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# GSS NEWSFLASH BULGARIA

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## UNICREDIT BULBANK

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### DOUBLE TAX TREATY WITH AUSTRIA

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08.04.2011/017

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**Summary:** Today the State Gazette promulgated the treaty for avoidance of double taxation signed on 20 July 2010 between the Governments of Bulgaria and Austria.

The State Gazette promulgated the Treaty between the Republic of Bulgaria and the Republic of Austria for avoidance of double taxation of income and property, and the Protocol to the Treaty. The Treaty and the Protocol were signed on 20 July 2010, entered in force on 3 February 2011 and become effective as of 1 January 2012. The new Treaty replaces the previously signed Treaty of 20 April 1983.

The Treaty stipulates, among other items, the following tax rates:

- withholding tax rate on dividends – **0%** if the beneficial owner is a company (other than a partnership) and **5%** in all other cases; 5% is the standard withholding tax rate on dividends applicable to foreign investors in Bulgaria
- withholding tax rate on interest – **0%** if interest is paid to the government, on a loan granted, insured or guaranteed by the Osterreichische Kontrollbank AG or any similar Bulgarian institution for promoting exports, in connection with a sale on credit of any industrial, commercial or scientific equipment, or on any loan granted by a bank; in all other cases **5%** withholding tax rate on interest applies as per the Treaty; the standard withholding tax rate for foreign investors in Bulgaria is 10% as per local legislation

The Treaty also provides that the competent governmental authorities in Austria and Bulgaria exchange information and cooperate in establishing fair taxation of the residents of both countries.

**Related Newsflash:** Bulgarian Parliament Ratified Double Tax Treaty with Austria

[http://gss.unicreditgroup.eu/gss/pdf/Bulgaria/Newsflashes/BG20110203\\_004.pdf](http://gss.unicreditgroup.eu/gss/pdf/Bulgaria/Newsflashes/BG20110203_004.pdf)

**Impact on investors:** Eligible Austrian residents can benefit from the Treaty rates following the procedure set out in the Bulgarian Tax-Insurance Procedure Code.

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