

ACCOUNTANCY ACT

Effective from 01.01.2016.

Pron. DV. no. 95 of December 8, 2015 , amended DV. no. 74 of 20 September 2016 , amended and add. DV. no. 95 of November 29, 2016 , amended and add. DV. no. 97 of December 6, 2016 , amended DV. no. 85 of October 24, 2017 , amended DV. no. 92 of November 17, 2017 , amended and add. DV. no. 97 of December 5, 2017 , amended DV. no. 15 of 16 February 2018 , add. DV. no. 22 of March 13, 2018 , amended and add. DV. no. 98 of November 27, 2018 , amended and add. DV. no. 13 of February 12, 2019 , amended and add. DV. no. 37 of May 7, 2019 , amended and add. DV. no. 96 of December 6, 2019 , add. DV. no. 26 of March 22, 2020 , amended DV. no. 104 of December 8, 2020 , add. DV. no. 105 of December 11, 2020 , amended and add. DV. no. 19 of March 5, 2021

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Chapter One. GENERAL

Section I. Scope

Art. 1. This law regulates:

1. the requirements for current accounting reporting and accounting systems in enterprises, accounting documents and accounting information, the inventory of assets and liabilities and the storage of accounting information;
2. the applicable accounting basis for financial reporting;
3. the content and compilation of financial statements, activity reports and reports on payments to governments of enterprises and groups of enterprises;
4. the obligations for independent financial audit and the publicity of financial statements, activity reports and reports on payments to governments of enterprises and groups of enterprises;
5. the duties and responsibilities of the head of the enterprise.

Art. 2. For the purposes of this law, enterprises are:

1. (supplemented - SG No. 97 of 2016, in force from 01.01.2017) traders within the meaning of the Trade Act, including branches of foreign traders;
2. local legal entities that are not traders;
3. budget enterprises;

4. (amended - SG No. 97 of 2016, in force from 01.01.2017) consortia within the meaning of the Commercial Law , companies under the Law on Obligations and Contracts , joint ventures and other associations based on contractual relations , under which the parties have rights to the net assets;
5. (amended - SG No. 19 of 2021) the funds for making payments and the insurance funds in the sense of the Social Security Code ;
6. commercial representations;
7. foreign legal entities that carry out business activity in the Republic of Bulgaria through a place of business activity, with the exception of cases where the business activity is carried out by a foreign person from a member state of the European Union, or from another state party to the Agreement on the European economic space, only under the conditions of free provision of services.

Section II.

Current accounting reporting, accounting documents, accounting information and accounting systems

Art. 3. (1) The current accounting reporting is organized according to the order of this law and is carried out according to the method of bilateral accounting recording.

(2) Enterprises carry out the current accounting of all business operations that lead to changes in their property and financial status, financial results of operations, cash flows and equity, in chronological order.

(3) The enterprises carry out the current accounting reporting on the basis of documentary justification of business operations and facts in compliance with the requirements for the compilation of documents under this law.

(4) Sole traders with net income from sales for the previous reporting period in an amount not exceeding BGN 50,000 may report their activity using the method of unilateral accounting.

Art. 4. (1) The accounting document is a paper or technical carrier of accounting information, classified as primary, secondary and register.

(2) The primary document is a carrier of information about a business operation registered for the first time.

(3) The secondary document is a carrier of transformed (summarized or differentiated) information obtained from the primary accounting documents.

(4) The register is a carrier of chronologically systematized information about business operations from primary and/or secondary accounting documents.

(5) (Amended - SG No. 85 of 2017) Accounting document under para. 1 may be an electronic document that contains the information required under this law, issued and received in any electronic format in compliance with the requirements of the Law on electronic documents and electronic authentication services .

Art. 5. (1) Accounting documents in enterprises are drawn up in Bulgarian with Arabic numerals and in BGN. They can also be drawn up in the relevant foreign language in a foreign currency in the case of transactions agreed in a foreign currency with foreign counterparties. When the transaction is agreed in a foreign currency, the BGN equivalent is determined by applying the central exchange rate of the Bulgarian National Bank on the date of the transaction to the amount in foreign currency.

(2) Accounting documents received by enterprises in a foreign language shall be translated into Bulgarian, in cases where this is provided by law.

Art. 6. (1) The primary accounting document addressed to an external recipient shall contain at least the following information:

1. name and number of the document, containing only Arabic numerals;
2. date of issue;
3. name or name, address and single identification code from the Commercial Register or single identification code according to Bulstat or single civil number or personal number of a foreigner of the issuer and recipient;
4. subject, natural and valuable expression of the economic operation.

(2) The address under para. 1, item 3 is the address for correspondence under Art. 28, para. 1 of the Tax and Insurance Procedural Code .

(3) The primary accounting document, which concerns only the activity of the enterprise, contains at least the following information:

1. name and number of the document, containing only Arabic numerals;
2. date of issue;
3. name of the enterprise;
4. subject, nature and value expression of the economic operation;
5. name and signature of the compiler.

(4) When drawing up an accounting document that affects only the activity of the enterprise through automatic devices or systems, the signature of the drafter may be replaced by a digital or other identifier that uniquely identifies and defines the drafter of the accounting document.

(5) Documentary justification is available when the primary accounting document lacks part of the required information under para. 1 and 3, but there are documents for her that certify her.

(6) Except in the cases under para. 5 documentary justification is also present when the primary accounting document is issued by a person who is not an enterprise within the meaning of this law, and the document lacks part of the required information under para. 1 when this document accurately reflects the documented business operation.

(7) In the case of payment of public and private state and municipal obligations arising on the basis and in accordance with the law, it is assumed that the economic operation is documented in the presence of the corresponding payment document for the payment made.

Art. 7. (1) Primary accounting document under Art. 6, para. 1 is issued when this is provided by law.

(2) (Amend. - SG No. 13 of 2019) A primary accounting document may not be issued when the business operation is documented with a fiscal voucher or a system voucher issued in accordance with the regulation under Art . 118, para. 4 of the Law on Value Added [Tax](#) , or with a security document printed in the order provided for the printing of securities, and the recipient thereof is a natural person who is not a trader.

(3) (New - SG No. 13 of 2019) The Council of Ministers determines by ordinance the conditions and procedure for printing and control over securities. Persons wishing to print securities shall submit a notification to the Ministry of Finance.

(4) (Previous paragraph 3 - SG No. 13 of 2019) Paragraph 2 does not apply when the recipient has requested the issuance of a primary accounting document.

Art. 8. Corrections and additions to the primary accounting documents are not allowed. Incorrectly drawn up primary accounting documents are canceled and new ones drawn up.

Art. 9. It is not allowed:

1. accounting of business operations in non-accounting books or registers;
2. accounting reporting of fictitious or insufficiently identified transactions, non-existent expenses, as well as obligations with an imprecisely defined subject, carried out for the purpose of bribing officials or concealing a bribe.

Art. 10. The persons who drew up and signed the accounting documents and technical data carriers are responsible for the reliability of the information in them.

Art. 11. (1) When building and maintaining the accounting system, enterprises ensure:

1. comprehensive chronological registration of accounting operations;
2. obtaining analytical and summarized information by accounting method, presenting the most accurate and appropriate way the annual financial statements of the enterprise;
3. interim and annual closing of the accounting registers;
4. changes in the performed accounting entries by drawing up corrective accounting articles;
5. implementation of the individual chart of accounts approved by the head of the enterprise;
6. application of an accounting policy approved by the head of the enterprise.

(2) When accounting software is used for accounting, it must be developed in compliance with the requirements of this law and enable the data processed through it and the source documents to be in Bulgarian.

Section III.

Storage of accounting information

Art. 12. (1) Accounting information is stored on paper and/or on a technical medium in the enterprise in the following terms:

1. payrolls - 50 years, starting from January 1 of the accounting period following the accounting period to which they refer;
2. accounting registers and financial reports, including documents for tax control, audit and subsequent financial inspections - 10 years, starting from January 1 of the accounting period following the accounting period to which they refer;
3. all other carriers of accounting information - three years, starting from January 1 of the accounting period following the accounting period to which they refer.

(2) Accounting information may be stored in private or state archives in accordance with the Law on the National Archives Fund, subject to compliance with the requirements under para. 1.

(3) Upon termination of an enterprise through conversion, the carriers of accounting information (paper and/or technical) are transferred to the receiving and/or newly established enterprise/enterprises.

(4) Upon termination of an enterprise or when the enterprise has no legal successor, the payrolls shall be submitted to the National Social Security Institute in accordance with Art. 5, para. 10 of the Social Security Code.

Art. 13. After the expiration of the period for their storage, the carriers of accounting information (paper or technical), which are not subject to transfer to the National Archive Fund or the National Social Security Institute, may be destroyed.

Art. 14. (1) Upon termination of an employment, service or contractual relationship with a person who performs current accounting reporting and compiles financial statements, the accounting documentation is handed over to a person designated by the head of the enterprise.

(2) The acceptance and delivery under para. 1 are carried out in the presence of a committee in the order and manner determined by the head of the enterprise.

(3) Upon termination of the employment, service or contractual relationship of the head of the enterprise, the head of the enterprise is obliged to hand over all accounting and other official documentation in his possession to a person designated by the relevant competent authority of the enterprise.

Section IV.

Powers of the Minister of Finance

Art. 15. The Minister of Finance:

1. coordinates and interacts with the European Commission and the Council of the European Union in the harmonization of Bulgarian accounting legislation with European accounting legislation;
2. gives opinions and methodological instructions on the application of this law and the National Accounting Standards;
3. takes measures for the development and improvement of accounting.

Section V.

Rights and obligations of the head of the enterprise

Art. 16. (1) The head of the enterprise:

1. approves the individual chart of accounts of the enterprise;
 2. organizes current accounting reporting in accordance with the provisions of this law;
 3. approves the form of accounting, which ensures synchronized implementation of chronological and systematic (analytical and synthetic) accounting reporting;
 4. is responsible for the compilation, content and publication of the financial statements and the annual reports required by this law;
 5. determines the periodicity of the financial reports for the needs of the management of the enterprise;
 6. is responsible for carrying out an independent financial audit by registered auditors;
 7. determines the order and method of carrying out an inventory;
 8. is responsible for keeping the accounting information according to the order and within the terms of section III ;
 9. determines the order and movement of accounting documents from the moment of their creation or receipt in the enterprise until the moment of their destruction or delivery in accordance with this law.
- (2) The manager and the members of the management and supervisory body of the enterprise are responsible for the compilation, the performance of an independent financial audit by registered auditors and the publication of the annual financial statements, the consolidated financial statements and the annual reports under chapter seven in accordance with the requirements of this law and in accordance their powers under the Commercial Law .

Section VI.

Compilers of financial statements

Art. 17. (1) The interim, annual and consolidated accounts of enterprises are drawn up by natural persons who are in a labor, service or contractual legal relationship with the enterprise, or by accounting firms.

(2) Paragraph 1 may not be applied to the annual financial statements of sole traders who apply the method of unilateral accounting entry in accordance with the order of Art. 3, para. 4 , and for micro-enterprises under Art. 19, para. 2 , which did not carry out activity during the reporting period. In these cases, the financial statements are drawn up by the owners or partners of these enterprises.

