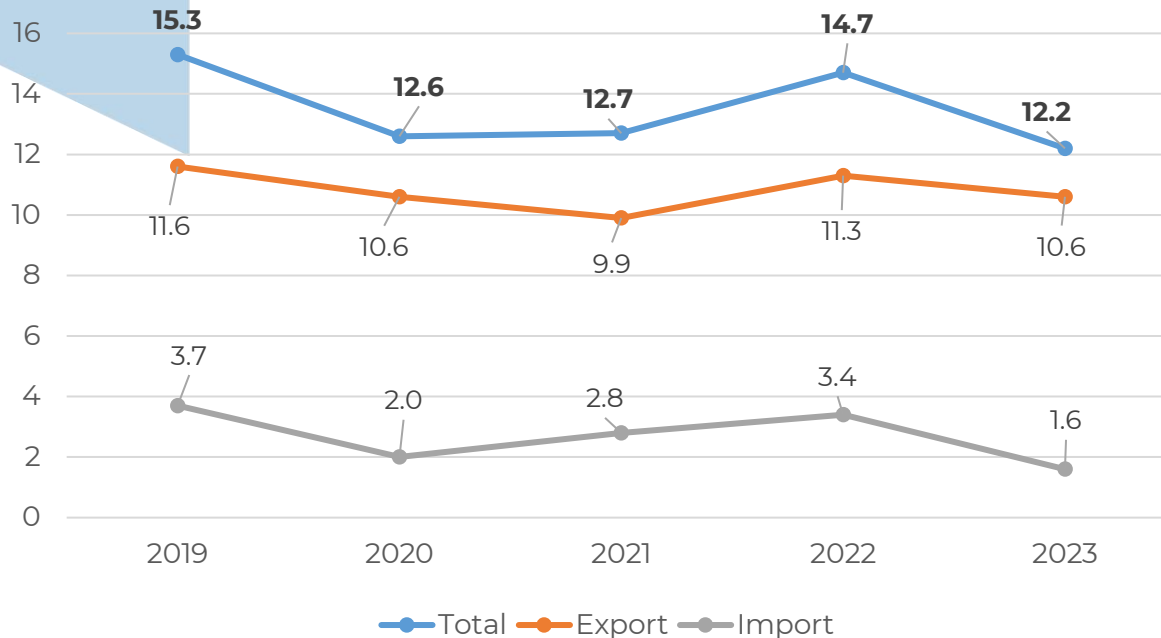
3.6%
Unemployment
rate (Q3 2024)

- **Currency stability** – the Bulgarian lev is pegged at a fixed rate against the euro: EUR 1=BGN 1.95583;
- **Free export** to the EU;
- **Attractive taxation system** – 10% flat rate of Corporate and Personal Income Tax; 5% Withholding tax rate;
- **Competitive operating costs** - resilient electricity and gas supply at one of the most competitive prices in the EU; favorable office rents and low cost of utilities.

