

# ACCOUNTANCY LAW

*In force from 01.01.2002*

*Prom. SG. 98/16 Nov 2001, amend. SG. 91/25 Sep 2002, amend. SG. 96/29 Oct 2004, amend. SG. 102/20 Dec 2005, amend. SG. 105/29 Dec 2005, amend. SG. 33/21 Apr 2006, amend. SG. 63/4 Aug 2006, amend. SG. 105/22 Dec 2006, amend. SG. 108/29 Dec 2006, amend. SG. 57/13 Jul 2007, amend. SG. 50/30 May 2008, amend. SG. 69/5 Aug 2008, amend. SG. 106/12 Dec 2008, amend. SG. 95/1 Dec 2009, amend. SG. 94/30 Nov 2010, amend. SG. 19/8 Mar 2011, amend. SG. 34/29 Apr 2011*

## **Chapter one. GENERAL**

Art. 1. (1) This law settles:

1. the requirements for the comprehensiveness and reliability of the accountancy systems (book-keeping) in the undertakings;
2. (amend. - SG 105/06, in force from 01.01.2007) the contents, the drawing up and the publicity of the financial reports of the undertakings;
3. (amend. - SG 105/06, in force from 01.01.2007) the requirements for the persons drawing up the financial reports.

(2) (amend. and suppl. - SG 105/06, in force from 01.01.2007; amend. – SG 95/09, in force from 01.01.2010) undertakings are: the entrepreneurs in the context of the Commercial Law; the corporate bodies who are not entrepreneurs, the budget undertakings, unregistered partnerships, the commercial representations and the foreign persons carrying out economic activity on the territory of the country from a place of economic activity, except where the economic activity is carried out by a foreign person from a Member State of the European Union or a contracting state to the European Economic Area Agreement solely pursuant to the freedom of provision of services.

Art. 2. The undertakings shall carry out the accountancy registration of the economic operations in chronological order corresponding to their fulfilment.

Art. 3. (1) (Amend., SG 91/02) The primary accountancy documents of the undertakings shall be drawn up in Bulgarian language with Arabic figures and in levs. They can also be drawn up in the respective foreign language in foreign currency for the transactions contracted in foreign currency with foreign contractors.

(2) The accountancy documents received in the undertakings in a foreign language shall be accompanied by a translation into Bulgarian of the contents of the operations indicated in them.

Art. 4. (1) The accountancy shall be carried out and the financial reports shall be drawn up in compliance with the requirements of this law and observing the following basic accountancy principles:

1. current assessment - the revenue and expenses originating from transactions and events shall be assessed by the moment of their occurrence, regardless of the moment of receiving or payment of the monetary resources or their equivalents, and shall be included in the financial reports for the period they refer to;
2. functioning undertaking - it is adopted that the undertaking is functioning and will remain so in a foreseeable future; the undertaking has neither an intention or a necessity of liquidating or substantially reduce the volume of its activity - otherwise, in drawing up the financial reports it must apply a

liquidation or other similar accountancy basis;

3. (new - SG 105/06, in force from 01.01.2007) prudence – assessment and accounting of the assumptive risks and the expected possible losses in the accounting treatment of the economic operations with the purpose of receiving an actual financial result;

4. (new - SG 105/06, in force from 01.01.2007) comparability between the income and the expenses – the expenses made in relation to a certain deal or activity shall be reflected in the financial result of the period in which the undertaking benefits from them, and the income shall be reflected in the period for which the expenses of its gain were made;

5. (new - SG 105/06, in force from 01.01.2007) priority of the contents over the form – the deals and the events shall be reflected in the account according to their economic contents, essence and financial reality but not formally, according to their legal form;

6. (new - SG 105/06, in force from 01.01.2007) retaining, when possible, the accounting policy of the previous accounting period – achieving comparability of the accountancy data and indices in the different accounting periods;

7. (new - SG 105/06, in force from 01.01.2007) independence of the separate accountancy periods and rate connection between initial and final balance – every accountancy period shall be treated in the accountancy for itself regardless of its objective connection with the previous and the following accountancy period, and the data of the financial statement at the beginning of the current accountancy period shall coincide with the data in the end of the previous accountancy period.

(2) (revoked – SG 105/06, in force from 01.01.2007)

(3) The undertakings shall carry out the accountancy on the grounds of the documentary substantiation of the economic operations and facts, observing the requirements for drawing up the documents according to the acting legislation.

Art. 5. (1) The current accountancy reporting shall be organised by the order determined by this law and an individual chart of accounts approved by the management of the undertaking.

(2) (revoked – SG 96/04, in force from January 1, 2005)

Art. 5a. (new – SG 96/04, in force from January 1, 2005) (1) For the budget undertakings the Minister of Finance shall approve accountancy standards and chart of accounts, which are in compliance with:

1. the requirements of the European Union for the accounting, the statistics and the budgeting of the public sector;

2. the accountancy framework, the principles and the concepts of the Methodical guide for state financial statistics, issued by the International Monetary Fund;

3. the international accountancy standards for the public sector of the International accountants' federation;

4. the requirements of the Bulgarian legislation with regard to the budgeting, the accounting and the fulfillment of the consolidated fiscal programme and the management and the control of the resources and the expenses of the budget undertakings.

(2) The standards and the chart of accounts of para 1 as well as the methodical instructions for their implementation shall be developed and updated by the Ministry of Finance. At implementing of updating the budget undertakings shall be timely notified.

(3) For issues, not regulated in the standards and the chart of accounts of para 1 for the budget undertakings may be applied the provisions of the standards, applicable for the other undertakings, by an order, determined by the Minister of Finance.

(4) The standards and the chart of accounts of para 1 shall be promulgated in State Gazette.

Art. 5b. (new – SG 96/04, in force from January 1, 2005; revoked – SG 105/06, in force from 01.01.2007)

## **Chapter two.**

### **ACCOUNTANCY DOCUMENTS AND FORM OF ACCOUNTANCY**

Art. 6. (1) The accountancy document is a paper or technical carrier of accountancy information, classified as primary, secondary and register:

1. the primary document is a carrier of information for economic operation registered for a first time;
2. the secondary document is a carrier of a transformed (summarised or differentiated) information obtained from the primary accountancy documents;
3. the register is a carrier of chronologically systematised information for economic operations from primary and/or secondary accountancy documents.

(2) The accountancy document can be an electronic document when the requirements of this law and of the Law for the Electronic Document and Electronic Signature have been met.

Art. 7. (1) (amend. SG 96/04, in force from January 1, 2005) The primary accountancy document addressed to other undertakings or individuals shall contain at least the following information:

1. name and number, containing only Arabic figures;
2. data of issuing;
3. (amend. – SG 63/06, in force from 04.08.2006; suppl. - SG 105/06, in force from 01.01.2007) name, address and identification number pursuant to Art. 84 of the Tax-insurance Procedure Code of the issuer and the recipient;
4. subject and cost expression of the economic operation;
5. (amend. - SG 106/08, in force from 01.01.2009; revoked – SG 94/10, in force from 01.01.2011)

(2) (amend. SG 96/04, in force from January 1, 2005) The primary accountancy document which regards only the activity of the undertaking shall contain at least the following information:

1. name and number, containing only Arabic figures;
2. data of issuing;
3. subject and cost expression of the economic operation;

(3) (new - SG 105/06, in force from 01.01.2007) It shall be considered that documental argumentation is present also when a part of the required information referred to in para 1 and 2 is missing from the primary accountancy document, provided that there are documents available regarding the missing information, which certify it.

