

# ***Factual analysis of Member States Investors' Schemes granting citizenship or residence to third- country nationals investing in the said Member State***

## ***Deliverable B.II Investors' Residence Schemes in Bulgaria***

JUST/2016/RCIT/FW/RIGH/0152 (2017/ 06)



This Report has been prepared by Veronica Vasileva for Milieu Ltd under the contract JUST/2016/RCIT/FW/RIGH/0152 (2017/06).

The views expressed herein are those of the consultants alone and do not necessarily represent the official views of the European Commission.

**Milieu Ltd** (Belgium), Chaussée de Charleroi 112, B-1060 Brussels, tel.: +32 2 506 1000; e-mail: [emma.psaila@milieu.be](mailto:emma.psaila@milieu.be); [ana.gomez@milieu.be](mailto:ana.gomez@milieu.be) and [vanessa.leigh@milieu.be](mailto:vanessa.leigh@milieu.be); web address: [www.milieu.be](http://www.milieu.be).

*Factual analysis of Member States Investors' Schemes granting citizenship or residence to third-country nationals investing in the said Member State*

**TABLE OF CONTENTS**

<b>I.</b>	<b>GENERAL BACKGROUND.....</b>	<b>1</b>
<b>II.</b>	<b>PROCEDURES, COMPETENT AUTHORITIES AND APPLICABLE CRITERIA.....</b>	<b>3</b>
<b>1</b>	<b>APPLICATION PHASE.....</b>	<b>3</b>
<b>2</b>	<b>TYPE OF INVESTMENT.....</b>	<b>14</b>
<b>3</b>	<b>RESIDENCE PHASE.....</b>	<b>19</b>
<b>4</b>	<b>DUE DILIGENCE CRITERIA AND SECURITY CONSIDERATIONS.....</b>	<b>21</b>
<b>III.</b>	<b>RIGHTS GRANTED BY THE PERMITS.....</b>	<b>24</b>
<b>1</b>	<b>RIGHTS GRANTED TO INVESTORS.....</b>	<b>24</b>
<b>2</b>	<b>RIGHTS GRANTED TO THE INVESTORS' FAMILY MEMBERS.....</b>	<b>24</b>
<b>3</b>	<b>OTHER BENEFITS.....</b>	<b>24</b>
<b>IV.</b>	<b>INTERACTION BETWEEN RESIDENCE AND CITIZENSHIP SCHEMES.....</b>	<b>26</b>
<b>V.</b>	<b>ECONOMIC AND FINANCIAL EFFICIENCY OF RESIDENCE PERMITS FOR FOREIGN INVESTORS.....</b>	<b>28</b>



## I. GENERAL BACKGROUND

### ■ *Legal background*

The Foreign Nationals Act of the Republic of Bulgaria (FNA)<sup>1</sup> provides for three types of residence permits for third-country nationals:<sup>2</sup>

- **Extended residence permit** – with a term of validity of **up to one year**<sup>3</sup>
- Long-term residence permit – for initial period of five years and option for renewal
- **Permanent residence permit** – for an **indefinite period of time**,

This Report examines the separate procedures for obtaining an extended residence permit and a permanent residence permit as they are the only options concerning third-country investors.

**The prerequisite for an application for an extended residence or permanent residence permit** is that the third-country investor holds a **long-stay visa** under Article 15 of the Foreign Nationals Act. The procedure to apply and obtain this visa is explained in Section II.1 of this Report.

Therefore, for the initial request for a residence permit (whether extended or permanent), the third-country national is required to follow the procedure of either:

- gets long-stay visa => receives an extended residence permit, or
- gets long-stay visa => receives a permanent residence permit.

This long-stay visa is **not necessary** when a third-country national has already received an **extended residence permit** and wants to apply for a **renewal** of the extended residence permit or for a permanent residence permit.

**If a third-country national who can and has entered the country for up to 90 days without a visa based on the Council Regulation (EC) No 539/2001 (short-stay visa)**<sup>4</sup> wishes to apply for residence under the investors' residence schemes, **they must exit the country, apply for a long-stay visa** and then submit their application for either type of residence permits (extended residence or permanent residence) that fall under these schemes.

The **extended residence permit** is stipulated in Article 24 of the Foreign Nationals Act of the Republic of Bulgaria, and in 2013 the law was amended, giving third-country nationals the possibility to obtain the permit in exchange for an investment in economically disadvantaged regions or property investment.

The **permanent residence permit** is stipulated in Article 25 of the Foreign Nationals Act of the Republic of Bulgaria. This permit was **first introduced for foreign investors in 2005** allowing only foreigners who invested in the country over \$ 500,000 (**EUR 420 000** or BGN 840 000) the possibility

---

<sup>1</sup> Foreign Nationals Act of the Republic of Bulgaria (*Закон за чужденците в Република България*) Prom. SG. No. 153 of 23 December 1998, last amended. and ext. SG. No. 24 of 16 March 2018, available at <https://lex.bg/bg/laws/ldoc/2134455296> (FNA).

<sup>2</sup> These options for residence permits are in addition to the short-stay visa-free option of three months (90 days) within each six-month period foreseen by Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement, OJ L 81, 21 March 2001, available at <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex:32001R0539>. The Ministry of Foreign Affairs provides a specific list for Bulgaria on their site available at: [http://www.mfa.bg/uploads/files/Consular/26\\_06\\_2017\\_Putuvane%20za%20Bg.pdf](http://www.mfa.bg/uploads/files/Consular/26_06_2017_Putuvane%20za%20Bg.pdf)

<sup>3</sup> For the purposes of this Report it should be clarified that the term "extended" does not imply that a previous permit was held by the applicant and that permit is being extended; rather, the term refers to the fact that the permit entitles the holder to an extended residence of up to one year.

<sup>4</sup> Council Regulation (EC) No 539/2001 of 15 March 2001 listing the third countries whose nationals must be in possession of visas when crossing the external borders and those whose nationals are exempt from that requirement, OJ L 81, 21 March 2001, available at <https://eur-lex.europa.eu/legal-content/EN/ALL/?uri=celex:32001R0539>.

to obtain a permanent residence permit under the statutory order of Article 25, paragraph 1, item 6 (described in Table 1). In **2009**, the law was **amended**, giving more options to investors as well as several financial thresholds (described in Section II.2 of this Report).

There is no public information available as to what prompted these amendments. There was no public debate at the time when the legal changes were adopted as these changes were proposed by members of parliament in-between the first and second reading at Parliament which negates the possibility for public discussions.<sup>5</sup> The most probable reasons for the introduction of these changes are attracting potential investors and promoting economic activity in economically disadvantaged regions.

The procedure is detailed in the Foreign Nationals Act and in the Rules of Implementation of the Foreign Nationals Act (Rules of Implementation).<sup>6</sup> The Rules of Implementation also include information regarding the necessary documentation which the third-country national must present, as well as the legal deadlines for consideration of applications.

#### ■ *Competent authorities*

The main **competent authority** in the procedures under Articles 24 (extended residence permit) and 25 (permanent residence permit) of the Foreign Nationals Act is the **Ministry of Interior**. In the procedure for **extended residence** the **Directors of the regional directorates of the Ministry of Interior** or the officials empowered by them **and the Director of Migration Directorate** examine the application documents of the third-country national for granting a right of residence upon receipt of a written statement from the State Agency for National Security providing the Agency's opinion on the application. In the procedure for **permanent residence** the Directors of the regional directorates of the Ministry of Interior forward the documents of the third-country national to the **Director of Migration Directorate**, who examines them upon receipt of a written statement from the State Agency for National Security providing the Agency's opinion on the application.

There are **no non-public bodies officially involved** in this procedure. Applicants may choose to employ consultants or lawyers to offer council during the preparation of the documents, but those are not part of the procedure.

---

<sup>5</sup> Information gathered through consultation with national stakeholder (Deputy Director of the Migration Directorate, Competent Authority, 14 May 2018). In Bulgaria, laws and amendments have to pass two readings in the Parliament's Plenary Session, and further changes and amendments can be introduced between the two readings. This was the case here and as such it excluded the process of conducting public consultations and discussions.