Bilateral trade and investments



Million EUR



Total amount of investments from Kuwait in Bulgaria is **EUR 9.5 million.**

Taxation rates

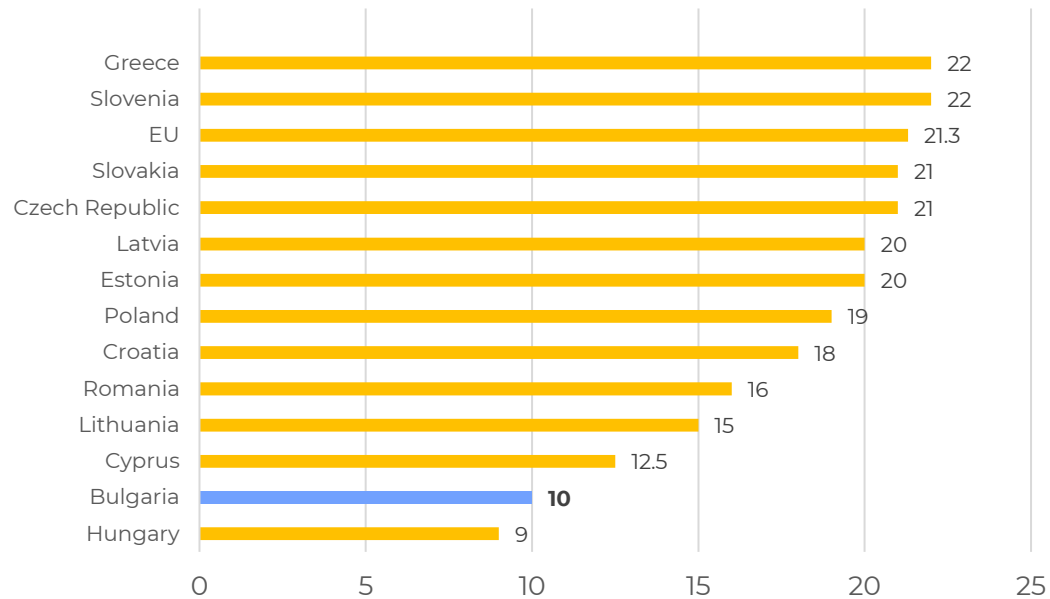
One of the lowest in the EU

10 % Corporate income tax - flat

10 % Personal income tax

General VAT is 20 %

CIT rates



Cost of business



Electricity

October '24: € 89.35/MWh (average)



Natural Gas

October '24: € 32.57/MWh



Water Supply

€ 0.94–2.70 (m³)



Rents

Industrial: € 3-5.8; Offices: € 10-15 (m²/month)

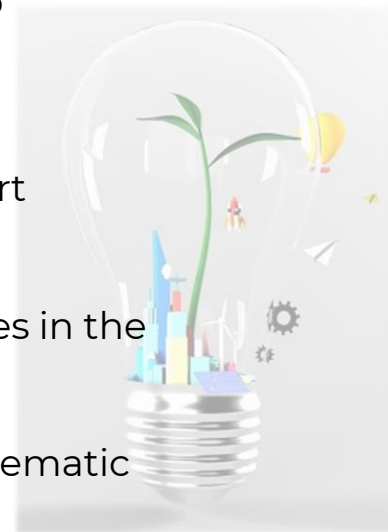


Labor Cost

Average: € 1173; minimum: € 477 (gross, monthly)

Fast growing technology and innovation hub

- Initiative for making Southeast Europe an innovation hub
- Favorable conditions for startups and investing in R&D
- Aim to attract talents, encourage partnerships, build smart specialization and technological capacity
- Establishing partnership agreements with all the countries in the SEE region
- Cooperation can be based around smart specialization thematic areas and trends such as IT and ICT, mechatronics and microelectronics, biotech and clean techs



Fast growing technology and innovation hub



Bulgarian companies can apply for DIANA (Defense Innovation Accelerator in the North Atlantic)



Bulgaria joined NASA's Artemis Accords which define the basic principles for global cooperation in outer space



Signed cooperation agreement with Intel in the field of artificial intelligence

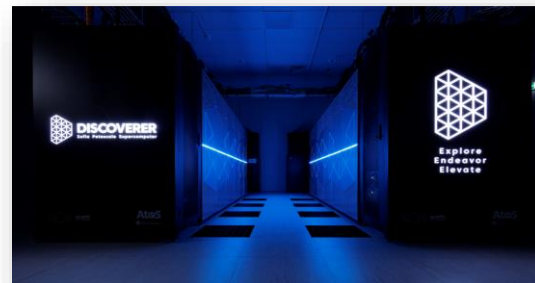
Fast growing technology and innovation hub

INSAIT

Institute for Computer Science,
Artificial Intelligence and Technology

The first world-class AI research and deep-tech institute in Eastern Europe

- ✓ World-class academic standards, industry support and scientist;
- ✓ PhD students, researchers, deep-tech IP, start-ups creation and exchanges.



Located in Sofia Tech Park, Discoverer is a Petascale supercomputer capable of executing more than 4.2 Petaflops Rmax and over 6 petaFLOPS Rpeak



Access to national and EU funding

- Recovery and Resilience Plan
- Operational programs:
 - ✓ Innovation and competitiveness;
 - ✓ Research, innovation and digitalization for smart transformation;
 - ✓ Development of the Regions;
 - ✓ Human Resources Development;
 - ✓ Environment etc.





