

PROBLEMS RELATED TO THE EU 28th LEGAL REGIME: THE BULGARIAN PERSPECTIVE

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ABSTRACT

Although the European Union has all the resources to be a leader in the modern global economy, in recent years it has lagged the United States and China in cutting-edge technologies and new, fast-growing industrial sectors. The main reason for this result is the growing lack of innovation in the European economy. Europe is failing to turn its ideas into new, marketable technologies and to integrate these technologies into its industrial base. The analysis of the existing problems shows that innovation must be at the heart of European revival, while removing other constraints that hinder growth. Addressing these problems and reforming the European economy means enabling innovative companies to operate under a single, harmonized set of rules within the European market, rather than having to deal with 27 different legal regimes. In this respect, the European Commission is expected to propose the creation, adoption and implementation of a 28th legal regime that will simplify the applicable rules and reduce the costs of failure, including in areas such as company law, insolvency, labor and tax law. The present scientific paper examines the characteristics of the new concept of the European regulatory regime for the economy and its most important aspects. Focus is given to the process of building the new legal framework, the integration of European capital markets and the optimization of tax legislation. In conclusion, recommendations are provided regarding the necessary legal, organizational and institutional measures for the successful preparation of the implementation of the 28th regulatory regime in Bulgaria..

Keywords: 28th EU legal regime, capital markets, tax system, investments

1. INTRODUCTION

The European Union has all the resources it needs to be a leader in the modern global economy. It has a large human potential and skilled workforce, a large private capital base, an internal market of continental dimensions, a stable and predictable legal environment, the rule of law and a unique social model. At the same time, however, the EU urgently needs to address long-standing obstacles and structural weaknesses that are holding back its economic and social development. For more than two decades, Europe has failed to keep up with other major economies due to a persistent productivity growth deficit. The European Union lags behind the United States in cutting-edge technologies, while China has demonstrated dynamic development in many sectors and even dominates some new industries. The main reason for this is the lack of innovation in the European economy. Europe has failed to translate its ideas into new, marketable technologies and to integrate these technologies into its industrial base.

Recent data shows that starting and growing companies in Europe are currently hampered by market fragmentation, limited access to venture capital and insufficient support for innovation. European start-ups find it difficult to scale up within the EU's Single Market due to persistent regulatory barriers. They also have less access to venture capital than their US counterparts: the share of global venture capital raised in the EU is just 5%, compared to 52% in the US and 40% in China. These two factors reinforce each other – the lower growth prospects of EU start-ups and the higher costs of failure reduce their attractiveness to investors. As a result, many companies are seeking funding in the US or relocating their operations there to take advantage of a larger market and customer base.

In this regard, it should be noted that a significant number of internal constraints prevent European companies from competing effectively. They are squeezed by high energy prices and the burden of regulations. In addition, at a global level, they are often placed in an unequal position, linked to the application of large-scale industrial subsidies in other countries and regions.

The analysis of the existing problems shows that innovation must be at the heart of European revival, while removing other constraints that hinder economic growth. The European industrial structure has become static, dominated by traditional sectors that allocate less money to research and innovation compared to technology-oriented sectors in the United States. Moreover, few start-ups reach critical mass with innovative technologies (European Commission, 2025a). With a shrinking population, Europe cannot rely on an increased workforce as a driver of future growth. Productivity must therefore be restored by investing in technological innovation and new skills, not by limiting wages.

To address these problems, a number of new proposals have been put forward in recent reports by Mario Draghi, former ECB President and Prime Minister of Italy (Draghi, 2024) and Enrico Letta (Draghi's predecessor as Prime Minister of Italy (2013–14) and President of the Jacques Delors Institute (Letta, 2024), as well as in a report by the McKinsey Global Institute (McKinsey Global Institute, 2025).