(4) (new - SG 105/06, in force from 01.01.2007) Besides the cases referred to in para 3, documental argumentation shall be present also when the primary accountancy document was issued by a person, which does not constitute an undertaking in the sense of this Law and a part of the required information referred to in para 1 and 2 is missing from the document, if the document correctly represents the documented economic operation.

(5) (new - SG 105/06, in force from 01.01.2007) The issue of a primary accountancy document under para 1, except in the cases of a request by the recipient or when provided in a normative act, shall not be obligatory when:

1. the economic operation was documented by a fiscal receipt, issued by a fiscal device according to an order determined in an ordinance of the Minister of Finance, or by a security, issued according to the order of the Ordinance on the Conditions and the Order of Printing and Control of Securities (prom. - SG 101/94; amend. - SG 38/95; 73/98; 08/01) and
2. its recipient is a natural person, who is not a merchant.

(6) (prev. text of para 03 - SG 105/06, in force from 01.01.2007) For the accounting of definite economic operations, assets and liabilities of the budget undertakings, the Minister of Finance shall approve conditions and order of documenting, a form and essential elements of the accountancy

documents which shall be obligatory to be applied.

(7) (new - SG 102/05, in force from 20.12.2005; prev. text of para 04 - SG 105/06, in force from 01.01.2007) For business operations, relating to obligations to budget undertakings, established on a ground and under the procedure of a normative act, the primary accountancy document under Para 1 shall be the respective payment document of executed payment.

(8) (new – SG 63/06, in force from 04.08.2006; prev. text of para 05 - SG 105/06, in force from 01.01.2007) The address under par. 1, item 3 is:

1. permanent address – for natural persons;
2. business registered address – for legal persons;
3. mailing address under the Tax -insurance Procedure Code – for persons, not having a business registered address.

(9) (new – SG 63/06, in force from 04.08.2006; prev. text of para 06 - SG 105/06, in force from 01.01.2007) A sole trader shall identify himself only through Unified Identification Code of BULSTAT.

Art. 8. (Amend., SG 91/02; suppl. - SG 105/06, in force from 01.01.2007; revoked – SG 94/10, in force from 01.01.2011)

Art. 9. (1) In creating and maintaining the accountancy system the undertakings shall provide:

1. comprehensive chronological registration of the accountancy operations;
2. systematic accountancy registers for summarising the accountancy information which shall be opened at the beginning of the period of account and shall be concluded at its end;
3. synthetic and analytical accountancy registers, as well as an equality and a link between them;
4. intermediate and annual conclusion of the accountancy registers, creation of a turnover sheet;
5. amendments in the accountancy entries through creation of adjusting accountancy items;
6. application of an individual chart of accounts.

(2) (amend. - SG 105/06, in force from 01.01.2007) When the accountancy uses an accountancy software it must be worked out in compliance with the requirements of this law and to be possible that the data processed by it and the initial documents are in Bulgarian language.

Art. 10. Corrections and supplements in the primary accountancy documents shall not be permitted. Incorrectly drawn up primary accountancy documents shall be nullified and new ones shall be drawn up.

Art. 11. The persons who have drawn up and signed the accountancy documents and the technical information carriers shall be responsible for the correctness of the information in them.

Art. 12. The form of accountancy shall be approved by the manager of the undertaking. It must provide a synchronised the chronological and systematic (analytical and synthetic) accounting.

### **Chapter three.**

#### **ASSETS, OWN CAPITAL, LIABILITIES, REVENUE AND EXPENSES**

Art. 13. (1) The assets, the own capital, the liabilities, the revenue and expenses shall be assessed and registered at the time of their acquisition or occurrence at their historic price or other price, in compliance with the applicable accountancy standards.

(2) Historic price is the price of acquisition, cost price or fair price.

(3) Subsequent assessments of the assets and liabilities shall be made in compliance with the applicable accountancy standards.

Art. 14. (amend. - SG 105/06, in force from 01.01.2007) The assets and liabilities shall be classified and presented in the financial reports under the conditions and the order of the applicable accountancy standards.

Art. 15. (1) (amend. - SG 105/06, in force from 01.01.2007) The undertakings shall calculate depreciation of the depreciable long-term/non-current assets in compliance with the applicable accountancy standards.

(2) (revoked – SG 102/05, in force from 20.12.2005)

(3) The depreciation in the budget undertakings shall be calculated by a decision of the Council of Ministers.

Art. 16. The material reserves, when being used, shall be assessed in compliance with the applicable accountancy standards.

Art. 17. (amend. - SG 105/06, in force from 01.01.2007) The expenses and the income shall be classified and presented in the financial reports under the conditions and the order of the applicable accountancy standards.

Art. 18. (revoked – SG 105/06, in force from 01.01.2007)

Art. 19. (revoked – SG 105/06, in force from 01.01.2007)

Art. 20. (amend. - SG 105/06, in force from 01.01.2007) The components of the own capital shall be classified and presented in the financial reports under the conditions and the order of the applicable accountancy standards.

#### **Chapter four. STOCK TAKING**

Art. 21. (revoked – SG 105/06, in force from 01.01.2007)

Art. 22. (1) The stock taking shall be carried out by a commission by an order determined by the bodies of management of the undertaking for the purposes of the reliable presentation of the assets and liabilities in the annual financial report.

(2) (new - SG 105/06, in force from 01.01.2007) The Minister of Finance may determine different periods of performing the stock-taking for the budget undertakings.

(3) (prev. text of para 02 - SG 105/06, in force from 01.01.2007) Stock taking shall also be carried out upon request of the bodies of the judiciary authority and of other bodies when it is stipulated by a law.

#### **Chapter five. FINANCIAL REPORTS (TITLE AMEND. - SG 105/06, IN FORCE FROM 01.01.2007)**

##### **Section I.**

##### **Applicable accountancy standards, contents of the financial reports and the annual reports of the activity (title amend. - SG 105/06, in force from 01.01.2007)**

Art. 22a. (new – SG 96/04, in force from January 1, 2005; amend. - SG 105/06, in force from 01.01.2007) (1) The undertakings in the Republic of Bulgaria, except the undertakings referred to in art.

22b, shall draw up and present their annual financial reports on the basis of the International Accounting Standards.

(2) The undertakings referred to in art. 38, para 1, items 2 and 3 shall obligatorily draw up and present their annual financial reports on the basis of the International Accounting Standards.

(3) Any undertaking, which has drawn up and presented its annual financial report on the basis of the International Accounting Standards throughout a certain accountancy period, may not apply the National Standards for Financial Reports for Small and Medium Undertakings.

Art. 22b. (new - SG 105/06, in force from 01.01.2007) (1) The annual financial reports shall be drawn up and presented on the basis of the National Standards for Financial Reports for Small and Medium Undertakings by the undertakings, which for at least one of the two preceding years do not exceed the indices of two of the following criteria:

1. balance value of their assets by 31 December – 8 million BGN;
2. net income of sales for the year – 15 million BGN;
3. average number of the staff for the year – 250 people.

(2) The newly constituted undertakings shall draw up and present their annual financial reports on the basis of the National Standards for Financial Reports for Small and Medium Undertakings for the year of their constitution and for the following year.

(3) The National Standards for Financial Reports for Small and Medium Undertakings shall be adopted by the Council of Ministers and shall be in compliance with the acts of the European Union and the national particularities.

(4) The undertakings referred to in para 1 and 2 may, at their choice, draw up and present their annual financial reports on the basis of the International Accounting Standards.

