

REGULATION SUMMARY WHEN RENTING YOUR APARTMENT....

A paying guest is seen as a "tourist" and if someone like this stays in your property it requires categorisation with the local municipality

Exceptions:

A, long-term rentals do not fall within the tourism legislation but are still liable for withholding tax (10% of monthly rental)

B, Someone using your apartment without a price per night but are contributing to the operational cost as in utilities and or cleaning

Categorisation

If you want to commercially rent out your apartment it will require categorisation, this can only be held by a BG registered company and not by an individual person. That company are the only ones who have the right to rent your property out.

If you engage the services of a PM Company to categorise your apartment THEY ARE the entity legally entitled to let out your apartment. They will also need to account for VAT and deduct cleaning, electricity and checkin/out services.

If you are part of a hotel complex which is already categorised (maroon plaque on the main entrance with a star rating), then it is not possible to categorise your apartment separately. If you wish to operate commercially then permission to operate under their certificate should be agreed in writing to protect both parties.

Tourist registration and requirements

Each month the registered categoriser needs to declare to the municipality any usage of the property. Failure WILL result in fines to that categoriser of 3,000bgn per undeclared month, even if the property has not been used. In addition all taxes will need to be paid.

Annual property taxes

Taxes are basically split into 2 sections, Garbage collection and municipal services.

As a commercial entity apartment taxes will increase 10 x on Garbage collection and 4 x on services meaning your total will be around 4 – 5 times higher than what you paid before.