<sup>6</sup> Rules of Implementation of the Foreign Nationals Act (*Правилник за прилагане на Закона за чужденците в Република България*), available at <https://www.investbg.government.bg/files/useruploads/files/ppzchrp.pdf> (Rules of Implementation).

## II. PROCEDURES, COMPETENT AUTHORITIES AND APPLICABLE CRITERIA

### 1 APPLICATION PHASE

#### 1.1 PROCEDURES

- *Who can apply for residence*

Any third-country national who makes an investment in the amounts and conditions described below in this Section may apply for an extended residence permit<sup>7</sup> or a permanent residence permit<sup>8</sup>, depending on the investment made.

- *Procedure and condition(s) for granting residence to investors*

#### Application for a long-stay visa

Before entering Bulgaria and applying for residence (whether extended residence or permanent residence) under the investors' scheme, foreign investors must first obtain a long-stay visa.<sup>9</sup>

The **application** for the long-stay visa is submitted to the **diplomatic and consular representations of the Republic of Bulgaria** in the applicant's country of permanent residence. Persons residing lawfully in a third country other than their country of permanent residence may, exceptionally, apply in that third country after justification of the reasons and if their return to their country of permanent residence is guaranteed. In **examining the application**, the diplomatic and consular representations may ask the applicant to a **personal interview** to clarify or provide any additional information that is necessary for completing the application<sup>10</sup> and may also **coordinate with commercial intermediaries**<sup>11</sup> for the same purposes.<sup>12</sup>

The application must be submitted not earlier than **three months before the date of the intended travel**<sup>13</sup>, **personally or through an authorized agent**.<sup>14</sup>

When applying for a long-stay visa, the applicant shall submit **in person** the following documentation:<sup>15</sup>

- **Application** for a long-stay visa;<sup>16</sup>
- Regular **travel document (passport)** which has more than two empty pages left, has been issued

---

<sup>7</sup> Article 24, paragraph 1, items 19 and 20 FNA.

<sup>8</sup> Article 25, paragraph 1, items 6, 7, 8, 13 and 16 FNA.

<sup>9</sup> Article 9d FNA. Website of the Ministry of Foreign Affairs, available at <http://www.mfa.bg/en/pages/109/index.html> and specific explanatory document on long-stay visas (D-type) available at [http://www.mfa.bg/uploads/files/VISA%20\(TYPE%20D%20VISA\)\(1\).pdf](http://www.mfa.bg/uploads/files/VISA%20(TYPE%20D%20VISA)(1).pdf).

<sup>10</sup> Website of the Ministry of Foreign Affairs, available at <http://www.mfa.bg/en/pages/109/index.html> and specific explanatory document on long-stay visas (D-type) available at [http://www.mfa.bg/uploads/files/VISA%20\(TYPE%20D%20VISA\)\(1\).pdf](http://www.mfa.bg/uploads/files/VISA%20(TYPE%20D%20VISA)(1).pdf).

<sup>11</sup> Those are licensed external service providers where visa services are outsourced to places with no diplomatic and consular representation, and commissioned by the Minister of Foreign Affairs, Article 9d(3) FNA

<sup>12</sup> Article 9d(4) FNA.

<sup>13</sup> Website of the Ministry of Foreign Affairs, available at <http://www.mfa.bg/en/pages/109/index.html> and specific explanatory document on long-stay visas (D-type) available at [http://www.mfa.bg/uploads/files/VISA%20\(TYPE%20D%20VISA\)\(1\).pdf](http://www.mfa.bg/uploads/files/VISA%20(TYPE%20D%20VISA)(1).pdf).

<sup>14</sup> A person who is given a notarised letter of attorney by the applicant.

<sup>15</sup> Website of the Ministry of Foreign Affairs, available at <http://www.mfa.bg/en/pages/109/index.html> and specific explanatory document on long-stay visas (D-type) available at [http://www.mfa.bg/uploads/files/VISA%20\(TYPE%20D%20VISA\)\(1\).pdf](http://www.mfa.bg/uploads/files/VISA%20(TYPE%20D%20VISA)(1).pdf).

<sup>16</sup> The visa application form is available online at [http://www.mfa.bg/uploads/files/Documents/KonsulskiUslugi/Annex%209%20Application%20form%20EN%20July%202011%20final\(1\).pdf](http://www.mfa.bg/uploads/files/Documents/KonsulskiUslugi/Annex%209%20Application%20form%20EN%20July%202011%20final(1).pdf).

in the last 10 years and its expiration date is at least three months after the time of departure from the territory of the Republic of Bulgaria;

- Copies of the pages of the travel document with personal data and visas and/or photocopies of the residence permits held
- Current **colour photo** - passport format;
- Documents justifying the application for a long-stay visa<sup>17</sup> in accordance with the Foreign Nationals Act and the Rules of Implementation of the Foreign Nationals Act. In this case, the application for a long-stay visa is justified as the applicant intends to access the Bulgarian investors' residence schemes. The documents herein referred to will be those providing information about the respective type of investment and proving the investment. Such documents are provided below in this Section.
- Documents proving the possession of **funds for subsistence and accommodation** - originals and copies thereof.

The legislation does not set the time-frame within which the competent authority must examine the application and issue a decision. The application will be refused when the legal requirements are not met,<sup>18</sup> and, if granted, a long-stay visa will be issued.<sup>19</sup>

After the foreign investor has obtained a long-stay visa, s/he may apply for a residence permit, whether it is for extended residence (Article 24 FNA) or for permanent residence (Article 25 FNA).

#### **Application for a residence permit**

To apply for a residence permit (whether extended residence or permanent residence) the foreign investor must present **in person**<sup>20</sup> a number of general documents, as well as specific documents depending on the type of permit applied for.

#### ***General documents (both for extended and permanent residence)***

**Along with the application** for a residence permit (whether extended residence or permanent residence) the third-country investor must submit the following **documents**:

- A copy of a **regular passport** (or of an equivalent document);<sup>21</sup> the original must also be presented at the time of filing the application in order to confirm the authenticity of the copy.
- **Visa** on the basis of which they have entered the Bulgarian territory (in this case, a long-stay visa).
- Evidence that the applicant has secured an **accommodation** for the whole duration of the intended stay (e.g. documents of ownership or lease).<sup>22</sup>
- Evidence for **regular, stable, foreseeable and sufficient means of subsistence** without resorting to the social assistance system, not less than the minimum monthly salary or the minimum pension for the country (e.g. a bank statement would suffice)<sup>23</sup>
- A **clean criminal record certificate** issued by the state of which the third-country national is a national or of the country of his/her habitual residence at the time of the initial filing of the application.

#### ***Specific documents***

However, for each option under Articles 24 (extended residence permit) and 25 (permanent residence permit), additional documents must be provided. Furthermore, under each of these procedures different

---

<sup>17</sup> Ministry of Foreign Affairs, explanatory document on long-stay visas (D-type) available at [http://www.mfa.bg/uploads/files/VISA%20\(TYPE%20D%20VISA\)\(1\).pdf](http://www.mfa.bg/uploads/files/VISA%20(TYPE%20D%20VISA)(1).pdf).

<sup>18</sup> Articles 9h(2) and 10 FNA.

<sup>19</sup> Article 9h(1) FNA.

<sup>20</sup> Article 14(1) Rules of Implementation.

<sup>21</sup> More than two empty pages, has been issued in the last 10 years and its expiration date is at least three months after the time of departure from the territory of the Republic of Bulgaria.

<sup>22</sup> Information gathered through consultation with national stakeholder consultation (Director of the Migration Sector, Ministry of Interior, Competent Authority, 21 May 2018).