(5) The undertakings, terminated by liquidation or declared bankrupt, shall draw up and present their annual financial reports on the basis of a national accounting standard adopted by the Council of Ministers.

(6) The standards referred to in para 3 and 5 shall be promulgated in the State Gazette.

Art. 22c. (new - SG 105/06, in force from 01.01.2007) The consolidated and intermediate financial reports shall be drawn up and presented on the basis of the accounting standards, on basis of which the annual financial report of the undertaking, which draws up the consolidated or the intermediate financial report, is drawn up and presented.

Art. 23. (1) (amend. - SG 105/06, in force from 01.01.2007) The undertakings shall draw up:

1. an annual financial report by December 31 of the accountancy period in thousands of BGN;
2. a consolidated financial report by December 31 of the accountancy period in thousands of BGN – in the cases referred to in art. 37;
3. intermediate financial reports covering a period shorter than a calendar year, when required by a normative act or by decision of the management body.

(2) The financial report must correctly and fairly present the proprietary and financial status of the undertaking, the accounted financial result, the changes in the cash flows and in the own capital.

(3) (amend. SG 96/04, in force from January 1, 2005; revoked – SG 105/06, in force from 01.01.2007)

(4) (amend. SG 96/04, in force from January 1, 2005; revoked – SG 105/06, in force from 01.01.2007)

(5) (amend. SG 96/04, in force from January 1, 2005) The budget undertakings shall prepare and present their annual financial reports on the basis of the chart of accounts, the accounting standards and the methodical instructions of art. 5a.

Art. 24. (amend. - SG 105/06, in force from 01.01.2007; suppl. – SG 69/08, in force from 05.09.2008) The management bodies of the undertaking shall be responsible for the drawing up, timely preparation,

contents and publishing of the financial reports and the annual activity reports thereto.

Art. 25. (amend. - SG 105/06, in force from 01.01.2007) The information presented in the financial report must meet the following requirements:

1. comprehensiveness - to be useful for the consumers in taking economic decisions;
2. relevance - to enable the consumers to assess past, present or future events and to confirm or correct their previous assessments in taking economic decisions;
3. reliability - not to contain substantial mistakes or partiality;
4. comparability - to enable comparison of the information for the undertaking from different years, as well as with information from other undertakings, in order to assess the efficiency, the financial status and the changes in it;
5. (revoked – SG 105/06, in force from 01.01.2007)

Art. 26. (1) The components of the annual financial report are: accountancy balance, account of the revenue and expenses, accountancy report for the cash flows, accountancy report for the own capital and appendix.

(2) (amend. - SG 105/06, in force from 01.01.2007) The components of the consolidated financial report shall be: consolidated accounting balance, consolidated report of the income and expenses, consolidated report of the money flows, consolidated report of the own capital and an appendix.

(3) (new - SG 105/06, in force from 01.01.2007) The form, structure and contents of the components of the financial report shall be determined according to the applicable accountancy standards.

(4) (\*) (new - SG 105/06, in force from 01.01.2007) The undertakings using a simplified form of financial accountancy, which draw up and present their annual financial report on the basis of the National Standards for Financial Reports for Small and Medium Undertakings, may draw up a brief annual financial account. Its form, structure and contents shall be determined in the National Standards for Financial Reports for Small and Medium Undertakings.

(5) (new – SG 94/10, in force from 01.01.2011) (\*) Undertakings implementing a simplified form of financial accountancy that draw up and submit their annual financial account pursuant to the National Accountancy Standards for Small and Medium Enterprises are not required to draw up a report on the money flows and a report for the own capital.

(6) (new - SG 105/06, in force from 01.01.2007; prev. text of Para 05 – SG 94/10, in force from 01.01.2011) (\*) The form, the structure and the contents of the components of the financial report adopted by the undertaking shall be kept unchanged during the different accountancy periods, except in the cases provided in the applicable accounting standards. In the cases of changes in the appendix of the financial report, the change shall be obligatorily published and motivated.

(7) (new - SG 105/06, in force from 01.01.2007; prev. text of Para 06 – SG 94/10, in force from 01.01.2011) (\*) The form, the structure and the contents of the annual and the intermediate financial reports of the budget undertakings shall be determined by the Minister of Finance.

Art. 27. (revoked – SG 105/06, in force from 01.01.2007)

Art. 28. (revoked – SG 105/06, in force from 01.01.2007)

Art. 29. (revoked – SG 105/06, in force from 01.01.2007)

Art. 30. (revoked – SG 105/06, in force from 01.01.2007)

Art. 31. (revoked – SG 105/06, in force from 01.01.2007)

Art. 32. (1) (amend. SG 96/04, in force from January 1, 2005; revoked – SG 105/06, in force from 01.01.2007)

(2) For the undertakings controlled by the state or by municipalities or which are supported by them by subsidies, preferential loans, state guarantees and other forms of state support the Minister of Finance can require presentation of additional reports and information in a form, contents, deadlines and order of drawing up and presentation determined by him.

(3) (amend. SG 96/04, in force from January 1, 2005; amend. - SG 105/06, in force from 01.01.2007)  
The annual financial reports of the sole-entrepreneurs which are not subject to obligatory independent financial audit and the net amount of the income of sales of which for the current year does not exceed 100 000 BGN, may consist only of account of the income and expenses.

(4) (amend. SG 96/04, in force from January 1, 2005; amend. - SG 105/06, in force from 01.01.2007)  
The sole-entrepreneurs which are not subject to obligatory independent financial audit and the net amount of the income of sales of which for the current year does not exceed 50 000 BGN may report and present their activity by keeping specific registers – books, by which the financial result for the accountancy period is determined correctly and honestly,

(5) (new – SG 96/04, in force from January 1, 2005; revoked – SG 105/06, in force from 01.01.2007)

Art. 33. (amend. - SG 105/06, in force from 01.01.2007) (1) Undertakings which annual financial reports are subject to obligatory independent financial audit shall also draw up an annual report for the activity which shall include at least the following information:

1. a review which correctly and honestly represents the development and the results of the activity of the undertaking as well as its status, together with a description of the main risks it is facing;
2. all important events which have occurred after the date by which the annual financial report is drawn up;
3. the likely future development of the undertaking;
4. the actions in the sphere of the scientific studies and development;
5. the information required under the order of art. 187e and 247 of the Commercial Law;
6. availability of branches of the undertaking;
7. the financial instruments used by the undertaking, and when it is of significance for assessment of the assets, liabilities, the financial conditions and the financial result, published shall be:
  - a) the aims and the policy of the undertaking on management of the financial risk, including its policy of hedging for each basic type of hedging position of which reporting of the hedging shall apply, and
  - b) the exposition of the undertaking regarding the price, credit and liquid risk and the risk of the money flow.

(2) The review referred to in para 1, item 1 shall represent a balanced and comprehensive analysis of the development and the results of the activity of the undertaking, as well as of its financial status according to the size and the complexity of the activity. The analysis shall include financial, and when appropriate – also non-financial indices, related to the respective activity, including information, related to the environment and the staff, to the necessary level of understanding the development, the results of the activity or the condition of the undertaking.