Art. 18. The natural persons under Art. 17, para. 1 , who compile the financial statements, and the managers and/or representatives of the accounting companies who sign the financial

statements, when the financial statements are compiled by accounting companies, must meet the following requirements:

1. have acquired a mandatory minimum degree of completed education and corresponding actual experience in the specialty, as follows:

a) higher accounting and economic education and experience in the field of accounting, external and internal audit and financial inspection, tax audits or as a lecturer in accounting and control, respectively:

aa) for a master's degree - two years;

bb) for a bachelor's degree - three years;

cv) for the "professional bachelor" degree - 4 years;

b) another higher economic education and 5 years of experience in the field of accounting, external and internal audit and financial inspection, tax audits or as a lecturer in accounting and control;

c) secondary economic education and 8 years of experience as an accountant;

2. not have been convicted of a crime of a general nature under Chapter Five and Chapter Six, Section I of the Special Part of the Criminal Code .

Chapter two.

CATEGORIES OF ENTERPRISES AND GROUPS OF ENTERPRISES

Section I.

Categories of enterprises

Art. 19. (1) For the purposes of this law, the following categories of enterprises are defined:

1. micro enterprises;

2. small enterprises;

3. medium enterprises;

4. large enterprises.

(2) Micro-enterprises are enterprises which, as of December 31 of the current reporting period, do not exceed at least two of the following indicators:

1. balance sheet value of assets - BGN 700,000;

2. net revenue from sales - BGN 1,400,000;

3. average number of personnel for the reporting period - 10 people.

(3) Small enterprises are enterprises which, as of December 31 of the current reporting period, do not exceed at least two of the following indicators:

1. balance sheet value of assets - BGN 8,000,000;

2. net revenue from sales - BGN 16,000,000;

3. average number of personnel for the reporting period - 50 people.

(4) Medium enterprises are enterprises that are not small enterprises and which as of December 31 of the current reporting period do not exceed at least two of the following indicators:

1. balance sheet value of assets - BGN 38,000,000;

2. net revenue from sales - BGN 76,000,000;

3. average number of personnel for the reporting period - 250 people.

(5) Large enterprises are enterprises that, as of December 31 of the current reporting period, exceed at least two of the following indicators:

1. balance sheet value of assets - BGN 38,000,000;

2. net revenue from sales - BGN 76,000,000;

3. average number of personnel for the reporting period - 250 people.

Art. 20. (1) Change in the category under Art. 19 is carried out when an enterprise for the last two reporting periods ceases to meet two of the three indicators for the relevant category. The category changes from the beginning of the next (third) reporting period.

(2) In the cases under para. 1, when for the last two accounting periods the enterprise meets the indicators for two different categories, it is categorized according to the indicators for the last accounting period.

(3) For the accounting period in which an enterprise under § 1, item 22 of the additional provisions ceases to be an enterprise of public interest, it is reported as an enterprise of public interest.

Section II.

Categories of enterprise groups

Art. 21. (1) For the purposes of this law, the following categories of enterprise groups are defined:

1. small groups;
2. medium groups;
3. large groups.

(2) Small groups are groups of enterprises for which the sum of the indicators according to their annual financial statements on a consolidated basis, drawn up as of December 31 of the current reporting period, does not exceed the thresholds of at least two of the following three indicators:

1. balance sheet value of assets - BGN 8,000,000;
2. net revenue from sales - BGN 16,000,000;
3. average number of personnel for the reporting period - 50 people.

(3) Medium groups are groups of enterprises that are not small groups, for which the sum of the indicators according to their annual financial statements on a consolidated basis, drawn up as of December 31 of the current year, does not exceed the thresholds of at least two of the following three indicators:

1. balance sheet value of assets - BGN 38,000,000;
2. net revenue from sales - BGN 76,000,000;
3. average number of personnel for the reporting period - 250 people.

(4) Large groups are groups of enterprises for which the sum of the indicators according to their annual financial statements on a consolidated basis, compiled as of December 31 of the current year, exceeds the thresholds of at least two of the following three indicators:

1. balance sheet value of assets - BGN 38,000,000;
2. net revenue from sales - BGN 76,000,000;
3. average number of personnel for the reporting period - 250 people.

(5) (New - SG No. 97 of 2016, in force from 01.01.2017) The categories of groups of enterprises can also be determined on the basis of the sum of the values of the indicators according to the individual annual financial statements of the enterprises of the group, compiled as of December 31 of the current reporting period. In this case, when determining the category of the group, the thresholds of the indicators for the balance sheet value of the assets and net income from sales under para. 2, 3 and 4 are increased by 20 percent.

Art. 22. (1) Change in the category under Art. 21 is carried out when, for the last two reporting periods, a group ceases to meet two of the three indicators for the relevant category. The category changes from the beginning of the next reporting period.

(2) In the cases under para. 1, when for the last two reporting periods a group meets the indicators for two different categories, it is categorized according to the indicators for the last reporting period.

Chapter Three.

FINANCIAL STATEMENTS

Section I.

General requirements for financial statements

Art. 23. The financial statements are drawn up in Bulgarian, with Arabic numerals and in thousands of BGN.

Art. 24. (1) The financial statements must truthfully and honestly present the property and financial situation and the financial results of the enterprise's activities, cash flows and equity.
(2) True and fair presentation requires a reliable display of the effects of operations, other events and conditions in accordance with the definitions and criteria for recognition of assets, liabilities, income and expenses laid down in the applicable accounting standards.
(3) The content of the financial statements must be clear and understandable.

Art. 25. (1) The financial statements shall state:

1. the name of the enterprise, its legal form, seat and address of management, as well as information if the enterprise is terminated;
2. the register in which the enterprise is entered and its registration number from this register;
3. other information required by this or other law and applicable accounting standards.

(2) The financial statements are signed by:

1. the head of the enterprise;
2. the individual who compiled the financial statement, or by the representative and/or manager of the accounting firm, when the financial statement was compiled by an accounting firm.

(3) (Amended - SG No. 98 of 2018, in force from 01.01.2019) The names of the persons under para. 2. The seal of the enterprise and the seal of the accounting enterprise shall be affixed only if this is required by another law.

(4) In cases where the financial statements are subject to an independent financial audit, the signatures and seals of the persons who performed the independent financial audit of the financial statement shall be affixed in accordance with the requirements of the Law on the Independent Financial Audit .

(5) (New - SG No. 105 of 2020, in force from 01.01.2021) When drawing up the annual financial statements, the signatures under para. 2 and 4 may be electronic signatures within the meaning of Art. 13 of the Law on electronic documents and electronic authentication services .

Art. 26. (1) The items presented in the financial statements are recognized and evaluated in accordance with the following principles:

1. operating enterprise - it is assumed that the enterprise is operating and will remain so in the foreseeable future; it is assumed that the enterprise has neither the intention nor the need to liquidate or significantly reduce the volume of its activity;
2. consistency of presentation and comparative information - the presentation and classification of articles in the financial statements, accounting policies and valuation

methods are preserved and applied consistently in subsequent reporting periods in order to achieve comparability of accounting data and indicators of financial statements;

3. prudence - assessment and consideration of assumed risks and expected potential losses in the accounting treatment of business operations in order to obtain an actual financial result;

4. accrual - the enterprise prepares its financial statements, with the exception of reports related to cash flows, based on the principle of accrual - the effects of transactions and other events are recognized at the moment of their occurrence, regardless of the moment of receipt or payment of cash funds or their equivalents, and are included in the financial statements for the period to which they relate;

5. independence of the individual reporting periods and value relationship between the opening and closing balance - each reporting period is treated in accounting for itself, regardless of its objective relationship with the previous and with the following reporting period, such as the data of the financial statement at the beginning of the current reporting period must match the data at the end of the previous reporting period;

6. materiality - the enterprise presents separately each material group of articles of a similar nature; consolidation of amounts for articles of a similar nature is allowed when the amounts are immaterial or the consolidation is done in order to achieve greater clarity; the amount per item is material if the omissions and inaccurate presentation of the position could influence the economic decisions of users made on the basis of the financial statements, or would lead to a violation of the requirement for a true and fair presentation of the property and financial situation, financial results from activity, changes in cash flows and in equity;

7. offsetting - the enterprise does not offset assets and liabilities or income and expenses and reports separately both assets and liabilities and income and expenses;

8. priority of content over form - transactions and events are reflected in accounting in accordance with their content, essence and economic reality, and not formally according to their legal form;

9. valuation of the positions that are recognized in the financial statements is carried out at the acquisition price, which may be the purchase price or cost or by another method, when this is required by the applicable accounting standards.

(2) Enterprises carry out accounting in compliance with the principles under para. 1 or in accordance with the principles and requirements of the International Accounting Standards, when the accounting basis of the enterprise is the International Accounting Standards.

Art. 27. Enterprises comprise:

1. annual financial statement as of December 31 of the reporting period;

2. consolidated financial statement as of December 31 of the reporting period, when the parent company is a company under title three of part two of the Commercial Law ;

3. interim financial statements covering a period shorter than one accounting period, when this is required by law or by decision of the head of the enterprise.

Section II.

Inventory

Art. 28. (1) Enterprises carry out an inventory of assets and liabilities at least once a year in order to present them reliably in the financial statements.

(2) Enterprises whose net revenue from sales does not exceed BGN 200,000 for the current accounting period shall not carry out a mandatory inventory under para. 1.

(3) An inventory is also carried out by decision of the head of the enterprise, at the request of the judicial authorities and other bodies, when this is provided for by law.

Section III.

Yearly financial reports

Art. 29. (1) The annual financial report for all enterprises shall consist at least of a balance sheet, a statement of income and expenses and an appendix.

(2) The form, structure and content of the complete set of financial statements are determined by the applicable accounting standards.

(3) The annual financial report of sole traders whose net sales revenue for the current accounting period does not exceed BGN 200,000 and is not subject to a mandatory independent financial audit may only consist of a statement of income and expenses.

(4) (Amended - SG No. 97 of 2017, in force from 01.01.2018) The annual financial report of micro-enterprises may consist only of a condensed balance sheet by section and a condensed statement of income and expenses.

(5) Paragraph 4 does not apply to investment companies and financial holding companies categorized as micro-enterprises.

(6) (Amended - SG No. 97 of 2017, in force from 01.01.2018) The annual financial report of small enterprises may consist of an abbreviated balance sheet by sections and groups, an abbreviated statement of income and expenses and application.

(7) The annual financial statements under para. 3, 4 and 6 give a true and fair view of the assets, liabilities, financial position and results of the enterprise's activities.

(8) The enterprises under para. 1, 3, 4 and 6 can optionally compile a complete set of financial statements.

(9) The annual financial report of medium-sized and large enterprises, as well as enterprises of public interest, shall be compiled in a complete set according to the applicable accounting standards.

(10) For enterprises that are controlled by the state or municipalities or are supported by them through subsidies, preferential loans, state guarantees and other forms of state aid, the Minister of Finance may require the submission of additional reports and information in a form determined by him , content, terms and order of preparation and presentation.

