

# TELEWORKING FROM BULGARIA: DIFFERENT ARRANGEMENTS HAVE DIFFERENT CONSEQUENCES

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## INTRODUCTION

Remote working was born in the pandemic as an emergency way for business to be carried on during a global lockdown. Now that the pandemic has passed, working remotely remains a preferred mode for many employees and is offered as part of a

hybrid working mode by many employers. As a result, work time is commonly shared between business office spaces and remote locations, such as home, coworking spaces, or the beach. This trend cuts across various industries and is attractive for young employees looking for adventure and opportunities to travel the world. It is also attractive for those with a longer work record who prefer the comfort of their own home. Whatever the reason, remote working allows undeniable flexibility and work-life balance advantages for employees and cost-effectiveness for employers.

Employer acceptance of remote working for existing staff opens the door to remote working arrangements where the employee is located in a time zone that can be eight or more hours ahead of the business premises of the employer. Typically, these remote worksites are attractive for employers having difficulty finding competent employees locally.

Bulgaria has benefitted as a preferred remote working location for digital businesses. This article addresses the Bulgarian experience with a focus on tax issues for a remote employee and an employer based in Western Europe or the U.S. Several different arrangements are common and each has its own set of employment tax obligations on the service provider and the company that engages the individual. Perhaps more importantly, the choice of arrangement can affect whether the company has a permanent establishment in Bulgaria.

## SERVICE-PROVIDER CATEGORIES AND THE OBLIGATIONS UNDER EACH

When a U.S., U.K., Dutch, or Spanish company is willing to engage an individual to work remotely from Bulgaria in the field of asset management consultancy, cyber security solutions, or financial investment/venture capital, it usually thinks of an employment contract with the individual or a local employer of record that organizes local reporting and withholding obligations for tax and social security purposes. However, from a Bulgarian perspective, additional options should be considered that weigh all the positives and negatives for the company and the individual when choosing the most appropriate arrangement for each particular case.

## **Possible Options for Engagement**

A foreign entity can hire personnel in Bulgaria under an employment contract or a consultancy (service) agreement without establishing a local presence. Alternatively, the foreign entity may consider engaging the individuals under service agreements, allowing the individuals to act as freelancers. In the latter fact pattern, the individual must register as a freelancer. A third option is a consultancy service agreement between the foreign entity and a Bulgarian company that is wholly owned by the individual performing the services.

A direct relationship with the Bulgarian individual triggers certain registration and reporting obligations and liabilities for the foreign corporation. These include registering as insurer in Bulgaria for payment of social security contributions and health care coverage contributions, and payment of income tax.

### **Employment Contract**

Under Bulgarian law, an employer must report the execution of an employment contract. The report is filed with the Bulgarian National Revenue Agency (“N.R.A.”) not later than three days from the date of execution. On an ongoing basis, the employer must calculate, withhold, and remit amounts due for personal income tax, social security contributions, and health care coverage contributions arising out of the employment relationship.

When the employer is a foreign entity without any form of presence in Bulgaria, it should register as an insurer in the Bulgarian BULSTAT Register, a national administrative register for business units and other persons operating in Bulgaria. It also must obtain a general tax registration number with the Bulgarian N.R.A. (performed *ex officio*) in order to be in the position to remit payments due for the social security and health care coverage contributions for the employee.

Whether the foreign employer will be obligated for collection and payment of income tax for the employee’s salary depends on whether the employer maintains a permanent establishment (“P.E.”) or a fixed base in Bulgaria. If the employer is acting through a P.E. or fixed base in Bulgaria, it will be responsible for the withholding and payment of personal income tax related to the employee’s compensation. Absent a P.E. or fixed base in Bulgaria, it is the employee’s responsibility to pay his/her personal income taxes.

### **Services Agreement**

It is also possible for a Bulgarian individual to be engaged under a consultancy (service) agreement. There are generally two options in this case – (i) the person does not have the capacity of a self-insured independent contractor (“freelancer”) or (ii) the individual is a freelancer. Each of the two options has different implications for the foreign entity.

When the individual is not registered as a freelancer, the foreign entity must be registered as an insurer and will be responsible for the collection and payment of the social security contribution and healthcare coverage contributions for the individual. Those payments are made to various Bulgarian budget accounts. This obligation is mandatory with regard to all payments to Bulgarian tax resident service providers who are not freelancers.