<sup>23</sup> Information gathered through consultation with national stakeholder consultation (Director of the Migration Sector, Ministry of Interior, Competent Authority, 21 May 2018).



routes to apply for a residence permit (whether extended or permanent) exist, each with specific conditions, depending on the type (amount and conditions) of the investment that the third-country investor wants to make. These routes are:

- A third-country investor may apply for **extended residence** through the fulfilment of the conditions of Article 24, paragraph 1:
  - a) Item 19; or
  - b) Item 20
  
- A third-country investor may apply for **permanent residence** through the fulfilment of the conditions of Article 25, paragraph 1:
  - a) Item 6, or
  - b) Item 7, or
  - c) Item 8, or
  - d) Item 13, or
  - e) Item 16

The table below provides an overview of the different legal routes to obtain the different types of permit (extended residence or permanent residence permit), the type and amount of investment and the additional documents that must be provided in each route.

**Table 1 Documents accompanying the application of a residence permit per type of permit**

Type of permit	Route (legal basis)	Type of investment	Amount of the investment	Additional documents
<b>Extended residence permit (Art. 24, par. 1 FNA)<sup>24</sup></b>	<b>Item 19:</b> the investor makes the investment: a) directly; or b) through a company in which s/he owns more than 50% of the capital	Investment in <b>real estate</b>	EUR 300,000 <ul style="list-style-type: none"> <li>■ paid in full at the date of submission of the application to a licensed Bulgarian credit institution</li> <li>■ if used borrowed funds: outstanding part of the loan must not exceed 25 per cent</li> </ul>	<p>For both cases (the investor makes the investment directly or through a company)</p> <ul style="list-style-type: none"> <li>■ <b>Certificate</b> from a licensed Bulgarian <b>credit institution</b> proving that the total amount for the <b>investment</b> has been paid</li> <li>■ When using <b>borrowed funds</b> - a <b>credit institution's certificate</b> for an <b>outstanding part of the loan</b> of not more than <b>25 per cent</b>; and</li> <li>■ <b>Document certifying ownership of real estate</b></li> </ul> <p>When the <b>investor makes the investment through a company</b>, additionally the following documents have to be presented:</p> <ul style="list-style-type: none"> <li>■ <b>Registration number</b> of the company</li> <li>■ <b>Statement of the costs</b> of the commercial company for the acquisition of real estate</li> <li>■ <b>Inventory book or depreciation plan</b> proving the acquisition of long-term tangible assets or any other document certifying the value and type the real estate acquired</li> </ul>

<sup>24</sup> At the date of submission of the application for an extended residence permit under Art. 24, the third-country national or legal entity owned by the third-country national must have paid in full the amount of the investment to a licensed Bulgarian credit institution. If the real estate property is acquired with borrowed funds, the outstanding part of the loan must not exceed 25 per cent.

Type of permit	Route (legal basis)	Type of investment	Amount of the investment	Additional documents
	<b>Item 20:</b> the investor is a partner or shareholder and owns 50% of the company's capital	Investment in a <b>company that operates in economically disadvantaged region<sup>25</sup></b> in which <b>at least five job positions for Bulgarian citizens have been created and will be maintained for the duration of the intended stay (6 to 12 months).</b>	EUR 125, 000 (acquisition of tangible and intangible assets)	<ul style="list-style-type: none"> <li>▪ <b>Proof of acquisition</b> of new tangible and intangible fixed assets worth no less than the investment amount</li> <li>▪ <b>Proof of creation of 5 job positions</b> for Bulgarian citizens (certificate of the Ministry of Economy to be provided <i>ex officio</i> to Migration Directorate)</li> </ul>
Permanent residence permit (Art. 25, par.1 FNA)	Item 6	a) Shares of Bulgarian commercial companies <b>traded</b> on a Bulgarian regulated market	EUR 500, 000	<ul style="list-style-type: none"> <li>▪ An original of a <b>valid contract</b> to execute transactions in financial instruments, and</li> <li>▪ a certificate or statement of holdings of securities (<b>portfolio</b>) for all investments</li> </ul>
		b) <b>Bonds and treasury bills</b> as well as derivative instruments issued by the State or by municipalities with a residual maturity of no less than six months	EUR 500, 000	<ul style="list-style-type: none"> <li>▪ A <b>certificate</b> issued by the respective sub-custodian bank, for the government securities acquired by the third-country national and by a custodian bank for acquired municipal bonds, and</li> <li>▪ a <b>certificate</b> from the relevant credit institution for the transaction for the purchase of government securities or a confirmation of the transaction issued by the credit institution</li> </ul>
		c) Investment in a <b>Bulgarian commercial company owned</b> in more than 50% of the capital <b>by the State or by a municipal participation</b> under the Privatization and Post-Privatization Control Act	EUR 500, 000	A <b>certificate</b> from the Privatization and Post-Privatization Agency <sup>26</sup> or the relevant municipal administration proving the investment in the company

<sup>25</sup> According to the Investment Promotion Act, economically disadvantaged regions are such where:

- (a) the unemployment rate is higher than the national average, or  
(b) the gross per-capita added value is lower than the country average.

<sup>26</sup> The Agency is responsible for the accomplishment of the privatization process in the country and the supervision of the concluded privatization contracts. More information available at: <http://www.priv.government.bg/en/>.

Type of permit	Route (legal basis)	Type of investment	Amount of the investment	Additional documents
		<b>d) Units or shares owned by the State or municipalities</b> in a Bulgarian commercial company under the Privatization and Post-Privatization Control Act	EUR 500, 000	A <b>certificate</b> from the Privatization and Post-Privatization Agency or the relevant municipal administration proving the acquisition of units or shares
		<b>e) Investment in Bulgarian Intellectual Property</b> for the total value of the investment-objects of copyright and related rights, patent-protected inventions, utility models, trademarks, service marks and industrial design worth the same amount	EUR 500, 000	A <b>certificate</b> from the Ministry of Culture or a certificate issued by the Patent Office of the existence of the relevant circumstance and an evaluation of the objects of intellectual property, issued by an independent assessor under the Independent Assessors Act <sup>27</sup>
		<b>f) Acquisition of rights under concession contracts</b> on the territory of the Republic of Bulgaria	EUR 500, 000	A <b>certificate</b> from the grantor, determined according to Art. 17 of the Concessions Act
	<b>Item 7</b>	Investment in a licensed credit institution in Bulgaria under a <b>trustee agreement</b> for a 5-year period and not used to secure other monetary credits of other credit institutions in Bulgaria	EUR 500,000	<ul style="list-style-type: none"> <li>▪ The <b>original</b> of the <b>trustee agreement</b> with the concerned Bulgarian credit institution; or a <b>certificate</b> from such credit institution (proving the agreement) (a copy is made on the spot by the receiver of the documents) or a certificate of the existence of the trustee agreement from the respective licensed credit institution</li> <li>▪ <b>Notary-certified statement</b> proving that the investment is or</li> </ul>

<sup>27</sup> Independent Assessors Act (*Закон за независимите оценители*), SG 98 from 14 November 2008, available at <https://lex.bg/en/laws/ldoc/2135605218>.

Type of permit	Route (legal basis)	Type of investment	Amount of the investment	Additional documents
				will not be used to secure other monetary credits <ul style="list-style-type: none"> <li>▪ <b>Consent</b> of the investor to credit institutions to notify the Bulgarian Investment Agency on information about the trustee agreement</li> </ul>
	<b>Item 8</b>	Investment in the capital of a <b>Bulgarian company whose shares are not traded on a regulated market</b>	At least EUR 3 million	<b>Bank certificate</b> proving that the amount has been invested in a company upon its establishment or to increase the capital of an already existing company
	<b>Item 13</b>	<b>investment in a Bulgarian commercial company</b> , which has been awarded a <b>Class A, Class B,<sup>28</sup> or a priority investment project</b>	The amount of the investment depends on the type of company	<b>Certificate from Ministry of Economy</b> as verification of the investment is provided to Migration Directorate ex officio.
	<b>Item 16</b>	Investment in an <b>existing Bulgarian commercial company</b> in which the investor is a partner or shareholder with registered shares and in which s/he holds no less than 50% of the company's capital	At least EUR 250,000	<b>Certificate from Ministry of Economy</b> as verification of the investment is provided to Migration Directorate ex officio.

- **Period to decide on the application**

The **official legal deadline** for examining the applications depends on the type of residence permit applied for:

- If the permit requested is for **extended residence**, the period to examine the application is of **14 days following the submission** of the application; and
- If the permit requested is for **permanent residence**, the period to examine the application is of **two months following the submission** of the application.