Fastest growing sectors



AUTOMOTIVE



MECHANICAL ENGINEERING



HEALTH & LIFE SCIENCE



ELECTRONICS



IT and BPO



ROBOTICS & MECHATRONICS

Certification criteria

Under the Investment Promotion Act (IPA)



AMOUNT OF INVESTMENT

Different investment thresholds depending on economic activity.



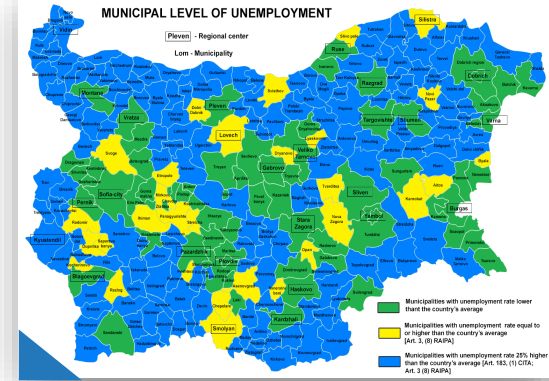
EMPLOYMENT ESTABLISHMENT

Creating new working places is within the requirements for receiving certificate by the investor.



ECONOMIC ACTIVITY

The targeted sectors are defined by the State and high-tech, high-value-added projects are prioritized.



LOCATION

Locations with higher unemployment rates are prioritized and more incentives could be provided by the State.

Government Incentives

	PRIORITY CLASS	CLASS A	CLASS B
INCENTIVES	THRESHOLDS	€ 25.56-51.13 M 50 – 150 JOBS	€ 1.02 M – 5,11 M 25 – 150 Jobs
		€ 260 K – 2.56 M 10 – 100 Jobs	
SHORT CUT ON ADMINISTRATIVE TERMS	✓	✓	✓
NO TENDER – NO COMPETITION FOR ACQUISITION OF STATE / MUNICIPAL LAND	✓	✓	✓
FINANCING VOCATIONAL TRAINING	✓	✓	✓
SOCIAL SECURITY CASH BACK (18% of cost)	✓	✓	✓
FINANCING TECHNICAL INFRASTRUCTURE	✓	✓	
INDIVIDUAL SERVICES	✓	✓	
BUYING PUBLIC LAND ON FAVOURABLE PRICES	✓		
NO TAXES ON CHANGING LAND STATUS	✓		
CASH GRANT	✓		
PUBLIC-PRIVATE PARTNERSHIP	✓		

Financial Incentives

Non-financial incentives



Issuance of an investment class certificate in accordance with the Investment Promotion Act

The investments must meet the following conditions :

- to be related to the creation of a new enterprise, the expansion of an existing enterprise, the diversification of the enterprise's production with new products or a substantial change in the overall production process of an existing enterprise;
- to be carried out in economic activities according to the Statistical Classification of Economic Activities in the European Community (NACE Rev.2), respectively KID-2008 in the Republic of Bulgaria;
- at least 80 per cent of the future total revenue is from the products (goods and services) produced from the realization of this investment;
- to create new jobs and be maintained for at least 5 years for large enterprises and 3 years for SMEs in the region concerned;
- the duration of the project is up to three years from the date of issue of the investment class certificate.



Eligible economic activities

Investments in manufacturing (code C 10-33.2) which comply with the requirements of Regulation (EU) No 651/2014 in eligible economic activities defined according to the Statistical Classification of Economic Activities in the European Community (NACE Rev. 2), respectively KID-2008' in the Republic of Bulgaria are promoted.

Manufacturing

High-tech activities in information technology and services; software publishing are promoted; accounting and auditing activities; research and development, professional activities in head offices; human health and medical-social care activities with accommodation; education; warehouse using and storage of goods; administrative and support office activities, architectural and engineering activities; technical testing and analysis, etc.

Services

All economic activities are promoted, except investment in: fisheries and aquaculture; in the primary production and trade of agricultural products; coal mining; steel; shipbuilding; synthetic fibre production; transport and related infrastructure and the transport of goods by pipeline; electricity generation and distribution and energy infrastructure, gas, steam and air conditioning production and distribution.