(3) The undertakings which draw up and present consolidated financial reports shall also draw up an annual consolidated paper of the activity containing at least the following information:

1. a review which correctly and honestly represents the the results of the activities and the status of the undertakings included at the consolidation as a whole (the undertakings of the group), together with a description of the main risks they are facing;
2. all important events which have occurred after the date by which the consolidated financial report is drawn up;
3. the likely future development of the undertakings of the group as a whole;
4. the actions in the sphere of the scientific studies and development of the undertakings of the group as



a whole;

5. the number and denomination of the shares or the quotas of the parent undertaking, held by it, by its subsidiary understanding or a person, acting on his behalf but on the account of these understandings;

6. the financial instruments used by the undertakings of the group, and when it is of significance for assessment of the assets, liabilities, the financial conditions and the financial result, published shall be:

a) the aims and the policy of the undertakings on management of the financial risk, including their policy of hedging for each basic type of hedging position of which reporting of the hedging shall apply, and

b) the exposition of the undertakings of the group regarding the price, credit and liquid risk and the risk of the money flow.

(4) The review referred to in para 3, item 1 shall represent a balanced and comprehensive analysis of the development and the results of the activity of the undertakings of the group, as well as of their condition as a whole according to the size and the complexity of the activities carried out by them. The analysis shall include financial, and where appropriate, also non-financial indices, related to the respective activity, including information, related to the environment and the staff, to the necessary level of understanding the development, the results of the activity or the condition of the undertaking. Where appropriate, the review shall include references to additional explanations regarding sums presented in the consolidated financial report.

(5) The annual report on the activity and the annual consolidated report on the activity may be drawn up and presented as a whole. In such a case, where appropriate, attention shall be paid to the questions, which are important for the undertakings of the group as a whole.

(6) The report data for the assets, liabilities, income, expenses and operations of all budget undertakings shall be consolidated in the Ministry of Finance on the grounds of presented turnover statements and other information by the budget undertakings, under conditions in terms and periodicity and by an order determined by the Minister of Finance.

## **Section II.**

### **Compilers of financial reports (title amend. - SG 105/06, in force from 01.01.2007)**

Art. 34. (amend. - SG 105/06, in force from 01.01.2007) (1) The financial reports (intermediate, annual and consolidated) shall be compiled by compilers of financial reports.

(2) Compiler of financial reports may be any natural person or specialised accountancy undertaking when meeting the requirements of this Law.

(3) The financial report of an undertaking shall be signed by:

1. the natural persons managing and representing the undertaking, and

2. the natural person who:

a) has drawn up the financial report – in the cases when the financial report has been drawn up directly by a natural person, or

b) manages or represents the undertaking, which is the compiler of the financial report – in the cases when the financial report has been drawn up by a specialised accountancy undertaking.

(4) In the financial report shall be indicated/placed also:

1. the name and the family name of the persons referred to in para 3;

2. the seal of the undertaking;

3. the seal of the specialised accountancy undertaking.

(5) In the cases when the financial report is drawn up directly by a natural person, he shall be in employment, official or contract relationship with the respective undertaking.

(6) The persons referred to in para 3, item 2 shall meet the requirements of art. 35.

Art. 35. (1) (amend. - SG 105/06, in force from 01.01.2007) Compiler of a financial report can be a person who meets the requirements for obligatory minimal degree of education and the respective time of service as follows:

1. (amend. - SG 33/06) with higher accountancy economic education and a time of service in the sphere of accountancy, the internal, external audit and the financial inspection, the tax audits or as a lecturer on accountancy and control, respectively:

a) for master degree - 2 years;

b) for bachelor degree - 3 years;

c) for degree "specialist" - 4 years;

2. (amend. - SG 33/06) with other economic education and 5 years time of service in the accountancy, the external, internal audit and the financial inspection, the tax audits or as a lecturer on accountancy and control;

3. with high economic education and 8 years time of service as an accountant.

(2) (amend. - SG 105/06, in force from 01.01.2007) Compiler of a financial report can be a person which has not been convicted for indictable offence according to chapter five and section I of chapter six of the Special Part of the Penal Code.

(3) (amend. - SG 105/06, in force from 01.01.2007) The Minister of Finance can also determine additional requirements for the persons compiling financial reports of the budget undertakings.

Art. 36. (amend. - SG 105/06, in force from 01.01.2007) The compilers of financial reports shall be in charge of the organisation of the accountancy activity in the undertaking.

### **Section III.**

#### **Requirements of drawing up a consolidated financial report, preparation, independent financial audit and publicity of the financial reports (title amend. - SG 105/06, in force from 01.01.2007)**

Art. 37. (amend. - SG 105/06, in force from 01.01.2007) (1) The undertakings shall draw up an annual financial report by March 31 of the following year.

(2) An undertaking (parent undertaking) shall draw up a consolidated financial report when:

1. it controls more than the half of the voting rights of the shareholders or the partners in another undertaking (controlled undertaking), including upon contractual relationship, provided that it is a shareholder or a partner in this undertaking;

2. it has the right to appoint or dismiss more than a half of the members of the management or/and the supervisory body of another undertaking (controlled undertaking), including upon contractual relationship, provided that it is a shareholder or a partner in this undertaking;

3. it has the right to manage the financial and the operative policy of another undertaking upon contractual relationship;

4. it is a shareholder or a partner, holding 20 percent or more of the voting rights in another undertaking (controlled undertaking), and solely by exercising these rights it has appointed more than a half of the members of the management and/or supervisory body of the controlled undertaking, working through the accountancy period, during the previous accountancy period and by the date of drawing up the consolidated financial report; a consolidated financial report under the first sentence shall not be drawn up, when another undertaking has the rights referred to in item 1 – 3 regarding the controlled undertaking.

(3) In determining the rights of the parent undertaking for the purposes of para 2, items 1, 2 and 4 the voting rights and the rights of appointing and dismissing, held by a subsidiary undertaking of the parent undertaking or a person, acting on his behalf, but on the account of the parent undertaking or a subsidiary undertaking of the group, shall be added to the rights of the parent undertaking.

(4) In determining the rights of the parent undertaking for the purposes of para 2, items 1, 2 and 4 shall not be taken into consideration:

1. the votes by shares, held on the account of a person, which is not the parent undertaking, nor its subsidiary undertaking;
2. votes by shares received as a security, when the undertaking which has provided the security exercises the rights in them.

(5) The total number of the voting rights in the controlled undertaking, held by all shareholders or partners for the purposes of para 2, items 1 and 4, shall be reduced by the voting rights related to shares or quotas, held by the controlled undertaking in question and/or by its subsidiary undertaking, and/or by a person acting on his behalf, but on the account of these undertakings.

(6) The parent undertaking and all its subsidiary undertakings shall be subject to consolidation, regardless of where the seats of the subsidiary undertakings are located.

(7) Consolidated financial reports shall be drawn up only by trade companies which are parent undertakings.

(8) For the budget undertakings the order, the way and the terms for drawing up and presenting the financial reports shall be determined by the Minister of Finance.

Art. 37a. (prev. text of Art. 37a – SG 69/08, in force from 05.09.2008) (1) A consolidated report under the order of art. 37, para 2 shall not be drawn up by the parent undertaking, when the sum of the indices of the undertakings of the group subject to consolidation, according to their annual financial reports, drawn up by 31 December of the current year, does not exceed the indices of the two of the following criteria:

1. the balance value of the assets by 31 December – 3 million BGN;
2. net income of sales for the year – 6 million BGN;
3. average number of the staff for the year – 80 people.

(2) (new – SG 69/08, in force from 05.09.2008) Para 1 shall not apply, when an undertaking of the group is an undertaking, the securities of which are admitted to trading on a regulated market.

