

# Accountancy Act

Promulgated, SG No. 95/8.12.2015, effective 1.01.2016, amended, SG No. 74/20.09.2016, effective 1.01.2018, amended and supplemented, SG No. 95/29.11.2016, SG No. 97/6.12.2016, effective 1.01.2017, amended, SG No. 85/24.10.2017, SG No. 92/17.11.2017, effective 1.01.2018, amended and supplemented, SG No. 97/5.12.2017, effective 1.01.2018, amended, SG No. 15/16.02.2018, effective 16.02.2018, supplemented, SG No. 22/13.03.2018, amended и supplemented, SG No. 98/27.11.2018, effective 1.01.2019, SG No. 13/12.02.2019, SG No. 37/7.05.2019, effective 7.05.2019, SG No. 96/6.12.2019, effective 1.01.2020, supplemented, SG No. 26/22.03.2020, effective 1.01.2021, amended, SG No. 28/24.03.2020, effective 13.03.2020, SG No. 104/8.12.2020, effective 1.01.2021, supplemented, SG No. 105/11.12.2020, effective 1.01.2021, amended and supplemented, SG No. 19/5.03.2021, SG No. 105/19.12.2023, effective 1.01.2024, amended, SG No. 70/20.08.2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, amended and supplemented, SG No. 72/27.08.2024, effective 6.07.2024, amended, SG No. 79/17.09.2024, SG No. 17/28.02.2025, effective 28.02.2025, amended and supplemented, SG No. 26/27.03.2025, effective 1.01.2025

\*Note: An update of the English text of this Act is being prepared following the amendments in SG No. 61/29.07.2025, effective 31.10.2025

Text in Bulgarian: Закон за счетоводството

## Chapter One GENERAL PROVISIONS

### Section I Scope

Article 1. This Act shall regulate:

1. the requirements to bookkeeping and accounting systems of enterprises, accounting documents and accounting information, the inventory of assets and liabilities and the storage of accounting information;
2. the applicable basis of accounting in financial reporting;
3. (new, SG No. 72/2024, effective 6.07.2024) the applicable sustainability reporting framework;
4. (renumbered from Item 3, supplemented, SG No. 72/2024, effective 6.07.2024) the content and the preparation of financial statements, management reports, including sustainability reporting, and reports on payments to governments of enterprises and groups of enterprises;
5. (renumbered from Item 4, supplemented, SG No. 72/2024, effective 6.07.2024) the obligations for independent financial audit, assurance of sustainability reporting and disclosure of financial statements, management reports and payment reports to governments of enterprises and groups of enterprises;
6. (renumbered from Item 5, SG No. 72/2024, effective 6.07.2024) the duties and responsibilities of the manager of the enterprise.

Article 2. For the purposes of this Act enterprises shall be:

1. (supplemented, SG No. 97/2016, effective 1.01.2017) merchants within the meaning of the Commerce Act, including branches of foreign merchants;

2. local legal entities other than merchants;
3. budget-funded enterprises;
4. (amended, SG No. 97/2016, effective 1.01.2017) consortia within the meaning of the Commerce Act, the companies under the Obligations and Contracts Act, joint ventures and other alliances based on contractual relations, in which the parties have rights to net assets;
5. (amended, SG No. 19/2021) the payment funds and the contribution payment centres within the meaning of the Social Insurance Code;
6. trade representations;
7. foreign legal entities engaged in business activities in the Republic of Bulgaria through a place of business, except where the business is carried out by a non-resident of a Member State of the European Union or of another country – a signatory to the Agreement on the European Economic Area, only under the conditions of freedom to provide services.

## **Section II**

### **Bookkeeping, accounting documents, accounting information and accounting systems**

Article 3. (1) Bookkeeping shall be organised in accordance with this Act and shall be carried out under the double-entry accounting method.

(2) Enterprises shall keep accounts of all business transactions resulting in changes in their property and financial position, the financial results from operations, the cash flows and equity, in a chronological order.

(3) Enterprises shall keep their accounts on the basis of documentary justification of business transactions and facts while observing the requirements for drawing up documents hereunder.

(4) Sole traders with net sales revenue for the previous period not exceeding BGN 50,000 may account for their operations applying the single-entry accounting method.

Article 4. (1) An accounting document shall be any paper or technical carrier of accounting information, classified as primary, secondary and a ledger.

(2) A primary document shall carry information about a business transaction recorded for the first time.

(3) A secondary document shall carry processed (summarised or differentiated) information derived from primary accounting documents.

(4) A ledger shall carry chronologically systematised information about business transactions derived from primary and/or secondary accounting documents.

(5) (Amended, SG No. 85/2017) An accounting document under paragraph (1) may be an electronic document containing the information required under this Act, issued and obtained in any electronic format subject to the requirements of the Electronic Document and Electronic Trust Services Act.

Article 5. (1) (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) Primary accounting documents of enterprises shall be drawn up in the Bulgarian language, in Arabic numerals and in Euro. Accounting documents may also be drawn up in the respective foreign language and in foreign currency in cases of transactions negotiated in foreign currency with foreign contractors. When the transaction is negotiated in foreign currency, its EUR equivalent amount shall be determined by applying the central exchange rate of the Bulgarian National Bank to the foreign currency amount as of the date of the transaction.

(2) The accounting documents received at the enterprise in a foreign language shall be translated in Bulgarian in the cases set forth by law.

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

1. name and number of the document, including only Arabic numerals;
2. date of issue;
3. company name or name, address and identification code from the Commercial Register or unified identification code under BULSTAT or personal identification number or serial number of foreigner of the issuer and the recipient;
4. subject, physical and value expression of the business transaction.

(2) The address under paragraph (1), item 3 shall be the address for correspondence referred to in Article 28 (1) of the Tax-Insurance Procedure Code.

(3) The primary accounting document which pertains only to the enterprise's operations shall contain, at a minimum, the following information:

1. name and number of the document, including only Arabic numerals;
2. date of issue;
3. name of the enterprise;
4. subject, physical and value expression of the business transaction;
5. name and signature of the individual drawing up the document.

(4) When drawing up an accounting document pertaining only to the enterprise's operations by means of automatic devices or systems, the signature of the drawer may be substituted by a digital signature or by another identifier, unambiguously identifying and recognising the drawer of the accounting document.

(5) The documentary justification shall be present when part of the required information under paragraphs (1) and (3) in the primary accounting document is missing, but there are documents verifying it.

(6) Beyond the cases referred to in paragraph (5), documentary justification shall be deemed to exist also where the primary accounting document has been issued by a person which is not an enterprise in the meaning of this Act and there is some missing information in the document, which is required under paragraph (1), provided such document reflects correctly the documented business transaction.

(7) Upon payment of public and private government and municipal liabilities arising on the grounds and in accordance with a law, it shall be deemed that the business transaction is justified by a document based on the presence of the relevant payment document for the payment made.

Article 7. (1) A primary accounting document under Article 6 (1) shall be issued, where this is provided for in a law.

(2) (Amended, SG No. 13/2019) Issuance of a primary accounting document shall be optional when the business transaction is documented with a fiscal receipt or a system receipt, issued in accordance with the procedure laid down in the ordinance referred to in Article 118(4) of the Value Added Tax Act, or by a security printed in accordance with the procedure laid down for the printing of securities and the recipient of the primary accounting document is a natural person other than a merchant.

(3) (New, SG No. 13/2019) The Council of Ministers lay down in an ordinance the terms and procedure for the printing and control of securities. Persons who or which wish to print securities shall file a notification with the Ministry of Finance.

(4) (Renumbered from Paragraph (3), SG No. 13/2019) Paragraph (2) shall not apply where the recipient has required the issuance of a primary accounting document.

Article 8. No corrections or additions shall be allowed in the primary accounting documents. Any primary accounting documents that have been erroneously drawn up shall be cancelled and new ones shall be drawn up.

Article 9. The following shall not be allowed:

1. accounting for business transactions outside accounting books or records;

2. accounting of fictitious or insufficiently identified transactions, non-existent expenses and liabilities of inaccurately identified subject, carried out for the purpose of bribing officials or concealing a bribe.

Article 10. The persons who have drawn up and signed the accounting documents and technical information carriers shall be liable for the authenticity of the information contained therein.

Article 11. (1) In establishing and maintaining its accounting system, an enterprise shall ensure:

1. a comprehensive chronological registration of the accounting transactions;
2. receipt of analytical and summary information through accounting means, representing most accurately and appropriately the annual financial statements of the enterprise;
3. interim and annual closing of accounting records;
4. making changes in the book entries made, by making adjusting accounting entries;
5. application of an individual chart of accounts as approved by the manager of the enterprise;
6. application of an accounting policy as approved by the manager of the enterprise.

(2) Where accounting software is used for the purposes of bookkeeping, such software must have been developed in compliance with the requirements of this Act and shall support data processed by means thereof and the output documents shall be in the Bulgarian language.

### **Section III**

## **Storage of accounting information**

Article 12. (1) Accounting information shall be stored on paper and/or technical carrier in the enterprise within the following time limits:

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

(2) Accounting information may be stored in private or public records in accordance with the National Archive Fund Act subject to compliance with the requirements under paragraph (1).

(3) Where an enterprise is wound up by reorganisation, carriers (paper and/or technical) of accounting information shall be handed over to the receiving and/or newly established enterprise/enterprises.

(4) Upon winding up of an enterprise or if the enterprise has no legal successor, the payrolls shall be handed over to the National Social Security Institute under the procedure of Article 5 (10) of the Social Security Code.

Article 13. Upon expiry of the prescribed time limit for storage, the carriers (paper or technical) of accounting information that are not subject to submission to the National Archive Fund or to the National Social Security Institute may be destroyed.

Article 14. (1) Upon termination of employment, civil service or contractual relationship with a person who carries out bookkeeping and draws up financial statements, the accounting records shall be handed over to a person designated by the manager of the enterprise.

(2) The acceptance and hand-over referred to in paragraph (1) shall be performed in the presence of a committee following a procedure as established by the manager of the enterprise.