Priority investment projects

Cash grant

Methodology for determining the amount

Only for Priority Investment Projects:

- BGN 100 million and 150 new jobs
- BGN 50 million and 150 new jobs (economic activities in Manufacturing C 10-33.2)
- BGN 50 million and 100 new jobs in municipalities with high unemployment
- BGN 30 million and 100 new jobs in high-tech manufacturing activities

Scoring indicators:

- Level of development of the economic region in which the investment is implemented
- Value of jobs
- Level of added value of economic activity
- Fiscal effect
- Export orientation of production
- Promoting high-tech, medium-high-tech and medium-low-tech industries
- Integration into global value chains
- New activity/new investment
- Contribution to the Green Transition



Tax incentives

Law on corporate income tax levying

10% corporate tax (flat rate)

0% corporate tax in areas with high unemployment

(25% higher than the country average, when the following conditions are fulfilled):

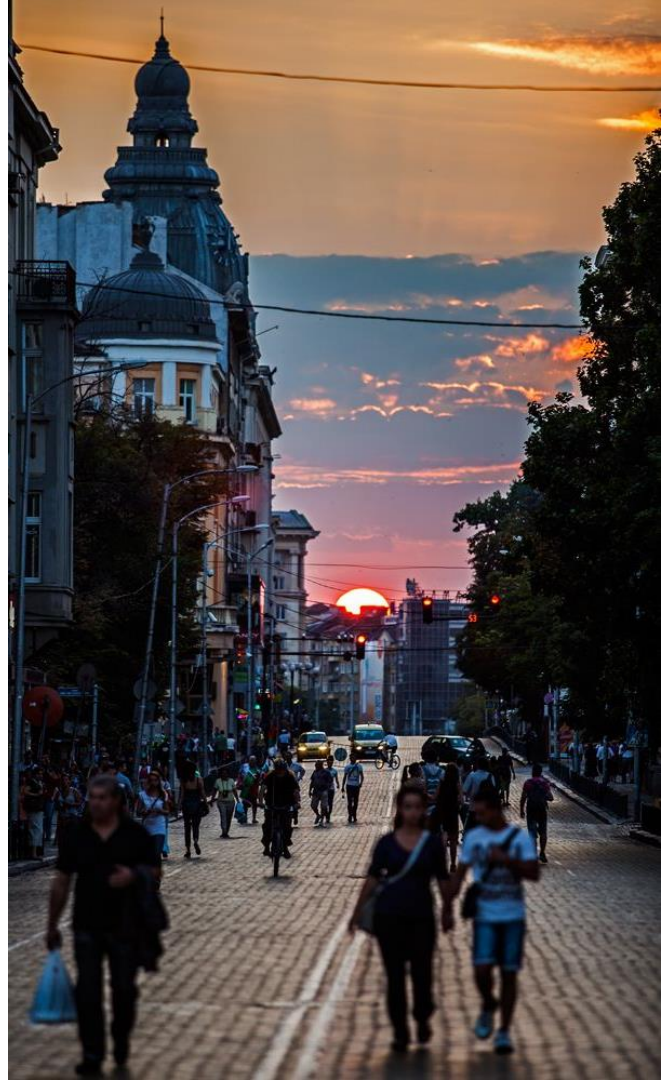
- during the all fiscal period the taxable person maintains not less than 10 job positions, and 50 per cent of them are being occupied directly in the carried out production activity;
- during the all fiscal period, not less than 30 per cent of the staff are persons, who have their permanent address in the municipality in which the unemployment rate was at least 25 % higher than the country's average ;
- the assets are located entirely within the administrative boundaries of the municipality with high unemployment;
- tax has been invested in acquiring tangible and intangible assets necessary for the production activity for a period of up to four years after the year for which the cession is used;
- the amount of the admissible expenses for intangible assets in the initial investment shall not exceed 50 per cent of the amount of the admissible expenses for tangible and intangible assets in the initial investment.