Art. 30. (1) Large enterprises and enterprises of public interest in the explanatory appendices disclose the amounts charged for the year for the services provided by the registered auditors, separately for:

1. independent financial audit;
2. tax consultations;
3. other services unrelated to the audit.

(2) In the explanatory appendices of the consolidated financial statement, the information specified in para. 1, in relation to the enterprises included in the consolidation.

Section IV.

Consolidated Financial Statements

Art. 31. (1) A consolidated financial statement is drawn up by a parent company according to the rules and requirements of:

1. The National Accounting Standards - for enterprises that compile and present their annual financial statements based on the National Accounting Standards;
2. International accounting standards - for enterprises that prepare and present their annual financial statements based on International accounting standards.

(2) A consolidated financial statement is drawn up by a parent enterprise, regardless of where the headquarters of subsidiaries and enterprises are located.

Art. 32. A consolidated financial statement may not be drawn up by a parent enterprise of a small group, unless there is at least one public interest enterprise in the group.

Art. 33. The form, structure and content of the consolidated financial statement are determined by the applicable accounting standards.

Chapter Four.

APPLICABLE ACCOUNTING BASIS

Art. 34. (Amended - SG No. 98 of 2018, in force from 01.01.2019) (1) Enterprises shall prepare their financial statements on the basis of the National Accounting Standards.

(2) (New - SG No. 37 of 2019, in force from 07.05.2019) The following enterprises prepare their financial statements on the basis of International Accounting Standards:

1. credit and financial institutions within the meaning of the Law on Credit Institutions ;
 2. providers of payment services within the meaning of the Law on Payment Services and Payment Systems ;
 3. insurers and reinsurers, as well as insurance holdings and financial holdings with mixed activity, at the head of a group, in the sense of the Insurance Code ;
 4. (suppl. - SG No. 19 of 2021) pension insurance companies and the funds managed by them for additional pension insurance and funds for making payments within the meaning of the Social Security Code ;
 5. investment intermediaries within the meaning of the Law on Financial Instruments Markets ;
 6. management companies and collective investment schemes within the meaning of the Law on the Activities of Collective Investment Schemes and Other Enterprises for Collective Investment ;
 7. (supplemented - SG No. 96 of 2019, in force from 01.01.2020) persons managing alternative investment funds and enterprises for collective investment within the meaning of the Act on the activities of collective investment schemes and other enterprises for collective investment ;
 8. national investment funds within the meaning of the Law on the activities of collective investment schemes and other enterprises for collective investment ;
 9. enterprises whose transferable securities are admitted to trading on a regulated market in a member state of the European Union;
 10. market operators within the meaning of the Law on Financial Instruments Markets ;
 11. central depositories of securities within the meaning of Regulation (EU) No. 909/2014 of the European Parliament and of the Council of July 23, 2014 on improving the settlement of securities in the European Union and on central depositories of securities, as well as amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012 (OJ, L 257/1 of August 28, 2014).
- (3) (Previous paragraph 2 - SG No. 37 of 2019, in force from 07.05.2019) The consolidated financial statements of the enterprises whose transferable securities are admitted to trading on the regulated market in a member state of European Union, are compiled on the basis of International Accounting Standards.

(4) (Previous para. 3 - SG No. 37 of 2019, in force from 07.05.2019) The enterprises under para. 1 may choose to prepare their annual financial statements based on International Accounting Standards.

(5) (Previous paragraph 4, add. - SG No. 37 of 2019, in force from 07.05.2019, amended - SG No. 96 of 2019, in force from 01.01.2020 d.) Enterprises that prepare their annual financial statements on the basis of International Accounting Standards may switch to their preparation on the basis of National Accounting Standards, with the exception of the enterprises under para. 2.

(6) (Previous paragraph 5 - SG No. 37 of 2019, in force from 07.05.2019, supplement - SG No. 96 of 2019, in force from 01.01.2020) According to this law, the accounting basis (applicable accounting standards) cannot be changed more than once, except when required by law.

(7) (Previous paragraph 6, amended - SG No. 37 of 2019, in force from 07.05.2019) The consolidated and interim financial statements are drawn up on the basis of the accounting standards, on the basis of which they are drawn up the annual financial statement of the enterprise that compiles the consolidated or interim financial statement, with the exception of the enterprises under para. 3.

Art. 35. (1) The annual financial statements of enterprises in liquidation proceedings or in bankruptcy shall be drawn up on the basis of a national accounting standard.

(2) Enterprises - non-profit legal entities, regardless of their category under Art. 19 , compile their annual financial statements based on a national accounting standard.

Art. 36. (1) The national accounting standards are adopted by the Council of Ministers and are in accordance with the acts of the European Union and the national peculiarities.

(2) National accounting standards are promulgated in the " [State Gazette](#) ".

Chapter Five.

INDEPENDENT FINANCIAL AUDIT

Art. 37. (1) The annual and consolidated financial statements of:

1. small enterprises that, as of December 31 of the current reporting period, exceed at least two of the following indicators:

a) balance sheet value of assets - BGN 2,000,000;

b) net revenue from sales - BGN 4,000,000;

c) average number of personnel for the reporting period - 50 people;

2. medium and large enterprises;

3. enterprises of public interest;

4. medium and large groups and groups in which there is at least one enterprise of public interest;

5. enterprises for which this requirement is established by law.

(2) (Amended - SG No. 98 of 2018, in force from 01.01.2019) Regardless of para. 1, the annual and consolidated financial statements of joint-stock companies and limited partnerships with shares are subject to a mandatory independent financial audit, with the exception of cases where the companies meet the conditions of Art. 19, para. 2 .

(3) The consolidated financial statements and the annual financial statements of the enterprises included in the consolidation are subject to an independent financial audit.

(4) The annual financial statements of non-profit legal entities designated for the implementation of a socially beneficial activity are subject to a mandatory independent

financial audit by registered auditors, when for the current year they exceed one of the following indicators:

1. balance sheet value of assets as of December 31 - BGN 1,000,000;
 2. amount of net income from business and income from non-business activity for the current year - BGN 2,000,000;
 3. total amount of financing received in the current year and unutilized as of December 31 of the current year, financing received in previous reporting periods - BGN 1,000,000.
- (5) The annual financial statements of non-profit legal entities designated for the implementation of public service activities and performing activities under Art. are subject to a mandatory independent financial audit by registered auditors . 116 of the Family Code .
- (6) The registered auditors, who perform an independent financial audit of annual and consolidated financial statements, must express an opinion in the auditor's report:
1. does the activity report correspond to the financial statements for the same reporting period;
 2. has the activity report been prepared in accordance with the applicable legal requirements and state whether, as a result of the acquired knowledge and understanding of the company's activities and the environment in which it operates, they have identified cases of material misrepresentation in the activity report and indicate the nature of misrepresentation;
 3. is the information required by the relevant legal acts presented in the corporate governance statement;
 4. whether the non-financial declaration has been provided and whether the declaration has been prepared in accordance with the requirements of this law;
 5. whether a report on payments to governments has been provided and whether the report has been prepared in accordance with the requirements of this law;
 6. (new - SG No. 26 of 2020, in force from 01.01.2021) whether a report on the implementation of the remuneration policy has been submitted to the annual financial report and whether the report meets the requirements set out in the regulation under Art . . 116c, para. 1 of the Law on the Public Offering of Securities .

Chapter Six.

PUBLICITY OF FINANCIAL STATEMENTS

Art. 38. (1) Enterprises publish the annual financial report, the consolidated financial report and the annual reports under chapter seven , adopted by the general meeting of partners or shareholders or by the relevant body, as follows:

1. (amended - SG No. 104 of 2020, in force from 01.01.2021) all merchants within the meaning of the Commercial Law - by applying for entry and submission for announcement in [the commercial register](#) , by September 30 next year;
 2. (amended - SG No. 74 of 2016, in force from 01.01.2018, amended - SG No. 98 of 2018, in force from 01.01.2019, amended - SG No. 104 of 2020, in force from 01.01.2021) non-profit legal entities - by applying for announcement and providing them in a register of non-profit legal entities maintained by the Registration Agency under the conditions and under the order of the Law on non-profit legal entities , by September 30 of the following year;
 3. (amended - SG No. 104 of 2020, in force from 01.01.2021) other enterprises - through an economic edition or via the Internet, by September 30 of the following year.
- (2) When the financial report is initially requested for publication within the period under para. 1 and a refusal to publish under Art. 22, para. 5 of the Law on [the Commercial Register](#) and within 14 days of its entry into force a repeated application for publication is submitted, it is considered that the financial statement was submitted on time.

(3) The annual financial statements and the activity report are published in the form and with the text based on which the registered auditor expressed his opinion. The full text of the auditor's report is also subject to publication.

(4) (Amended - SG No. 98 of 2018, in force from 01.01.2019) Small enterprises that are not subject to a mandatory independent financial audit shall publish at least a balance sheet/report on the financial situation and an appendix , when the enterprise has an obligation to prepare it.

(5) According to para. 1 together with the annual financial report, joint-stock companies, limited partnerships with shares and limited liability companies that are medium or large enterprises or enterprises of public interest shall also publish information on the management body's proposal for profit distribution or loss coverage for the previous year and the decision of the general meeting of shareholders/partners on the method of distributing the profit or covering a loss for the previous year.

(6) The annual financial report of a parent enterprise that prepares a consolidated financial report is published simultaneously with the consolidated financial report of the group together with the annual reports under chapter seven to them.

(7) When the accounts and reports of the enterprises under para. 1, item 3 are published on the Internet, free access must be provided to them for a period not shorter than three years after the date of their publication.

(8) The enterprises under para. 1, item 3, upon request, provide information on the place where their reports and reports are published.

(9) (Amended - SG No. 92 of 2017, in force from 01.01.2018) Paragraphs 1 - 8 do not apply to:

1. (suppl. - SG No. 96 of 2019, in force from 01.01.2020) budgetary enterprises and sole traders who are not subject to a mandatory independent financial audit and sole traders who did not carry out activity during the reporting period; and

2. (amended - SG No. 98 of 2018, in force from 01.01.2019, amended - SG No. 96 of 2019, in force from 01.01.2020, amended - SG No. 104 of 2020, in force from 01.01.2021) all other enterprises that did not operate during the reporting period; this circumstance is declared once for the first accounting period in which no activity was carried out, with a declaration according to a model approved by order of the Minister of Finance; the declaration is published by June 30 of the following year, as follows:

a) from the persons under para. 1, items 1 and 2 - in [the commercial register](#) and the register of non-profit legal entities;

b) by the persons under para. 1, item 3 - through an economic publication or through the Internet.

(10) (New - SG No. 96 of 2019, in force from 01.01.2020) Sole traders under para. 9, item 1 do not submit a declaration that they did not carry out activity during the reporting period.

(11) (New - SG No. 96 of 2019, in force from 01.01.2020) Fees under Art. 12, para. 1, item 1 of the Law on [the Commercial Register](#) and the Register of Non-Profit Legal Entities for the publication of the declarations under para. 9, item 2 are not due.