(3) Upon termination of the employment, civil service or contractual relationship of the manager of the enterprise such manager shall hand over the whole accounting and other official documentation available to him/her to a person designated by the relevant competent authority.

## **Section IV**

### **Powers of the minister of finance**

Article 15. The minister of finance shall:

1. (supplemented, SG No. 72/2024, effective 6.07.2024) be responsible for the coordination and interaction with the European Commission and the Council of the European Union in the harmonisation of Bulgarian accounting legislation with the EU accounting legislation, including for sustainability reporting;
2. give opinions and methodological guidelines on the implementation of this Act and the National Accounting Standards;
3. undertake measures for the development and improvement of accounting.

## **Section V**

### **Rights and obligations of the manager of the enterprise**

Article 16. (1) The manager of the enterprise shall:

1. approve the individual chart of accounts of the enterprise;
  2. arrange the bookkeeping in accordance with the provisions of this Act;
  3. approve the accounting form that shall ensure the synchronised execution of the chronological and systematic (analytical and synthetic) accounting;
  4. be responsible for the preparation, content and publication of the annual financial statements and reports required under this Act;
  5. determine the frequency of financial statements for the purposes of the management of the enterprise;
  6. (supplemented, SG No. 72/2024, effective 6.07.2024) be responsible for the conduct of an independent financial audit and assurance of sustainability reporting by registered auditors;;
  7. determine the terms and procedure for inventory taking;
  8. be responsible for the storage of accounting information under the procedure and within the time limits set out in Section III;
  9. determine the procedure for and the flow of accounting documents from their generation or receipt at the enterprise to their destruction or submission as required hereunder.
- (2) (Supplemented, SG No. 105/2023, effective 1.01.2024, amended, SG No. 72/2024, effective 6.07.2024) The manager and the members of the management and supervisory bodies of the enterprise shall be responsible for the preparation, the conduct of an independent financial audit and assurance of sustainability reporting 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 hereunder and in accordance with their powers set out in the Commerce Act.

## **Section VI**

### **Drawers of financial statements**

- Article 17. (1) Interim, annual and consolidated accounts of enterprises shall be drawn up by individuals who are in employment, civil service or contractual relationship with the enterprise, or by accounting firms.
- (2) Paragraph (1) shall not be mandatory for the annual financial statements of sole traders applying the single-entry accounting system under Article 3 (4), and for micro-enterprises under Article 19 (2) that have not carried out any activity during the reporting period. In these cases, the financial statements shall be drawn up by the owners or the partners of such enterprises.



Article 18. Individuals under Article 17 (1) who draw up the financial statements, and the managers and/or the representatives of accounting firms who sign the financial statements when the financial statements are drawn up by accounting firms, shall meet the following requirements:

1. shall have acquired compulsory minimum degree of completed education and practical experience corresponding to it, as follows:

a) higher education in accounting and economics, and previous employment in the area of accounting, external and internal audit and financial inspection, tax audits or as an educator in accounting and control, as follows:

aa) for the master's degree, two years;

bb) for the bachelor's degree, three years;

cc) for the professional bachelor's degree, 4 years;

b) other tertiary economic education and 5 years of previous employment in the area of accounting, external and internal audit and financial inspection, tax audits or as an educator in accounting and control;

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

2. shall have not been convicted of an indictable offence 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**

Article 19. (1) For the purposes of this Act, the following categories of enterprises shall exist:

1. micro-enterprises;

2. small enterprises;

3. medium-sized enterprises;

4. large enterprises.

(2) Micro-enterprises shall be enterprises which at 31 December of the current reporting period do not exceed at least two of the following criteria:

1. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 900,000;

2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 1,800,000;

3. average number of employees for the reporting period: 10.

(3) Small enterprises shall be enterprises which at 31 December of the current reporting period do not exceed at least two of the following criteria:

1. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in

- accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 10,000,000;
2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 20,000,000;
3. average number of employees for the reporting period: 50.
- (4) Medium-sized enterprises shall be enterprises other than small enterprises which at 31 December of the current reporting period do not exceed at least two of the following criteria:
1. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 50,000,000;
2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 100,000,000;
3. average number of employees for the reporting period: 250.
- (5) Large enterprises shall be enterprises which at 31 December of the current reporting period exceed at least two of the following criteria:
1. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 50,000,000;
2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 100,000,000;
3. average number of employees for the reporting period: 250.

Article 20. (1) A change in the category under Article 19 shall be made when the enterprise no longer meets two of the three criteria for the relevant category in the last two accounting periods. The category shall be changed from the beginning of the next (third) reporting period.

(2) In the cases referred to in paragraph (1) when the enterprise meets the indicators for two different categories in the last two accounting periods, it shall be categorised by the indicators of the last accounting period.

(3) For the reporting period in which an enterprise referred to in § 1, item 22 of the supplementary provisions ceases to be a public interest enterprise, it shall keep its accounts as a public interest enterprise.

## **Section II**

### **Categories of groups of enterprises**

Article 21. (1) For the purposes of this Act, the following categories of groups of enterprises shall exist:

1. small groups;

2. medium-sized groups;

3. large groups.

(2) Small groups shall be groups of enterprises, whose sum of the indicators based on their annual financial statements on a consolidated basis, prepared as of 31 December of the current reporting period, does not exceed the thresholds of at least two of the three following criteria:

1. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 10,000,000;

2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 20,000,000;

3. average number of employees for the reporting period: 50.

(3) Medium-sized groups shall be groups of enterprises, whose sum of the indicators based on their annual financial statements on a consolidated basis, prepared as of 31 December of the current reporting period, does not exceed the thresholds of at least two of the three following criteria:

1. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 50,000,000;

2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 100,000,000;

3. average number of employees for the reporting period: 250.

(4) Large groups shall be groups of enterprises, whose sum of the indicators based on their annual financial statements on a consolidated basis, prepared as of 31 December of the current reporting period, exceeds the thresholds of at least two of the three following criteria:

1. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 50,000,000;

2. (amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 100,000,000;

3. average number of employees for the reporting period: 250.

(5) (New, SG No. 97/2016, effective 1.01.2017) The categories of groups of enterprises may be furthermore defined on the basis of the sum of the values of the indicators in the individual annual financial statements of the companies in the group, prepared as of 31 December of the current reporting period. In this case, in determining the category of the group, the thresholds of the indicators for the book value of assets and the net sales revenue under paragraphs (2), (3) and (4) shall be increased by 20 per cent.



Article 22. (1) A change in the category under Article 21 shall be made when the enterprise for the last two reporting periods no longer meets two of the three criteria for the relevant category. The category shall be changed from the beginning of the next reporting period.  
(2) In the cases referred to in paragraph (1) when the enterprise meets the indicators for two different categories in the last two reporting periods, it shall be categorised by the indicators of the last accounting period.

## **Chapter Three**

### **FINANCIAL STATEMENTS**

#### **Section I**

#### **General requirements to the financial statements**

Article 23. (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) The financial statements shall be drawn up in the Bulgarian language, with Arabic numerals and in thousands of Euro.

Article 24. (1) The financial statements shall give a true and fair view of the property and financial position and financial performance of the enterprise, its cash flows and equity.  
(2) The true and fair presentation requires a reliable disclosure of the effects of the operations, other events and conditions in accordance with the definitions and the recognition criteria for assets, liabilities, income and expenses set out in the applicable accounting standards.  
(3) The content of the financial statements shall be clear and understandable.

Article 25. (1) The financial statements shall indicate:

1. the name of the enterprise, its legal form, seat and registered office, as well as information as to whether the enterprise is wound up;
2. the register in which the enterprise is recorded, and its registration number from such register;
3. other information required under this or any other act and the applicable accounting standards.

(2) The financial statements shall be signed by:

1. the manager of the enterprise;
2. the individual who has prepared the financial statements or by the representative and/or manager of the accounting firm when the financial statements have been prepared by an accounting firm.

(3) (Amended, SG No. 98/2018, effective 1.01.2019) Indicated in the financial statements shall be the names of the persons referred to in paragraph (2). A stamp of the company and a stamp of the accounting firm shall be affixed only if this is required by another act.

(4) (Amended, SG No. 79/2024) Where the financial statements are subject to an independent financial audit, the signatures of the persons who conducted the independent financial audit of the financial statements shall be affixed in accordance with the requirements of the Independent Financial Audit and Assurance of Sustainability Reporting Act.

(5) (New, SG No. 105/2020, effective 1.01.2021) Upon preparation of the annual financial statements, the signatures referred to in Paragraphs 2 and 4 may be electronic signatures within the meaning given under Article 13 of the Electronic Document and Electronic Trust Services Act.

Article 26. (1) The items to be presented in the financial statements shall be recognised and measured in accordance with the following principles:

1. going concern: it is assumed that the enterprise is a going concern and will remain one in the foreseeable future; it is assumed that the enterprise does not have either the intention or the need to liquidate or significantly reduce the size of its operations;

2. consistency of presentation and comparative information: the presentation and classification of items in the financial statements, the accounting policies and methods of evaluation shall be retained and applied consistently and in subsequent reporting periods in order to achieve comparability of the financial data and indicators of financial statements;
  3. prudence: evaluation and consideration of potential risks and estimated potential losses in the accounting treatment of business transactions to ensure that an actual financial result is obtained;
  4. accrual: the enterprise shall prepare its financial statements, except for the cash flow statements, based on the accrual concept – the effects of transactions and other events shall be recognised when they occur, regardless of the time of receipt or payment of cash or its equivalents, and shall be included in the financial statements for the period to which they refer;
  5. independence of the individual reporting periods and value link between opening balance and closing balance: each reporting period shall be treated per se in accounting terms, independent of its objective relation to the previous and the following reporting periods, while data in the financial statements at the beginning of the current reporting period shall match the data at the end of the previous reporting period.
  6. materiality: the enterprise shall present separately each material group of items of similar nature; consolidation of amounts by items of similar nature is admissible where the amounts are immaterial or their consolidation aims to achieve greater clarity; the amount of an item is material if any deficiencies and incorrect presentation of the item could affect the business decisions of the users, based on the financial statements, or could lead to a violation of the requirement for a true and fair presentation of the property and financial position, the financial results of its operations, and changes in cash flows and equity;
  7. offset: the enterprise does not offset assets against liabilities or income and expenses and reports separately both assets and liabilities, and income and expenses;
  8. substance over form: transactions and events are accounted for in accordance with their content, essence and business reality, not formally, based on their legal form;
  9. measurement of items which are recognised in the financial statements is carried at cost, which may be the purchase price or production cost or by some other method, when this is required by the applicable accounting standards.
- (2) Enterprises shall keep their accounts in accordance with the principles referred to in paragraph (1) or in compliance with the principles and requirements of the International Accounting Standards when the accounting basis of the enterprise is based on the International Accounting Standards.