Talent

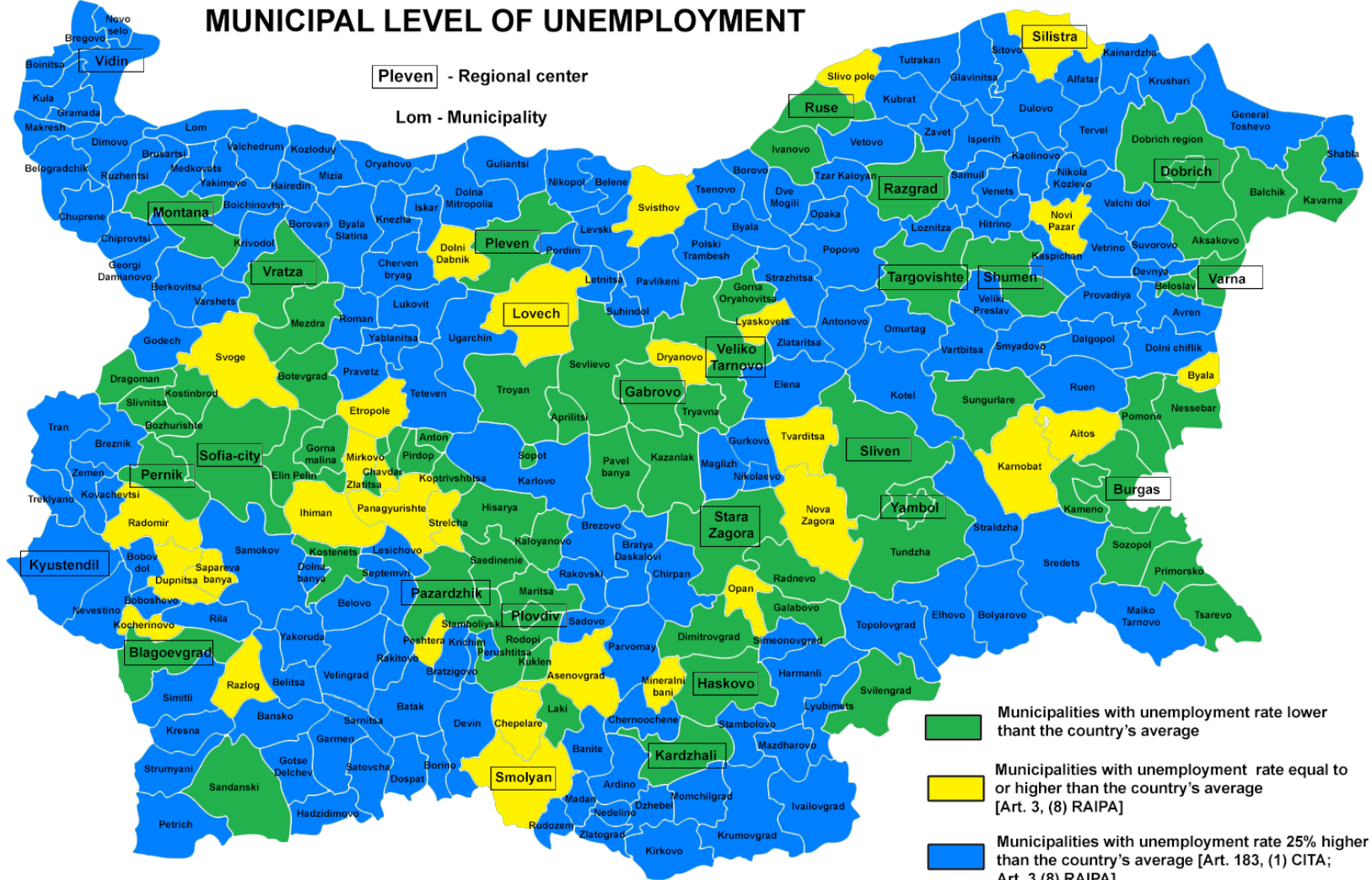
- One of the strongest engineering talent pools in the EU;
- Strong local IT talent - Bulgaria ranks 3rd in terms of IT specialists per capita;
- Capacity to think out of the box
- Women in leading management positions;
- 50% speak at least one foreign language;
- 25% of the population hold university degree;
- 100 000 students per year;
- Bulgarian Olympiads are at the top of the world rankings in mathematics, informatics and physics;
- Labor force – 3.3 million people.