(12) (Amended and supplemented - SG No. 97 of 2017, in force from 01.01.2018, previous item 10 - SG No. 96 of 2019, in force from 01.01.2020 d.) A parent company, which is also a subsidiary (intermediate parent) and according to the applicable accounting standards is not obliged to draw up a consolidated financial statement, publishes in Bulgarian the consolidated financial statement of the first parent company in which the intermediate parent is consolidated, in three months from the final mandatory deadline for its publication by the consolidating parent company. Together with the consolidated financial statement, the consolidated annual reports under chapter seven are published and the auditor's report. When the parent company is regulated by the legislation of a third country, the consolidated

financial statements are certified by auditors or audit firms that carry out an audit according to the legislation of the country applicable to the parent company.

(13) (New - SG No. 95 of 2016, previous item 11, amended - SG No. 96 of 2019, in force from 01.01.2020) The Registration Agency provides in electronic form of the National Revenue Agency lists of enterprises that:

1. (amended - SG No. 104 of 2020, in force from 01.01.2021) have not applied for publication of their annual financial statements for the previous year within the terms under para. 1 and 2; the list is provided by October 31 of the current year;
2. (amended - SG No. 104 of 2020, in force from 01.01.2021) have applied for declaration in the [commercial register](#) and the register for non-profit legal entities under paragraph 9, item 2; the list is provided by July 31 of the current year.

(14) (New - SG No. 96 of 2019, in force from 01.01.2020) The lists under para. 13 should contain the name of the enterprise and EIC from the commercial register and the register of non-profit legal entities.

(15) (New - SG No. 96 of 2019, in force from 01.01.2020) Within two months of receiving the lists under para. 13 The National Revenue Agency takes the necessary measures to carry out inspections and establish violations under para. 1 - 12.

Chapter Seven.

ANNUAL REPORTS

Section I.

Annual activity report

Art. 39. Enterprises prepare an annual activity report that contains at least the following information:

1. an objective review that truthfully and honestly presents the development and results of the enterprise's activity, as well as its condition, along with a description of the main risks it faces;
2. analysis of financial and non-financial main performance indicators related to business activity, including information on issues related to ecology and employees; when preparing the analysis, the activity report may include references to the amounts of expenses reported in the annual financial statements and additional explanations in relation to them;
3. all important events that occurred after the date on which the annual financial report was drawn up;
4. the likely future development of the enterprise;
5. actions in the field of research and development;
6. information on the acquisition of own shares, required pursuant to Art. 187e of the Commercial Law ;
7. the presence of branches of the enterprise;
8. the financial instruments used by the enterprise, and when it is essential to evaluate the assets, liabilities, financial condition and financial result, the following shall also be disclosed:
 - (a) the entity's financial risk management objectives and policy, including its hedging policy for each major type of hedged item to which hedge accounting applies;
 - b) the enterprise's exposure to price, credit and liquidity risk and cash flow risk.

Art. 40. (1) Enterprises of public interest under § 1, item 22, letters "a", "b" and "c" of the additional provisions include in their activity report a declaration of corporate governance in accordance with the Law on the Public Offering of Securities .

(2) The corporate governance statement may be presented as:

1. a separate report published together with the activity report;
2. a document that is publicly available on the company's website.

Art. 41. Large enterprises, which are enterprises of public interest and which, as of December 31 of the reporting period, exceed the criterion for an average number of employees in the financial year of 500 people, include in their activity report a non-financial declaration under Art . 48 .

Art. 42. (1) Micro- and small enterprises, which are not subject to a mandatory independent financial audit, may not prepare an activity report, provided that the information regarding the acquisition of their own shares, required by Art. 187e of the Commercial Law , is disclosed in the appendix to the annual financial report or in a footnote to the compiled balance sheet.

(2) Paragraph 1 does not apply to investment companies and financial holding companies categorized as micro or small enterprises.

Art. 43. Micro, small and medium-sized enterprises may not include non-financial information in the activity report.

Section II.

Consolidated Activity Report

Art. 44. A parent company obliged to prepare a consolidated financial statement pursuant to Art. 31 , prepares a consolidated report on the activity.

Art. 45. The consolidated activity report contains the information required under Art. 39 - 41 when taking into account the significant corrections as a result of the specific characteristics of the consolidated activity report, and the information is presented in a way that facilitates the assessment of the state of the consolidated enterprises as a whole.

Art. 46. When a parent company is required to prepare an annual activity report and a consolidated activity report, the two reports may be prepared as one report.

Art. 47. In the consolidated activity report, the following corrections to the information required under Art . 39 - 41 :

1. when reporting data on the acquired own shares and shares in the consolidated activity report, the number and nominal value shall be indicated, and if such is missing - the reported value of all shares and shares of the parent company owned by the parent company, its subsidiaries or by persons who act in their own name, but at the expense of one of these enterprises;
2. when disclosing the internal control and risk management systems, the corporate governance statement shall include a reference to the main characteristics of the risk control and management systems for the consolidated enterprises as a whole.

Section III. Non-financial statement

Art. 48. (Effective from 01.01.2017) (1) (Amended - SG No. 97 of 2017, effective from 01.01.2018, amended - SG No. 104 of 2020 , in force from 01.01.2021) The non-financial statement contains information to the extent necessary to understand the development, results, state of the enterprise and the impact of its activity, relating as a minimum to environmental and social issues and issues related to employees, respect for human rights, the fight against corruption and bribery.

(2) (Amended - SG No. 98 of 2018, in force from 01.01.2019, amended - SG No. 104 of 2020, in force from 01.01.2021) The non-financial declaration also includes:

1. a brief description of the enterprise's business model;
2. description of the policies followed by the enterprise in relation to the issues under para. 1, including the due diligence processes performed;
3. the result of the policies under item 2;
4. the main risks related to the issues under para. 1 and relating to the enterprise's activities, including, where applicable and proportionate, its business relationships, products or services that are likely to cause adverse impacts in those areas, and the way the enterprise manages those risks;
5. non-financial key performance indicators related to the specific economic activity.

(3) (Amended - SG No. 104 of 2020, in force from 01.01.2021) When the enterprise does not have or does not follow the policies regarding one or several of the issues under para. 1, the non-financial statement presents a clear and reasoned explanation for this.

(4) (Amended - SG No. 98 of 2018, in force from 01.01.2019) The non-financial declaration under para. 1 includes, as appropriate, references and additional explanations for the amounts reported in the annual financial statements.

(5) (Amended - SG No. 104 of 2020, in force from 01.01.2021) Enterprises may not publish information about upcoming changes in their policies that are in the process of negotiation, when the publication of such information would result in harm to the enterprise. The non-publication of the information in the negotiation process should not prevent an objective understanding of the development, results, state of the enterprise and the impact of its activity on ecology and social issues. When such information is not published, the manager and members of the management and supervisory body of the enterprise must submit a reasoned opinion on the reasons for which the information is not published.

(6) (New - SG No. 98 of 2018, in force from 01.01.2019) When disclosing the information required under para. 1 and 2, undertakings may refer to national frameworks based on European Union norms or international frameworks, specifying which specific framework they have referred to.

Art. 49. (Effective from 01.01.2017) Enterprises have fulfilled the obligation to prepare a non-financial statement when:

1. (amended - SG No. 98 of 2018, in force from 01.01.2019) the activity report includes information and analysis under Art. 48, para. 1 and 2 ;
2. a separate report is prepared for the information required for the non-financial statement, provided that this report:
 - a) is published together with the activity report;

b) (amended - SG No. 104 of 2020, in force from 01.01.2021) is publicly accessible by September 30 of the following year on the company's website, this fact being indicated in the activity report .

Art. 50. (Effective from 01.01.2017) An enterprise that is a subsidiary enterprise does not prepare a non-financial statement if the enterprise and its subsidiaries are included in the consolidated activity report or in the separate report of another enterprise, drawn up in accordance with the requirements of this law.

Section IV.

Consolidated non-financial statement

Art. 51. (Effective from 01.01.2017, amended - SG No. 98 of 2018, effective from 01.01.2019, amended - SG No. 104 of 2020, effective from 01.01.2021) (1) Enterprises of public interest, which are parent enterprises in a large group, which as of December 31 exceeds on a consolidated basis the criterion for an average number of employees in the financial year of 500 people, include in the consolidated activity report consolidated a non-financial statement containing information to the extent necessary to understand the development, results, condition of the group and the impact of its activities, relating as a minimum to environmental and social and employee issues, respect for human rights, anti-corruption and bribery, including:

1. a brief description of the group's business model;
 2. description of the policies followed by the group in relation to the issues under para. 1, including the due diligence processes performed;
 3. the result of the policies under item 2;
 4. the main risks related to the issues under para. 1 and relating to the group's activities, including, where applicable and proportionate, its business relationships, products or services that are likely to cause adverse impacts in those areas, and the way the group manages those risks;
 5. non-financial key performance indicators related to the specific economic activity.
- (2) When the group does not have or does not follow the policies regarding one or more of the issues under para. 1, the consolidated non-financial statement presents a clear and reasoned explanation for this.

Art. 52. (Effective from 01.01.2017, amended - SG No. 104 from 2020, effective from 01.01.2021) The provisions of Art. 48, para. 4 - 6 and Art. 49 also apply to the consolidated non-financial statement.

Section V.

Report on Payments to Governments

Art. 53. (1) Large enterprises and enterprises of public interest, carrying out activity in the extractive industry or in logging from virgin forests, prepare and publish an annual report on the payments made to governments, at the same time as the annual report on their activities. (2) An annual report on payments to governments shall not be prepared by a subsidiary when the following conditions are simultaneously met:

1. the parent company is regulated by the legislation of a member state of the European Union;

2. payments to governments made by the enterprise are included in the consolidated report on payments to governments prepared by the parent enterprise under section VI .

(3) An annual report on payments to governments shall not be prepared in the event that a single payment or a series of related payments in the amount of up to BGN 195,600 has been made for one reporting period.

(4) The annual report on payments to governments does not include payments for projects worth up to BGN 195,600.

Art. 54. (Supplement - SG No. 97 of 2017, in force from 01.01.2018) The annual report on payments to governments is drawn up in Bulgarian, in thousands of BGN and contains the following information for the relevant reporting period:

1. the total amount of payments made to each government;

2. the total amount for each type of payment made to each government as follows:

a) production rights;

b) taxes on profit and taxes on income; the paid value added tax , excise duty and personal income tax are not disclosed ;

c) copyright, license and related rights;

d) dividends;

e) bonuses for contract signing, discovery and production;

f) license fees, rents, registration fees and other fees for licenses and concessions;

(g) payments for infrastructure improvements;

3. the total amount of payments for each project separately, as well as the total amount by types of payments under item 2 for each project; where the enterprise has made payments under several projects to the same person representing a government within the meaning of the Act, the disclosure may be by person rather than by project.

Art. 55. Payments in kind shall be reported by value and, if possible, by volume. The report contains explanatory notes on how to calculate their value.

Art. 56. The annual report on payments to governments reflects the substance, not the form, of the payments or activities concerned. Payments and activities may not be separated or combined in order to deviate from the application of this law.