2. BUILDING A NEW REGULATORY FRAMEWORK FOR INNOVATION AND INVESTMENT IN THE EU

In recent years, a number of legal measures have been adopted at EU level with the aim of creating a more cohesive legal framework that promotes the free movement of goods, services, capital, and people, while ensuring a level playing field within the Single Market. Although these measures have improved the legal regimes of the EU and its Member States, they have also had unintended negative side effects, significantly increasing complexity and administrative burdens for citizens, businesses, and governments.

Despite the European Commission's efforts to simplify EU legislation and reduce administrative burdens since 2015 (when the "Better Regulation" agenda was published, updated in 2021), legislative proposals with a simplification focus have been limited. The publication of the Draghi Report in September 2024, combined with geopolitical shifts and the need for Europe to enhance its independence and self-sufficiency, served as a clear signal to the European Commission to act on this matter.

The first concrete step taken by the European Commission towards implementing the renewed and comprehensive simplification policy was the announcement of the so-called "Omnibus Simplification Packages" (OSPs), which aim to revise, amend, harmonize, and supplement existing EU legal frameworks across different sectors. Among other things, these packages aim to reduce reporting burdens by 25% for all companies and by 35% for SMEs.

The European Union has indicated that it is ready to „remove barriers“ when it comes to economic investment to enable innovative companies to operate under a new single set of rules, defined as the 28th regime. This regime implies the inclusion of the topics of „corporate law, insolvency, labour law and taxation in a single and simple framework applicable within the European Union“ (Von der Leyen, 2025).

To secure its future as an economic powerhouse, an attractive location for investment and an industrial hub, the EU must react decisively and quickly. A special place in European economic policy should be occupied by the implementation of the future „EU Startup and Scaleup Strategy“(European Commission, 2025b), through the implementation of which the obstacles that hinder the emergence and development of new enterprises will be removed. It will improve the links between

universities and businesses and create better prospects for the commercialisation of patents. The strategy will remove barriers related to limited access to venture capital, fragmented markets, insufficient availability and mobility of talent and skilled workers, as well as insufficiently targeted support for innovation.

An important role in the implementation of the strategy will be played by the future „European Innovation Law“, which aims to promote the access of innovative companies to European research and technological infrastructures, intellectual assets created through publicly funded research and development activities. According to Zaharieva, E. (2024) „by simplifying the regulatory framework, barriers to entry for new businesses can be reduced, making it easier for them to innovate, grow and create jobs. By improving access to finance and investment opportunities, it can be ensured that start-ups and scale-ups have the resources they need to develop and commercialize ideas here in the EU” (Zaharieva, 2024). This could lead to an increase in patenting, as well as the implementation of regulatory solutions that allow innovators to develop and test new ideas.

Enabling innovative companies to benefit from a single, harmonised set of rules at EU level, wherever they invest and operate within the European market, instead of having to deal with 27 different legal regimes, would be a real game-changer for the EU’s economic and institutional landscape. Although the specific scope and main features of the 28th regime are not yet defined, it is expected to align with current EU policy recommendations and initiatives. Below we outline our vision of the likely direction of development.

3. GENERAL DIRECTION OF THE 28TH LEGAL REGIME

The EU legal framework, referred to as the “28th legal regime”, can be seen as part of the broader EU agenda for simplification and increasing competitiveness. The proposal for the 28th EU legal regime is based on the recommendations from the Letta and Draghi reports and forms part of Pillar I of the strategic actions within the “EU Competitiveness Compass” (i.e., closing the innovation gap).

The main aim of this new regime is to support innovative small and medium-sized enterprises (SMEs) to scale up and grow by enabling them to operate under a unified legal framework across the EU, rather than complying with 27 separate legal systems. Although the scope of the regime could in principle be broader, it is expected that its focus will be on “innovative companies” that meet certain criteria such as the qualifications of their workforce, R&D expenditure, and ownership of intellectual property rights.