In the case of **legal and factual complexity** and necessity of submitting **additional documents**, the periods abovementioned may be **extended** prior notification to the third-country national in writing. These periods may be extended by one month in cases of extended residence permits and two additional

<sup>28</sup> According to their size, investments are divided into Class A, Class B and Priority Investment Projects. The minimum thresholds for Class A and B are set out in the Rules of Implementation.

months in the case of applications for permanent residence. During these extended periods, the third-country applicant **may remain in the country**. If need be, the document that the third-country national may need to justify his/her permanence in the Bulgarian territory is the **letter notifying him/her of the extension of the period to examine the application**.

- *Applicable administrative fee*

For each of the listed procedures under Articles 24 and 25 of the Foreign Nationals Act (extended and permanent residence permits, respectively) the third-country national must pay an **administrative fee** in the amount of **EUR 5** (BGN 10) prior to filing the application. The receipt showing that this amount has been paid must be submitted with the application. Additionally, they are obligated to pay another fee upon receiving the residence permit which covers the cost for issuing the respective permit. Table 3 below shows an overview of such costs.

**Table 2 Cost for the issuance of the corresponding residence permits**

Type of permit	Extended residence permit (Article 24, paragraph 1, items 19 and 20)		Permanent residence permit Article 25, paragraph 1, items 6, 7, 8, 13 and 16
	For duration of the permit of <b>up to 6 months</b>	For duration of the permit of <b>up to 12 months</b>	
Duration of the permit			N/A
Fee amount for the issuance of the permit	<b>EUR 100</b> (BGN 200)	<b>EUR 250</b> (BGN 500)	<b>EUR 500</b> (BGN 1 000)

- *Reasons for turning down the applications*

Reasons for refusal of issuing a residence permit or renewal<sup>29</sup> of a residence permit, regardless of the type (and, thus, including the extended residence and permanent residence permits for investors) are stipulated in **Article 26** of the Foreign Nationals Act. Residence is refused to a third-country national who:

- by his/her actions s/he has or may **endanger the international relations, the security or the interests of the Bulgarian state** or for whom there is evidence that s/he is acting against the national security;
- there is evidence that s/he is acting, instigated, involved in the preparation, assistance or training of a **terrorist activity**, or that the purpose of his/her entry is to use the country as a transit point to a third State in whose territory s/he is to carry out such acts;
- his/her actions have **discredited the Bulgarian state** or has derogated the prestige and dignity of the Bulgarian nation and his/her entry into the country could **harm relations of Bulgaria with another State**;
- there is evidence that s/he is a **member of a criminal group or organization** or that /she is or is about to commit smuggling and illicit trafficking in weapons, explosives, ammunition, pyrotechnic articles, strategic raw materials, dual-use items and technologies and illicit trafficking in narcotics and psychotropic substances and precursors and raw materials for their manufacture;
- there is evidence that the third-country national is **involved in cases of trafficking in human beings** and illegal entry into the country and removal of persons to other countries
- has been **convicted of a committed intentional crime on the territory of the Republic of Bulgaria**, which under Bulgarian law is punished by not less than **one year of imprisonment**;
- has attempted to enter or transit through the country by **using false or altered documents**, a visa or a residence permit;

<sup>29</sup> The procedure to renew the residence permits is thoroughly explained in Section II.3 (Residence phase) below in this Report.

- may be suspected of **spreading a serious contagious disease**, suffers from a disease which, under the criteria of the Ministry of Health or the World Health Organization, poses a public health threat or does not hold a vaccination certificate or comes from an area with a complicated epidemic and epizootic environment;
- does not have secured **subsistence** and the **necessary compulsory health insurance** during his / her stay in the country and the means for his/her return;
- there is evidence that **in the last two years s/he has violated the border, passport, visa, currency or customs regime** of the Republic of Bulgaria
- has previously **violated the labour or tax laws** of the country;
- is included in the list of third-country nationals who are unwanted in the country;
- applies with an **irregular passport** or travel document;
- is a person for whom an **alert has been issued in the Schengen Information System** for refusal of entry;
- has previously **systematically committed public order violations** upon a previous residence in the country;
- there is evidence that the **purpose of entry is to reside in the country illegally**;
- there is evidence that the **purpose of entry is to use the country as a transit point for migration to a third country**;
- has submitted a **document of false content** or has declared false data;

The refusal to issue a residence permit or the extension or renewal of the residence permit is motivated, communicated to the persons concerned and may be contested under the procedure of the Administrative Procedure Code.

## 1.2 COMPETENT AUTHORITIES AND NON-PUBLIC BODIES

According to Article 57 of the Rules of Implementation of the Foreign Nationals Act, the **Directors of the regional directorates of the Ministry of Interior** or the officials empowered by them are responsible for receiving the application for both the extended and permanent residence permits. The **State Agency for National Security** must also produce a **statement** reflecting its **opinion** before the corresponding permit is granted.

Regarding the **competent authority to examine the residence application and the accompanying documents**, this varies depending on the type of residence requested:

- a) In the case of **extended residence**, the competent authorities are both the Directors of the regional directorates of the Ministry of Interior (or the officials empowered by them) and the **Director of Migration Directorate**.
- b) In the procedure for **permanent residence**, the Directors of the regional directorates of the Ministry of Interior forward the documents of the third-country national to the **Director of Migration Directorate**, who then examines them.

**No non-public bodies** officially take part in this procedure. Consultants or lawyers who offer council during the preparation of the documents could be hired by the applicant,

## 1.3 MONITORING OF THE PROCEEDINGS AND THE AUTHORITIES INVOLVED

There is **no cap** on the number of applications for the schemes (both the extended and the permanent residence).

The **Migration Directorate** is the body which grants the permits and keeps all statistics. However, there is no obligation under the Bulgarian legislation for the Directorate to produce any reports on the matter. According to Article 39 of the Regulation for the Implementation of the Foreign Nationals Act,

**the Migration Directorate must only notify the Bulgarian Investment Agency about the permanent residence permits issued under Article 25**, paragraph 1, item 6 and 7 of the Foreign Nationals Act. There is no equivalent obligation for extended residence permits or the other items of Article 25. No reports are published and none of this information is made public by the Bulgarian Investment Agency. The Agency monitors whether the investment made is of a sufficient amount and whether it is maintained throughout the legal periods that the law requires.

The fact that the Migration Directorate must keep statistics and inform the Bulgarian Investment Agency is independent from other institutions, which are not involved in monitoring the granted permits and keeping the corresponding statistics.<sup>30</sup>

Furthermore, the information on the numbers of successful applications is considered ‘public’ information and can be accessed on the grounds of Article 28, paragraph 2 of the Access to Public Information Act<sup>31</sup>.

#### 1.4 INFORMATION ON APPLICATIONS

There is **no obligation to disclose information about successful applicants**. However, such information can be obtained through an official request for information under the Access to Public Information Act. The Director of the Migration Directorate then decides whether to grant access or not. All statistical information containing the name of the successful applicants is protected under the same Act. After sending a formal enquiry to the Migration Directorate (of the Ministry of Interior), they provided data for the number of residence permits issued under Articles 24 and 25 of the Foreign Nationals Act and the specific items which concern investors<sup>32</sup>. Therefore, the number of successful applicants in the reporting period (2012-2017) for permanent residence permits is reflected in Table below:

**Table 3 Statistics on applications by investors**

Year	Total no. of requests for residence	No. of requests for residence by investors	No. of successful applications	No. of turned down applications	Sources
2012	27 606	-	103	-	Migration Directorate
2013	29 352	-	98	-	Migration Directorate
2014	32 912	-	107	-	Migration Directorate
2015	36 243	-	117	-	Migration Directorate
2016	39 750	-	143	-	Migration Directorate
2017	40 155	-	164	-	Migration Directorate

#### 1.5 INFORMATION ON APPLICATIONS BY FAMILY MEMBERS

Family members of a third-country national who has been issued an extended or a permanent residence permit can obtain an **extended residence permit** under Article 24, paragraph 1, item 13 FNA.