Art. 57. (1) (Amended and supplemented - SG No. 98 of 2018, in force from 01.01.2019) A report on payments to governments may not be prepared, in the event that the enterprises are obliged to prepare such report for the third countries included in the Annex to Commission Implementing Decision (EU) 2016/1910 of 28 October 2016 on the equivalence of the requirements of certain third countries for reporting payments to governments with the requirements of Chapter 10 of Directive 2013/ 34/EU of the European Parliament and of the Council (OJ, L 295/82 of October 29, 2016).

(2) The report under para. 1 is subject to publication together with the annual financial report.

Section VI.

Consolidated Report on Payments to Governments

Art. 58. Parent companies that carry out activities in the field of extractive industries or logging from virgin forests and that are required to prepare consolidated financial statements, must also prepare a consolidated report on payments to governments in accordance with the requirements of section V.

Art. 59. A parent enterprise is considered to be engaged in extractive industries or logging from virgin forests if any of its subsidiaries is engaged in these areas.

Art. 60. Only payments arising from mining and logging operations are included in the consolidated report.

Art. 61. The parent company does not compile a consolidated report under Art. 58 :

1. for a small or medium-sized group of enterprises, except when any related enterprise is an enterprise of public interest;
2. (suppl. - SG No. 97 of 2016, in force from 01.01.2017) when the parent enterprise, which is regulated by the legislation of a member state of the European Union, is both a subsidiary enterprise and its own parent enterprise is regulated by the legislation of a member state of the European Union.

Art. 62. (1) A subsidiary enterprise, including a public interest enterprise, is not included in the consolidated report on payments to governments when one of the following conditions is met:

1. the parent company is hindered to a significant extent by long-term restrictions in exercising its rights over the assets or management of the subsidiary company;
2. the information necessary for the preparation of the consolidated report on payments to governments cannot be obtained without incurring excessive costs or undue delay;
3. the shares or shares of the enterprise are owned solely for the purpose of their subsequent sale.

(2) Paragraph 1 applies only in the event that, under the same conditions, the subsidiary is not included in the consolidated financial statement.

Chapter Eight.

BUDGET ENTERPRISES

Art. 63. (1) Budget enterprises carry out their accounting in accordance with the requirements of chapter fifteen of the Law on Public Finances .

(2) Enterprises from the "State Government" sector, other than those under para. 1, who carry out their accounting according to the requirements applicable to budget enterprises, are determined according to the order of Art. 165 of the Law on Public Finances .

(3) Budget enterprises and enterprises under para. 2 prepare and present their annual financial statements in accordance with the requirements of Art. 166, para. 1 of the Law on Public Finances .

(4) The reporting data on the assets, liabilities, income, expenses and operations of all budget enterprises and the enterprises under para. 2 are consolidated by the Ministry of Finance according to Art. 167 of the Law on Public Finances .

(5) The form, structure and content of the annual and interim financial statements of the budgetary enterprises and of the enterprises under para. 2 are determined by the Minister of Finance according to Art. 166, para. 2 of the Law on Public Finances .

(6) The order, manner and terms for the compilation and presentation of the financial statements of the budget enterprises and the publication of the information thereof shall be determined in accordance with Art. 170 of the Law on Public Finances .

Art. 64. For the accounting of certain business operations, assets and liabilities of budget enterprises, the Minister of Finance may determine conditions and order of documentation, form and details of the accounting documents, which are mandatory for implementation.

Art. 65. Depreciation in budget enterprises is charged on the basis of an act of the Council of Ministers.

Art. 66. For budget enterprises, the Minister of Finance may determine terms for carrying out an inventory, other than those specified in this law.

Art. 67. (Repealed - SG No. 97 of 2016, in force from 01.01.2017)

Chapter Nine.

ADMINISTRATIVE PENAL PROVISIONS

Art. 68. (1) A manager who violates the provision of Art. 9 , shall be punished with a fine of BGN 500 to BGN 5,000, and the enterprise shall be subject to a pecuniary sanction in the amount of BGN 2,000 to BGN 10,000.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 69. (1) Whoever violates the requirements for storing accounting information under Chapter One, Section III , shall be punished with a fine in the amount of BGN 500 to BGN 3,500, and the enterprise shall be subject to a pecuniary sanction in the amount of BGN 2,000 to BGN 7,000.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 70. (1) Whoever commissioned the preparation of financial statements in violation of Art. 17, para. 1 , shall be punished with a fine of BGN 500 to BGN 3,000, and the enterprise shall be subject to a pecuniary sanction in the amount of BGN 2,000 to BGN 5,000.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 71. (1) A person who prepared a financial statement without meeting the requirements of Art. 17, para. 1 and Art. 18 , shall be punished with a fine in the amount of BGN 500 to BGN 3,000. An accounting company that has drawn up a financial report without meeting the requirements of Art. 18 , a property sanction in the amount of BGN 2,000 to BGN 5,000 is imposed.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 72. (1) Whoever is obliged and fails to prepare a financial report and/or annual reports under Chapter Seven, Sections I - IV , shall be punished with a fine in the amount of BGN 500 to BGN 3,000, and the enterprise shall be subject to a pecuniary sanction in the amount of 2000 to 5000 BGN.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 73. (1) Whoever is obliged and does not compile annual reports on payments to governments in accordance with Chapter Seven, Sections V and VI , shall be punished with a fine in the amount of BGN 1,000 to BGN 3,000, and the enterprise shall be subject to a pecuniary sanction in the amount of from BGN 2,000 to BGN 15,000.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 74. (1) (Supplement - SG No. 95 of 2016) Whoever is obliged and does not publish a financial report within the terms under Art. 38 , is punished with a fine in the amount of BGN 200 to BGN 3,000, and the enterprise is imposed a property sanction in the amount of 0.1 to 0.5 percent of the net sales revenue for the reporting period to which the unpublished financial statement refers , but not less than BGN 200.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 75. (1) Whoever is obliged and does not entrust the performance of an independent financial audit to a registered auditor shall be punished with a fine in the amount of BGN 500 to BGN 5,000, and the enterprise shall be subject to a pecuniary sanction in the amount of BGN 2,000 to BGN 10,000.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 76. (1) Whoever entrusts the performance of an independent financial audit to a person exercising activity as a registered auditor, without being registered in accordance with the Law on Independent Financial Audit , shall be punished with a fine in the amount of BGN 500 to BGN 5,000, and the enterprise a property sanction in the amount of BGN 2,000 to BGN 10,000 is imposed.

(2) Whoever carries out an audit without being a registered auditor in accordance with the Law on the Independent Financial Audit shall be punished with a fine in the amount of BGN 500 to BGN 5,000.

(3) In case of repeated violation under para. 1 and 2, a fine or pecuniary sanction is imposed in double amount.

Art. 77. (1) Whoever fails to fulfill another obligation arising from this law shall be punished with a fine in the amount of BGN 200 to BGN 1,000, and the enterprise shall be subject to a pecuniary sanction in the amount of BGN 300 to BGN 2,000.

(2) In case of repeated violation under para. 1 a fine or a pecuniary sanction is imposed in double amount.

Art. 78. (1) The acts for establishing administrative violations are drawn up by the bodies of the National Revenue Agency or the Agency for State Financial Inspection.

(2) Penal decrees are issued by the Minister of Finance or by officials authorized by him.

(3) The drafting of acts, the issuance, appeal and execution of criminal decrees are carried out in accordance with the Law on Administrative Violations and Penalties .

Additional provisions

§ 1. Pursuant to this law:

1. (suppl. - SG No. 22 of 2018) " Budget enterprises " are all persons applying budgets, accounts for funds from the European Union and accounts for foreign funds according to the Law on Public Finances , including the National Insurance Institute, the National health insurance fund, the state higher education institutions, the Bulgarian Academy of Sciences, the Agricultural Academy, the Bulgarian National Television, the Bulgarian National Radio, the Bulgarian Telegraph Agency, as well as all other persons who are budgetary organizations within the meaning of § 1, item 5 of the additional provisions of The Law on Public Finances .
2. " Group of enterprises " means the parent enterprise and all its subsidiaries.
3. " Actual length of service " is the time actually worked in an employment or service relationship, the time during which the person worked without an employment relationship, as well as the time during which the person performed personal labor or exercised a free profession and fully provided for himself account. The concept of "actual service" does not include the time of military service and the time of raising a small child.
4. " Subsidiary " is a legal entity controlled by another legal entity (parent company). Legal entities that are subsidiaries of the subsidiary are also considered subsidiaries of the parent company.
5. " Inventory " is the process of preparation and factual verification through various methods of the natural and value parameters of the assets and liabilities of the enterprise as of a precisely determined date, comparing the obtained results with the accounting data and establishing possible differences.
6. " Investment companies " are:
 - a) companies whose sole purpose of activity is to invest their funds in various securities, real estate and other assets with the sole purpose of distributing investment risks and allowing their shareholders to benefit from the results of their asset management;
 - b) companies related to investment companies with permanent capital, if the sole object of activity of those related companies is to acquire fully paid-up shares issued by those investment companies, without prejudice to Article 22(1)(h) of the Directive 2012/30/EU of the European Parliament and of the Council of 25 October 2012 on the harmonization of the guarantees required in the Member States for companies within the meaning of Article 54, second paragraph of the Treaty on the Functioning of the European Union , for the protection of interests of both partners and third parties regarding the establishment of joint stock companies and the maintenance and modification of their capital in order to make these guarantees equivalent (OJ, L 315/74 of 14 November 2012).
7. " Consolidated financial statement " is a financial statement that presents the property and financial situation, the reported financial result, changes in cash flows and in the equity capital of the enterprises included in the consolidation, as if they were one enterprise.
8. " International Accounting Standards " (IAS) were adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the implementation of International Accounting Standards and include the International Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and related interpretations (SIC-IFRIC interpretations), subsequent amendments to these standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB).
9. " Place of business activity " is the place of business activity within the meaning of § 1, item 5 of the additional provisions of the Tax-Insurance Procedure Code .
10. " Independent financial audit of a financial statement " is the audit under the Law on the Independent Financial Audit .