***“If the authorities recharacterize a consulting arrangement into an employment arrangement, the principal will be subject to the obligations of employers.”***

In terms of payment of personal income tax for the individual by a foreign company with no P.E. or fixed base in Bulgaria, the Bulgarian individual is responsible for paying the income tax. Only foreign companies with a P.E. or fixed base in Bulgaria are required to withhold and pay income tax to the state budget on the account of an individual who is not a registered freelancer.

In short, the position of a foreign company acting as a principal under a consultancy service agreement with a Bulgarian individual who is not a freelancer is the same as that of an employer in an employment relationship between such parties when a P.E. exists.

One of the key risks to be evaluated when considering a consultancy arrangement between a company and an individual is whether an employment relationship exists between the company and the individual. Bulgarian authorities may take that position whenever the actual arrangements and features resemble those inherent to employment. Factors include

- fixed hours of work,
- employer-like control powers over the contractor,
- assignments focus on the working process rather than the final outcome, and
- whether the individual is not registered as a self-insured freelancer.

If the individual service provider is bound by exclusivity restrictions and provides services for a single entity, this may be considered as an additional indication to be added on top of the other factors listed above.<sup>1</sup>

If the authorities recharacterize a consulting arrangement into an employment arrangement, the principal will be subject to the obligations of employers.

Conversely, if the arrangement between a foreign entity and a Bulgarian contractor does not resemble an employment relationship (*i.e.*, the agreement is result-oriented and it is not focused on the working process, it does not provide for fixed working hours, etc.) and if the contractor is registered in Bulgaria as a self-insured freelancer, the risk of requalification of the consultancy relationship as being of an employment nature will be minimal.

#### **Contract With a Freelancer (Self-Insured Individual)**

A foreign entity is free to enter into a contractual relationship with independent contractors. Pursuant to Bulgarian law, certain categories of professionals may register as freelancers and perform professional activities at their risk and for their account as independent contractors. Examples of professionals who may be categorized as freelancers include notaries, lawyers, medical doctors, architects, journalists, artists, insurance agents, and financial consultants. Other individuals may also be freelancers if they perform activities on their own risk and for their own account.

A freelancer must register with the BULSTAT Register kept with the Bulgarian Registration Agency. Freelancers must remit their social security contributions and health

<sup>1</sup> This factor may also be taken into account for the purposes of evaluating the existence of a permanent establishment maintained by the foreign entity. This is discussed below.

care coverage contributions to the respective Bulgarian state funds, if and when due, as well as amounts due for personal income tax. All such charges are for the account of the freelancer, and not for the account of the client.

In comparison, if the individual is contracted under an employment contract or does not have the capacity of a freelancer, the payment levy will be allocated between the employer or principal and the employee or service provider/consultant.<sup>2</sup> In that instance, all contributions should be transferred to the budget accounts by the company, acting as an employer or principal.

Similar to the situation concerning the service agreement option, if the individual service provider is bound by exclusivity restrictions and provides services for a single entity, the arrangement may be taken into account when determining whether the principal maintains P.E. in Bulgaria.

### **Contract With a Bulgarian Company Owned by the Individual**

Another option for a foreign company involves the execution of a consultancy service agreement between the foreign entity and a Bulgarian sole-shareholder company owned by the Bulgarian consultant. That arrangement involves no direct relationship with the individual. For that reason, the potential obligations and liabilities related to the payment of personal income tax, social security contributions and health care contributions, and similar levies in Bulgaria are placed on Bulgarian company of the individual. From the viewpoint of a foreign company, the arrangement provides the same favorable protection against unanticipated payment obligations imposed under Bulgarian law as is provided in an arrangement with a freelancer.

### **Tax Aspects of the Arrangement**

Payroll taxes in Bulgaria are associated with personal income tax, social security contributions, and health care coverage contributions. These payments are made to the Bulgarian budget accounts irrespective of the form of contract under which the individual is hired. However, in the case of freelancers, the obligations lie entirely with the freelancers themselves.

Individuals working under a service/consultancy agreement are entitled to claim a deduction for statutory recognized expenses. The deduction is set at 25% of their income and is used when calculating income tax, social security contributions, and health care coverage contributions.

Personal income tax in Bulgaria is levied at a flat rate of 10%.

### **Social Security Aspects**

The amounts due as social security coverage and health care coverage contributions are determined as a percentage of the total “social security coverage and health care coverage income” of the individual, *i.e.*, the gross monthly income of the individual from employment and other activities, which is set at a maximum monthly amount by a special law. Currently, the maximum amount is €1,700. Should the individual’s remuneration exceed that maximum amount, no additional social security or health care coverage contributions will be due on the excess amount.