The FNA **defines** the term ‘family members’ under Article 2, paragraph 3 as the persons who live with the third-country national in one household and are their:

<sup>30</sup> Information gathered through consultation with national stakeholder (Deputy Director of the Migration Directorate, Competent Authority, 14 May 2018).

<sup>31</sup> Access to Public Information Act (*Закон за достъп до обществена информация*), SG 55 from 7 July 2000, available at <https://lex.bg/bg/laws/ldoc/2134929408>.

<sup>32</sup> Information gathered through consultation with national stakeholder (Migration Directorate, Competent Authority, 14 June 2018).

- spouse;
- children or children of their spouse, including the adopted, who have not reached the age of 18 and have not been married;
- children, including the adopted ones, who have not reached the age of 18 and have not been married for whom the third-country national holds the parental rights and the children are dependent on them;
- children, including those adopted, of the spouse who have not reached the age of 18 and are not married when he or she has custody and the children are dependent on him/her.

Under Article 2, paragraph 4, children of the third-country national or their spouse who are over 18 years old and have not been married are also considered family members when they are under the care of the third-country national due to serious health issues or if they are objectively unable to provide their own support for such reasons.

The **procedure for the application** for an extended residence permit under Article 24, paragraph 1, item 13 (third-country nationals family members) is **the same as that for investors**,<sup>33</sup> but instead of certificates for investment, they must provide a **Certificate for Family Members**, proving their connection to the person holding the permit (i.e. the investor). Family members must also apply for and be granted a long-stay visa before they can apply for extended residence.

There is no indication in the law whether the application for residence from family members ought to be sent together with the application of the investor but considering that under Article 24 the investor already holding a residence permit is a prerequisite, it is construed that the application by family members must be sent after the one by the investor.

The **competent authority** is again the Migration Directorate, and the **period for processing** the application is 14 work days since the submission of the application.

If the **investor's residence permit is withdrawn** for the reasons set in the law and the family member's permit is issued under Article 24, then family members lose their reason for holding a permit which is then withdrawn as well.

There is **no need for an additional investment** for family members. Only an administrative fee of EUR 75 (BGN 150) must be paid.

Aside from the procedure under Article 24, family members of the investor, as any other third-country national, can obtain all types of visas and residence permits so long as they qualify for those, but this is independent from the fact that an investor has been granted such permit.

The Table below shows the number of successful applications for extended residence permits for family members (not limited to, but including investors-related extended residence permits for family members)<sup>34</sup>.

**Table 4 Statistics on applications by family members**

Year	Number/Percentage of successful applications for residence permits for family members	Source
2012	1589	Migration Directorate
2013	2222	Migration Directorate
2014	2744	Migration Directorate

<sup>33</sup> See Section II.1.1 of this Report.

<sup>34</sup> Information gathered through consultation with national stakeholder (Migration Directorate, Competent Authority, 14 June.2018).



Year	Number/Percentage of successful applications for residence permits for family members	Source
2015	3301	Migration Directorate
2016	3515	Migration Directorate
2017	4119	Migration Directorate

## 2 TYPE OF INVESTMENT<sup>35</sup>

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion (applicable to all types of investment in Column I)	Competent authorities and non-public bodies (applicable to all types of investment in Column I)
<b>Article 24, paragraph 1, item 19 – investment in real estate</b> whether directly by the investor or through a Bulgarian commercial company in which the investor owns more than 50% of the capital and in which the investor has made an investment for the amount indicated in the next column	EUR 300 000 (BGN 600 000)	In the <b>procedure for obtaining a right of residence (whether extended or permanent)</b> , the <b>proof</b> of the investment is submitted <b>alongside the application</b> . The specific documents, depending on the type of investment made, have been presented in Section II.1 of this Report. Such evidence could be a contract for transactions with financial instruments; verification document or statement of held securities; a certificate from the Ministry of Culture or a certificate issued by the Patent Office of the existence of the relevant circumstance and evaluation of the objects of intellectual property, issued by an independent assessor under the Independent Assessors Act; <sup>36</sup> contract with a licensed credit institution for a trustee agreement; a certificate from the Ministry of Economy.	<ol style="list-style-type: none"> <li>1. Ministry of Interior (Migration Directorate) checks whether all necessary documents are submitted</li> <li>2. Ministry of Economy issues certificate for the investment</li> <li>3. Ministry of Culture certifies intellectual property</li> <li>4. Patent Office certifies the patents</li> <li>5. Bulgarian Investment Agency certifies whether investments are classified under Class A, Class B or as a priority investment project</li> </ol>
<b>Article 24, paragraph 1, item 20 – investment in the capital of a Bulgarian trading company</b> that operates in economically disadvantaged regions	EUR 125 000 (BGN 250,000)		
<b>Article 25, paragraph 1, item 6a - Shares of Bulgarian commercial companies</b> traded on a Bulgarian regulated market	EUR 500 000 (BGN 1,000,000)		
<b>Article 25, paragraph 1, item 6b - Bonds and treasury bills</b> as well as derivative instruments issued by the State or by municipalities with a residual maturity of no less than six months	EUR 500 000 (BGN 1,000,000)		
<b>Article 25, paragraph 1, item 6c - Ownership of a separate part of the property of a Bulgarian commercial company</b> in which more than 50 per	EUR 500 000 (BGN 1,000,000)		
		According to Article 40 paragraph 1 of the Foreign Nationals Act, <b>the right of residence is withdrawn</b> when the grounds for the investment under Article 25,	

<sup>35</sup> For the purposes of this Table, the term ‘investment’ covers any pecuniary disbursement required as part of the process for obtaining residence under the investors’ residence scheme.

<sup>36</sup> Independent Assessors Act (*Закон за независимите оценители*), SG 98, 14 November 2008, available at <https://www.lex.bg/laws/ldoc/2135605218>.

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion (applicable to all types of investment in Column I)	Competent authorities and non-public bodies (applicable to all types of investment in Column I)
cent of the capital is owned by the State or municipal participation as set by the Privatization and Post-Privatization Control Act <sup>39</sup> ;		paragraph 1, items 6, 7, 8, 13, 16 ( <b>permanent residence permit</b> ) are no longer present.	
<b>Article 25, paragraph 1, item 6d - Units or shares owned by the State or municipalities</b> in a Bulgarian commercial company under the Privatization and Post-Privatization Control Act	EUR 500 000 (BGN 1,000,000)	<b>The Bulgarian Investment Agency must notify the Migration Directorate about any change in the circumstances leading to the non-fulfilment of the requirements for issuing the permit</b> , including the investment made, which is a <b>reason for withdrawing the right of residence</b> , at the moment when they became known to the Agency.	
<b>Article 25, paragraph 1, item 6e - investment in Bulgarian Intellectual Property</b> - objects of copyright and related rights, patent-protected inventions, utility models, trademarks, service marks and industrial design;	EUR 500 000 (BGN 1,000,000)	<b>The Ministry of Economy notifies the Migration Directorate of any change in the circumstances of the issued certificate<sup>37</sup>:</b>	
<b>Article 25, paragraph 1, item 6f - acquisition of rights under concession contracts</b> on the territory of the Republic of Bulgaria;	EUR 500 000 (BGN 1,000,000)	<ul style="list-style-type: none"> <li>■ <b>verification</b> of the entered circumstances and the announced acts in the <b>commercial register</b>;</li> <li>■ <b>verification of reports provided by the companies</b> in the Ministry of Economy in connection with the implementation of contracts for granting of incentives under the Investment Promotion Act;</li> <li>■ <b>verification of the information provided by the companies to the Bulgarian Investment Agency</b> (Article 44 of the Regulation for Implementation of the Foreign Nationals Act in the Republic of Bulgaria).</li> </ul>	
<b>Article 25, paragraph 1, item 7 - Investment in a licensed credit institution in Bulgaria under a trustee agreement</b> with a term of no less than five years and assurance that, for the same period, the deposit is not used for securing other monetary credits from a credit institution in Bulgaria	EUR 500 000 (BGN 1 000 000)	If any of the above circumstances changes leading to the non-fulfilment of the requirements for issuance of the certificate, this could constitute a ground of withdrawal of the granted right of residence.	
<b>Article 25, paragraph 1, item 8 - Investment in the capital of a</b>	EUR 3 000 000 (BGN 6 000 000)		

<sup>39</sup> Privatization and Post-Privatization Act (*Закон за приватизация и следприватизационен контрол*), SG 28 from 19 March 2002, available at: <http://www.priv.government.bg/legislation/laws/law1>.

