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# Bulgaria offers fast-track option for citizenship and EU passport

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December 27th, 2017



By *EB5 Investors Magazine* Staff

Bulgaria's immigration investment offerings are one of a kind, and that's both a good and a bad thing, local immigration

On the one hand, says Alexander Dobrinov of VD&A – Vasilev, Dobrinov & Associates, Bulgaria's system offers a fast, straight pathway to citizenship – a rarity among European immigration investment options – using flexible investment vehicles that compares favorably to rival programs in places such as Malta and Cyprus.

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On the other, Bulgaria's CBI program can be complicated, and is generally poorly understood by would-be investors. In the absence of government-driven marketing efforts, the program has also attracted large numbers of international marketers, many with limited experience of the Bulgarian legal system, leading to widespread misconceptions and misinformation about the program, many say.

"There is not a single piece of information in the mass media about the program that is up to date and correct," Dobrinov says. "The program has no analog, and therefore many foreign 'agents' are jumping in to attract customers without any knowledge of the legal particularities in Bulgaria."

The central proposition of the Bulgarian CBI program is fairly straightforward: investors invest 1 million Bulgarian lev (about \$600,500) in one of a range of investment opportunities, including government bonds — the most straightforward and widely used option — but also the Bulgarian stock market, investments managed through a trust agreement with a Bulgarian bank, or even intellectual property and patents.

That core investment entitles an investor to immediate permanent residency and after holding the investment for five years the investor can apply for citizenship. Crucially, however, the Bulgarian CBI program also offers a fast-track system where investors can double down on their investment after one year of residency, and obtain full citizenship a year thereafter.

"You start normally, and after getting your residency permit you increase the investment" by an additional 1 million lev, explains Lyuben Todev of Dobrev & Lyutskanov Law Firm. "The total term for the procedure, from the date of the initial investment to actual citizenship, is about two years," although the entire investment must then be maintained for an additional two years after receiving citizenship, he says.

Most investors opt for the fast-track option, Todev adds, since it offers a quick and easy pathway to an EU passport. The system further allows investors to gain citizenship with no language test, and has no residency requirement besides two brief trips to Bulgaria required as part of the application process.

The speed, flexibility, and low cost of the Bulgarian CBI system is in sharp contrast with golden-visa programs that require a donation to the government, or real-estate investments that lock up large amounts of capital, Dobrinov says. "The program doesn't provide any financial benefit to the Bulgarian state," he says. "Unlike other EU similar programs ... the aim of the Bulgarian program is purely to kind of slow down the demographic decline of the nation."

Despite this, the total number of applicants remains relatively low: Bulgaria saw just over 5,000 new arrivals from outside the European Union in 2012, the latest year for which records are publicly available, and Todev says only a fraction of those — "in the low hundreds," he estimates — arrived using immigration investment options.

The Bulgarian CBI program is popular with Russian, Asian, and Middle Eastern HNWIs who view the program as a geographically convenient gateway to Europe. "We're a natural bridge between east and west," Stamen Yanev, executive director of InvestBulgaria, has told media.

But Bulgaria's CBI program is also extremely popular with Americans, Dobrinov says, perhaps because US investors are more comfortable managing the necessary financial arrangements.

"One of the most surprising facts is that there is huge interest in the program from applicants from the USA," who now make up as much as a quarter of applicants, Dobrinov says. "Most of our US customers come from New York and California, and are young, adventurous people."

Still, even adventurous investors should exercise caution when applying for Bulgarian residency or citizenship by investi says. There's no reason why the investment capital should leave the investor's own bank account, but some unscrupulo asked clients to transfer their investment capital to them for deposit, and proceeded to pocket the interest that accrues investment, he warns.



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Other problems can arise when investors seek to finance their investments, whether by buying on margin or using other financial methods to raise the capital without putting down the full amount up-front. Though permitted under Bulgarian CBI rules, and a valid way to reduce the overall investment required, such methods must be negotiated independently with private financial institutions.

That can open the door for unscrupulous marketing agents to take advantage of naive investors, charging fees or even keeping the invested sum. "The financing option is not a good choice," Dobrinov says.

Though permitted, financed investments are also frowned upon by Bulgarian immigration officials, and investors can find themselves drawing additional scrutiny, Todev similarly warns. In the worst-case scenario, he says, incautious investors could even find their cash steered into investments that don't qualify for the CBI program, costing them money and delaying their immigration process. "The client might be left in a situation where he's made the financial investment, but receives no immigration benefit," he says.

Additional complications can come when investors begin to dabble in some of the more exotic investment options, according to a spokesperson for Dynamic Solutions GB, a law firm that specializes in assisting foreign clients with Bulgarian legal matters.

Besides the core CBI program, job-creating business ventures and real estate investments can also provide a pathway to Bulgarian residency. Entrepreneurs who spend 500,000 lev (just over \$300,000) to take over a Bulgarian company and create 10 jobs, who spend 600,000 lev (around \$360,000) on real estate, or who invest 6 million lev (\$3.6 million) in a privately held Bulgarian company can all qualify for residency permits, though not all such pathways lead to permanent status.

The standard CBI investment in bonds or the Bulgarian stock market remains by far "the most straightforward option for a permanent residence," the spokesperson argues, since the other options are based on separate legislation, and have widely varying requirements and benefits. That makes it imperative that investors obtain advice from someone who's familiar with the Bulgarian legal system, they argue.

"A straightforward and simple explanation is impossible," they say. "It requires a personal approach in relation to each particular case."

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