11. (amended - SG No. 97 of 2017, in force from 01.01.2018) " Net revenue from sales " are the amounts from the sale of production, goods and services, reduced by trade discounts, [tax](#) on value added and other [taxes](#) directly related to income.
12. (repealed - SG No. 97 of 2017, effective from 01.01.2018)
13. " Main activity " in the sense of item 22, letters "i", "k" and "l" is the activity of the commercial company, when the total value of the net sales revenue from the relevant activity represents more than 50 percent of the total value of net sales revenue for the reporting period.
14. " Reporting period " is the calendar year (January 1 - December 31), except when otherwise provided in this law.
15. " Payment to government " for the purposes of chapter seven, section V, is an amount paid in monetary terms or in kind by an enterprise operating in the extractive industry or by an enterprise operating in logging from virgin forests, for obligations to the government under Art . 54, item 2 .
16. " Repeated " is the violation committed within one year from the entry into force of the criminal decree, by which the offender is punished for the same type of violation.
17. " Government " for the purposes of Chapter Seven, Section V is a national, regional or local authority of a Member State of the European Union or of a third country. The term "government" includes a directorate, agency or enterprise controlled by the authorities of the state.
18. " Parent company " is a legal entity that exercises control over one or more subsidiary companies.
19. " Enterprise working in the extractive industry " is an enterprise carrying out activities related to the exploration, search, discovery, development of deposits and extraction of minerals, oil, natural gas or other raw materials falling within the scope of the economic activities listed in an appendix I, section C, items 05-08 to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of December 20, 2006 establishing a statistical classification of economic activities NACE Rev. 2 and amending Regulation (EEC) No. 3037/90 of the Council, as well as some EC regulations concerning specific statistical areas, hereinafter referred to as " Regulation (EC) No. 1893/2006 ".
20. " Enterprise operating in virgin forest logging " is an enterprise carrying out activity in virgin forests according to Annex I, Section A, Item 02, Group 02.2 to Regulation (EC) No. 1893/2006 .
21. " Project " for the purposes of Chapter Seven, Section V, means operational activities managed under a contract, license, lease, concession, or similar legal arrangement giving rise to an obligation to pay a Government. If such agreements are related to each other, they are considered as one project.
22. " Enterprises of public interest " are:
- a) enterprises whose transferable securities are admitted to trading on the regulated market in a member state of the European Union;
 - b) credit institutions;
 - c) insurers and reinsurers;
 - d) (suppl. - SG No. 19 of 2021) the pension insurance companies and the funds for supplementary pension insurance and funds for making payments managed by them;
 - e) investment intermediaries, which are large enterprises under this law;
 - f) collective investment schemes and management companies within the meaning of the Law on the activities of collective investment schemes and other enterprises for collective investment , which are large enterprises under this law;
 - g) financial institutions within the meaning of the Law on credit institutions , which are large enterprises under this law;

- h) "Holding Bulgarian State Railways" - EAD, and its subsidiaries; National Railway Infrastructure Company;
- i) commercial companies whose main activity is to produce and/or transmit and/or sell electricity and/or heat and which are large enterprises under this law;
- k) commercial companies whose main activity is to import and/or transfer and/or distribute and/or transit natural gas and which are large enterprises under this law;
- l) (amended - SG No. 95 of 2016) Water and sewerage operators within the meaning of Art. 2, para. 1 of the Law on the Regulation of Water Supply and Sewerage Services , which are medium and large enterprises.
- 23. (amended - SG No. 15 of 2018, in force from 16.02.2018) " Regulated market " is that within the meaning of Art. 152, para. 1 of the Law on Financial Instruments Markets .
- 24. " Head of an enterprise " is a person or persons who personally manage the enterprise in their capacity as owners, managers or authorized by contract, who are responsible for the entire economic activity of the enterprise to the owner or owners - shareholders, partners, to the local government or before the state.
- 25. " Related enterprises " are any two or more enterprises within a given group.
- 26. " General government" sector is "General government" sector according to the requirements of the European system of national and regional accounts in the Community.
- 27. " Accounting company " is any person registered under the Commercial Law or under the legislation of another member state of the European Union, or of a state party to the Agreement on the European Economic Area, whose subject of activity includes the organization of accounting reporting and compilation of financial statements.
- 28. " Financial holding companies " are companies whose only object of activity is the acquisition of participations in other companies, the management of these participations and the extraction of profit from them, without themselves directly or indirectly participating in the management of these companies and without the rights that financial holding companies have as shareholders are affected.
- 29. " Digital or other identifier " is a digital or other unique constantly repeating code that uniquely corresponds to the person who has the rights to perform certain actions.
- 30. (new - SG No. 97 of 2016, in force from 01.01.2017, amended - SG No. 92 of 2017, in force from 01.01.2018) "Enterprises that do not were active during the reporting period " are enterprises for which the following conditions are simultaneously present:
 - a) during the reporting period did not carry out transactions under Art. 1, para. 1 of the Commercial Law ;
 - b) during the reporting period, conditions did not arise to recognize income according to the Accounting Act and the applicable accounting standards;
 - c) did not carry out any activity related to investments, production and/or sale;
 - d) did not purchase goods and services for the purpose of obtaining income and profits.

§ 2. This law introduces the requirements of:

1. Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on annual financial statements, consolidated financial statements and related reports of certain types of enterprises and amending Directive 2006/43/EC of the European Parliament and of Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182/19 of 29 June 2013).
2. Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU with regard to the disclosure of non-financial information and information on diversity by certain large enterprises and groups (OJ, L 330/1 of November 15, 2014).

§ 3. Micro-enterprises, outside the reliefs for them under this law, are treated as small enterprises.

§ 4. (Amended - SG No. 96 of 2019, in force from 01.01.2020) Enterprises of public interest for the purposes of this law are treated as large enterprises, regardless of the balance sheet value of assets, net income of sales and average headcount.

§ 5. (Repealed - SG No. 96 of 2019, in force from 01.01.2020)

§ 5a. (New - SG No. 97 of 2017, in force from 01.01.2018) An enterprise whose accounting base is the International Accounting Standards within the meaning of § 1, item 8, carries out current accounting and prepares its financial statements in accordance with the requirements of these standards in full and without modification. Where the International Accounting Standards contain provisions other than the provisions of the law, the provisions of the International Accounting Standards shall apply.

§ 5b. (New - SG No. 96 of 2019, in force from 01.01.2020) In the event that, according to the applicable accounting standards, the costs of development activity are recognized as an intangible asset, the distribution of dividends by the enterprise is not permitted until full amortization or writing off this intangible asset, unless the value of the reserves (funds) of the enterprise, for which distribution is permissible according to the requirements of a regulatory act, and the undistributed profit from past years is at least equal to the book value of the recognized intangible asset.

Transitional and Final Provisions

§ 6. This law repeals the Accounting Law (promulgated, SG No. 98 of 2001; amended, No. 91 of 2002, No. 96 of 2004, Nos. 102 and 105 of 2005., No. 33, 63, 105 and 108 of 2006, No. 57 of 2007, No. 50, 69 and 106 of 2008, No. 95 of 2009, No. 94 of 2010., No. 19, 34 and 99 of 2011, No. 94 of 2012 and No. 15, 91 and 100 of 2013).

§ 7. Enterprises and enterprise groups determine their category for 2016 in accordance with Art. 19 and 21 according to their indicators as of December 31, 2015.

§ 8. Enterprises that as of January 1, 2016 meet the criteria for a micro, small or medium enterprise according to Art. 19 of this law and prepare their annual financial statements on the basis of International Accounting Standards, may once pass to the application of National Accounting Standards after the adoption of a national accounting standard.

§ 9. Uncompleted administrative criminal proceedings until the entry into force of this law shall be completed according to the previous procedure.

§ 10. (1) The compilation and auditing of the financial statements and activity reports for 2015 are carried out in accordance with the repealed Accounting [Act](#).

(2) The publication of the financial statements and activity reports for 2015 is carried out in accordance with the procedure of this law.

§ 11. (1) Under this law, large enterprises prepare their annual financial statements for 2016 on the basis of International Accounting Standards.

(2) The provision of Art. 34, para. 2 in relation to large enterprises shall apply from January 1, 2017.

§ 12. In the Law on Political Parties (promulgated, SG No. 28 of 2005; amended, No. 102 of 2005, No. 17 and 73 of 2006, No. 59 and 78 of 2007, No. 6 of 2009, No. 54 and 99 of 2010, No. 9 and 99 of 2011, No. 30, 68 and 71 of 2013, No. 19 of 2014. and No. 32 of 2015) the following amendments are made:

1. In Art. 23 par. 5 is amended as follows:

"(5) The non-monetary income under para. 1 shall be assessed in accordance with the procedure of art. 26, para. 2 of the Law on Accounting."

2. In Art. 34 par. 1 is amended as follows:

"(1) Political parties prepare a financial report for the previous calendar year in accordance with the requirements of chapter three, section III of the Accounting Act."

§ 13. In the Insurance Code (promulgated, SG No. 103 of 2005; amended, No. 105 of 2005, Nos. 30, 33, 34, 54, 59, 80, 82 and 105 of 2006, Nos. 48, 53, 97, 100 and 109 of 2007, Nos. 67 and 69 of 2008, Nos. 24 and 41 of 2009, Nos. 19, 41, 43, 86 and 100 of 2010, Nos. 51, 60 and 77 of 2011, Nos. 21, 60 and 77 of 2012 and Nos. 20, 70 and 109 of 2013) in § 1, item 29 of additional provisions, the words "Art. 37, paragraph 2" are replaced by "Art. 31, paragraph 1".

§ 14. In the Social Security Code (109 and 111 of 2013, no. 1, 18, 27, 35, 53 and 107 of 2014 and no. 12, 14, 22, 54, 61 and 79 of 2015) in Art. 186a, para. 2 the words "with the content of Article 26, paragraph 1" are replaced by "according to Article 29, paragraph 1".

§ 15. In the Law on Excises and Tax Warehouses (promulgated, SG No. 91 of 2005; amended, No. 105 of 2005, Nos. 30, 34, 63, 80, 81, 105 and 108 of 2006, Nos. 31, 53, 108 and 109 of 2007, Nos. 36 and 106 of 2008, Nos. 6, 24, 44 and 95 of 2009, Nos. 55 and 94 of 2010, Nos. 19, 35, 82 and 99 of 2011, Nos. 29, 54 and 94 of 2012, Nos. 15, 101 and 109 of 2013, Nos. 1 and 105 of 2014. and No. 30 of 2015) in Art. 84, para. 6 in the text before item 1, the words "art. 7" are replaced by "art. 6".

§ 16. In the Water Law (promulgated, SG No. 67 of 1999; amended, No. 81 of 2000, Nos. 34, 41 and 108 of 2001, Nos. 47, 74 and 91 of 2002, Nos. 42, 69, 84 and 107 of 2003, Nos. 6 and 70 of 2004, Nos. 18, 77 and 94 of 2005, Nos. 29, 30, 36 and 65 of 2006; Amended, No. 66 of 2006; Amended, Nos. 105 and 108 of 2006, Nos. 22 and 59 of 2007, Nos. 36, 52 and 70 of 2008, No. 12, 32, 35, 47, 82, 93, 95 and 103 of 2009, No. 61 and 98 of 2010, No. 19, 28, 35 and 80 of 2011, No. 45, 77 and 82 of 2012, Nos. 66 and 103 of 2013, Nos. 26, 49, 53 and 98 of 2014 and Nos. 12, 14, 17, 58 and 61 of 2015) in § 4 par. 4 of the transitional and final provisions is amended as follows:

"(4) For the fixed assets of the objects under paragraph 3 and for the other water management systems and facilities for which there is an established concession, depreciation deductions are charged according to the applicable accounting standards in accordance with chapter four of the Law on Accounting."

§ 17. In the Law on [taxes](#) on the income of natural persons (promulgated, SG No. 95 of 2006; amended, Nos. 52, 64 and 113 of 2007, Nos. 28, 43 and 106 of 2008, Nos. 25, 32, 35, 41, 82, 95 and 99 of 2009, Nos. 16, 49, 94 and 100 of 2010, Nos. 19, 31, 35, 51 and 99 of 2011, Nos.