The new EU “28th legal regime,” is expected to be proposed by the European Commission in late 2025 or early 2026. This new regime will allow innovative start-ups and scale-ups to operate across the EU under a single set of rules, thereby eliminating the need to comply with the different laws of individual Member States. The 28th legal regime aims to simplify applicable rules and reduce the cost of failure for companies, and it will cover aspects of corporate, insolvency, labour, and tax law.

Although the proposal for the adoption of the “28th legal regime” is mentioned in the European Commission’s Work Programme, it is not included in the list of new legislative initiatives for 2025. Therefore, it is reasonable to assume that the proposal will be published in 2026. More information on the 28th legal regime is expected to be included in the upcoming EU Strategy for Start-ups and Scale-ups (Q2 2025) and in the European Innovation Act (Q4 2025 – Q1 2026). Consequently, it can be assumed that the regime will enter into force in 2026 or 2027.

The concept of a 28th regime, implies the creation of a special legal framework for the harmonisation of contract law in the European Union. This idea is not new and has been the subject of comments over the years. However, it is necessary to point out that “despite some successful proposals in certain areas (such as a unitary European patent), the implementation of the 28th regime is extremely difficult and represents a serious challenge for the European Union” (Gide, 2024).

In this case, the creation of a pan-European legal status is proposed. This status should allow companies to benefit from harmonised legislation in the areas of corporate law, insolvency, labour law and even taxation, which will facilitate their activities within the European Union, without having to register separately in each Member State.

European Commissioner Michael McGrath, responsible for democracy, justice, the rule of law and consumer protection, has already outlined a number of measures that will apply to start-ups under the 28th regime. These will include full online registration, the application of the Once-Only Principle when establishing subsidiaries and branches in another EU Member State, the abolition of the apostille requirement, the creation of a unique European identifier for companies that will guarantee a single identification and a multilingual digital company certificate in the EU.

4. PROBLEMS RELATED TO THE ADOPTION PROCESS OF THE 28TH REGULATORY REGIME

The process of implementing the 28th regime is not without challenges and uncertainties. One of the main concerns when adopting it is the hypothesis that member state governments will block the proposal, as has already happened in the past. Therefore, in order to implement the idea of a common regulatory regime, the European Commission must work closely with governments and the European Parliament to reach consensus and address any concerns that may arise during the legislative process.

Another challenge concerns the complexity of the regulatory framework itself. The adoption and implementation of the 28th regime will require significant changes to existing laws and regulations in individual countries, which can take a long time and can be associated with complex and lengthy procedures.

There is a risk that the new regulatory framework will have unintended consequences in its implementation and that loopholes may emerge that could be exploited by companies.

The European Commission will also need to ensure that the 28th regime is fair and applies equally to all companies operating in the EU. Achieving this requires designing and implementing measures to prevent larger companies from exploiting smaller ones or to address potential imbalances in the regulatory environment. The European Commission needs to carefully consider these issues and work closely with stakeholders to ensure that the 28th regime is effective and fair.

The implementation of the concept of the 28th regime offers a potential review and reform of European capital markets. By establishing a streamlined supervisory framework within the European Securities and Markets Authority (ESMA), the regime could improve market integration, reduce existing fragmentation and encourage cross-border investment. However, this process also carries risks, including the potential for deepening market divergences. For the new regime to succeed, it must balance national interests with the need for a cohesive and competitive European financial market to position Europe as a global leader.

European capital markets are currently in a difficult situation. Major challenges lie in the need for large-scale financing of the digital transformation of the European economy, which will require an amount of around €700-800 billion per year over the next decade (Draghi, 2025). This sum far exceeds the existing capacity of public budgets and traditional bank lending. Achieving such a level of investment will undoubtedly require the imperative commitment of private capital. However, Europe's financial sector remains structurally and regulatorily inefficient. Its state hinders the development of deep, integrated and efficient capital markets capable of addressing these challenges.