<sup>2</sup> The allocation is discussed below in relation to employer-employee arrangements and social security contributions and health care contributions.

In principle, social security payments are made to different social security funds. For employees, payments are to be made for all risks covered by such funds. For freelancers and other service providers, only certain risks are covered.

The monthly social security contribution rates for employees vary between 24.7% and 25.4% of social security coverage and health care coverage income. Payment of the contributions is allocated on a 60/40 basis between the employer and the employee.

The monthly social security contribution rate for individuals contracted under service agreements is 23.3% of total monthly social security coverage and health care coverage income. Where the service provider is not registered as a freelancer, the payment levy is allocated on a 60/40 basis between the principal and the service provider. The principal has the obligation to withhold the individual's share and to pay the total social security contribution to the Bulgarian budget. If the service providers are freelancers, the contribution obligation belongs solely to them.

Irrespective of the capacity of the individual as an employee or freelancer, all Bulgarian citizens are required to have health care coverage. The health care coverage contribution is set at 8% of the individual's social security coverage and health care coverage income. The payment obligation for employees and service providers who are not freelancers is allocated on a 60/40 basis between the employer or principal and the individual. A freelancer is solely responsible for health care contributions.

### **Labor Law Aspects**

Bulgarian labor law is extremely employee-protective and a foreign company willing to engage an individual in Bulgaria under an employment relationship should be aware that the mandatory rules of Bulgarian labor laws will always apply to work performed in Bulgaria even when foreign law purportedly governs the employment relationship. This rule covers employment by local employers as well as foreign employers. Choice of law provisions of a contract could not affect such rules.

The provisions of Bulgarian labor law set minimum standards in regard to working time, overtime and night work, minimum wages, minimum leave requirements, health and safety during remote work, potential disciplinary sanctioning, termination, minimum redundancy costs, and equal treatment of the employee in comparison to others.

The relevant statutory rules are extensive, and their particular implication should be analyzed on a case-by-case basis, depending on the particular circumstances. Among others, termination of employment and protection against dismissal could be of notable significance for a foreign employer since those are governed by a restrictive regulatory framework.

### **Employer of Record**

As a general rule, Bulgarian employment law is not familiar with and does not expressly regulate the concept of employer of record, as such. However, it recognizes a similar concept in connection with work agency arrangement, where one company (a temporary work agency) hires employees and leases them to another company (its client). The employees perform work for and under the direction of the latter. The temporary work agency activities, however, are subject to a number of specific rules and requirements provided by Bulgarian law, including a special registration for the

agency with the Bulgarian Employment Agency and joint and several liability of the agency and the client for any unpaid employment-related obligations (e.g., salaries) towards the employees.

Nonetheless, a number of such service providers operate in Bulgaria. Some are independent and others are part of international groups engaged in human resources, such as Oyster. They offer a service similar to that of an employer of record outside the context of a temporary work agency. These companies are exposed to potential risks under Bulgarian law.

## PERMANENT ESTABLISHMENT EXPOSURE (O.E.C.D. GUIDELINES)

The initial concern of a company in one jurisdiction engaging personnel to work remotely in another jurisdiction is the risk of establishing a P.E. in that other jurisdiction. As with service providers in other jurisdictions, this risk exists when the service provider is located in Bulgaria.

The assessment of whether a P.E. of a foreign company arises in Bulgaria is made on the basis of domestic rules and the rules under an applicable income tax treaty entered into by Bulgaria. When interpreting and applying the provisions of a treaty, the Bulgarian tax authorities follow the guidelines in the O.E.C.D. Commentary on the Model Tax Convention (the “Commentary”).

### Treaty Definition

Pursuant to the most commonly used P.E. definition under Bulgarian legislation and in treaties, two main fact patterns can trigger the existence of a P.E. The first is the dependent agent P.E. (the “D.A. P.E.”) and the second is the fixed place of business P.E. (the “F.P.O.B. P.E.”).

#### The D.A. P.E.

In general, a D.A. P.E. exists when an agent has authority to conclude contracts in the name of a foreign principal or when the agent habitually plays the major role leading to the execution of contracts in the name of its foreign principal and the foreign principal routinely concludes those contracts without material modification to the negotiated terms.<sup>3</sup> Following the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the “M.L.I.”), the broader D.A. P.E. concept has been adopted by Bulgaria, which has agreed to apply Article 12 to its covered treaties.