(3) (new – SG 95/09, in force from 01.01.2010) A consolidated financial report shall not be drawn up under Art. 37, Para 2 by a parent undertaking that has only insignificant subsidiaries for the purposes of Art. 23, Para 2, considered both individually and as a whole.

(4) (new – SG 95/09, in force from 01.01.2010) A subsidiary may not be entered in the consolidated financial report, if it is insignificant for the purposes of Art. 23, Para 2. Where two or more subsidiaries meet the requirement under the first sentence, they shall be entered into the consolidated financial report, if, as a whole, they are not insignificant for the purposes of Art. 23, Para 2.

Art. 37b. (new - SG 105/06, in force from 01.01.2007) (1) A consolidated financial report under the order of art. 37, para 2 shall not be drawn up by a parent undertaking, when it is a subsidiary undertaking of a local parent undertaking or a parent undertaking from another Member State of the European Community, in any of the following cases:

1. the local parent undertaking or the parent undertaking from another Member State holds all the quotas or shares of the local (subsidiary) parent undertaking; in determining the quotas or the shares of the local (subsidiary) parent undertaking shall not be taken into consideration the quotas or the shares held by the members of the management and/or the supervisory body according to a law or to the constitutive contract or a statute, or
2. the local parent undertaking or the parent undertaking from another Member State holds 90 percent or more of the quotas or the shares of the local (subsidiary) parent undertaking, and the rest of its partners or shareholders have given their consent in writing not to draw up a consolidated financial report.

(2) Para 1 shall apply when the following conditions are met simultaneously:

1. the local (subsidiary) parent undertaking and all its subsidiary undertakings are included in the

consolidated financial report of the local parent undertaking or a parent undertaking from another Member State;

2. the consolidated financial report and the annual consolidated paper of the activity are drawn up by the local parent undertaking and are subject to independent financial audit under the conditions and the order of art. 38 or by the parent undertaking from the other Member State, and are subject to independent financial audit according to the legislation of the same Member State;

3. the consolidated financial report, the annual consolidated financial report and the audit paper of the local parent undertaking are published under the conditions and the order of art. 40, or of the parent undertaking from the other Member State are published in Bulgarian by the local parent undertaking under the conditions and the order of art. 40;

4. in the appendix of the annual financial report of the local (subsidiary) parent undertaking the name and the seat of the local parent undertaking or the parent undertaking from the other Member State, which draws up the consolidated financial report under item 1, are announced, and it is discharged of the obligation to draw up a consolidated financial report and an annual consolidated paper of the activity.

Art. 37c. (new - SG 105/06, in force from 01.01.2007) A consolidated financial report under the order of art. 37, para 2 shall not be drawn up by a parent undertaking, when it is a subsidiary undertaking of a local parent undertaking or of a parent undertaking from another Member State of the European Community, and the following conditions are present:

1. the requirements of art. 37b, para 2 are met;

2. the partners or the shareholders of the local (subsidiary) parent undertaking, which hold at least 10 percent of the quotas or shares, when the undertaking is a limited liability company, a joint stock company or a partnership limited by shares, or at least 20 percent of the quotas, when the undertaking is a general partnership or a limited partnership, have not requested the compilation of a consolidated financial report by 30 June of the respective accounting period.

Art. 37d. (new - SG 105/06, in force from 01.01.2007) A consolidated financial report under the order of art. 37, para 2 shall not be drawn up, when the parent undertaking is also a subsidiary undertaking of a parent undertaking from a State, which is not a member of the European Community (third country) and the following conditions are met simultaneously:

1. the local parent undertaking and all its subsidiary undertakings are included in a consolidated financial report of a parent undertaking from a third country;

2. the consolidated financial report and, where appropriate, the annual consolidated paper of the activity are drawn up in compliance with this Law and the applicable accounting standards or in equivalent manner;

3. (amend. – SG 95/09, in force from 01.01.2010) the consolidated financial report of the parent undertaking from the third country shall be audited by one or more persons having auditing capacity for financial reports acquired according to the national legislation of the parent undertaking from a third country;

4. the requirements of art. 37b, para 2, items 3 and 4 and art. 37b, item 2 regarding the parent undertaking from the third country are met.

Art. 37e. (new - SG 105/06, in force from 01.01.2007) The provisions of art. 37a – 37d shall not apply to the undertakings referred to in art. 38, para 1, items 1 – 4, which shall obligatorily draw up and present consolidated financial reports, when the conditions of art. 37, para 2 are present.

Art. 38. (amend. - SG 105/06, in force from 01.01.2007) (1) Subject to independent financial audit, unless otherwise provided by a law, shall be the annual financial reports of:

1. joint stock companies and partnerships limited by shares;

2. undertakings, which are issuers in the sense of the Law for Public Offering of Securities;
  3. (amend. - SG 108/06, in force from 29.12.2006) credit institutions, insurers and investment undertakings, additional social insurance companies and the funds managed by them;
  4. undertakings for which this requirement is provided by a law;
  5. all undertakings, not indicated in items 1 – 4, except the undertakings, applying a simplified form of financial accountancy and the budget undertakings.
- (2) Subject to independent financial audit by registered auditors shall be the annual financial reports of the non-profit legal persons determined to perform activity of social benefit and entered into the Central Register at the Ministry of Justice, when for the current year they exceed one of the following criteria:
1. balance value of their assets by 31 December – 1 million BGN;
  2. amount of the income of economic or non-economic activity for the current year – 2 million BGN;
  3. total sum of the financings received during the current year and financings not used by 31 December of the current year, received during previous accounting periods – 1 million BGN.
- (3) The consolidated financial reports and the individual financial reports included in the consolidation shall be subject to independent financial audit.
- (4) The registered auditors performing independent financial audit of financial reports shall obligatorily express also an opinion in the audit paper regarding the correspondence between the annual paper of the activity and the annual financial report of the same accounting period and/or regarding the correspondence between the annual consolidated paper of the activity and the consolidated financial report of the same accounting period.
- (5) (new – SG 69/08, in force from 05.08.2008) Where the annual financial account is subject to independent financial audit, the appendix shall contain announcement of the amounts accrued during the year for the services provided by the registered auditors to the undertaking separately for: independent financial audit, tax consultations and other services not related to the audit. The appendix of the consolidated financial account shall contain announcement in the same way of the information indicated in the first sentence above regarding the undertakings participating in the consolidation.

Art. 39. (revoked – SG 105/06, in force from 01.01.2007)

- Art. 40. (\*) (amend. - SG 105/06, in force from 01.01.2007) (1) (amend. – SG 34/11, in force from 03.05.2011) The undertakings shall publish their annual financial account and their consolidated financial report, the annual paper of the activity and the annual consolidated paper of the activity, adopted by the general meeting of the partners/the shareholders or by the respective body as follows:
1. through application and presenting for publication in the Commercial Register shall publish:
    - a) the sole entrepreneurs – by 31 May of the following year;
    - b) the limited liability companies – by 30 June of the following year;
    - c) all other merchants in the sense of the Commercial Law – by 31 July of the following year.
  2. through application for entry and presenting them in the Central Register at the Ministry of Justice under the conditions and the order of the Law for the Non-Profit Corporate Bodies shall publish the non-profit legal persons determined to perform activity of social benefit – by 30 June of the following year;
  3. through an economic publication or in the Internet shall publish the remaining undertakings – by 30 June of the following year.
- (2) The undertakings referred to in art. 38 shall publish under the order of para 1:
1. their financial reports – as they were found by a registered auditor;
  2. their annual papers of the activity – in the form on the basis of which the registered auditor has expressed his auditor opinion;
  3. the auditor report regarding the reports and the papers under items 1 and 2.
- (3) Under the order of para 1, together with the annual financial report, the joint stock companies, the

partnerships limited by shares and the limited liability companies shall publish also information on the offering by the management body for allotting the revenue or for covering a loss for the previous year and the decision of the general meeting of the shareholders/the partners on the way of allotting the revenue or on covering a loss for the previous year.