40, 81 and 94 of 2012, Nos. 23, 66, 100 and 109 of 2013, Nos. 1, 53, 98, 105 and 107 of 2014 and No. 12, 22, 61 and 79 of 2015) in Art. 9, para. 2 the words "Art. 7" are replaced by "Art. 6".

§ 18. In the Law on Special Investment Purpose Companies (promulgated, SG No. 46 of 2003; amended, No. 109 of 2003, No. 107 of 2004, Nos. 34, 80 and 105 of 2006, No. 52 and 53 of 2007, No. 77 of 2011 and No. 34 of 2015) in Art. 12, para. 2, sentence two, the words "Art. 34, para. 2" are replaced by "Art. 18".

§ 19. In the Law on Corporate Income Taxation (promulgated, SG No. 105 of 2006; amended, Nos. 52, 108 and 110 of 2007, Nos. 69 and 106 of 2008, No. 32, 35 and 95 of 2009, No. 94 of 2010, Nos. 19, 31, 35, 51, 77 and 99 of 2011, Nos. 40 and 94 of 2012, No. 15, 16, 23, 68, 91, 100 and 109 of 2013, Nos. 1, 105 and 107 of 2014 and Nos. 12, 22, 35 and 79 of 2015) in Art. 10, para. 3, the words "art. 1, paragraph 2" are replaced by "art. 2".

§ 20. In the Law on medical facilities (promulgated, SG No. 62 of 1999; amended, No. 88 and 113 of 1999; amended, No. 114 of 1999; amended, No. 36, 65 and 108 of 2000; Decision No. 11 of 2001 of the Constitutional Court - No. 51 of 2001; amended, No. 28 and 62 of 2002, No. 83, 102 and 114 of 2003, No. 70 of 2004, Nos. 46, 76, 85, 88 and 105 of 2005, Nos. 30, 34, 59, 80 and 105 of 2006, Nos. 31, 53 and 59 of 2007, No. 110 of 2008, Nos. 36, 41, 99 and 101 of 2009, Nos. 38, 59, 98 and 100 of 2010, Nos. 45 and 60 of 2011 year, No. 54, 60 and 102 of 2012, No. 15 and 20 of 2013, No. 47 of 2014 and No. 72 of 2015) in Art. 102, para. 4 the words "Article 15 of the Accounting Law" are replaced by "the applicable accounting standards in accordance with Chapter Four of the Accounting Law".

§ 21. In the Law on Patronage (promulgated, SG No. 103 of 2005; amended, Nos. 30, 34, 63 and 80 of 2006, Nos. 53 and 109 of 2007, No. 42 of 2009 and No. 20 of 2012) in Art. 21, para. 2 the following changes are made:

1. In item 1, the words "art. 1, paragraph 2" are replaced by "art. 2".
2. In item 2, the words "art. 1, paragraph 2" are replaced by "art. 2".

§ 22. In the [Environmental](#) Protection Act (promulgated, SG No. 91 of 2002; amended, No. 98 of 2002; amended, No. 86 of 2003, No. 70, 74, 77, 88, 95 and 105 of 2005, Nos. 30, 65, 82, 99, 102 and 105 of 2006, Nos. 31, 41 and 89 of 2007, Nos. 36, 52 and 105 of 2008, Nos. 12, 19, 32, 35, 47, 82, 93 and 103 of 2009, Nos. 46 and 61 of 2010, Nos. 35 and 42 of 2011, No. 32, 38, 53 and 82 of 2012, Nos. 15, 27 and 66 of 2013, Nos. 22 and 98 of 2014 and No. 62 of 2015) in Art. 62, para. 7 the words "art. 33, para. 6" are replaced by "art. 63, para. 4".

§ 23. In the Law on the Public Offering of Securities (promulgated, SG No. 114 of 1999; amended, Nos. 63 and 92 of 2000, Nos. 28, 61, 93 and 101 of 2002., No. 8, 31, 67 and 71 of 2003, No. 37 of 2004, No. 19, 31, 39, 103 and 105 of 2005, No. 30, 33, 34, 59, 63, 80, 84, 86 and 105 of 2006, Nos. 25, 52, 53 and 109 of 2007, Nos. 67 and 69 of 2008, Nos. 23, 24, 42 and 93 of 2009., No. 43 and 101 of 2010, No. 57 and 77 of 2011, No. 21, 94 and 103 of 2012, No. 109 of 2013 and No. 34, 61 and 62 of 2015) the following amendments are made:

1. In Art. 81, para. 3, sentence two, the words "Art. 34, para. 2" are replaced by "Art. 18".
2. In Art. 100m, para. 3, sentence two, the words "Art. 34, para. 2" are replaced by "Art. 18".
3. In Art. 124, para. 2, item 4, the words "art. 26, para. 1" are replaced by "art. 29, para. 1".

§ 24. In the Roads Act (promulgated, SG No. 26 of 2000; amended, No. 88 of 2000, No. 111 of 2001, Nos. 47 and 118 of 2002, No. 9 and 112 of 2003, No. 6 and 14 of 2004, No. 88 and

104 of 2005, No. 30, 36, 64, 102, 105 and 108 of 2006, No. 59 of 2007, Nos. 43 and 69 of 2008, Nos. 12, 32, 41, 42, 75, 82 and 93 of 2009, No. 87 of 2010, Nos. 19, 39, 55 and 99 of 2011, Nos. 38, 44, 47 and 53 of 2012, Nos. 15 and 66 of 2013, Nos. 16, 53 and 98 of 2014 and Nos. 10, 14, 37 and 61 of 2015) in Art. 28h, para. 2 the words "art. 33, para. 6" are replaced by "art. 63, para. 4".

§ 25. In the Law on the Commercial Register (promulgated, SG No. 34 of 2006; amended, Nos. 80 and 105 of 2006, Nos. 53 and 59 of 2007, No. 104 of 2007, No. 50 and 94 of 2008, No. 44 of 2009, No. 101 of 2010, No. 34 and 105 of 2011, No. 25, 38 and 99 of 2012, No. 40 of 2014 and Nos. 22 and 54 of 2015) in Art. 6, para. 3, the words "Art. 40, paras. 1 - 3" are replaced by "Art. 38, paras. 1, 3 and 5".

§ 26. In the Commercial Law (promulgated, SG No. 48 of 1991; amended, No. 25 of 1992, Nos. 61 and 103 of 1993, No. 63 of 1994, No. 63 of 1995, Nos. 42, 59, 83, 86 and 104 of 1996, Nos. 58, 100 and 124 of 1997, Nos. 21, 39, 52 and 70 of 1998, No. 33, 42, 64, 81, 90, 103 and 114 of 1999, No. 84 of 2000, No. 28, 61 and 96 of 2002, No. 19, 31 and 58 of 2003, Nos. 31, 39, 42, 43, 66, 103 and 105 of 2005, Nos. 38, 59, 80 and 105 of 2006, Nos. 59, 92 and 104 of 2007, No. 50, 67, 70, 100 and 108 of 2008, Nos. 12, 23, 32, 47 and 82 of 2009, Nos. 41 and 101 of 2010, Nos. 14, 18 and 34 of 2011, No. 53 and 60 of 2012, No. 15 and 20 of 2013, No. 27 of 2014 and No. 22 of 2015) the following amendments and additions are made:

1. In Art. 221 :

a) in item 6, at the end, "when conducting an audit is mandatory in the cases provided for by law or a decision has been taken to conduct an independent financial audit";

b) in item 7, after the word "auditor" is added "when an independent financial audit was performed".

2. In Art. 245 at the end, "when conducting an audit is mandatory in the cases provided by law or a decision has been taken to conduct an independent financial audit".

3. In Art. 248 para. 1 is amended as follows:

"(1) The annual financial report is checked by the registered auditors appointed by the general meeting in the cases provided by law."

4. In Art. 249, para. 1 after the word "When" is added "the annual financial statements of the company are subject to a mandatory independent financial audit by law and".

5. In Art. 251 :

a) in para. 3 sentence first is amended as follows: "When the performance of an independent financial audit is mandatory in the cases provided for by law or when a decision has been taken to perform an independent financial audit, the general meeting adopts the annual financial report after completion of the audit and submission of the auditor's report. The registered auditor participates in the meeting of the supervisory board, respectively of the board of directors under paragraphs 1 and 2.";

b) in para. 4 the words "Verified and accepted" are replaced by "Accepted by the general meeting".

§ 27. In the Law on the Independent Financial Audit (promulgated, SG No. 101 of 2001; amended, No. 91 of 2002, No. 96 of 2004, Nos. 77 and 105 of 2005, No. 30, 33, 62 and 105 of 2006, No. 67 of 2008, No. 95 of 2009, No. 54 of 2010, No. 99 of 2011, No. 38, 60 and 102 of 2012, No. 15 of 2013 and No. 61 of 2015) in § 1 of the additional provision item 11 is amended as follows:

"11. "Enterprises of public interest" are those within the meaning of § 1, item 22 of the additional provisions of the Accounting Act."

§ 28. In the Law on Public Finances (SG, No. 15 of 2013) in Art. 168, para. 1, the words "art. 1, paragraph 2" are replaced by "art. 2".

§ 29. The law enters into force on January 1, 2016, with the exception of art. 48 - 52 , which enter into force on January 1, 2017.

The law was adopted by the 43rd National Assembly on November 24, 2015 and was stamped with the official seal of the National Assembly.

Transitional and Final Provisions
TO THE LAW AMENDING AND SUPPLEMENTING THE LAW ON NON-PROFIT
LEGAL ENTITIES

(PUBLISHED - SG No. 74 OF 2016, EFFECTIVE FROM 01.01.2018)

§ 40. The law enters into force on January 1, 2018.

Transitional and Final Provisions
TO THE LAW AMENDING AND SUPPLEMENTING THE LAW ON EXCISES AND
TAX WAREHOUSES

(PUBLISHED - SG No. 97 OF 2016, EFFECTIVE FROM 01.01.2017)

§ 61. The law enters into force on January 1, 2017, with the exception of § 47, item 1 and item 5, letter "b" , § 48 and § 49 , which enter into force on January 1, 2018.

Transitional and Final Provisions
TO THE LAW AMENDING AND SUPPLEMENTING THE TAX-INSURANCE
PROCEDURE CODE

(PUBLISHED - SG No. 92 OF 2017, IN FORCE FROM 01.01.2018)

§ 31. The law enters into force on January 1, 2018, with the exception of:
1. paragraphs 1 , 4 - 9 , § 10, items 2 and 3 , § 26 and 29 , which enter into force three days after the promulgation of the law in the " [State Gazette](#) ";
2. paragraph 14, items 5 and 6 , which enter into force on January 1, 2019.