Article 27. Enterprises shall compile:

1. annual financial statements as of 31 December in thousands of Bulgarian leva (BGN);
2. consolidated financial statement as of 31 December of the reporting period, when the parent company is a company under Title Three of Part Two of the Commerce Act;
3. interim financial statements covering a shorter period than one reporting period, when this is required by a law or by a decision of the manager of the enterprise.

## **Section II**

### **Inventory taking**

- Article 28. (1) Enterprises shall take inventory of the assets and liabilities at least once a year for the purpose of their fair presentation in the financial statements.
- (2) Enterprises whose net sales revenues do not exceed BGN 200,000 for the current reporting period, shall not take mandatory inventory under paragraph (1).
- (3) Inventory taking shall be carried out also on a decision of the manager of the enterprise, at the request of the authorities of the judiciary and other authorities, as may be provided for by a law.

## **Section III**

### **Annual financial statements**

Article 29. (1) The annual financial statements for all enterprises shall comprise at least a balance sheet, an income statement and notes.

(2) The format, structure and content of the full set of the financial statements shall be defined by the applicable accounting standards.

(3) The annual financial statements of sole traders whose net sales revenues for the current reporting period do not exceed BGN 200,000 and are not subject to statutory independent financial audit may consist only of an income statement.

(4) (Amended, SG No. 97/2017, effective 1.01.2018) The annual financial statements of micro-enterprises may consist only of a summary balance sheet by sections and a summary income statement.

(5) Paragraph (4) shall not apply to investment firms and financial holding companies, categorised as micro-enterprises.

(6) (Amended, SG No. 97/2017, effective 1.01.2018) The annual financial statements of small enterprises may consist of a summary balance sheet by sections, a summary income statement, and notes.

(7) The annual financial statements referred to in paragraphs (3), (4) and (6) shall give a true and fair view of the assets, liabilities, financial position and the results of the operations of the enterprise.

(8) The enterprises referred to in paragraphs (1), (3), (4) and (6) may choose to compile a full set of financial statements.

(9) The annual financial statements of medium-sized and large enterprises and of public interest enterprises shall be drawn up in the full set in accordance with the applicable accounting standards.

(10) Enterprises, when controlled by the State or municipalities, or when assisted thereby through subsidies, preferential loans, government guarantees or other forms of state aid, may be required by the minister of finance to present additional statements and information following requirements as to format, contents, timing and procedure for drawing up and presentation as set by the minister of finance.

Article 30. (1) Large enterprises and public interest enterprises shall disclose in the notes the amounts charged for the year for the services provided by registered auditors, separately for:

1. independent financial audit;
2. (new, SG No. 72/2024, effective 6.07.2024) assurance of sustainability reporting;
3. (renumbered from Item 2, SG No. 72/2024, effective 6.07.2024) tax advice;
4. (renumbered from Item 3, SG No. 72/2024, effective 6.07.2024) other non-audit services.

(2) Similarly, the notes to the consolidated financial statements shall contain a disclosure of the information under paragraph (1) with regard to enterprises included in the consolidation.

## **Section IV**

### **Consolidated financial statements**

Article 31. (1) Consolidated financial statements shall be drawn up by the parent enterprise in accordance with the rules and requirements of:

1. the National Accounting Standards – for the enterprises that compile and submit annual financial statements on the basis of the National Accounting Standards;
2. the International Accounting Standards – for the enterprises that compile and submit annual financial statements on the basis of the International Accounting Standards.

(2) Consolidated financial statements shall be drawn up by the parent enterprise regardless of the location of the seats of its subsidiaries.

Article 32. The preparation of consolidated financial statements shall not be mandatory for the parent enterprise of a small group, unless the group has at least one public interest enterprise.

Article 33. The format, structure and content of the full set of the consolidated financial statements shall be defined by the applicable accounting standards.

## **Chapter Four**

### **APPLICABLE BASIS OF ACCOUNTING**

Article 34. (Amended, SG No. 98/2018, effective 1.01.2019) (1) Enterprises shall draw up their financial statements in accordance with the National Accounting Standards.

(2) (New, SG No. 37/2019, effective 7.05.2019) The following enterprises shall prepare their financial statements in accordance with the International Accounting Standards:

1. credit and financial institutions within the meaning of the Credit Institutions Act;
  2. payment service providers within the meaning given by the Payment Services and Payment Systems Act;
  3. insurers and reinsurers, as well as insurance holding companies and mixed financial holding companies heading a group within the meaning of the Insurance Code;
  4. (supplemented, SG No. 19/2021) retirement insurance companies and supplementary retirement insurance funds and payment funds managed thereby within the meaning of the Social Insurance Code;
  5. investment firms within the meaning of the Markets in Financial Instruments Act;
  6. management companies and collective investment schemes within the meaning of the Collective Investment Schemes and Other Undertakings for Collective Investments Act;
  7. (supplemented, SG No. 96/2019, effective 1.01.2020) persons managing alternative investment funds and undertakings for collective investments within the meaning of the Collective Investment Schemes and Other Undertakings for Collective Investments Act;
  8. national investment funds within the meaning of the Collective Investment Schemes and Other Undertakings for Collective Investments Act;
  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 Markets in Financial Instruments Act;
  11. central securities depositories within the meaning of Regulation (EU) No. 909/2014 of the European Parliament and of the Council of 23 July 2014 on improving securities settlement in the European Union and on central securities depositories and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) No. 236/2012 (OJ, L 257/1 of 28 August 2014).
- (3) (Renumbered from Paragraph (2), SG No. 37/2019, effective 7.05.2019) Consolidated financial statements of enterprises whose transferable securities are admitted for trading on a regulated market in a Member State of the European Union shall be drawn up in accordance with the International Accounting Standards.

(4) (Renumbered from Paragraph (3), SG No. 37/2019, effective 7.05.2019) The enterprises referred to in paragraph (1) may choose to prepare their annual financial statements in accordance with the International Accounting Standards.

(5) (Renumbered from Paragraph (4), supplemented, SG No. 37/2019, effective 7.05.2019, amended, SG No. 96/2019, effective 1.01.2020) Enterprises preparing their annual financial statements in accordance with the International Accounting Standards, except for the enterprises set out in paragraph (2), may switch to preparing them in accordance with the National Accounting Standards.

(6) (Renumbered from Paragraph (5), SG No. 37/2019, effective 7.05.2019, supplemented, SG No. 96/2019, effective 1.01.2020) The basis of accounting (the applicable accounting standards) may not be changed more than once in accordance with this Act, unless this is required by law.

(7) (Renumbered from Paragraph (6), amended, SG No. 37/2019, effective 7.05.2019) Consolidated and interim financial statements shall be prepared on the basis of the accounting standards on the basis of which the annual financial statements of the enterprise producing such consolidated and

interim financial statements have been prepared, except for the enterprises referred to in paragraph (3).

Article 35. (1) The annual financial statements of enterprises in liquidation 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 Article 19, shall draw up their annual financial statements on the basis of a national accounting standard.

Article 36. (1) The National Accounting Standards shall be adopted by the Council of Ministers and shall comply with the European Union acts and national specifics.

(2) The National Accounting Standards shall be promulgated in the State Gazette.

## **Chapter Five**

# **INDEPENDENT FINANCIAL AUDIT AND ASSURANCE OF SUSTAINABILITY REPORTING**

**(Heading supplemented, SG No. 72/2024, effective 6.07.2024)**

Article 37. (1) Subject to statutory independent financial audit by registered auditors shall be the annual and consolidated financial statements of:

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

a) (amended, SG No. 72/2024, effective 6.07.2024) book value of the assets – BGN 4,000,000;

b) (amended, SG No. 72/2024, effective 6.07.2024) net sales revenue – BGN 8,000,000;

c) average number of employees for the reporting period: 50;

2. medium-sized and large enterprises;

3. public interest enterprises;

4. medium-sized and large groups and groups in which there is at least one public interest enterprises;

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

(2) (Amended, SG No. 98/2018, effective 1.01.2019, repealed, SG No. 72/2024, effective 6.07.2024).

(3) (Amended, SG No. 72/2024, effective 6.07.2024) The consolidated financial statements and the annual financial statements of enterprises included in the consolidation shall be subject to independent financial audit. Notwithstanding the requirements of the first sentence, the annual financial statements of an enterprise that is outside the criteria of paragraph 1 and is included in consolidation shall not be subject to an independent financial audit where:

1. net sales revenue in the annual financial statements of the relevant entity do not exceed 0.5 per cent of net sales in the consolidated financial statements of the group, and

2. the carrying amount of assets in the entity's annual financial statements does not exceed 1 per cent of the total assets in the group's consolidated financial statements.

This exemption shall not apply to the separate annual financial statements of the parent company.

(4) The annual financial statements of non-profit legal entities designated as operating for the public benefit shall be subject to independent financial audit by registered auditors where they exceed one of the following criteria for the current year:

1. book value of the assets as of 31 December: BGN 1,000,000;

2. net income from profit-generating and non-profit operations for the current year: BGN 2,000,000;

3. total amount of financings received during the current year and not utilised as of 31 December of the current year financings, received in previous reporting periods: BGN 1,000,000.