<sup>37</sup> In the cases where one is needed to certify that the investment has been made and it fulfils the legal conditions. See Table 1 in Section II.1.1.

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion (applicable to all types of investment in Column I)	Competent authorities and non-public bodies (applicable to all types of investment in Column I)
<p><u>Bulgarian trading company whose shares are not traded</u> on a regulated market</p> <p><b>Article 25, paragraph 1, item 13 - Investment in a Bulgarian commercial company</b>, which has been awarded a Class A, Class B,<sup>40</sup> or a priority investment project</p>	<p>The minimum amount can be anywhere from</p> <ul style="list-style-type: none"> <li>▪ Manufacturing: EUR 5 000 000 (BGN 10 000 000) for Class A, and EUR 2 500 000 (BGN 5 000 000) for Class B;</li> <li>▪ Service sector: EUR 1 500 000 (BGN 3 000 000) for Class A, and EUR 750 000 (BGN 1 500 000) for Class B</li> <li>▪ When the investment is made in municipalities with unemployment rates higher than the national average: EUR 2 000 000 (BGN 4</li> </ul>	<p>In the <b>procedure for obtaining a permanent residence</b>, for the preparation of a document establishing the relevant circumstances <b>under Article 25, paragraph 1, item 6 and 7</b> of the Foreign Nationals Act, the third-country national submits a <b>request to the Bulgarian Investment Agency</b> to certify the lawful origin of the funds under the Law on Measures against Money Laundering<sup>38</sup> (Article 39, paragraph 6 of the Regulations for the Application of the Foreign Nationals Act).</p> <p>Third-country nationals who have been granted right of residence must <b>submit annual declarations</b> confirming that the circumstances concerning each type of investment (nature, type and conditions of the investment) continue to concur, accompanied by the relevant supporting documents accompanying the application (see Table 1 Section II.1.1).</p> <p>According to Article 28 of the Investment Promotion Act, the <b>monitoring of investment projects, which have received a certificate of Class A and B (Article 25, paragraph 1, item 13)</b>, must be carried out by the <b>Minister of Economy</b> or a person authorized by him from the administration. In order to certify the investments made, the investor must provide interim and annual financial statements, accompanied by a description of the assets for the main economic activity and their value for each year of their stay.</p>	

<sup>38</sup> Law on Measures against Money Laundering (*Закон за мерките срещу изпиране на пари*), SG 85, 24 July 1998, available at <https://www.lex.bg/bg/laws/ldoc/2134420482>.

<sup>40</sup> According to their size, investments are divided into Class A, Class B and Priority Investment Projects. The minimum thresholds for Class A and B are set out in the Rules of Implementation.

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion (applicable to all types of investment in Column I)	Competent authorities and non-public bodies (applicable to all types of investment in Column I)
	<p>000 000) for Class A, and EUR 1 000 000 (BGN 2 000 000) for Class B;</p> <ul style="list-style-type: none"> <li>▪ Hi-tech industrial sector: EUR 2 000 000 (BGN 4 000 000) for Class A, and EUR 1 000 000 (BGN 2 000 000) for Class B;</li> <li>▪ Hi-tech and knowledge-based service sector: EUR 1 000 000 (BGN 2 000 000) for Class A, and EUR 500 000 (BGN 1 000 000) for Class B;</li> </ul> <p>For priority investment projects:</p> <ul style="list-style-type: none"> <li>▪ Common threshold: EUR 50 000 000 (BGN 100 000 000)</li> <li>▪ When the investment is</li> </ul>		

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion (applicable to all types of investment in Column I)	Competent authorities and non-public bodies (applicable to all types of investment in Column I)
	<p>made in municipalities with unemployment rates higher than the national average: EUR 25 000 000 (BGN 50 000 000)</p> <ul style="list-style-type: none"> <li>▪ Manufacturing: EUR 25 000 000 (BGN 50 000 000)</li> <li>▪ Hi-tech industrial sector: EUR 15 000 000 (BGN 30 000 000)</li> <li>▪ Hi-tech and knowledge-based service sector: EUR 10 000 000 (BGN 20 000 000)</li> <li>▪ For building an industrial area and developing it into an industrial park through attraction of further</li> </ul>		

Type of investment required	Applicability of financial threshold	Procedure to verify the fulfilment of the investment criterion (applicable to all types of investment in Column I)	Competent authorities and non-public bodies (applicable to all types of investment in Column I)
	investment: EUR 7 500 000 (BGN 15 000 000) <ul style="list-style-type: none"> <li>For building a science and technology park: EUR 7 500 000 (BGN 15 000 000)<sup>41</sup></li> </ul>		
<b>Article 25, paragraph 1, item 16 - Investment by transferring to the capital of a Bulgarian commercial company no less than BGN 500 000</b> (EUR 250 000) and the third-country national is a partner or shareholder with registered shares and holding no less than 50 percent of the capital of the company	<b>EUR 250 000</b> (BGN 500 000)		

### 3 RESIDENCE PHASE

Residence permit	Procedure	Competent authorities and non-public bodies	Renewal of the residence permit
There are two types of residence permits granted under the investment schemes.			
<b>1. Extended residence permit</b> <ul style="list-style-type: none"> <li>For a period of up to 6 months</li> </ul>	To apply for a residence permit (whether extended or permanent residence), it is first necessary to obtain a long-stay visa. One of the documents to be submitted together with the <b>application for a long-stay visa</b> is	<ul style="list-style-type: none"> <li>To examine that the requirement of residence is fulfilled when applying for a</li> </ul>	There is an option for extending the duration of the extended residence permit. The third-country national must submit an

<sup>41</sup> The minimum thresholds for Class A and B are set out in the Rules of Implementation.

<b>Residence permit</b> There are two types of residence permits granted under the investment schemes.	<b>Procedure</b>	<b>Competent authorities and non-public bodies</b>	<b>Renewal of the residence permit</b>
<ul style="list-style-type: none"> <li>▪ For a period of up to 12 months</li> </ul> <p>The length of the duration of the permit is usually determined by the term of the lease, insurance, or other conditions that ensure that applicants meet the requirements for their stay in Bulgaria. For instance, since proving that the applicant has secured an accommodation is a requirement to apply for a residence permit, if the lease is granted for six months, then the residence permit will be granted for a period of up to six months.</p>	<p>proof to have secured an accommodation for the length of the intended stay.<sup>42</sup></p> <p>Such proof ((e.g. documents of ownership or lease) has to be <b>again provided when applying for a residence permit</b> (whether it is an extended residence or permanent residence).<sup>43</sup>.</p> <p>One of the legal reasons for turning down applications<sup>44</sup> is the submission of false documents. If this affects the proof of accommodation, then the lack of an accommodation would qualify as a reason to turn down the applications.</p> <p>Since the investor has to hold a prior long-stay visa to apply for residence under the investors' schemes and the application has to be submitted in person,<sup>45</sup> this would indicate that the investor must be <b>physically</b> in Bulgaria when applying for the appropriate residence permit (whether extended or permanent). However, nothing in the legislation requires that the investor be physically present in Bulgaria during the period of validity of the permit. In fact, in analysing investors' citizenship schemes in Bulgaria the research has shown that such physical presence is not required as regards the permanent residence permit.<sup>46</sup> Formally holding such permit is sufficient to meet the residence criterion.</p>	<p><b>long-stay visa:</b> the <b>consulate/diplomatic office</b> in cooperation with the Migration Directorate</p> <ul style="list-style-type: none"> <li>▪ To examine the requirement of residence when applying <b>for a residence permit</b> (whether extended or permanent): <b>Migration Directorate</b> and the <b>State Agency for National Security</b> must also produce a <b>statement opinion</b> before the corresponding permit is granted.</li> </ul>	<p>application for extension <b>no later than 14 days prior to the date of expiration of the residence permit</b> s/he holds. The procedure mimics the one described in Section II.1, with the only difference being that the investor does not need a long-stay visa as they are now a holder of a residence permit. There is no new investment requirement for renewal or increase in the investment, however it must be maintained according to the conditions under which the permit was issued in the first place (see Table 1)</p> <p>The <b>maximum length of validity</b> of an extended residence permit is of an additional <b>12 months</b>.</p> <p>There is <b>no restriction on the total amount of times a third-country national may apply for an extension</b> of the extended residence permit.</p>

<sup>42</sup> Website of the Ministry of Foreign Affairs, available at <http://www.mfa.bg/en/pages/109/index.html> and specific explanatory document on long-stay visas (D-type) available at [http://www.mfa.bg/uploads/files/VISA%20\(TYPE%20D%20VISA\)\(1\).pdf](http://www.mfa.bg/uploads/files/VISA%20(TYPE%20D%20VISA)(1).pdf).