One of the key issues concerns the limited opportunities for retail investors to participate in capital markets. European savers are often limited to low-yield financial products due to consumer protection rules which, although well-intentioned, limit access to investment opportunities with higher returns. This dynamic discourages capital flows into innovative and growth-oriented sectors, limiting the potential for wealth creation and broader economic growth. Modernizing savings products and enabling more direct engagement with capital markets could be transformative for mobilizing private investment (Thomadakis, 2025).

The fragmentation of European capital markets further exacerbates these problems. National supervisory frameworks create inefficiencies as firms operating across borders have to navigate a patchwork of regulations that duplicate their efforts and significantly increase their costs. This lack of harmonisation hinders the development of pan-European financial products, which are essential for the creation of a truly integrated capital market. The current structure hinders the free flow of capital and restricts market participants from benefiting from the advantages of scale and competition

To meet these challenges, a more systematic approach to determining the most effective oversight structure is needed. One future comprehensive solution to overcome these barriers is the establish-

ment of the concept of a ‘28th regime’ in the European capital markets sector. This concept could envisage a non-binding framework within the European Securities and Markets Authority that would allow firms to opt for centralised supervision while maintaining cooperation with national authorities. Such a regime could streamline the supervision of cross-border activities, reduce administrative burdens and encourage the creation of pan-European investment products. For example, a tool such as the „supervisory effectiveness test“ can be applied in cases where it reviews legislation by assessing whether supervision should:

- remain national;
- adopt mutual recognition; or
- move to a supranational level.

These solutions should take into account the complexity and integration of the market. By introducing the application of a single set of rules under the supervision of a single authority, the 28th regime could significantly improve the efficiency and attractiveness of the European capital market.

Beyond regulatory and structural reform, there is also a need for a cultural shift in the way Europe seeks to reform its capital markets. In the implemented regulatory and institutional policies, a balance should be sought between the striving for harmonization on the one hand and the need to promote innovation and growth on the other. Such an approach implies rethinking the role of regulation to ensure that it will primarily support and not stifle market development. For example, simplifying processes for asset managers’ cross-border activity and aligning rules to reduce regulatory compliance costs can increase competitiveness without compromising investor protection.

Corporate governance and shareholder rights issues present additional complexity. These areas occupy a significant place in national legal frameworks. Therefore, any attempt at harmonisation needs to be approached carefully to avoid disrupting established practices. A gradual approach to the transfer of regulatory and supervisory responsibilities can be useful here. This approach has been successfully applied in the construction of the European Banking Union and can help to mitigate resistance and build trust between stakeholders. Harmonisation efforts should focus on removing unnecessary national differences, especially in areas such as prospectus standards, to reduce duplication and complexity. Using key performance indicators to track market integration, using artificial intelligence and digital tools to overcome language barriers and increasing trust among retail investors are practical steps to increase efficiency. Mechanisms such as pan-European dispute resolution arbitration could simplify legal protection for retail investors by building confidence in cross-border products.

5. TAXATION OF DISTRIBUTED PROFITS AS A ROLE MODEL

The implementation of the “28th regime” has the potential to boost cross-border investment in Europe. However, increasing investment also depends on offering an attractive alternative to the current tax policies of Member States and avoiding the negative consequences of previous attempts at harmonisation.

First of all, it should be pointed out that the „28th Regime“ should, in its characteristics and manner of application, provide a genuine alternative to national rules, rather than adding yet another new level of regulation. Earlier initiatives for harmonised corporate tax rules, such as the “ Business in Europe: Framework for Income Taxation” (BEFIT) proposal, failed because they required companies to implement their obligations at both national and EU level. (Bray, Mengden, 2023a).

Secondly, it should be borne in mind that harmonisation should not be pursued in the name of uniformity, but rather that it should imply the development of economically attractive policy rules. This aspect was neglected in earlier corporate tax harmonization proposals (European Commission, 2011), such as BEFIT and CCCTB (Common Consolidated Corporate Tax Base). These regulatory decisions left key indicators unspecified, while at the same time introducing cost recovery rules that negatively affected investment incentives in most member states compared to the existing status quo.