Transitional and Final Provisions
TO THE LAW AMENDING AND SUPPLEMENTING THE LAW ON VALUE ADDED
TAX

(PUBLISHED - SG No. 97 OF 2017, EFFECTIVE FROM 01.01.2018)

§ 52. The law enters into force from January 1, 2018, with the exception of § 8 and 9 , which enter into force from December 1, 2017, and § 41 regarding item 17, letter "a", which enters into force from May 20, 2019

Transitional and Final Provisions

TO THE LAW ON MARKETS IN FINANCIAL INSTRUMENTS

(PUBLISHED - SG No. 15 OF 2018, EFFECTIVE FROM 16.02.2018)

§ 42. This law enters into force from the day of its promulgation in [the State Gazette](#) , with the exception of:

1. Article 222, para. 1 - 3 , which enter into force on September 3, 2019;
2. paragraph 13, item 12, letter "a" , which comes into force on January 1, 2018;
3. paragraph 13, item 12, letter "b" , which enters into force on November 21, 2017;
4. paragraph 17, item 37 regarding Art. 264a and item 39 regarding Art. 273b , which enter into force on January 1, 2020.

Transitional and Final Provisions

TO THE LAW AMENDING AND SUPPLEMENTING THE LAW ON CORPORATE INCOME TAXATION

(PUBLISHED - SG, NO. 98 OF 2018, IN FORCE FROM 01.01.2019, AMENDED - SG, NO. 37 OF 2019, IN FORCE FROM 07.05.2019, AMENDED - SG, NO. 104 OF 2020, EFFECTIVE FROM 01.01.2021)

§ 55. Until the expiration of the period for re-registration through entry in the Register of Non-Profit Legal Entities at the Registration Agency under § 25 of the transitional and final provisions of the Law on Amendments and Supplements to the Law on Non-Profit Legal Entities (Government Gazette, No. 74 of 2016) annual financial statements and activity reports under the Accounting Law are published as follows:

1. by June 30 of the current year, the annual financial statements and activity reports for the previous year - in an economic publication or on the Internet, when the conditions under items 2 - 4 have not been met for the person; the person must provide free access to his published reports and reports and, upon request, indicate the place where they are published;
2. persons re-registered in the period from June 1, 2018 to May 31, 2019, publish the reports for 2017 and 2018 by June 30, 2019;
3. persons re-registered in the period from June 1, 2019 to May 31, 2020, publish the reports for 2017, 2018 and 2019 by June 30, 2020;
4. (amended - SG No. 104 of 2020, in force from 01.01.2021) persons re-registered in the period from June 1, 2020 to December 31, 2020, shall publish by September 30 2021 the reports for 2017, 2018, 2019 and 2020.

§ 56. (Amended - SG No. 37 of 2019, in force from 07.05.2019) **Article 34** , para. 5 of the Accounting Act also applies to the annual financial statements for 2018.

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§ 70. The law enters into force on January 1, 2019, with the exception of:

1. paragraph 43, item 2 - regarding Art. 4 , item 65, item 4, letter "a", item 5, letter "b", sub-letter "bb", item 9, item 15, letter "b", item 31 and item 34 and § 64 , which enter into force on the day of promulgation of the law in the " [State Gazette](#) ";
2. paragraph 63 , which enters into force on November 18, 2018;
3. paragraph 41, item 1 , § 43, item 36 , § 50, items 1 - 3, item 4, letter "a", items 5 - 10, § 52, item 3 , § 53, items 1 and 3 and § 65 - 69 , which enter into force on January 7, 2019;
4. paragraph 43, item 11 - regarding Art. 47, para. 4, item 1 and para. 5 , which enter into force on January 28, 2019;
5. paragraph 52, items 1, 2, 4 and 5 and § 53, item 2 , which enter into force on May 20, 2019;
6. paragraph 43, item 22 , § 57, item 9, item 11, letter "c", item 31, item 32 and 37 , which enter into force on July 1, 2019;
7. paragraph 50, item 4, letters "c" and "d" , which enter into force on October 1, 2019;
8. paragraph 39, item 3, letter "b" - regarding Art. 14, para. 2 , which enters into force on January 1, 2020;
9. paragraph 43, item 11 - regarding Art. 47, para. 4, item 2 , which enters into force on July 28, 2020.

Transitional and Final Provisions

TO THE LAW AMENDING AND SUPPLEMENTING THE LAW ON THE RESTORATION AND RESTRUCTURING OF CREDIT INSTITUTIONS AND INVESTMENT INTERMEDIARIES

Transitional and Final Provisions

(PUBLISHED - SG No. 37 OF 2019 (*))

§ 60. (Effective from 07.05.2019) The enterprises under Art. 34, para. 2, items 1 and 2 of the Accounting Act compile their financial statements for 2018 on the basis of International Accounting Standards.

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§ 64. The law enters into force from the day on which the decision of the European Central Bank on close cooperation under Art. 7 of Council Regulation (EU) No. 1024/2013 of October 15, 2013, assigning specific tasks to the European Central Bank regarding policies related to the prudential supervision of credit institutions, with the exception of § 5, item 1 , § 6 , § 7, item 1 , § 8 , 9 , 10 , 13 , 14 , § 16, item 2 , § 17 , § 18, item 1, letter "b", subletter "aa" , § 19, § 20, item 1, letter "b", subletter "aa" , § 21, item 1, letter "a" , § 24 , 25 , 26 , 27 , 29 , 30 , 31 , 33 , 34 , 35 , 36 , 38 , 53 , 54 , 59 , 60 , 61 , 62 and 63 , which enter into force from the day of promulgation of the law in the " [State Gazette](#) ".

Transitional and Final Provisions

TO THE LAW AMENDING AND SUPPLEMENTING THE LAW ON CORPORATE INCOME TAXATION

(PUBLISHED - SG No. 96 OF 2019, EFFECTIVE FROM 01.01.2020)

§ 40. Paragraph 39, item 2, letter "a", subscript "bb" regarding Art. 38, para. 9, item 2 of the Accounting Act regarding the one-time submission of a declaration according to a model applies to accounting periods starting on and after January 1, 2019.

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§ 45. The law enters into force on January 1, 2020, with the exception of § 30, item 28, letters "a", "b", "c" and "d", item 35, letter "a", subletter "yy" and subscript "dd" regarding item 96 of the additional provisions of the Law on Value Added [Tax](#), which enter into force three days after the promulgation of the law in the "State Gazette".

Final Provisions

TO THE LAW AMENDING THE LAW ON THE PUBLIC OFFERING OF SECURITIES

Final provisions

(ANNOUNCEMENT - SG No. 26 OF 2020)

§ 30. (1) Paragraphs 2 , 3 , 9 , 10 and 17 enter into force on September 3, 2020.
(2) Paragraphs 1 and 21 come into force on 1 January 2021.

Transitional and Final Provisions

TO THE LAW AMENDING AND SUPPLEMENTING THE LAW ON VALUE ADDED TAX

(PUBLISHED - SG, NO. 104 OF 2020, EFFECTIVE FROM 01.01.2021)

§ 72. In the Law on Corporate Income Taxation (promulgated, SG No. 105 of 2006; amended, Nos. 52, 108 and 110 of 2007, Nos. 69 and 106 of 2008, No. 32, 35 and 95 of 2009, No. 94 of 2010, Nos. 19, 31, 35, 51, 77 and 99 of 2011, Nos. 40 and 94 of 2012, No. 15, 16, 23, 68, 91, 100 and 109 of 2013, Nos. 1, 105 and 107 of 2014, Nos. 12, 22, 35, 79 and 95 of 2015, Nos. 32, 74, 75 and 97 of 2016, Nos. 58, 85, 92, 97 and 103 of 2017, Nos. 15, 91, 98, 102, 103 and 105 of 2018, Nos. 24, 64, 96, 101 and 102 of 2019 and No. 18, 28, 38 and 69 of 2020) the following amendments and additions are made:

.....

23. In the transitional and final provisions of the Law on Amendments and Supplements to the Law on Corporate Income Taxation (SG, No. 98 of 2018; amended, No. 37 of 2019) in § 55, item 4, the words " 30 June" are replaced by "30 September".

.....

§ 94. The law enters into force on January 1, 2021, with the exception of:

1. paragraph 17 , § 31 , § 59 - 61 and § 68 , 69 , § 71, item 11 , § 88 , 89 , 91 and 92 , which enter into force within three days of the promulgation of the law in the "State Gazette" ;
2. paragraph 39 regarding Art. 154, para. 2 , § 41 regarding Art. 156, para. 2 , § 43 regarding Art. 157a, para. 4 and § 63 , which enter into force on April 1, 2021;

3. paragraphs 1 - 9 , § 11 - 13 , § 15 , 16 , § 18 - 30 , § 32 , § 33 - 58 , § 62, item 1, letters "a", "e", "f" and item 2 , § 64 - 66 and § 67, para. 1, 2, 3, 12, 13 and 14 , which enter into force on July 1, 2021;
4. paragraph 71, item 4 , which enters into force on January 1, 2022.

Transitional and Final Provisions

TO THE LAW AMENDING AND SUPPLEMENTING THE TAX-INSURANCE PROCEDURE CODE

(PUBLISHED - SG, NO. 105 OF 2020, EFFECTIVE FROM 01.01.2021)

§ 72. The law enters into force on January 1, 2021, with the exception of:

1. paragraph 34 , which enters into force on May 1, 2021;
2. paragraphs 55 , 58 , 59 , 60 and § 69 regarding the creation of Art. 26b of the Law on measures and actions during the state of emergency, declared by a decision of the National Assembly of March 13, 2020, and to overcome the consequences, which come into force from the day of its promulgation in the "State Gazette";
3. paragraph 69 regarding the creation of Art. 26a of the Law on measures and actions during the state of emergency, declared by a decision of the National Assembly of March 13, 2020, and on overcoming the consequences, which comes into force on December 7, 2020.

Relevant acts of European legislation

Directives:

DIRECTIVE (EU) 2017/1132 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 14 June 2017 on certain aspects of company law

DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 22 October 2014 amending Directive 2013/34/EC with regard to the disclosure of non-financial and diversity information by certain large undertakings and groups

DIRECTIVE 2013/34/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings and amending Directive 2006/43/EC of the European Parliament and of the Council and on repealing Council Directives 78/660/EEC and 83/349/EEC

DIRECTIVE 2012/30/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 25 October 2012 on the harmonization of the guarantees required in the Member States for companies within the meaning of Article 54, second paragraph of the Treaty on the Functioning of the European Union, for the protection of interests both to the partners and to third parties regarding the establishment of joint-stock companies and the maintenance and modification of their capital in order to make these guarantees equal (**repealed**)

DIRECTIVE 2006/43/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 17 May 2006 on the mandatory audit of annual accounts and consolidated accounts, amending Directives 78/660/EEC and 83/349/EEC of the Council and repealing Council Directive 84/253/EEC

Regulations:

REGULATION (EC) No. 1893/2006 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 20 December 2006 establishing a statistical classification of economic activities NACE Rev. 2 and amending Regulation (EEC) No. 3037/90 of the Council, as well as some EC regulations on specific statistical areas

REGULATION (EC) No. 1606/2002 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 19 July 2002 on the application of international accounting standards

COUNCIL REGULATION (EEC) No. 3037/90 of 9 October 1990 on the statistical classification of economic activities in the European Community

Solutions:

COMMISSION IMPLEMENTING DECISION (EU) 2016/1910 of 28 October 2016 on the equivalence of the reporting requirements of certain third countries on payments to governments with the requirements of Chapter 10 of Directive 2013/34/EU of the European Parliament and of the Council