<sup>43</sup> Information gathered through consultation with national stakeholder consultation (Director of the Migration Sector, Ministry of Interior, Competent Authority, 21 May 2018).

<sup>44</sup> Article 26 FNA.

<sup>45</sup> Articles 15 FNA and 14(1) Rules of Implementation.

<sup>46</sup> See Part I of the Bulgarian report. Article 40 Bulgarian Citizenship Act.



Residence permit	Procedure	Competent authorities and non-public bodies	Renewal of the residence permit
<p>There are two types of residence permits granted under the investment schemes.</p> <p><b>2. Permanent residence permit</b></p> <p>It is granted for an <b>unlimited period of time</b></p>	<p>Moreover, this category of persons is expressly excluded from the possibility of having their right of residence withdrawn if they have not settled in the territory of the country within one year of receiving the permit (Article 40, item 5 of the Bulgarian Citizenship Act<sup>47</sup>). The <b>formal possession of a permit is enough</b>.</p>		<p>Does not apply as the permit is granted for an unlimited period of time.</p>

#### 4 DUE DILIGENCE CRITERIA AND SECURITY CONSIDERATIONS

Due diligence and security considerations	Procedure to verify due diligence and security considerations	Competent authorities and non-public bodies	Ex-post checks
<p><b>Security checks regarding the background of the applicant</b></p>	<p>Upon application, the third-country national is required to submit a <b>clean criminal record certificate</b> from the country of which the applicant is a national or their country of habitual residence.</p> <p><b>Background checks</b> are also run after the application is submitted, but before the application is given for review to the Director of the Migration Directorate.</p> <p>The <b>State Agency for National Security</b> has monitoring powers regarding residence of third-country nationals on the territory of the Republic of Bulgaria, as stipulated in Article 41 on the Law on the State Agency for National Security<sup>48</sup>. It gives statements and formulates its opinions based on carrying out <b>background checks within the scope of</b></p>	<p>Migration Directorate and State Agency for National Security (SANS)</p>	<p>The administrative control services within the Migration Directorate carry out a <b>mandatory ex-post check</b> to certify the fulfilment of the criteria for obtaining residence permits.</p> <p>According to Article 40, paragraph 1, item 1 of the Foreign Nationals Act, <b>the right of permanent residence is withdrawn</b> when the grounds under Article 25, paragraph 1, items 6, 7, 8, 13 and 16 are no longer valid as well as when the investment made is terminated or transferred to another person before the expiry of the statutory term, irrespective of the grounds for termination or transfer. These cases under Article 40 of the Foreign Nationals Act are monitored via the procedure to verify the fulfilment of the investment criteria (described in Section II.2. Type of Investment – Column III).</p>

<sup>47</sup> Bulgarian Citizenship Act (Закон за българското гражданство), SG N. 136, 18 November 1998 <https://www.lex.bg/laws/ldoc/2134446592>

<sup>48</sup> Law on the State Agency for National Security (Закон за Държавна Агенция „Национална Сигурност“), available at <https://www.lex.bg/laws/ldoc/2135574489>,

Due diligence and security considerations	Procedure to verify due diligence and security considerations	Competent authorities and non-public bodies	Ex-post checks
	<p><b>its competence</b> on all applications including those utilising the Investors' schemes, in the databases to which it has access such as police intelligence or police record databases. There is no publicly available information on which information systems are being checked.<sup>49</sup></p> <p>The <b>failure of the applicant to prove a clean criminal record and to fulfil the security requirements</b> are among the criteria for <b>turning down</b> the residence applications.<sup>50</sup></p>		<p>There is <b>no public information</b> on <b>cases</b> where a misuse, associated with <b>corruption and fraud</b> has been reported</p>
<p><b>Due diligence checks on the origin of the funds used for the investment</b></p>	<p>In the <b>procedure for obtaining a permanent residence</b>, for the preparation of a document establishing the relevant circumstances <b>under Article 25, paragraph 1, item 6 and 7</b> of the Foreign Nationals Act, the third-country national submits a <b>request to the Bulgarian Investment Agency</b> regarding the origin of the funds under the Law on Measures against Money Laundering<sup>51</sup> (Article 39, paragraph 6 of the Regulations for the Application of the Foreign Nationals Act).</p> <p>Once financial assets are transferred into Bulgarian financial institutions, the investment becomes subject to the general provisions for due diligence covered under the Law on Measures against Money Laundering. All financial operations and procedures (investments and transfers included) over BGN 30 000 (EUR 15 000) under Article 3 (2), (3), and over BGN 10 000 (EUR 5 000) under Article 3 (2) items 1-4, 9-11, 13, 28, 32 are under obligation to be carried out by an identified client with a valid bank account.</p>	<p>As above, the Migration Directorate and SANS are involved in carrying out security checks, including the origins of money.</p> <p>For such purposes, they rely on the Bulgaria Investment Agency and all obliged entities under the law on anti-money laundering</p>	

<sup>49</sup> Information obtained through stakeholder consultation with representative of the Migration Directorate on 7 March 2018, confirmed during further consultation on 15 May 2018

<sup>50</sup> Article 26 FNA.

<sup>51</sup> Law on Measures against Money Laundering (*Закон за мерките срещу изпиране на пари*), SG 85, 24 July 1998, available at <https://www.lex.bg/bg/laws/ldoc/2134420482>.

Due diligence and security considerations	Procedure to verify due diligence and security considerations	Competent authorities and non-public bodies	Ex-post checks
	Additionally, SANS Financial Intelligence Directorate makes additional checks on all cash payments of over BGN 30 000 (EUR 15 000), as stipulated in the Rules of Procedure for Implementing the Law for SANS.		

### III. RIGHTS GRANTED BY THE PERMITS

#### 1 RIGHTS GRANTED TO INVESTORS

Third-country nationals who have obtained an extended residence permit or a permanent residence permit have **all the rights and obligations** granted to or imposed on the Bulgarian citizens, with the exception of the rights and obligations for which Bulgarian citizenship is required,<sup>52</sup> as explicitly stated in both Article 3 of the Foreign Nationals act and Article 26, paragraph 2 of the Constitution of the Republic of Bulgaria,<sup>53</sup> those rights being the right to be elected as a Member of Parliament and the right to be elected president. This applies for **all third-country nationals legally residing** on the territory of the Republic of Bulgaria. The rights third-country nationals obtain upon receiving a residence permit are not contingent on the reason for issuing the permit, and those include the rights listed in Article 12 of the Single Permit Directive.<sup>54</sup>

According to Article 9, paragraph 1, item 2 of the Labour Migration and Labour Mobility Act<sup>55</sup>, **no separate work permit** is needed for third-country nationals who have an extended residence or a permanent residence permit and their family members. They have direct access to the labour market, and, thus, foreign investors can actively take part in their business ventures.