Thirdly, the “28th regime”, as a future well-structured corporate tax system, should follow the principles of a stable tax policy that is easy to administer and comply with by its addressees. Its implementation implies the collection of revenues with the least economic distortions. Its implementation

implies the collection of revenues with the least economic distortions. The success of the unified regime depends on these features, because the more organizations that can join the scheme and succeed economically, the better Europe will be positioned as a competitive center for investment and innovation (Mengden, 2025).

The degree of compliance of existing corporate tax policies in the countries of the European Union with the objectives of the 28th regime can be established through the existing European Tax Policy Scorecard (Bray, Mengden, 2023b). It assesses the tax systems in 32 major European countries, including all EU member states, in terms of their competitiveness and neutrality (see Table 1 below). This allows politicians to compare Member States' policies and to benchmark policy proposals against best practices in Europe.

Table 1. 2023 European Tax Policy Scorecard

Country	Overall Rank	Overall Score	Corporate Tax Rank	Individual Taxes Rank	Consumption Taxes Rank	Property Taxes Rank	Cross-Border Tax Rules Rank
Estonia	1	100	2	5	8	1	16
Bulgaria	2	92	3	2	6	10	10
Switzerland	3	89,4	9	14	1	31	1
Cyprus	4	88,8	4	8	3	3	21
Latvia	5	87,7	1	6	14	6	14
Malta	6	80,7	29	12	4	2	13
Czech Republic	7	80,3	11	7	12	7	9
Slovak Republic	8	75	20	3	15	5	28
Luxembourg	9	74,7	25	28	2	14	5
Lithuania	10	74	6	13	16	7	23
Hungary	11	73,2	8	4	32	19	4
Sweden	12	71,6	12	18	20	9	12
Turkey	13	71,2	17	23	5	22	6
Romania	14	70,9	7	1	27	27	20
Netherlands	15	69,6	26	21	10	14	3
Croatia	16	66,8	5	24	25	4	31
Slovenia	17	65,4	13	11	23	27	18
Finland	18	64,6	14	19	18	17	19
Germany	19	64,5	27	30	7	10	7
Norway	20	64,3	18	22	21	13	11
UK	21	62,4	28	20	26	19	2
Denmark	22	60,7	15	26	17	10	27
Austria	23	60,5	24	29	9	23	15
Belgium	24	60,5	19	15	13	25	26
Greece	25	60,1	21	9	31	21	24
Poland	26	56,9	23	10	29	24	29
Iceland	27	55	16	16	24	29	30
Ireland	28	52,9	10	27	28	17	32
Spain	29	52,6	31	25	11	30	17
Italy	30	48,6	22	17	30	32	22
Portugal	31	44,5	32	31	19	14	25
France	32	44,5	30	32	22	25	8