(5) Subject to statutory independent financial audit by registered auditors shall be the annual financial statements of non-profit legal entities designated as operating for the public benefit and established to carry out activity under Article 116 of the Family Code.



(6) The registered auditors who carry out independent financial audit of the annual and consolidated financial statements shall give an opinion in the audit report as to:

1. whether the management report matches the financial statements for the same reporting period;
2. (supplemented, SG No. 72/2024, effective 6.07.2024) whether the management report, except for the sustainability report, is prepared in accordance with the applicable legal requirements and shall state whether as a result of the acquired knowledge and understanding of the activities of the enterprise and the setting in which it operates they have found cases of material misrepresentation in the management report and shall indicate the nature of such misrepresentation;
3. whether the corporate governance statement contains the information required by the relevant regulations;
4. (repealed, SG No. 72/2024, effective 6.07.2024);
5. whether a report on payments to governments is submitted and whether the report is prepared in accordance with the requirements of this Act;
6. (new, SG No. 26/2020, effective 1.01.2021) whether a report on the implementation of the remuneration policy been provided as part of the annual financial statements and whether said report meets the requirements set out in the ordinance referred to in Article 116c, paragraph (1) of the Public Offering of Securities Act;
7. (new, SG No. 105/2023, effective 1.01.2025) whether the enterprise has an obligation to publish a report on income/corporate tax information according to Article 62c during the accounting period preceding the one for which the audited financial statement was prepared, and whether said report was published in accordance with the requirements set out in this Act.

Article 37a. (New, SG No. 72/2024, effective 6.07.2024, amended, SG No. 79/2024)

Annual and consolidated management reports of enterprises and parent companies required to prepare and publish a sustainability report shall be subject to a mandatory sustainability assurance engagement as required by the Independent Financial Audit and Assurance of Sustainability Reporting Act.

## **Chapter Six**

# **PUBLICITY OF THE FINANCIAL STATEMENTS**

Article 38. (1) Enterprises shall publish the annual financial statements, the consolidated financial statements and the annual reports under Chapter Seven, adopted by the general meeting of partners or shareholders or by the appropriate body, as follows:

1. (amended, SG No. 104/2020, effective 1.01.2021) all merchants within the meaning of the Commerce Act – upon application for recording and submission for announcement in the commercial register, by 30 September of the following year;
  2. (amended, SG No. 74/2016, effective 1.01.2018, SG No. 98/2018, effective 1.01.2019, SG No. 104/2020, effective 1.01.2021) non-profit legal entities, by applying for announcement and submission to the Non-Profit Legal Entities Register managed by the Registry Agency under the terms and procedure of the Non-Profit Legal Entities Act, not later than 30 September of the following year;
  3. (amended, SG No. 104/2020, effective 1.01.2021) the other enterprises shall publish their statements and reports in a business publication or Internet, by 30 September of the following year.
- (2) When the financial statements were originally requested for publication in the period referred to in paragraph (1) and a denial for publication under Article 22 (5) of the Commercial Register Act is issued and within 14 days from the date of its entry into force a new application for publication is submitted, it shall be deemed that the financial statements are submitted on time.
- (3) (Amended, SG No. 72/2024, effective 6.07.2024) The annual financial statements and the management report shall be published in the form and with the text on the basis of which the registered auditor has issued an auditor's independent financial audit report and/or an auditor's

opinion report on the sustainability report, where applicable. The full text of the audit report and the auditor's opinion report on the sustainability report shall also be subject to publication.

(4) (Amended, SG No. 98/2018, effective 1.01.2019) Small enterprises which are not subject to mandatory financial audit shall publish at least a balance sheet/a statement of financial position and notes when the enterprise is obligated to prepare it.

(5) Following the procedure set out in paragraph (1), together with their annual financial statements, joint stock companies, partnerships limited by shares and limited liability companies which are medium-sized or large enterprises or public interest enterprises shall also publish information on the proposal of the managing body for profit distribution or for covering a previous year's loss and the decision of the general meeting of shareholders/partners on the manner of profit distribution or for covering a previous year's loss.

(6) The annual financial statements of a parent enterprise which prepares consolidated financial statements shall be published concurrently with the consolidated financial statements of the group, together with the annual reports under Chapter Seven thereto.

(7) Where the statements and reports of the enterprises referred to in paragraph (1), item (3) are published in Internet, free and free of charge access shall be ensured to them for a period not shorter than three years following the date of their publication.

(8) Upon request, the enterprises referred to in paragraph (1), item (3) shall provide information about the site where their statements and reports are published.

(9) (Amended, SG No. 92/2017, effective 1.01.2018) Paragraphs (1) to (8) shall not apply to:

1. (supplemented, SG No. 96/2019, effective 1.01.2020) budget-funded enterprises and sole traders not subject to statutory independent financial audit, and sole traders that did not carry out business in the reporting period; and

2. (amended, SG No. 98/2018, effective 1.01.2019, SG No. 96/2019, effective 1.01.2020, SG No. 104/2020, effective 1.01.2021) enterprises that did not carry out business in the reporting period; this circumstance is stated once for the first reporting period in which no business was carried out by a declaration in a standard form endorsed by an order of the Minister of Finance; said declaration shall be published not later than 30 June of the following year as follows:

a) by the persons referred to in paragraph (1), items 1 and 2 – in the commercial register and the non-profit legal entities register;

b) by the persons referred to in paragraph (1), item 3 – through an economic publication or internet.

(10) (New, SG No. 96/2019, effective 1.01.2020) Sole traders referred to in paragraph (9), item 1 shall not file declarations to the effect that they have not carried out business during the reporting period.

(11) (New, SG No. 96/2019, effective 1.01.2020) No fees pursuant to Article 12(1)(1) of the Commercial Register and Register of Non-Profit Legal Persons Act for the publication of the declaration referred to in item 2 of paragraph (9) shall be due.

(12) (Amended and supplemented, SG No. 97/2017, effective 1.01.2018, renumbered from Paragraph (10), SG No. 96/2019, effective 1.01.2020) A parent enterprise which is at the same time a subsidiary (intermediate parent) and according to the applicable accounting standards is not obliged to compile consolidated financial statements, shall publish in the Bulgarian language the consolidated financial statements of the first parent enterprise, in which the intermediate parent is consolidated, within three months of the deadline for the publishing of these statements by the consolidated parent enterprise. The consolidated annual reports under Chapter Seven and the audit report shall be published together with the consolidated financial statement. When the parent enterprise is governed by the law of a third country, the consolidated financial statements shall be certified by auditors or audit firms performing audit under the legislation of the country applicable to the parent enterprise.

(13) (New, SG No. 95/2016, renumbered from Paragraph (11), amended, SG No. 96/2019, effective 1.01.2020) The Registry Agency shall provide electronically to the National Revenue Agency list of the enterprises which:

1. (amended, SG No. 104/2020, effective 1.01.2021) have not applied for announcement of their annual financial statements for the previous year within the time limits set out in Paragraphs 1 and 2; said list shall be provided by 31 October of the current year;
2. (amended, SG No. 104/2020, effective 1.01.2021) have applied for announcing in the commercial register and the non-profit legal entities register a declaration under Paragraph 9, Item 2; said list shall be provided by 31 July of the current year.
- (14) (New, SG No. 96/2019, effective 1.01.2020) The lists referred to in paragraph (13) shall contain the company name of the enterprise and its unified identification code in the commercial register and the non-profit legal entities register.
- (15) (New, SG No. 96/2019, effective 1.01.2020) Within two months of receiving the lists set out in paragraph (13), the National Revenue Agency shall undertake the necessary measures for the implementation of audits and for the establishing of violations under Paragraphs 1 - 12.

## **Chapter Seven**

### **ANNUAL REPORTS**

#### **Section I**

#### **Annual management report**

Article 39. (1) (Previous text of Article 39, SG No. 72/2024, effective 6.07.2024)

Enterprises shall draw up an annual management report, which shall contain at least the following information:

1. an objective review, giving a true and fair view of the development and results of the operations of the enterprise and of its position, together with a description of the main risks facing it;
2. analysis of financial and non-financial key performance indicators relevant to the business, including information on issues related to environment and employees; when preparing the analysis for the management report references to expenses reported in the annual financial statements and additional explanations thereon may be included therein;
3. all significant events that have occurred after the date of drawing up the annual financial statements;
4. the probable future development of the enterprise;
5. activities in the area of research and development;
6. information on the acquisition of own shares as required under Article 187e of the Commerce Act;
7. existing branches of the enterprise;
8. any financial instruments used by the enterprise, and where material for the purposes of evaluating the assets, the liabilities, the financial position and the financial result, the following shall be disclosed:
  - a) the objectives and policies of the enterprise concerning financial risk management, including its hedging policy for each main type of hedged item to which hedge accounting is applied;
  - b) the enterprise's exposure to price, credit and liquidity risks and cash flow risk.

(2) (New, SG No. 72/2024, effective 6.07.2024) Large enterprises, as well as small and medium-sized enterprises that are public interest enterprises as defined in § 1, point 22, letter "a" of the additional provisions, except micro-enterprises, shall also include in the management report information on the main intangible resources and an explanation of how the business model of the enterprise depends on them and how these resources are a source of value creation for the enterprise.

Article 40. (1) The public interest enterprises under § 1, item 22, "a", "b" and "c" of the supplementary provisions shall include in its management report a corporate governance statement in accordance with the Public Offering of Securities Act.

- (2) The corporate governance statement may be presented as:
1. a separate report published together with the management report;
  2. a document that is publicly available on the website of the enterprise.

Article 41. (Amended, SG No. 72/2024, effective 6.07.2024) (1) Large enterprises as well as small and medium-sized enterprises which are public interest enterprises under § 1, point 22, letter "a" of the additional provisions shall include in the management report a separate, clearly distinguishable section with information related to sustainability issues (sustainability report) according to the requirements of Article 48.