#### 2 RIGHTS GRANTED TO THE INVESTORS' FAMILY MEMBERS

According to Article 9, paragraph 1, item 2 of the Labour Migration and Labour Mobility Act<sup>56</sup>, **no separate work permit** is needed for third-country nationals who have an extended residence or a permanent residence permit and their family members.

Therefore, investors' family members have direct access to the labour market and receive **the same rights as investors** (see Section III.1) as the rights granted by the Bulgarian legislation, in line with Article 12 of the Single Permit Directive, are granted to all third-country nationals legally residing in Bulgaria, which would include family members of foreign investors.

#### 3 OTHER BENEFITS

No other benefits apply to investors or their family members. No special tax regimes were identified.

---

<sup>52</sup> For instance, Article 32 of the Bulgarian Constitution regulating the right to privacy only refers to citizens; Article 35(2) reserves the right to return to the country only to citizens; Article 36 provides that the study and use of the Bulgarian language shall be a right and an obligation of every Bulgarian citizen; Article 41(2) reserves to citizens the right to obtain information from state bodies and agencies on any matter of legitimate interest to them which is not a state or official secret and does not affect the rights of others; the right to elect state and local authorities and vote in referendums is also reserved to citizens under Article 42; etc.

<sup>53</sup> Constitution of the Republic of Bulgaria (*Конституция на Република България*) in force from 13.07.1991, available at: <http://www.parliament.bg/bg/const>.

Constitution of the Republic of Bulgaria (*Конституция на Република България*) in force from 13.07.1991, available at: <http://www.parliament.bg/bg/const>.

[s://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0098&from=EN](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0098&from=EN).

<sup>55</sup> Labour Migration and Labour Mobility Act (*Закон за трудовата миграция и трудовата мобилност*), available at <https://www.lex.bg/bg/laws/ldoc/2136803084>.

<sup>56</sup> Labour Migration and Labour Mobility Act (*Закон за трудовата миграция и трудовата мобилност*), available at <https://www.lex.bg/bg/laws/ldoc/2136803084>.

According to The Law on Taxation of Individuals<sup>57</sup>, third-country nationals holding residence permits are considered “local individuals regardless of nationality” and as such they pay the same type and amount of taxes as any Bulgarian citizen.

---

<sup>57</sup> Law on Taxation of Individuals (*Закон за данъците върху доходите на физическите лица*), in force from 01.01.2007, available at: <http://econ.bg/Нормативни-актове/ЗАКОН-ЗА-ДАНЪЦИТЕ-ВЪРХУ-ДОХОДИТЕ-НА-ФИЗИЧЕСКИТЕ-ЛИЦА 1.1 i.158067 at.5.html>.

#### IV. INTERACTION BETWEEN RESIDENCE AND CITIZENSHIP SCHEMES

Apart from investors' residence schemes, Bulgaria also operates investors' citizenship schemes whereby some of the general naturalisation criteria are waived in light of a disbursement of money (investment) made by the foreign investor. The general criteria for naturalisation require that a non-Bulgarian citizen, at the date of submission of the application for Bulgarian citizenship:

- (i) is 18 years old; and
- (ii) holds a permit for permanent residence or a permit for continuous residence in Bulgaria issued at least 5 years ago; and
- (iii) has not been sentenced by a Bulgarian court for a wilful crime prosecuted *ex officio* by the state, and is not subject to pending criminal proceedings for such an offence, unless the person has been rehabilitated; and
- (iv) possesses an income or occupation allowing him/her to subsist in Bulgaria; and
- (v) has a command of the Bulgarian language subject to verification according to a procedure established by an ordinance of the Minister of Education and Science (this requirement may be avoided in certain limited cases specified by the law), and
- (vi) has been released from his/her previous citizenship or will be released therefrom at the time of acquisition of Bulgarian citizenship (this requirement may be avoided in certain limited cases specified by the law).

The Bulgarian Citizenship Act<sup>58</sup> envisions **two different procedures for foreign investors to obtain Bulgarian citizenship**:

- **Ordinary procedure (Article 12a of the Bulgarian Citizenship Act):** For third-country nationals who have had a **permanent residence permit for more than five years**, without fulfilling the requirements relating to command of Bulgarian language and release from the person's previous citizenship (discussed in items (v) and (vi) in the paragraph above). However, such person has to comply with the remaining requirements under items (i) to (iv) inclusive.
- **Fast-track procedure (Article 14a of the Bulgarian Citizenship Act):** For third-country nationals who have had a **permanent residence permit for more than a year** fulfilling the requirements set out in items (i) and (iii) of the paragraph above (i.e. having attained the age of 18 years, and not having been sentenced by a Bulgarian court for a wilful crime prosecuted *ex officio* by the state, and not subject to pending criminal proceedings for such an offence, unless the person has been rehabilitated) and who have increased their investment under the same terms of the law to a value of at least BGN 2 million (EUR 1 million); or to additionally invest in the capital of a Bulgarian commercial company no less than BGN 1 million (EUR 500 000) for a priority investment project implemented by the company, certified under the Investment Promotion Act.

In both the ordinary and fast-track investors' citizenship scheme the investor must carry out an investment. **The provisions of Article 25, paragraph 1, items 6, 7, 8, 13 and 16 must be fulfilled for the investor to be able to apply for citizenship under the investors' citizenship schemes**, which are thoroughly explained in Part I of this report.

In light of the above, there is **no possibility to directly obtain Bulgarian citizenship through an extended residence permit** (Article 24); a permanent residence permit is necessary. Therefore, foreign investors who hold a **permanent residence permit** through an investors' residence scheme (to which they can apply directly after obtaining a long-stay visa) and meet the conditions explained above (Article 25) may, thus, access the Bulgarian citizenship more directly than other third-country nationals who must first fulfil the requirements to obtain a permanent residence permit (including five years of uninterrupted residence in Bulgaria) and then, after another five years, may apply to Bulgarian citizenship. In addition, investors are explicitly exempt from the requirement for uninterrupted

---

<sup>58</sup> Bulgarian Citizenship Act (*Закон за българското гражданство*), SG N. 136, 18 November 1998  
<https://www.lex.bg/laws/ldoc/2134446592>

residence and cannot have their right of residence withdrawn if they have not settled in the territory of the country within one year of receiving the permanent residence permit (Article 40, item 5 of the BCA).

Therefore, investors' residence schemes and investors' citizenship schemes are intimately interlinked.

## V. ECONOMIC AND FINANCIAL EFFICIENCY OF RESIDENCE PERMITS FOR FOREIGN INVESTORS

There is **no mechanism** for measuring the economic and financial efficiency of the investments made in exchange for receiving residence permits.

It cannot be determined whether in practice investors' residence schemes have met the expectations for which they were created as those expectations have not been made public.

On the basis of the information gathered in this Report, however, some estimates could be drawn.<sup>59</sup> The minimum amount that can be invested under permanent residence permits is EUR 250,000 (Art. 25, par.1 item 16 FNA) while the maximum is EUR 3 million (Art. 25, par.1, item 8 FNA). In 2017 there were 76 applications. There is no break-down in the statistics reflecting the route through which applications were approved (i.e. the statistics do not indicate if the applications were submitted through item 6, 7, 8, 13 or 16 of Art. 25, par.1 FNA). However, supposing that all applications met the minimum financial threshold required, a total of EUR 19 million would have been invested in Bulgarian commercial companies (investment type under Art. 25, par.1 item 16 FNA) in 2017. If all these applications correspond to investment made in Bulgarian companies that do not trade their shares (investment type under Art. 25, par.1, item 8 FNA), the total income would raise to EUR 228 million. In both cases, the investment is made in a Bulgarian company which could mean an increase in productivity and competitiveness at international level and, possibly, the creation of job positions.

Furthermore, according to the Migration Directorate who was consulted for the purposes of drafting this Report, from a legal perspective, the legal framework is clear and complete and, thus, no further amendments to the Foreign Nationals Act is currently being considered.<sup>60</sup>

---

<sup>59</sup> None of these estimates are official nor do they reflect the position of the author.

<sup>60</sup> Information gathered through consultation with national stakeholder (Migration Directorate, competent authority, 15 May 2018).