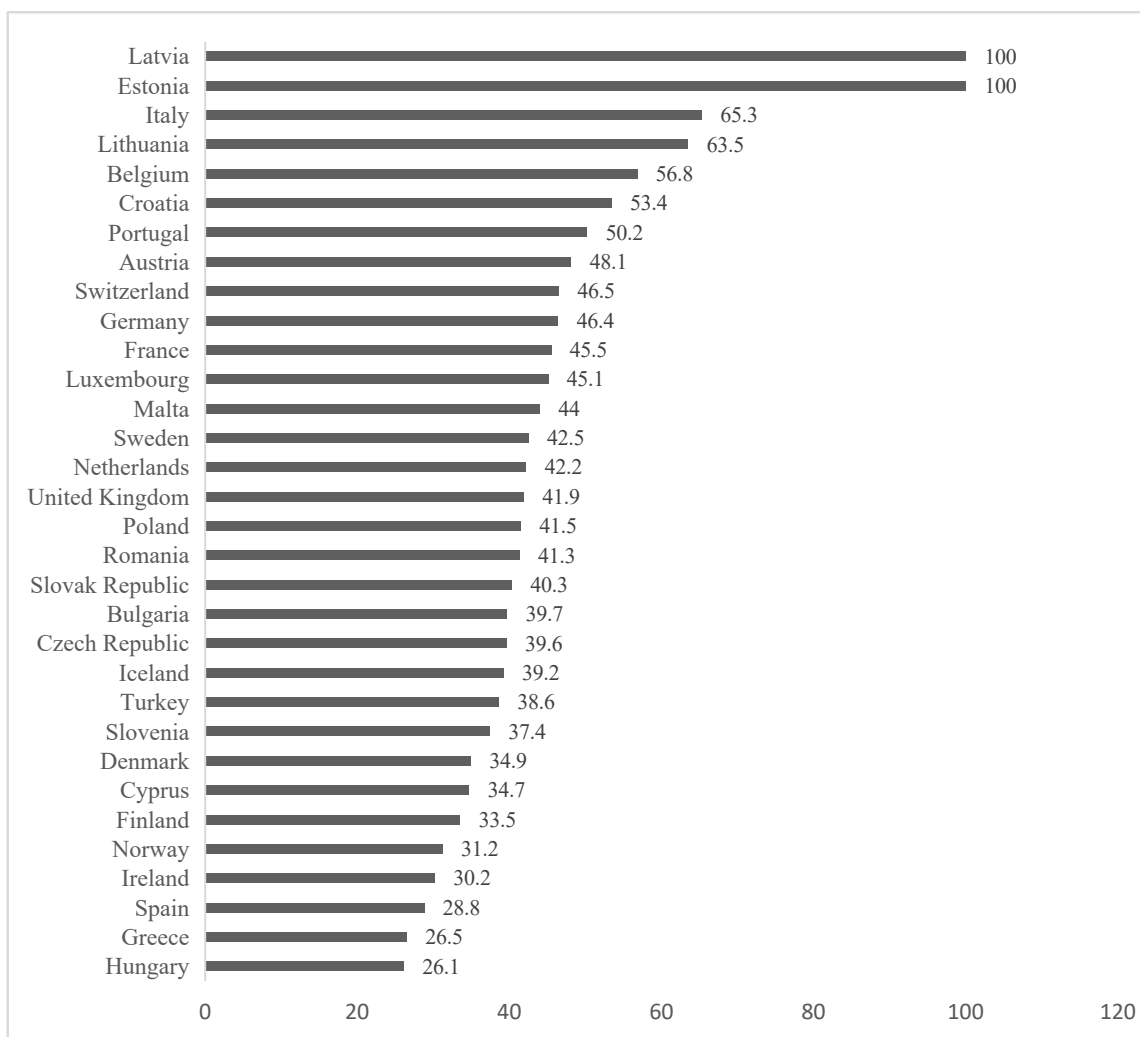
Source: Bray, S., Mengden, A. (2023b), 2023 European Tax Policy Scorecard

According to the 2023 ranking, Estonia has the highest-rated tax system. The top score is due to four positive features. First, it has a 20% corporate income tax rate that applies only to distributed profits. Second, it has a flat 20% personal income tax that does not apply to personal income from dividends. Thirdly, it has a property tax that applies only to the value of land, not to the value of real

estate or capital. Finally, it has a territorial tax system that exempts 100 % of foreign profits earned by domestic corporations from domestic taxation (with few restrictions). While Estonia’s tax system is the most competitive, the tax systems of other leading countries also score highly due to high performance in one or more of the main tax categories. In second place is Bulgaria, which applies a flat personal income tax of 10%, a low corporate income tax of 10%, relatively good reimbursement of machinery costs, and a broad-based value-added tax (VAT) covering 96% of final consumption. Switzerland has a relatively low corporate tax rate of 19.7%, a broad-based consumption tax, and an individual income tax that partially exempts capital gains from taxation. According to the study, France has the least competitive tax system due to its multiple distortive property taxes on property, banking assets, financial transactions, and a wealth tax on real estate. The tax burden on labor reaches 47% for the average worker, one of the highest in Europe. On the other hand, the implementation of VAT in France covers less than 40%.