(2) Paragraph (1) shall not apply to:

1. micro-enterprises;
2. supplementary pension funds, payment funds and insurance funds within the meaning of the Social Insurance Code;
3. Bulgarian National Bank and postal operators performing postal money transfers;
4. alternative investment funds and collective investment schemes referred to in Article 2(12)(b) and (f) of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability disclosures in the financial services sector (OJ, L 317/1 of 9 December 2019), hereinafter referred to as "Regulation (EU) 2019/2088";
5. enterprises in insolvency proceedings or in liquidation, as well as enterprises that have not been active during the reporting period and have declared this fact in accordance with Article 38, paragraph (9).

(3) The annual management report of enterprises referred to in paragraph (1) shall be drawn up and published in the single electronic reporting format set out in Article 3 of Commission Delegated Regulation (EU) 2019/815 of 17 December 2018 supplementing Directive 2004/109/EC of the European Parliament and of the Council with regulatory technical standards on the uniform electronic reporting format (OJ, L 143/1 of 25 May 2019), hereinafter referred to as "Delegated Regulation (EU) 2019/815", by marking the sustainability report, including the information required to be disclosed under Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198/13 of 22 June 2020), hereinafter referred to as "Regulation (EU) 2020/852", in accordance with the single electronic reporting format set out in Delegated Regulation (EU) 2019/815.

Article 42. (1) Micro- and small enterprises which are not subject to statutory independent financial audit are not required to draw up a management report, provided that the information regarding the acquisition of their own shares, as required by Article 187e of the Commerce Act, is disclosed in the notes to the annual financial statements or in a footnote to the compiled balance sheet.

(2) Paragraph (1) shall not apply to investment firms and financial holding companies, categorised as micro- or small enterprises.

Article 43. (Repealed, SG No. 72/2024, effective 6.07.2024).

## **Section II**

### **Consolidated management report**

Article 44. (1) (Previous text of Article 44, SG No. 72/2024, effective 6.07.2024) A parent enterprise required to compile consolidated financial statements in accordance with Article 31 shall draw up a consolidated management report.

(2) (New, SG No. 72/2024, effective 6.07.2024) The consolidated management report of the parent companies referred to in Article 51 shall be drawn up and published in the single electronic reporting format set out in Article 3 of Delegated Regulation (EU) 2019/815, and the consolidated sustainability report, including the information required to be disclosed under Article 8 of

Regulation (EU) 2020/852, shall be marked up in accordance with the single electronic reporting format set out in Delegated Regulation (EU) 2019/815.

Article 45. The consolidated management report shall contain the information required under Articles 39 – 41, taking into account the material adjustments resulting from the specific characteristics of the consolidated management report, and the information shall be presented so as to facilitate the assessment of the status of the enterprises included in the consolidation as a whole.

Article 46. When a parent enterprise is required to draw up an annual management report and a consolidated management report, both reports may be prepared as a single report.

Article 47. In the consolidated management report, the following corrections to the information required under Articles 39 – 41 shall apply:

1. when reporting data on acquired own shares and holdings in the consolidated management report the number and the nominal value shall be specified, and in the absence of such information, the book value of all shares and holdings of the parent enterprise, held by the parent enterprise, its subsidiaries or persons acting on their own behalf but at the expense of any of those enterprises shall be stated;
2. when disclosing the internal control and risk management systems in the corporate governance statement the main characteristics of the risk control and management systems shall be specified for the enterprises in the consolidation as a whole.

### **Section III**

## **Sustainability report**

### **(Heading amended, SG No. 72/2024, effective 6.07.2024)**

Article 48. (Effective 1.01.2017 - SG No. 95/2015, amended, SG No. 97/2017, effective 1.01.2018, supplemented, SG No. 98/2018, effective 1.01.2019, amended, SG No. 104/2020, effective 1.01.2021, SG No. 72/2024, effective 6.07.2024) (1) The sustainability report shall contain the information necessary to understand the impacts of the enterprise on sustainability issues and the information necessary to understand how these issues affect the development, performance and condition of the enterprise.

(2) The information under Paragraph (1) shall cover:

1. a brief description of the business model and strategy of the enterprise, including:
  - a) the flexibility of the business model and the enterprise's strategy in relation to the risks associated with sustainability issues;
  - b) opportunities for the enterprise related to sustainability issues;
  - c) the enterprise's plans, including implementation actions and associated financial and investment plans, so as to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with limiting global warming to 1.5 °C in accordance with the Paris Agreement to the United Nations Framework Convention on Climate Change, as well as with the objective of achieving climate neutrality by 2050 at the latest, as set out in Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No. 401/2009 and (EU) 2018/1999 (OJ, L 243/1 of 9 July 2021), hereinafter referred to as "Regulation (EU) 2021/1119", and, where relevant, the extent of the impact on the enterprise of coal, oil and gas activities;
  - d) a description of how the enterprise's business model and strategy are aligned with stakeholder interests and the enterprise's impact on sustainability issues;
  - e) a description of how the enterprise's strategy has been implemented in relation to sustainability issues;
2. a description of the time-bound targets relating to sustainability issues set by the enterprise, including, where applicable, the greenhouse gas emission reduction targets set for at least 2030 and



2050, a description of the progress made by the enterprise towards achieving those targets, and a statement of whether the enterprise's targets relating to environmental factors are based on convincing scientific evidence;

3. a description of the role of the management and supervisory bodies in relation to sustainability issues and their expertise and skills in relation to that role or their access to such expertise and skills;

4. a description of the enterprise's policies in relation to sustainability issues;

5. information on the existence of incentive schemes related to sustainability issues offered to members of management and supervisory bodies;

6. a description of:

a) the due diligence process carried out by the company in relation to sustainability issues, in line with established requirements for enterprises to carry out a due diligence process;

b) the main actual or potential adverse impacts associated with the enterprise's own activities and with its value chain, including its products and services, its business relationships and supply chain, the actions taken to identify and monitor those impacts, and other adverse impacts that the enterprise is required to identify under other established requirements requiring enterprises to undertake a due diligence process;

c) actions taken by the enterprise and the outcome of those actions to prevent, mitigate, correct or terminate actual or potential adverse impacts;

7. a description of the enterprise's principal risks related to sustainability issues, including a description of the enterprise's principal dependencies on those issues and how the enterprise manages those risks;

8. indicators relevant to the disclosure of information under items 1 – 7.

(3) Enterprises shall include in the sustainability report a description of the process for identifying the information referred to in paragraph 1 included in the management report.

(4) The information referred to in paragraph 2 shall include information relating to the short, medium and long-term time horizons, where applicable.

(5) Where applicable, the information referred to in paragraphs 1 and 2 shall include information on the enterprise's own activities and its value chain, including its products and services, its business relationships and its supply chain.

(6) Where applicable, the information referred to in paragraphs 1 and 2 shall include references and additional explanations to other information included in the management report in accordance with Article 39, as well as the amounts disclosed in the annual financial statements.

(7) Exceptionally, enterprises may omit from the sustainability report information relating to impending changes or matters under negotiation when, in the reasonable opinion of management and supervisory bodies acting within the scope of their powers, the disclosure of such information would result in significant harm to the enterprise's trading position, provided that such omission does not interfere with an objective and balanced understanding of the development, performance, condition of the enterprise and the impact of its activities.

(8) The information referred to in paragraphs 1 – 7 shall be disclosed in accordance with the requirements of the European Sustainability Reporting Standards.

(9) The manager of the enterprise shall inform the workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying the sustainability information. The opinion of the workers' representatives shall, where applicable, be communicated to the management or supervisory bodies.

(10) Notwithstanding the requirements in paragraphs 2 – 8, small and medium-sized enterprises which are public interest entities as defined in § 1, point 22, point "a" of the additional provisions, small and non-complex institutions as defined in Article 4(1), point 145 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (OJ, L 176/1 of 27 June 2013), hereinafter referred to as "Regulation (EU) No. 575/2013",

as well as captive insurance and reinsurance undertakings pursuant to Article 14, paragraphs 1 and 2 of the Insurance Code, may limit the reporting of sustainability to the following information:

1. a brief description of the business model and strategy of the enterprise;
2. a description of the enterprise's policies in relation to sustainability issues;
3. the entity's main actual and potential adverse impacts on sustainability issues and any actions taken to identify, monitor, prevent, mitigate or correct such actual or potential adverse impacts;
4. the entity's principal risks related to sustainability issues and how the entity manages those risks;
5. the main indicators necessary for the disclosure of the information referred to in points 1 – 4.

(11) The enterprises referred to in paragraph 10 shall disclose the information in accordance with the requirements of the European Sustainability Reporting Standards for Small and Medium-sized Enterprises.

(12) Small and medium-sized enterprises other than those referred to in Article 41 may report on sustainability by applying a sustainability reporting standard of their choice adopted by a delegated act of the European Commission. In this case, they are not obliged to provide third parties with information beyond the scope of the standard they apply.

Article 49. (Effective 1.01.2017 - SG No. 95/2015, amended, SG No. 98/2018, effective 1.01.2019, SG No. 104/2020, effective 1.01.2021, SG No. 72/2024, effective 6.07.2024) Enterprises which comply with the requirements of Article 48, paragraphs 1 – 9 and paragraphs 11 and 12 shall be deemed to have complied with the requirement of Article 39, paragraph 1, item 2.

Article 50. (Effective 1.01.2017 - SG No. 95/2015, amended, SG No. 72/2024, effective 6.07.2024) (1) A subsidiary shall be exempted from the obligation to prepare a sustainability report under Article 48 where the following conditions are met:

1. the subsidiary and its own subsidiaries are included in the parent company's consolidated management report prepared in accordance with the requirements of this Act or the legislation of another Member State;
2. the management report of the subsidiary shall contain the following information:
  - a) the name and registered office of the parent enterprise which discloses information at group level in accordance with Article 48 or with the equivalent sustainability reporting rules of the relevant national legislation of another Member State;
  - b) a reference to the website on which the consolidated management report, or the consolidated sustainability report, of the parent company and the auditor's report expressing assurance on sustainability under Article 37a or an equivalent provision of the law of another Member State are published;
  - c) information that the enterprise is exempt from the obligations under Article 48, paragraphs 1 – 9.