(4) The annual financial report of an undertaking, which draws up a consolidated financial report, shall be published at the same time with the consolidated financial report of the group, together with the supplemented annual papers on the activity.

(5) When the reports and the papers of the undertakings referred to in para 1, item 3 are published in the internet, they shall be freely accessible without payment for a period of at least three years after the date of their publication.

(6) The undertakings referred to in para 1, item 3 shall provide, upon request, information of the place where their reports and papers are published.

(7) Besides the cases under para 1 and 2, when an undertaking publishes a brief financial report, it shall be obligatorily announced that the report is brief, indicating also the place where the financial report is published under the order of para 1. When the financial report is still not published under the order of para 1, this fact shall be also announced. When a brief financial report was published, the audit paper may not accompany this publication, but the expressed auditor opinion shall be obligatorily announced – non-qualified, qualified or negative, or the refusal to express an auditor opinion, as well as the questions entered into the audit paper which have been considered without qualified auditor opinion.

(8) (suppl. – SG 34/11, in force from 03.05.2011) Para 1 – 7 shall not apply to budget undertakings, sole entrepreneurs, whose annual financial reports are not subject to obligatory independent financial audit, as well as when otherwise provided by the law.

Art. 41. The form, the contents and the periodicity of the financial reports for the purposes of the management of the undertaking shall be determined by its executive body.

## **Chapter six.**

### **STORING OF THE ACCOUNTANCY INFORMATION**

Art. 42. (1) (amend. – SG 57/07, in force from 13.07.2007) the accountancy information shall be stored by the undertaking by the order stipulated by the Law for the National Archive Fund for the following periods:

1. pay-rolls - 50 years;
2. accountancy registers and financial reports - 10 years;
3. documents for tax control - up to 5 years upon expiration of the prescription period for acquittal of the public liability certified by these documents;
4. documents for financial audit - until the next internal audit and an audit of the Audit Office;
5. all other carriers - 3 years.

(2) (amend. – SG 94/10, in force from 01.01.2011) The accountancy information can be stored on paper or on a technical carrier and in archives organised by another undertaking with such a subject of activity, in compliance with the requirements of para 1.

(3) (suppl. - SG 105/06, in force from 01.01.2007) Upon entry (transfer) of the accountancy information from paper to a magnetic, optic or other technical carrier providing its reliable reproduction the paper carrier can be destroyed. The accountancy information transferred on a technical carrier must be able to be reproduced in amount and contents, identical to the information contained on the paper carrier.

(4) (new - SG 105/06, in force from 01.01.2007) When an undertaking is terminated by transformation, the accountancy information carriers (paper and/or technical) shall be handed over to the adopting and/or the newly established undertaking/undertakings.

Art. 43. (amend. – SG 57/07, in force from 13.07.2007) Upon expiration of the term of their storing the carriers (paper or technical) of accountancy information which are not subject to submission to the National Archive Fund can be destroyed.

Art. 44. (amend. - SG 105/06, in force from 01.01.2007) The movement of the accountancy documents from the moment of their creation or receipt in the undertaking to the moment of destruction or their submission according to a normative act shall be carried out by an order determined by the management body of the undertaking.

Art. 45. (1) (amend. - SG 105/06, in force from 01.01.2007) In termination of the legal terms of employment, the official or contractual relations with a compiler of financial reports the accountancy documentation shall be submitted to his successor.

(2) (amend. - SG 105/06, in force from 01.01.2007) The receiving and the conveyance under para 1 shall be made in the presence of a commission under order and way, determined by the management bodies of the undertaking.

(3) In terminating the legal relations with the head of the undertaking he shall be obliged to submit to his successor the entire accountancy and other official documentation of the undertaking kept by him.

## **Chapter seven.**

### **ADMINISTRATIVE PENAL PROVISIONS**

Art. 46. (1) Who does not fulfil an obligation ensuing from this law shall be punished by a fine of 100 to 300 levs, and a corporate body and sole entrepreneur shall be punished by a proprietary sanction from 300 to 500 levs.

(2) If the offence is committed again a double size fine or proprietary sanction shall be imposed.

Art. 47. (1) (amend. - SG 105/06, in force from 01.01.2007) Who violates the requirements of art. 22 for taking inventory within the periods determined by the law shall be fined by 200 to 500 levs, and a corporate body and sole entrepreneur shall be punished by a proprietary sanction of 500 to 1500 levs. If the offence is repeated the sanction shall be double.

(2) (amend. - SG 105/06, in force from 01.01.2007; suppl. – SG 69/08, in force from 05.09.2008) Who violates the requirements of art. 23, para 1 for drawing up a financial report or of Art. 23, Para 2 shall be fined by 500 to 1000 levs, and a corporate body or a sole entrepreneur shall be punished by a proprietary sanction of 2000 to 3000 levs.

(3) (amend. - SG 105/06, in force from 01.01.2007; amend. – SG 50/08, in force from 30.05.2008; amend. – SG 34/11, in force from 03.05.2011) Who violates the requirements of art. 40 or of § 9a from the Transitional and the Concluding Provisions for publishing the reports referred to in Art. 40, paras 1 through 3 shall be fined by 500 to 2000 levs, and corporate bodies and sole entrepreneurs shall be punished by a proprietary sanction from 500 to 3000 levs. If the offence is repeated the sanction shall be double.

(4) Who violates the requirements for storing accountancy information according to chapter six of this law shall be fined by 1000 to 2500 levs, and corporate bodies and sole entrepreneurs shall be punished by a proprietary sanction of 2000 to 5000 levs. If the offence is repeated the sanction shall be double.

(5) (amend. - SG 105/06, in force from 01.01.2007) Any person drawing up a financial report without meeting the requirements of a compiler of financial reports shall be imposed a fine or a proprietary sanction in amount from 1500 to 3000 BGN. In case of repeated infringement the proprietary sanction shall be double the amount.

(6) (Amend., SG 91/02) An undertaking which assigns an independent audit to a person carrying out activity as a registered auditor without being registered by the Law for the independent financial audit shall be punished by a proprietary sanction from 2000 to 10000 levs. If the offence is repeated the sanction shall be 15 000 to 30 000 levs.

Art. 48. (1) (amend. - SG 105/05, in force from 01.01.2006, amend. - SG 33/06) The acts for establishing administrative offences shall be issued by the bodies of the National Revenue Agency or by the Agency for state financial inspection.

(2) The penal provisions shall be issued by the Minister of Finance or by officials authorised by him.

(3) The issuance of the acts, the issuance, the appeal and the fulfilment of the penal provisions shall be carried out by the order of the Law for the administrative offences and penalties.

### **Additional provisions**

§ 1. In the context of this law:

1. "Budget undertakings" are the state and municipal bodies, their structural units and all economic individual bodies applying budgets, budget accounts, non-budget accounts and funds in the context of the Law for the structure of the state budget and the Law for the municipal budgets, as well as the state funds and institutions related to the obligatory public, health and other insurance, the state higher schools, the Bulgarian Academy of Science, the Bulgarian National Television, the Bulgarian National Radio and other bodies and structural units whose accounts and operations are included by the Ministry of Finance in the consolidated fiscal programme.