Consequently, where Bulgaria’s treaty partners have agreed to the application of the broader provision of the M.L.I., Article 12 has been revised to conform to the M.L.I. Where a treaty partner jurisdiction has not adopted the revision to Article 12, the revised D.A. P.E. rule is not applicable.

#### The F.P.O.B. P.E.

The F.P.O.B. P.E. exists if the foreign entity maintains a fixed place of business located in Bulgaria through which the foreign entity’s business is wholly or partly carried

<sup>3</sup> See B.E.P.S. Action 7.

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on. The definition is broad enough to cover a place of management, a branch, and an office.

Where a P.E. in Bulgaria is maintained, the profit realized through the P.E. is subject to corporate tax in Bulgaria. The tax rate is 10%.

### Application of the Rules

Under the D.A. P.E., the P.E. exposure should not be high for a foreign company where (i) a Bulgarian resident individual is contracted without any authority to conclude contracts on behalf of a foreign entity and (ii) the broader M.L.I. concept is not applied by the country of residence of the employer. For example, the U.K. has entered a reservation to the application of Article 12. As a result, the broader D.A. P.E. concept does not apply when evaluating whether a U.K. resident company maintains a P.E. in Bulgaria as a result of the appointment of an agent in Bulgaria.

Conversely, where (i) a Bulgarian resident individual is engaged in negotiating contracts on behalf of a foreign entity that are rarely modified in a material way and (ii) the broader D.A. P.E. concept is applied by the country of residence of the foreign corporation, the risk of a Bulgarian P.E. would be quite high, especially when an employment contract option is implemented. For example, Spain has adopted the expanded D.A. P.E. provision of the M.L.I. As a result, the expanded D.A. P.E. rule applies to Spanish resident companies that have appointed agents in Bulgaria.

Given the teleworking mode of work, the F.P.O.B. P.E. criterion would be of significant relevance when a Bulgarian individual uses a home office for the performance of services in carrying out duties specified in a contract with a foreign company. One exception likely exists. It is expected that the Bulgarian tax authorities would follow the O.E.C.D. guidance<sup>4</sup> for determining whether an individual's home office location is a fixed place of business of an employer.

Under the O.E.C.D. guidance, the issue of whether a P.E. exists is determined based on facts and circumstances. In general, a place must have a certain degree of permanence and must be at the disposal of an enterprise in order for that place to be considered to be a F.P.O.B. P.E. With the remission of the COVID-19 pandemic, and cessation of the public health measures, remote working from home could be considered to have certain degree of permanence, but that change alone will not necessarily result in the home office giving rise to a F.P.O.B. P.E. A further examination of the facts and circumstances is required to determine whether the home office is at the disposal of the employer enterprise.

When the individual is required by the enterprise to work from home (e.g., by not providing an office to an employee in circumstances where the nature of the employment clearly requires an office), the home office may be considered to be at the disposal of the enterprise. Arguably, if an office is made available to the individual, who chooses to work from home, the home should not be regarded at the disposal of the enterprise.<sup>5</sup> Of course the answer may differ if the individual uses a series of shared work spaces, none of which are permanent or used for long periods of time.

<sup>4</sup> O.E.C.D. Secretariat Analysis of Tax Treaties and the Impact of the COVID-19 Crisis (3 April 2020 version), subsequently revisited by Updated O.E.C.D. guidance on tax treaties and the impact of the COVID-19 pandemic (21 January 2021).

<sup>5</sup> For a full analysis of recent cases see Sunita Doobay, "Tax Cases Affecting Remote Workers and Their Employers," *Insights* Vol. 9 No. 5 (September 2022).



Although the O.E.C.D. guidance focuses on the extraordinary circumstances caused by the pandemic, its basic approach could be used by analogy for the purpose of analyzing home office arrangements in general. Also, the main considerations and factors that are taken into account when evaluating the existence of a P.E. could be used for consultancy (service) arrangements.

In sum, each case of remote working from a home office requires careful evaluation as to whether the home office is at the disposal of the foreign company. A helpful factor is that foreign company does not reimburse the individual for any of the home office expenses incurred. The risk may be further reduced in Bulgaria if the resident individual is engaged under a consultancy service agreement and carries on business as a self-insured freelancer or through a Bulgarian company.

## TAX CONSIDERATIONS FOR THE INDIVIDUAL

### **Bulgarian Tax Resident**

All the considerations outlined above will be valid for a Bulgarian tax resident individual engaged by a foreign company to work remotely from Bulgaria. The Bulgarian individual is subject to personal income tax of 10% on worldwide income and social security coverage and health care coverage contributions in the ranges indicated above.