A particularly important place in corporate taxation policies in order to achieve the objectives of the 28th regime may be the introduction of the tax on distributed profits.

Graph 1. 2023 European Tax Policy Scorecard Cost Recovery Scores



Source: Bray, S., Mengden, A. (2023b), 2023 European Tax Policy Scorecard and Mangden, A. (2025)

In this regard, it can be pointed out that the European Union has specific national practices that can be adopted by other countries. Taxes on distributed profits in Estonia and Latvia can serve as an example for reciprocation by other EU countries in order to implement the 28th regime (see Graph 1). According to the tax systems of Latvia and Estonia, realized corporate profits are not taxed. Profits can be subject to taxation in the process of their distribution to shareholders. For this reason, the recovery of investment costs in these two countries can practically reach 100 %. Their positioning in the top two places (Bray, Mengden, 2023) in the assessment of national tax systems is not due

so much to their applicable corporate rates, which are approaching the level of 23.6%, but to their simple and effective tax structure.

The shift from a traditional corporate tax to a tax on distributed profits removes tax penalties on capital investments, as well as asymmetries in the treatment of profits versus losses and equity versus debt financing.

Providing favorable treatment to all investments, regardless of their type, removes obstacles to economic growth. It also simplifies the taxation of profits by eliminating differential treatment of assets and business models, as well as complex and distortive incentives such as tax credits for research and development.

Italy ranks third on this indicator with a 65.3% cost recovery. Bulgaria lags behind, ranking only 20th with a cost recovery rate of 39.7%.

6. THE BULGARIAN PERSPECTIVE OF 28TH LEGAL REGIME

Broader understanding the current technological trends leads to the conclusion that priority support to companies operating in Bulgaria that are creating cutting-edge products is urgently needed. In order such goal to be fulfilled Bulgaria should provide a more favorable environment for the realization of more high-tech investments with added value. This government policy should be proactive in its support for achieving a higher technological level for the country.

Achieving the desired investment attractiveness requires the Bulgarian state to develop and implement a number of important organizational, regulatory and institutional measures that *inter alia* relate to:

1. Bulgaria's accession to the Eurozone. Membership in the most developed monetary union in the world brings significant political and reputational benefits, although they cannot be quantified. By integrating more closely into the core of EU policy-making and thus moving closer to some of the most developed countries in Europe, Bulgaria will take a major step forward in separating itself from the EU's "periphery". Bulgaria's integration to the greatest extent into the core of the Economic and Monetary Union is important in view of the current geopolitical and economic situation. This will not only make the country better prepared for the current, but also for subsequent crises that it may face in the future, but will also increase our country's role in decision-making within the EU, which will further contribute to our national sovereignty. In addition to the economic benefits, the introduction of the euro is also expected to lead to institutional convergence with the developed EU countries, especially with regard to the quality of institutions in Bulgaria and the trust of citizens in them. Improving the quality of Bulgarian institutions will have both social and economic benefits.
2. Tax legislation should be reformed in order to move from a traditional corporate tax to a tax on distributed profits. This would provide favorable treatment to all investments, regardless of their type, and remove obstacles to economic growth. At the same time, the taxation of profits would be simplified by eliminating the differentiated treatment of assets and business models, as well as complex and distortive incentives such as tax credits for research and development. At the moment, Bulgaria lags behind in the application of this tax technique, ranking only in 20th place out of 39 countries surveyed, with a cost recovery rate of 39.7%. Implementing such a tax reform would bring the country to the forefront of the Bulgarian tax system in the European Economic Area. Specific political balance needs to be achieved in the short term to accommodate incentives for high-tech companies and startups given the existing flat rate tax system of 10% corporate tax on company's profits and the 10% individual income tax, which are amongst the lowest in Europe.
3. In order to compensate for Bulgaria's significant lag in attracting foreign investment, an urgent change to the existing Investment Promotion Act is needed. The main objective of the future changes concerns the provision of state aid for productive investments, mainly in sectors with medium or high added value, and the simplification of the thresholds for the provision of state aid. According to some non-governmental organizations (Popov, 2023), the current law