Quality of life

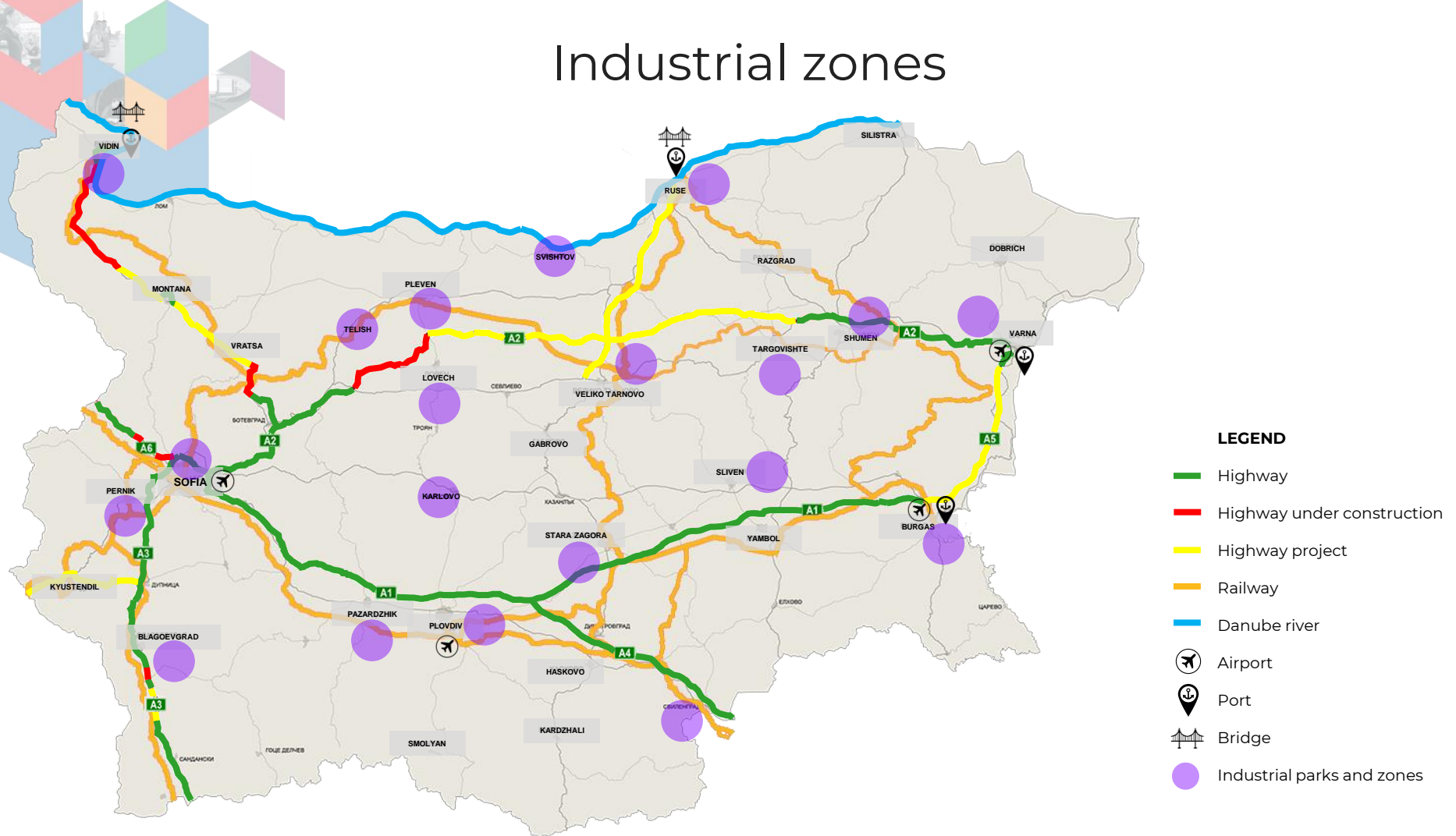
- Security of living in Bulgaria;
- Good international schools;
- Private and public healthcare;
- Active cultural life;
- Fervent international community;
- Friendly people open to foreigners;
- Rich historic and cultural heritage;
- Beautiful nature – mountains, seaside and plains with continental climate and;
- Winter, summer, spa, cultural, religious and medical tourism.



MUNICIPAL LEVEL OF UNEMPLOYMENT



Industrial zones



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THANK YOU!



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AGENCY