(2) A subsidiary which is controlled by a parent enterprise regulated by the law of a third country shall be exempt from the obligation to prepare a sustainability report under Article 48 where the following conditions are met:

1. the subsidiary and its own subsidiaries are included in the parent company's consolidated sustainability report prepared in accordance with the requirements of the European Sustainability Reporting Standards or with standards recognised as equivalent to them;
2. the management report of the subsidiary shall contain the following information:
  - a) the name and registered office of the parent enterprise that discloses information at group level in accordance with standards recognised as equivalent to the European Sustainability Reporting Standards;
  - b) a reference to the website on which the consolidated management report, or the consolidated sustainability report, of the parent company and the auditor's opinion expressing assurance on sustainability by a registered auditor;
  - c) information that the enterprise is exempt from the obligations under Article 48, paragraphs 1 – 9;
3. the consolidated sustainability report and the assurance opinion expressed by one or more registered auditors or audit firms authorised to express an assurance opinion on the sustainability

report under the law of the country applicable to the parent company are published in the commercial register and the register of not-for-profit entities;

4. the disclosures provided for in Article 8 of Regulation (EU) 2020/852 covering the activities carried out by the exempt subsidiary and its subsidiaries are included in the management report of that subsidiary or in the consolidated sustainability report prepared by the parent company which is regulated by the law of a third country.

(3) For the purposes of paragraphs 1 and 2, and where Article 10 of Regulation (EU) No. 575/2013 applies, credit institutions referred to in Article 4(1)(1) of that Regulation which are permanently linked to a central body supervising them under the conditions laid down in Article 10 of that Regulation shall be treated as subsidiaries of the central body.

(4) For the purposes of paragraphs 1 and 2, insurers with a right of access to the single market of the European Union which, on the basis of a financial relationship referred to in Article 233, paragraph 2 of the Insurance Code, are part of a group and subject to group supervision in accordance with Article 234, paragraph 1, items 1 – 3 of the Insurance Code shall be treated as subsidiaries of the parent company of that group.

(5) The exemption under paragraphs 1 - 4 shall not apply to large enterprises which are public interest enterprises according to § 1, item 22, letter "a" of the additional provisions.

## **Section IV**

### **Consolidated sustainability report**

**(Heading amended, SG No. 72/2024, effective 6.07.2024)**

Article 51. (Effective 1.01.2017 - SG No. 95/2015, amended, SG No. 98/2018, effective 1.01.2019, SG No. 104/2020, effective 1.01.2021, SG No. 72/2024, effective 6.07.2024) (1) The parent company of a major group shall include in the consolidated management report a consolidated sustainability report with information on the group's impact on sustainability issues and information on how sustainability issues affect the development, performance and condition of the group.

(2) The information under Paragraph (1) shall cover:

1. a brief description of the business model and strategy of the group, including:

a) the flexibility of the business model and the group's strategy in relation to the risks associated with sustainability issues;

b) opportunities for the group related to sustainability issues;

c) the group's plans, including implementation actions and associated financial and investment plans, so as to ensure that its business model and strategy are compatible with the transition to a sustainable economy and with limiting global warming to 1.5 °C in accordance with the Paris Agreement to the United Nations Framework Convention on Climate Change, as well as with the objective of achieving climate neutrality by 2050 at the latest, as set out in Regulation (EU) 2021/1119, and, where relevant, the extent of the impact on the group of coal, oil and gas activities;

d) a description of how the group's business model and strategy are aligned with stakeholder interests and the group's impact on sustainability issues;

e) a description of how the group's strategy has been implemented in relation to sustainability issues;

2. a description of the time-bound targets relating to sustainability issues set by the group, including, where applicable, the greenhouse gas emission reduction targets set for at least 2030 and 2050, a description of the progress made by the group towards achieving those targets, and a statement of whether the group's targets relating to environmental factors are based on convincing scientific evidence;

3. a description of the role of the management and supervisory bodies in relation to sustainability issues and their expertise and skills in relation to that role or their access to such expertise and skills;

4. a description of the group's policies in relation to sustainability issues;
  5. information on the existence of incentive schemes related to sustainability issues offered to members of management and supervisory bodies;
  6. a description of:
    - a) the due diligence process carried out by the group in relation to sustainability issues, in line with established requirements for enterprises to carry out a due diligence process;
    - b) the main actual or potential adverse impacts associated with the group's own activities and with its value chain, including its products and services, its business relationships and supply chain, the actions taken to identify and monitor those impacts, and other adverse impacts that the parent company is required to identify under other established requirements requiring a due diligence process;
    - c) actions taken by the group and the outcome of those actions to prevent, mitigate, correct or terminate actual or potential adverse impacts;
  7. a description of the group's principal risks related to sustainability issues, including a description of the group's principal dependencies on those issues and how the group manages those risks;
  8. indicators relevant to the disclosure of information under items 1 – 7;
  9. an indication of the subsidiaries included in the consolidation which are exempt from annual or consolidated sustainability reporting in accordance with this Act or the legislation of another Member State.
- (3) The parent company shall include in the consolidated sustainability report a description of the process for identifying the information referred to in paragraph 1 included in the management report.
- (4) The information referred to in paragraph 2 shall include information relating to the short, medium and long-term time horizons, where applicable.
- (5) Where applicable, the information referred to in paragraphs 1 and 2 shall include information on the group's own activities and its value chain, including its products and services, its business relationships and its supply chain.
- (6) Where applicable, the information referred to in paragraphs 1 and 2 shall include references and additional explanations to other information included in the consolidated management report in accordance with Article 45, as well as the amounts disclosed in the consolidated financial statements.
- (7) The parent enterprise may omit from the consolidated sustainability report information relating to impending changes or matters under negotiation when, in the reasonable opinion of management and supervisory bodies acting within the scope of their powers, the disclosure of such information would result in significant harm to the group's trading position, provided that such omission does not interfere with an objective and balanced understanding of the development, performance, condition of the group and the impact of its activities.
- (8) When a parent company identifies significant differences between the risks to, or impacts of, the group and the risks to, or impacts of one or more of its subsidiaries, it shall provide an appropriate understanding of the risks to, and impacts of, the relevant subsidiary or subsidiaries.
- (9) The information referred to in paragraphs 1 – 7 shall be disclosed in accordance with the requirements of the European Sustainability Reporting Standards.
- (10) The manager of the parent company shall inform the workers' representatives at the appropriate level and discuss with them the relevant information and the means of obtaining and verifying the sustainability information. The opinion of the workers' representatives shall, where applicable, be communicated to the management or supervisory bodies.

Article 52. (Effective 1.01.2017 - SG No. 95/2015, amended, SG No. 104/2020, effective 1.01.2021, SG No. 72/2024, effective 6.07.2024) Parent companies which comply with the requirements of Article 51, paragraphs 1 – 9 shall be deemed to have complied with the requirements of Article 39, paragraph 1, items 1 – 3, Article 39, paragraph 2 and Article 48.

Article 52a. (New, SG No. 72/2024, effective 6.07.2024) (1) A parent enterprise that is also a subsidiary shall be exempt from preparing a consolidated sustainability report under Article 51 where the following conditions are met:

1. the exempt parent company and its subsidiaries are included in a consolidated management report of another enterprise prepared in accordance with the requirements of this Act or the legislation of another Member State;

2. the management report of the exempt parent company shall contain the following information:

a) the name and registered office of the parent enterprise which discloses information at group level in accordance with Article 51 or with the equivalent sustainability reporting rules of the relevant national legislation of another Member State;

b) a reference to the website on which the consolidated management report, or the consolidated sustainability report, of the parent enterprise which discloses information at group level, as well as the report with the auditor's opinion on assurance of sustainability under Article 37a or an equivalent provision of the legislation of another Member State are published;

c) information that the parent company is exempt from the obligations under Article 51, paragraphs 1 – 9.

(2) A parent enterprise that is also a subsidiary controlled by a parent enterprise regulated by the laws of a third country shall be exempt from the obligation to prepare a consolidated sustainability report under Article 51 where the following conditions are met:

1. the exempt parent enterprise and its own subsidiaries are included in the parent enterprise's consolidated sustainability report prepared in accordance with the requirements of the European Sustainability Reporting Standards or with standards recognised as equivalent to them;

2. the management report of the exempt parent company shall contain the following information:

a) the name and registered office of the parent enterprise that discloses information at group level in accordance with standards recognised as equivalent to the European Sustainability Reporting Standards;

b) a reference to the website on which the consolidated management report, or the consolidated sustainability report, of the parent enterprise disclosing information at group level, as well as the report with the auditor's opinion expressing assurance on sustainability by a registered auditor;

c) information that the enterprise is exempt from the obligations under Article 51, paragraphs 1 – 9;

3. the consolidated sustainability report and the sustainability assurance opinion expressed by one or more persons who are registered auditors or audit firms authorised to sign audit opinion reports on the information in the sustainability report within the management report under the legislation applicable to the parent enterprise, are published in the commercial register and the register of non-profit legal entities;

4. the disclosures provided for in Article 8 of Regulation (EU) 2020/852 covering the activities carried out by a subsidiary exempt under Article 50 shall be included in the management report of the exempt parent enterprise or in the consolidated sustainability report prepared by the parent enterprise regulated by the legislation of a third country.

(3) For the purposes of paragraphs 1 and 2, and where Article 10 of Regulation (EU) No. 575/2013 applies, credit institutions referred to in Article 4(1)(1) of that Regulation which are permanently linked to a central body supervising them under the conditions laid down in Article 10 of that Regulation shall be treated as subsidiaries of the central body.

(4) For the purposes of paragraphs 1 and 2, insurers with a right of access to the single market of the European Union which, on the basis of a financial relationship referred to in Article 233, paragraph 2 of the Insurance Code, are part of a group and subject to group supervision in accordance with Article 234, paragraph 1, items 1 – 3 of the Insurance Code shall be treated as subsidiaries of the parent company of that group.