2. "Period of account" is the calendar year (January 1 - December 31).

3. "Fair price" is the sum for which one asset can be exchanged or one liability can be acquitted by a direct transaction between informed and wishing buyer and seller. It is a sale price, a stock exchange price or a market price.

4. "Prime cost" is the assessment of the assets produced (created) by the undertaking which does not include the administrative expenses, the expenses related to sales, the financial and extraordinary expenses.

5. (amend. - SG 105/06, in force from 01.01.2007) "Independent financial audit of a financial report" is the audit determined by the Law for the independent financial audit.

6. (amend. - SG 105/06, in force from 01.01.2007; amend. – SG 95/09, in force from 01.01.2010; amend. – SG 94/10, in force from 01.01.2011) "International Accounting Standards" means the international accounting standards adopted by the European Commission according to Regulation (EC) No. 1606/2002 of the European Parliament and the Council from 19 July 2002 on the application of international accounting standards. The International Accounting Standards shall include: International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related Interpretations on their application (SIC-IFRIC interpretations). The International Accounting Standards shall include also subsequent amendments and supplementations to those standards and related interpretations on their application, future standards and related interpretations on their application, adopted by the European Commission pursuant to Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards.

7. (amend. - SG 105/06, in force from 01.01.2007) "Specialised accountancy undertaking" is every body registered according to the Commercial Law or to the legislation of another Member State of the European Union or a party-state to the European Economic Area Agreement which subject of activity includes organising of accountancy and drawing up financial reports by the order of this law.

8. "Price of acquisition" is the purchase price plus all expenses related to the transformation of the asset



into a status ready for use.

9. "Repeated" is the offence committed within one-year period from enactment of the penal provision by which the perpetrator has been punished for the same offence.

10. "Inventory taking" is the process of preparation and actual inspection by various means of the natural and value parameters of the assets and liabilities of the undertaking by an exactly determined date, juxtaposition of the obtained results with the accountancy data and establishment of eventual differences.

11. (amend. - SG 105/06, in force from 01.01.2007) "Net income of sales" shall be the sums of sales of production, goods and services, generated by the usual activity of the undertaking, reduced by the trade allowances, deductions, rebates and the added value tax.

12. (amend. - SG 105/06, in force from 01.01.2007; amend/ - SG 69/08, in force from 05.09.2008) "Usual activity" is a combination of economic operations regularly carried out by the undertaking within the framework of the activity performed by it.

13. (amend. - SG 105/06, in force from 01.01.2007) "Place of economic activity" is the place of economic activity in the context of § 1, item 5 of the Additional Provisions of the Tax-Insurance Procedure Code.

14. (amend. - SG 105/06, in force from 01.01.2007) "Consolidated financial report" means a financial report, which represents the property and the financial condition, the accounting financial result, the changes in the money flows and in the own capital of the undertakings included in the consolidation, as if they were one undertaking.

15. (new – SG 96/04, in force from January 1, 2005, amend., SG 102/05, in force from 20.12.2005; amend. - SG 105/06, in force from 01.01.2007) "Undertakings, applying a simplified form of financial accounting" shall be the undertakings, which in the current or the preceding year do not exceed the indices of two of the following criteria:

1. balance value of the assets by 31 December – 1,5 million BGN;
2. net income of sales for the year – 2,5 million BGN;
3. average number of the staff for the year – 50 people.

In determining the statute of a newly established undertaking as applying a simplified form of financial accounting, the values of these criteria only for the year of establishment shall be taken into consideration.

16. (new – SG 69/08, in force from 05.09.2008) "Regulated market" shall be a market in the sense of Art. 73 of the Law on the Markets of Financial Instruments.

§ 1a. (new – SG 69/08, in force from 05.09.2008) This Law shall implement the provisions of:

1. Directive 2006/46/EC of the European Parliament and of the Council of 14 June 2006 amending Council Directives 78/660/EEC on the annual accounts of certain types of companies, 83/349/EEC on consolidated accounts, 86/635/EEC on the annual accounts and consolidated accounts of banks and other financial institutions and 91/674/EEC on the annual accounts and consolidated accounts of insurance undertakings.

2. Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC.

3. (new – SG 95/09, in force from 01.01.2010) Directive 2009/49/EC of the European Parliament and of the Council of 18 June 2009 amending Council Directives 78/660/EEC and 83/349/EEC as regards certain disclosure requirements for medium-sized companies and the obligation to draw up consolidated accounts (OJ, L 164/42 of 24 June 2009).

### **Transitional and concluding provisions**

§ 2. This law revokes the Accountancy Law (prom., SG 4/91; amend and suppl., SG 26/92; SG 55/93; SG 21, 33 and 59/96; SG 52/97; SG 21/98; SG 57, 81, 83 and 113/99; SG 1 and 92/00).

§ 3. In art. 39 of the Law for the non-profit corporate bodies (prom., SG 81/00; amend., SG 41/01) para 3 is amended as follows:

"(3) The non-profit corporate bodies established for carrying out socially useful activity, registered in the central registrar of the Ministry of Justice shall be subject to an independent audit under the conditions of the Accountancy Law if they exceed at least one of the following conditions:

- a) sum of the balance asset of the preceding year - 500 thousand levs;
- b) sum of the revenue from the activity and the net amount of the revenue from sales, as well as the financial revenue for the preceding year - 1 million levs."

§ 4. The following amendments and supplements are introduced to the Law for the cooperations (prom., SG 113/99; amend., SG 92/00):

1. In art. 15, para 3 item 3 is amended as follows:

"3. determines a registered auditor if the cooperation exceeds a minimum of two of the following criteria for the preceding year:

- a) sum of the balance asset of the preceding year - 500 thousand levs;
- b) sum of the revenue from the activity and the net amount of the revenue from sales, as well as the financial revenue for the preceding year - 1 million levs.
- c) average number of personnel - 30 persons;"

2. Art. 62 is revoked.

§ 5. (revoked – SG 96/04; new - SG 102/05, in force from 20.12.2005) For defining the statute of an undertaking as a small or medium for 2005, in view shall be taken the values of the criteria under § 1, item 15, letters "a" and "b" of the additional provisions for year 2004 only.

§ 6. For the medical establishments - trade companies with over 50 percent state and/or municipal participation the provisions of art. 38 of this law shall apply from January 1, 2006.

§ 7. (amend. SG 96/04) Till December 31, 2004 the Council of Ministers shall approve the standards of art. 22a, para 5.

§ 8. (new - SG 108/06, in force from 29.12.2006) (1) The credit and financial institutions and the insurance undertakings shall draw up and present their financial reports under the order of art. 22a, 22b, 22c and ordinances of the Minister of Finance.

(2) In the ordinances referred to in para 1 shall be implemented the requirements of Directive 86/635/EEC of the Council on the annual accounts and consolidated accounts of banks and other financial institutions and Directive 91/674/EEC of the Council on the annual accounts and consolidated accounts of insurance undertakings.

(3) By 31 January 2007 the Minister of Finance shall issue the ordinances referred to in para 1.

§ 9. The pending administrative penal proceedings shall be concluded by the previous order.