### **Nonresident Individual**

A nonresident individual willing to work remotely from Bulgaria for a foreign company must pay attention to the period of presence in the country. Presence on too many days could result in residence for income tax purposes.

An individual who is physically present in Bulgaria for more than 183 days in any 12-month period will become a Bulgarian tax resident under Bulgarian law and under the residence article of a relevant treaty. Although the general rule is that work should be taxed where performed, treaties limit Bulgarian taxing rights for foreign treaty country residents for the first 183 days of employment in Bulgaria. Salaries remain taxable in the individual's home country, rather than Bulgaria.

Social security payments will always be due where work is performed, but E.U. tax resident freelancers could benefit from their foreign social security coverage health care coverage payments for the first 24 months of operations in Bulgaria. For tax residents outside the E.U., (e.g. Ukrainian), an applicable social security totalization agreement may provide specific rules, but in the general case these payments should be payable in Bulgaria. A totalization agreement does not exist with the U.S.

## VISAS AND WORK PERMITS

### **Digital Nomad Visas**

Unlike its neighbors Greece, Romania, North Macedonia, and Serbia, Bulgaria has no specific visa regime luring digital nomads to Bulgaria, although it is becoming more and more popular for some foreigners willing to experience Bulgaria. Popular hubs for digital nomads in Bulgaria are Sofia, the capital, Plovdiv, second-largest city, and the mountain town of Bansko. Bansko reports having the highest proportion



of coworking spaces and holds a nomad summer fest. Another available option is teleworking from a caravan by the seaside.

Whichever location is chosen, the following rules apply to foreign visitors.

### *E.U., E.E.A., or Swiss Citizens*

E.U., E.E.A., and Swiss citizens enjoy a facilitated work and travel regime in Bulgaria.

E.U. citizens are entitled to enter the territory of the Republic of Bulgaria with a valid passport or identity card. They may reside in Bulgaria for up to three months without any other registration needed. To continue for more than three months, an E.U. citizen must apply for the issuance of (i) a prolonged residence certificate, allowing stay up to five years and (ii) a permanent residence certificate, allowing unlimited residence in the country, after the five-year stay. The application must be submitted prior to the expiration of the three-month term and five-year term respectively.

Free movement of workers is one of the fundamental principles of the European Union. E.U. citizens are entitled to work in Bulgaria without applying for and obtaining a work permit or complying with any other registration regime. They may reside in Bulgaria for that purpose and may enjoy equal treatment in terms of health, social security, and civil rights as Bulgarian citizens, except where Bulgarian citizenship is required by law.

### *Other Citizens and the Blue Card Regime*

In comparison to E.U. citizens, the opportunity of a long-term stay entails a process that is more burdensome in terms of procedure and requirements. Generally, foreigners may enter the territory of Bulgaria only with a visa issued in compliance with applicable Bulgarian legislation. However, pursuant to Council Regulation (E.U.) 2018/1806, certain exhaustively enlisted nationals, including citizens of the U.S., Canada, Australia, North Macedonia, Ukraine, or Israel may enter the Republic of Bulgaria without visas and remain for a total term of 90 days within each 180-day period.

If a foreigner does not fall within the foregoing exception, a short-term type C visa must be obtained. The standard type C visa entitles the holder to remain in Bulgaria for 90 days within each six-month period. These visas are typically issued to contractors of Bulgarian commercial entities, nonprofit organizations, or trade representative offices for the purposes of a commercial visit. They are also available to visiting family members of Bulgarian citizens, E.U. citizens, or foreigners with prolonged or permanent residence status.

In order for a foreigner to reside in Bulgaria beyond the 90-day period, the individual must obtain a long-term residence type D visa, and after entering Bulgaria on its grounds, apply for a prolonged residence permit.

The type D visa is valid up to six months as of the date of its issuance and entitles its owner to stay in Bulgaria for up to 180 days and to leave and enter Bulgaria repeatedly within the term of validity of the visa. The grounds on which a type D visa can be issued must be consistent with the grounds for obtaining the prolonged residence permit. The application for issuance of the type D visa must be submitted personally by the foreigner to the Bulgarian embassy in the country of permanent residence of the applicant not earlier than three months prior the date of the visit.