(5) The exemption under paragraphs 1 - 4 shall not apply to large enterprises which are public interest enterprises according to § 1, item 22, letter "a" of the additional provisions.



## **Section IVa**

### **(New, SG No. 72/2024, effective 6.07.2024)**

# **Sustainability reporting concerning third-country enterprises**

- Article 52b. (New, SG No. 72/2024, effective 6.07.2024) (1) The enterprises referred to in Article 39, paragraph 2 which are subsidiaries of an ultimate parent enterprise regulated by the legislation of a third country shall publish a sustainability report of the third-country enterprise.
- (2) Paragraph 1 shall apply when the ultimate parent enterprise at group level has net sales revenue in the European Union in excess of EUR 150,000,000 for each of the last two reporting periods, including the current reporting period.
- (3) The sustainability report shall contain the information referred to in Article 51, paragraph 2, item 1, letters "c" – "e", items 2 – 5 and, where applicable, Article 51, paragraph 2, item 7 at the group level of the ultimate third-country parent enterprise.
- (4) A branch of an enterprise regulated by the laws of a third country shall publish a sustainability report where the following circumstances exist:
1. the third-country enterprise has no subsidiary referred to in paragraph 1 in the territory of the country;
  2. the third-country enterprise at enterprise level or at group level, where applicable and where it is the ultimate parent enterprise, has net sales revenue in the European Union exceeding the level equivalent of EUR 150,000,000 in each of the last two reporting periods, including the current one;
  3. the branch has net sales revenue exceeding the level equivalent of EUR 40,000,000 in the previous reporting period.
- (5) The sustainability report under paragraph 4 shall contain the information referred to in Article 51, paragraph 2, item 1, letters "c" – "e", items 2 – 6, and, where applicable, the information referred to in Article 51, paragraph 2, item 8 at group level, or if not applicable, at individual level of the third-country enterprise.
- (6) The sustainability report referred to in paragraphs 1 and 4 shall be prepared in accordance with the European Sustainability Reporting Standards for Third-Country Enterprises.
- (7) Notwithstanding paragraph 6, the sustainability report under paragraphs 1 and 4 may be prepared in accordance with the European Sustainability Reporting Standards or with standards recognised as equivalent thereto.
- (8) Where the subsidiary referred to in paragraph 1 or the branch under paragraph 4 is not provided with a sustainability report by the third country enterprise or does not have all the information necessary for the preparation of the sustainability report and is not provided to it after it has been requested by the enterprise regulated by the law of a third country, the sustainability report shall be prepared and published on the basis of the information available to it. The report shall also contain a statement that the enterprise regulated by the law of a third country has not provided the required information.
- (9) The sustainability report shall be published together with the assurance opinion provided by one or more persons or firms entitled to sign audit opinion reports on the information in the sustainability report to the management report under the national law of the third-country enterprise or of a Member State.
- (10) Where the assurance opinion under paragraph 9 is not provided by the third-country enterprise, the subsidiary referred to in paragraph 1 or the branch referred to in paragraph 4 shall publish a statement indicating that fact.

Article 52c. (New, SG No. 72/2024, effective 6.07.2024) Subsidiaries and branches under Article 52b shall publish the sustainability report, the assurance opinion and, where applicable, the declaration referred to in Article 52b, paragraph 10 in Bulgarian within 12 months after the end of

the reporting period for which they have been prepared, by requesting and submitting them for publication in the commercial register and the register of non-profit legal entities.

## **Section V**

### **Report on payments to governments**

Article 53. (1) Large companies and public interest enterprises operating in mining, quarrying or logging of primary forests shall prepare and publish an annual report on payments made to governments, together with the annual management report.

(2) A subsidiary shall not be required to prepare an annual report on payments to governments, when the following conditions are met simultaneously:

1. the parent enterprise is governed by the law 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, drawn up by the parent enterprise under Section VI.

(3) (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) An annual report on payments to governments shall not be prepared in the event that a lump-sum payment or a series of payments amounting of up to EUR 100,000 is made in one reporting period.

(4) (Amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) The annual report on payments to governments shall not include payments on projects amounting of up to EUR 100,000.

Article 54. (Supplemented, SG No. 97/2017, effective 01.01.2018, amended, SG No. 70/2024, effective from the date stipulated in the Council Decision of the European Union on the adoption by the Republic of Bulgaria of the euro, adopted in accordance with Article 140(2) of the Treaty on the Functioning of the European Union, and in the Council Regulation adopted in accordance with Article 140(3) of the Treaty on the Functioning of the European Union) The annual report on payments to governments shall be prepared in the Bulgarian language, in EUR thousands, and shall contain the following information for the relevant reporting period:

1. the total amount of payments made to each government;
2. the total amount for each of the payment types made to each government, as follows:
  - a) rights in production;
  - b) profit taxes and income taxes; the value added tax paid, excise duties and income tax on individuals paid shall not be disclosed;
  - c) copyright, licence and related rights;
  - d) dividends;
  - e) bonuses for signing a contract, opening and production;
  - e) licence fees, rents, registration fees, and other payments for licences and concessions;
  - g) payments for infrastructure improvements;
3. the total amount of payments for each project separately, as well as the total amount on the types of payments under paragraph (2) for each project; when an enterprise has made payments on several projects to the same person representing the government within the meaning of the law, the disclosure may be on individuals rather than on projects.

Article 55. Payments in kind shall be recorded at cost and, if possible, by volume. The report shall contain explanatory notes on the method of calculating their value.

Article 56. The annual report on payments to governments shall reflect the substance, not the form of the relevant payments or activities. Payments and activities may not be split or combined for the purposes of avoidance of application of this Act.

Article 57. (1) (Amended and supplemented, SG No. 98/2018, effective 1.01.2019) The report on payments to governments is not required to be prepared if the enterprises are obligated to prepare such a report for the third countries included in an Annex to 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 to the requirements of Chapter 10 of Directive 2013/34/EU of the European Parliament and of the Council (OJ, L 295/82 of 29 October 2016). (2) The report referred to in paragraph (1) shall be published together with the annual financial statements.

## **Section VI**

### **Consolidated report on payments to governments**

Article 58. Parent enterprises operating in the field of mining, quarrying or logging of primary forests, which are required to prepare consolidated financial statements, shall draw up a consolidated report on payments to governments in accordance with the requirements of Section V.

Article 59. It is deemed that the parent enterprise operates in the field of mining, quarrying or logging of primary forests, if any of its subsidiaries operates in these fields.

Article 60. The consolidated report shall include only payments arising from operations relating to mining, quarrying and logging.

Article 61. The parent enterprise shall not be required to draw up a consolidated report under Article 58:

1. for a small or medium group of enterprises, except where a related enterprise is a public interest enterprise;
2. (supplemented, SG No. 97/2016, effective 1.01.2017) where the parent enterprise which is governed by the law of a Member State of the European Union at the same time is a subsidiary and its parent enterprise is governed by the law of a Member State of the European Union.

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

1. the parent enterprise is significantly impeded by long-term restrictions in the exercise of its rights in the assets or management of the subsidiary;
2. the information necessary for the preparation of the consolidated report of payments to governments may not be derived without making excessive expenses or undue delay;
3. the shares or holdings in the enterprise are held only for the purpose of their re-sale.

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

## **Section VII**

### **(New, SG No. 105/2023, effective 1.01.2025)**

### **Report on Income/Corporate Tax Information**

Article 62a. (New, SG No. 105/2023, effective 1.01.2025) (1) This section regulates the procedure for preparing and publishing a report containing information on accrued and paid income/corporate tax. The report shall be prepared and published both by a standalone undertaking and by the ultimate parent undertaking of a multinational group of undertakings that operate in different jurisdictions and that are resident in the Republic of Bulgaria.

- (2) In the event that a group of undertakings with an ultimate parent undertaking established in a third country, or a standalone undertaking established in a third country, carry on business on the territory of the Republic of Bulgaria through medium-sized and large subsidiary undertakings and branches, the report on income/corporate tax shall be published by the subsidiary or the branch.
- (3) The report shall contain information on the income/corporate tax accrued and paid by the multinational groups of undertakings and the standalone undertakings, separately for each jurisdiction in which these undertakings carry on business.

Article 62b. (New, SG No. 105/2023, effective 1.01.2025) (1) An ultimate parent undertaking whose consolidated revenues exceed BGN 1,500,000,000 for each of the last two reporting periods shall draw up and publish a report on income/corporate tax information for the second reporting period.

(2) A standalone undertaking whose revenues according to individual financial statements exceed BGN 1,500,000,000 for each of the last two reporting periods shall draw up and publish a report on income/corporate tax information for the second reporting period.

(3) Paragraphs (1) and (2) shall not apply where standalone undertakings and ultimate parent undertakings or their related undertakings are obliged to disclose information in accordance with Article 70(6) of the Credit Institutions Act or Article 134(1) of the Markets in Financial Instruments Act, including information on all activities on an individual or, where applicable, on a consolidated basis.

(4) Medium-sized and large subsidiaries that are controlled by an ultimate parent undertaking governed by the law of a third country shall publish the report on income/corporate tax information provided to them by the ultimate parent undertaking where its consolidated revenue exceeds BGN 1,500,000,000 for each of the last two reporting periods. The report shall be published and made accessible for the second of these two consecutive periods.

(5) In the event that medium-sized and large subsidiaries do not have a report on income/corporate tax information and have not been provided with one after they have requested it from the ultimate parent undertaking governed by the law of a third country, they shall draw up and publish a report containing all information in their possession. The report shall also contain a statement indicating that the ultimate parent undertaking did not make the necessary information available.

(6) (Amended, SG No. 26/2025, effective 1.01.2025) Branches of undertakings governed by the law of a third country shall publish a report on income/corporate tax information concerning the second of two consecutive reporting periods where the net sales revenue exceeds the threshold specified in Article 19(3)(2) for each of the last two consecutive reporting periods and when one of the following circumstances exists:

1. the undertaking that opened the branch is an affiliated undertaking of a group that has no medium-sized and/or large subsidiaries, its ultimate parent undertaking is governed by the law of a third country and the consolidated revenues of the group exceed BGN 1,500,000,000 for each of the last two consecutive reporting periods;
2. the undertaking that opened the branch is a standalone undertaking whose revenues exceed BGN 1,500,000,000 for each of the last two consecutive reporting periods.