§ 9a. (new – SG 50/08, in force from 30.05.2008) (1) Traders, who are re-registered according to § 4, para 1 of the Transitional and Concluding provisions of the Law of the Commercial Register during January 1 – May 31 of the respective year, shall declare and present for announcement in the

Commercial register by June 30 of the same year the acts referred to in Art. 40, paras 1 through 3 for the years starting from 2007 to the one preceding the year of re-registration, including, as follows:

1. in case of re-registration during 2008 – the acts for 2007;
2. in case of re-registration during 2009 – the acts for 2008;
3. in case of re-registration during 2010 – the acts for 2007, 2008 and 2009;
4. (new – SG 19/11, in force from 08.03.2011) in case of re-registration during 2011 – the acts for 2007, 2008, 2009 and 2010.

(2) Traders, who are re-registered according to § 4, para 1 of the Transitional and Concluding provisions of the Law of the Commercial Register during June 1 – December 31 of the respective year, shall declare and present for announcement in the Commercial register in three-month term from the date of re-registration the acts referred to in Art. 40, paras 1 through 3 for the years starting from 2007 to the one preceding the year of re-registration, including, as follows:

1. in case of re-registration during 2008 – the acts for 2007;
2. in case of re-registration during 2009 – the acts for 2008;
3. in case of re-registration during 2010 – the acts for 2007, 2008 and 2009;
4. (new – SG 19/11, in force from 08.03.2011) in case of re-registration during 2011 – the acts for 2007, 2008, 2009 and 2010.

(3) Traders, who are not re-registered by May 31 of the respective year according to § 4, para 1 of the Transitional and Concluding provisions of the Law of the Commercial Register, shall publish the acts referred to in Art. 40, paras 1 through 3 for the preceding year till June 30 via economic journal or Internet, regardless of their obligations pursuant to paras 1 and 2. In this case shall be applied the requirement set out in Art. 40, para 5 by the moment of announcing the acts in the Commercial register. The requirements set out in sentence one and two shall not be applied to traders, who are re-registered in June of the respective year and during the same month have declared and presented for announcement in the Commercial register the acts referred to in Art. 40, paras 1 through 3 for the preceding year.

(4) Paragraph 3 shall not apply to traders, whose annual financial report for the preceding year is not subject to obligatory financial audit.

(5) Paragraphs 1 through 4 shall apply till the expiry of the re-registration term pursuant to § 4, para 1 of the Transitional and Concluding provisions of the Law of the Commercial Register.

(6) (new – SG 34/11, in force from 03.05.2011) The sole entrepreneurs re-registered during 2011 shall not apply Para 1 and 2 in respect of the acts for those years, for which the annual financial report of the sole entrepreneur is not subject to compulsory independent financial audit.

§ 10. The implementation of the law is assigned to the Council of Ministers.

§ 11. The law shall enter into force on January 1, 2002 with exception of §3 and 4 which shall enter into force on January 1, 2001.

The law was adopted by the 39th National Assembly on November 2, 2001 and was affixed with the official seal of the National Assembly.

#### **Transitional and concluding provisions**

#### **TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE ACCOUNTANCY LAW**

(PROM. - SG 96/04; AMEND. - SG 105/06, IN FORCE FROM 01.01.2007

§ 16. (revoked – SG 105/06, in force from 01.01.2007)

§ 17. To independent financial audit for year 2004 shall be subject the annual financial reports of the undertakings where during year 2003 are exceeded the criteria of art. 38, para 1, approved with § 10 of

this law.

**Transitional and concluding provisions**  
**To THE LAW OF AMENDMENT AND SUPPLEMENTATION OF THE LAW OF THE**  
**COROPRATE INCOME TAX LEVYING**

(PROM. SG 102/05, IN FORCE FROM 20.12.2005)

§ 33. In the Accountancy Law (promulg., SG 98/2001, amend., 91/2002 and 96/2004) the following amendments shall be done:

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§ 36. The law shall enter in force from 1st of January 2006, except § 30, item 13 and § 33, which shall enter into force on the day of their promulgation in the State Gazette.

**Transitional and concluding provisions**  
**TO THE TAX-INSURANCE PROCEDURE CODE**

(PROM. – SG 105/05, IN FORCE FROM 01.01.2006)

§ 88. The code shall enter in force from the 1st of January 2006, except Art. 179, Para 3, Art. 183, Para 9, § 10, item 1, letter "e" and item 4, letter "c", § 11, item 1, letter "b" and § 14, item 12 of the transitional and concluding provisions which shall enter in force from the day of promulgation of the code in the State Gazette.

**Transitional and concluding provisions**  
**TO THE LAW FOR THE VALUE ADDED TAX**

(PROM. – SG 63/06, IN FORCE FROM 04.08.2006)

§ 26. This Law shall enter into force from the day of entering into force of the Treaty of Accession of the Republic of Bulgaria to the European Union, except for §3, §16, item 1 and 3, §17, 18, 19, 20, 21, 22, 23 and 24, which shall enter into force from the date of promulgation of the Law in the State Gazette.

**Transitional and concluding provisions**  
**TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE ACCOUNTANCY LAW**

(PROM. - SG 105/06, IN FORCE FROM 01.01.2007)

§ 41. Paragraph 23, item 2 regarding para 4 of art. 26, and § 40 regarding art. 40 shall not apply to the financial reports for 2006.

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§ 61. This Law shall enter into force from 1 January 2007, except § 48, which enters into force from 1 July 2007.

**Transitional and concluding provisions  
TO THE LAW OF THE NATIONAL ARCHIVE FUND**

(PROM. - 57/07, IN FORCE FROM 13.07.2007)

§ 23. The Law shall enter into force from the day of its promulgation in the State Gazette.

**Concluding provisions  
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE ACCOUNTANCY  
LAW**

(PROM. – SG 69/08, IN FORCE FROM 05.09.2008)

§ 7. This Law shall enter into force from 5 September 2008, except § 3, which shall enter into force in the day of its promulgation in the State Gazette, and of § 6, which shall enter into force from 1 January 2009.

**Transitional and concluding provisions  
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW ON THE  
VALUE ADDED TAX**

(PROM. – SG 106/08, IN FORCE FROM 01.01.2009)

§ 20. This Law shall enter into force from 1 January 2009 except § 5 and § 16 regarding Items 54, 55, 56 and 57 of § 1 of the Additional Provision, which shall enter into force from 1 December 2008.

**Transitional and concluding provisions  
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW ON THE  
CORPORATE INCOME TAXATION**

(PROM. – SG 95/09, IN FORCE FROM 01.01.2010)

§ 51. This Law shall enter into force from 1 January 2010 except § 10, 11 and 14, which shall enter into force from 1 January 2009.

**Transitional and concluding provisions  
TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW ON THE  
CORPORATE INCOME TAXATION**

(PROM. – SG 94/10, IN FORCE FROM 01.01.2011)

§ 30. Paragraph 29, Item 3 shall apply also to the annual financial reports for 2010.

§ 31. This Law shall enter into force from 1 January 2011 except § 22, Item 2, which shall enter into force from the date of its promulgation in the State Gazette.

**Transitional and concluding provisions**  
**TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW ON THE**  
**VALUE ADDED TAX**

(PROM. – SG 19/11, IN FORCE FROM 08.03.2011)

§ 11. This Law shall enter into force from the day of its promulgation in the State Gazette.

**Transitional and concluding provisions**  
**TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW ON THE**  
**COMMERCIAL REGISTER**

(PROM. – SG 34/11, IN FORCE FROM 01.01.2012)

§ 11. This Law shall enter into force from 1 January 2012, except for § 11, § 12, Item 1, Letter “b”, § 13 and 14, which shall enter into force within three days from their promulgation in the State Gazette.