



# CORPORATE LAW

## *Corporate forms under Bulgarian law*

### Introduction

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The following **corporate forms** exist under Bulgarian law:

- limited liability company,
- joint-stock company
- general partnership,
- limited partnership, and
- partnership limited by shares.

Commercial companies are set up as legal entities separate from their founders. Regardless of the nationality of their founders, all companies registered in Bulgaria are considered to be Bulgarian legal entities which are established and existing under Bulgarian law.

Foreign equity participation in a Bulgarian company can be up to 100%. The incorporated companies receive the capacity of legally established entities as of their inscription into the Commercial Register with the Registry Agency.

The time required for entry or deletion in the commercial register of commercial companies is three working day following filing of the required documents with the registry except in the cases when other terms are provided for by a special law. The time frame for registration of newly established company is only 1 working day following filing of the required documents with the registry.

The most commonly used type of corporate forms are Limited liability company and Joint-stock company, which are subject to review below, as follows:

### Limited Liability Company

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The limited liability company is a preferred form of business entity because of the minimum capital requirement of **BGN 2 (€ 1)** the limitation of shareholders' liability up to the amount of the registered capital and the simplified corporate governance structure. There are no restrictions for foreign persons (individuals or legal entities) to be shareholders in limited liability company.

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Shares may be transferred and inherited. The transfer of company shares to third parties requires the prior approval of the company general meeting. Transfer of shares should be performed by means of a notarized contract entered in the commercial register.

The governance structure of a limited liability company consists of:

- General meeting of shareholders;
- Manager (s) who manage and represent the company before third parties.

There are no restrictions for foreign persons to be appointed managers of the company.

### **Joint-stock company**

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The minimum registered capital required for the formation of joint-stock company of BGN 50,000 (approximately € 26,000). A typical feature of the joint-stock company is that, in principle, there are no statutory restrictions on the transfer of shares and no personal involvement of the shareholders in the company's activity is necessary. Again, there are no restrictions for foreign persons (individuals or legal entities) to be shareholders in joint-stock company.

The corporate governance structure of the joint-stock company consists of:

- General meeting of shareholders;
- Board of directors (in case of a one-tier management system) or a Supervisory board and Management board (in case of a two-tier system)