

VAT implications freelancers*

(This information can be used as a guide however it is not absolutely comprehensive. It is better to consult the VAT implications with an accountant)

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Depending on business model - B2B (business to business) or B2C (business to customer) and client location there are various possible scenarios

1/ B2B services provided to companies established in EU

Mandatory VAT registration BEFORE providing the services.

VAT rate: 0% VAT apply because of the “reverse VAT charge” principle.

2/ B2B services provided to companies established outside EU

Mandatory VAT registration after reaching threshold of 100,000 BGN (for 2024), 166,000 BGN (from 1st Jan 2025)**

VAT rate: 0%

NOTE: UK companies paying for services to VAT registered freelancer - 0% VAT apply because of the “reverse VAT charge” principle.

3/ B2C services provided to customers from EU (individuals)

Mandatory VAT registration after reaching threshold of 10,000 EUR for the last 12 months period

VAT rate: the standard VAT rate in the country of residence of the client (for example: 19% VAT in Germany, 23% Ireland. 22% Italy, 20% Austria, etc.).

Additional requirements:

- The freelancer must register in OSS (One stop shop) system and report (and pay) quarterly the VAT due for each country.
- If the services are provided through web-site/online shop – the online shop needs to be registered in NRA and sales need to be reported monthly (separately from the VAT reporting if such).

4/ B2C services provided to Customers outside EU (individuals)

Mandatory VAT registration after reaching threshold of 100,000 BGN (for 2024), 166,000 BGN (from 1st Jan 2025)**

VAT rate: 0%

Additional requirements:

- If the services are provided through web-site/online shop – the online shop needs to be registered in NRA and sales need to be reported (separately from the VAT reporting if such).

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5/ B2B and B2C services to businesses/customers in Bulgaria

Mandatory VAT registration after reaching threshold of 100,000 BGN (for 2024), 166,000 BGN (from 1st Jan 2025)**

VAT rate: 20% VAT apply

Additional requirements:

- If the services are provided through web-site/online shop – the online shop needs to be registered in NRA and sales need to be reported monthly (separately from the VAT reporting if such).

*Assuming the freelancer will provide any kind of digital services.

** The freelancer may register voluntary before reaching the threshold or starting the activity.