is not adequate to the modern conditions, in which even industrial and strong countries, such as Germany and the USA, provide huge subsidies to attract strategic investors.

4. There are significant challenges in Bulgaria related to the protection of intellectual property. Many companies that invest in intellectual property prefer to register in jurisdictions with better property protection, while only carrying out their operational activities in Bulgaria.

The main problem for them is that they cannot rely on a fair judicial system with guarantees of independence. The level of intellectual property protection is a critically important issue, especially for investments in information technology. To solve this problem, it is necessary to improve, first of all, law enforcement. Serious measures in such direction are already undertaken, however real-time implementation remains a challenge.

5. Another serious problem of the economic environment in Bulgaria is the level of education in Bulgaria. It is currently a significant challenge because only 5.5% of students specialize in STEM disciplines and 54% of them are functionally illiterate in mathematics according to the international PISA assessments. Insufficient investments in the education system, which are only 3.9% of GDP, in turn deepen regional inequalities and further limit economic prospects. To solve this problem, it will most likely be necessary not only to compensate for the existing shortcomings in the public education system, but also to create special technological schools. Their educational profile should be sufficiently broad, providing educational skills and specialization in various focus sectors – e.g. IT, energy, mechatronics, etc. Reform in primary, secondary and higher education requires significant and sustainable efforts combined with painful reforms, for which longer political horizon and stability are needed.

The above list of specific policy recommendations represents a summary of measures that could help Bulgaria to prepare better for the forthcoming implementation of the 28th legal regime and would stabilize Bulgaria as a leading hub of innovation and cutting-edge technologies in Southeast Europe. The main goals of the 28th legal regime regarding EU harmonization of corporate law, insolvency, labour law and taxation are no doubt part of the Bulgarian legislative agenda, however, not exactly in the current priority list due to the fragmentation of the focus of political elite represented in the government and of the Bulgarian parliament.

7. CONCLUSION

The implementation of the 28th legal regime by Bulgaria can be an important tool for accelerating the development of its economy and especially for attracting new and much needed foreign investments. Unfortunately, at the present moment, compared to other countries, Bulgaria is significantly lagging behind. The country's incompetent investment conditions are associated with traditional problems such as cumbersome administration, outdated regulations, shortage of qualified labor, doubts about the rule of law, as well as the ongoing political crisis with too many consecutive elections which resulted in economic and political instability in recent years.

The current problems of adoption of the 28th legal regime in the European Union and Bulgaria will require a carefully planned road map for its implementation which should include the active involvement of state institutions, business organizations, academic and research institutions, as well as the non-governmental sector. Such a road map should be developed as soon as possible in order that the existing challenges to be addressed systematically and consistently, as to be accepted by society without undesirable stress.

In conclusion, it can be stated that Bulgaria should categorically introduce the harmonized regulatory framework designated as the „28th regime“. This will create opportunities for Bulgarian and European companies to expand their innovative and investment activities and to operate smoothly both in Bulgaria and within the 27 countries of the European Union. By establishing a single set of rules governing corporate law, insolvency, labor law and taxation, national barriers that have long hindered the future integration and growth of the European Union's single market will be removed.

In the implementation of these processes, Bulgaria has undeniable strengths and advantages, which it should purposefully and sustainably apply in its economic, technological and investment policy.

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