*“E.U., E.E.A., and Swiss citizens enjoy a facilitated work and travel regime in Bulgaria.”*

Once a foreign citizen enters Bulgaria under a type D visa, the application process for the issuance of a prolonged residence permit can be initiated. A prolonged residence permit entitles the holder to reside in Bulgaria for a term of up to one year, and may be extended for one year if the original grounds for issuance continue. The application is filed with the Migration Directorate, part of the Bulgarian Ministry of Internal Affairs. The application must be filed not later than 14 days prior to the date of expiry of the D visa. A prolonged residence permit may be obtained for various reasons, such as the foreign citizen (i) has been appointed as the general manager of a Bulgarian entity, (ii) has been appointed as an authorized representative of a Bulgarian trade representative office, etc.

As a matter of principle, a person other than a citizen of an E.U. jurisdiction, an E.E.A jurisdiction, or Switzerland may work for a Bulgarian employer only after being granted a work permit. Work permits are granted where, for example, (a) the maximum number of foreign employees has not been reached or (b) the individual has a special professional qualification. All permits are issued for work with a specified Bulgarian employer, and for the workplace, position, and term specified in the permit. This means that a holder of a work permit cannot change employers freely. A work permit is issued for a term of up to three years, with a possibility for extension.

The E.U. Blue Card Regime is another option that allows a third-country citizen to work in Bulgaria. In line with E.U. steps towards building a common migration policy and Council Directive 2009/50/E.C. of May 25, 2009, known as the “E.U. Blue Card,” Bulgaria has introduced an option for the holder of an E.U. Blue Card to reside and work in Bulgaria for up to five years pursuant to a speedy authorization process. The eligibility requirements for the Blue Card are mainly related to professional qualification, skills, and experience, which simplifies the process. Subject to certain requirements and restrictions, the holder of an E.U. Blue Card can work remotely in Bulgaria or abroad, can change employers, and can participate in the social security system for Bulgarian employees.

## ADDITIONAL TAX CONSIDERATIONS

In addition to the P.E. exposure discussed above, which is normally one of the main concerns when foreign companies assess engaging a remote worker in Bulgaria, V.A.T. and invoicing should be considered in cases where the service provider is a self-insured freelancer or is employed by a company that is wholly owned by the Bulgarian service provider.

In terms of V.A.T., the rate is 20%. Considering the fact that services are being rendered to a foreign company, the place of supply of such services is considered to be abroad. Consequently, Bulgarian V.A.T. will not be charged. If, under the laws of its country of establishment, the foreign company must reverse-charge V.A.T. on the service fees paid to the Bulgarian service provider, V.A.T. leakage may occur. The V.A.T. leakage could be eliminated if the Bulgarian remote worker is taken on as an employee. However, the saving in V.A.T. may be offset by having to deal with the P.E. issues in Bulgaria that were discussed above, including (i) 10% Bulgarian corporate income tax, (ii) registration for administrative and tax purposes in Bulgaria, and (iii) calculation, withholding and remittance of social security coverage and health care coverage contributions and personal income tax for the employee. Each alternative has pluses and minuses.

## PAYMENT MODES INCLUDE CRYPTOCURRENCY

Along with the increasing popularity of remote work arrangements and digital nomads, payment of remunerations (or part thereof) may be effected with cryptocurrency. Recent global surveys and polls show that a growing number of employees and service providers (especially – although not exclusively – Millennials and Gen Z) are interested in receiving some or all of their remuneration in cryptocurrencies or N.F.T.'s. Respectively, the number of companies offering such payments as part of the onboarding package and the individual's engagement is increasing as well.

The crypto rush did not miss Bulgaria, and it is not uncommon for people to pay with cards issued by crypto exchanges. Some stores are accepting payments in crypto, and there are also cases where individuals get paid in crypto for work or services rendered.

Nonetheless, certain mandatory rules of Bulgarian law must be taken into account. For example, the Bulgarian Labor Code provides that the employment remuneration must be paid in cash, meaning a fiat currency. However, bonuses and other additional payments and benefits granted to employees may be paid in crypto. As the Bulgarian Labor Code is not applicable in a consultancy service relationship, the parties are free to agree on payment in crypto, whether in full or in part.

## CONCLUSION

Remote work and widespread acceptance of crypto currency and blockchain technologies have much in common, and it is not surprising that these trends are developing very rapidly and oftentimes together. Aside from the fact that both trends are made possible and facilitated by technology, they are also driven by the same needs and desires of modern people, namely the endeavor to achieve greater flexibility, personal freedom, and decentralization.



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