(7) In the event that branches do not have a report on income/corporate tax information and have not been provided with one after they have requested it from the ultimate parent undertaking or from the standalone undertaking governed by the law of a third country, they shall draw up and publish a report containing all information in their possession. The report shall also contain a statement indicating that the ultimate parent undertaking or the standalone undertaking that opened the branch did not make the necessary information available.

(8) Medium-sized and large subsidiaries and branches shall not draw up and publish a report on income/corporate tax information where said report has been drawn up by the ultimate parent undertaking or the standalone undertaking governed by the law of a third country, and the report meets the following criteria:

1. it is accessible to the public, free of charge, on the website of the ultimate parent undertaking or of the standalone undertaking, in an electronic reporting format which is machine-readable, in at least one of the official languages of the European Union no later than 12 months after the reporting period for which the report is drawn up;

2. it identifies the name and the registered office of the single subsidiary undertaking or of the single branch governed by the law of a Member State, which has published the report within 12 months after the reporting period for which the report is drawn up, in accordance with the rules in the relevant Member State.

(9) Where in a certain tax jurisdiction a parent undertaking governed by the law of a third country has registered several subsidiaries or branches with the same business and they do not satisfy the criteria for providing a report under this article and accordingly are not obliged to publish a report on income/corporate tax, it is assumed that they have been registered solely for the purpose of avoiding the obligation to provide such a report. In such cases, subsidiaries and branches shall draw up and publish a report in accordance with the requirements set out in this section.

(10) Reporting obligations cease when, at the end of the reporting period, the amount of revenues of the branch, of the standalone undertaking or the consolidated revenues of the ultimate parent undertaking no longer meet the criteria laid down in paragraphs (1), (2), (4) and (6) for each of the last two reporting periods.

(11) The thresholds specified in paragraph (4) and in paragraph (6), items 1 and 2 shall be converted into the national currency of each relevant third country by applying the exchange rate of the Bulgarian National Bank as of 21 December 2021, and the resulting amount shall be rounded to the nearest one-thousandth.

Article 62c. (New, SG No. 105/2023, effective 1.01.2025) (1) The report on income/corporate tax information shall include information relating to all the activities of the standalone undertaking or of the ultimate parent undertaking, including the activities of all affiliated undertakings consolidated in the financial statements in respect of the relevant reporting period.

(2) The report referred to in paragraph (1) shall include the following information:

1. the name of the ultimate parent undertaking or the standalone undertaking;

2. the reporting period to which it relates;

3. the currency used for the presentation of the report;

4. a list of all subsidiary undertakings consolidated in the financial statements of the ultimate parent undertaking, in respect of the relevant reporting period, established in the Union or in tax jurisdictions included in Annexes I and II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;

5. a brief description of the activities of the standalone undertaking or of the ultimate parent undertaking, including the activities of all affiliated undertakings consolidated in the financial statements in respect of the relevant reporting period;

6. the number of employees on a full-time equivalent basis and the number of part-time employees recalculated into full-time equivalents, for the reporting period;

7. revenues, including revenues of transactions with related parties which are to be calculated, as follows:

a) for undertakings applying the National Accounting Standards – as the sum of revenues included in the following headings of the income and expenditure statement: net sales revenue; other operating income; income from participating interest, excluding dividends received from affiliated undertakings; income from other investments and loans recognised as non-current (fixed) assets; other interest income and financial income, with that received from affiliated undertakings is indicated separately;

b) for undertakings applying the International Accounting Standards or another accounting basis income is as defined by or within the meaning of the financial reporting framework on the basis of which the financial statements are prepared, excluding value adjustments and dividends received from affiliated undertakings;



8. the amount of profit or loss before income/corporate tax;
  9. the amount of income/corporate tax accrued on the taxable profit or loss for the relevant reporting period, excluding deferred taxes or provisions for uncertain tax liabilities;
  10. the amount of income/corporate tax actually paid in respect of the relevant reporting period; taxes paid also include withholding taxes paid by other persons with respect to the income of the undertakings and branches within the group; where there are significant deviations between the amounts of accrued and paid income/corporate tax at group level, an explanation of the reasons is presented and, where appropriate, the corresponding amounts for previous accounting periods are taken into account;
  11. the amount of accumulated earnings at the end of the relevant reporting period; accumulated earnings are the accumulated profit from past years and the current profit, the distribution of which has not yet been decided upon; with regard to branches, accumulated earnings shall be those of the undertaking which opened the branch;
  12. a statement indicating that the ultimate parent undertaking or the standalone undertaking has not make available the necessary information set out in Article 62b, paragraphs (5) and (7).
- (3) Undertakings may choose to prepare the report containing the information specified in paragraph (2) in accordance with the requirements for the content of the country report according to Article 143t of the Tax and Social Insurance Procedure Code.
- (4) report in income/corporate tax information shall be drawn up and published in a machine-readable electronic format according to a template laid down by the European Commission with an implementing act adopted on the grounds of Article 48c, paragraph (4) of Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches (OJ L 429/1 of 1 December 2021).
- (5) The information set out in paragraphs (2) and (3) shall be presented separately for:
1. each Member State; where the Member State includes several tax jurisdictions, the information shall be aggregated at Member State level;
  2. each tax jurisdiction which, on 1 March of the reporting period for which the report is drawn up, is listed in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;
  3. each tax jurisdiction which, on 1 March of the reporting period for which the report is drawn up and on 1 March of the previous reporting period, was mentioned in Annex II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;
  4. all other tax jurisdictions – in respect of them the information shall be presented on an aggregated basis.
- (6) The information specified in paragraphs (2) and (3) shall be specified for each tax jurisdiction of which a group undertaking or a standalone undertaking is a resident or carries on business and is a taxable person for income/corporate tax in that jurisdiction.
- (7) Where the operating revenues of several affiliated undertakings are subject to income/corporate tax within a single tax jurisdiction, the information specified in paragraphs (2) and (3) shall be presented on an aggregated basis for this jurisdiction.
- (8) Part of the information required in accordance with paragraphs (2) and (3) that would be prejudicial to the commercial position of the undertaking may be temporarily excluded from the report on income/corporate tax information. The undertaking shall indicate any omission in the report together with a duly reasoned explanation regarding the reasons therefor. Any omitted information shall be disclosed in the report on income/corporate tax information within no more than 5 years of the date of the omission, and the reporting period in respect of which this information was omitted must be indicated.
- (9) Information pertaining to tax jurisdictions included in Annexes I and II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes may never be omitted.

(10) The report on income tax information shall be drawn up and published in the same currency in which the consolidated financial statements of the ultimate parent undertaking or the annual financial statements of the standalone undertaking are presented.

(11) In the cases where the subsidiary undertaking prepares a report on income/corporate tax information in accordance with Article 62b, paragraph (5), it shall use the same currency in which it publishes its annual financial statements.

(12) The report on income/corporate tax information shall specify whether it was prepared in accordance with the requirements set out in paragraph 2 or in paragraph 3.

Article 62d. (New, SG No. 105/2023, effective 1.01.2025) (1) (Supplemented, SG No. 26/2025, effective 1.01.2025) The report on income/corporate tax and the statement referred to in Article 62b(5) and (7) information shall be published within 12 months of the end of the reporting period to which it relates, in Bulgarian, by submitting it for announcement in the commercial register and in the register of non-profit legal persons.

(2) (Amended, SG No. 26/2025, effective 1.01.2025) Within the period specified in paragraph 5, the report on income/corporate tax information and the statement referred to in Article 62b(7) and (5) shall also be published on the website of the obligated undertaking referred to in Article 62b and shall be available free of charge to the public in at least one of the official languages of the European Union for a period of not less than 5 consecutive years from the date of publication.

(3) (Amended, SG No. 26/2025, effective 1.01.2025) Paragraph 2 shall not apply where the statement is published in a machine-readable electronic format on the website of a central, commercial or company register established and administered by another Member State, is available free of charge to any third party established in the European Union, and the undertakings referred to in Article 62b include on their websites information about the exemption from publication of the statement and a reference to the website of the relevant register where it has been published.

## **Chapter Eight**

### **BUDGET-FUNDED ENTERPRISES**

Article 63. (1) Budget-funded enterprises shall keep their accounts in compliance with the requirements set out in Chapter Fifteen of the Public Finance Act.

(2) Enterprises from the general government sector, other than those referred to in paragraph (1), which keep their accounts in accordance with the requirements applicable to budget-funded enterprises, shall be determined pursuant to Article 165 of the Public Finance Act.

(3) Budget-funded enterprises and enterprises referred to in paragraph (2) shall draw up and submit their annual financial statements in accordance with the requirements set out in Article 166 (1) of the Public Finance Act.

(4) The reported data on assets, liabilities, income, expenses and operations of all budget-funded enterprises and the enterprises referred to in paragraph (2) shall be consolidated by the Ministry of Finance in accordance with Article 167 of the Public Finance Act.

(5) The format, structure and content of the annual and interim financial statements of budget-funded enterprises and enterprises referred to in paragraph (2) shall be determined by the minister of finance in accordance with Article 166 (2) of the Public Finance Act.

(6) The procedure, method and time limits for drawing up and submitting the financial statements of budget-funded enterprises and publication of information thereof shall be determined in accordance with Article 170 of the Public Finance Act.

Article 64. For the accounting for certain business transactions, assets and liabilities of budget-funded enterprises, the minister of finance may determine the terms and procedure for documenting, the format and requisite details of accounting documents whose application shall be mandatory.

Article 65. Depreciation/amortisation in budget-funded enterprises shall be charged pursuant to an enactment of the Council of Ministers.

Article 66. The minister of finance may set time limits for inventory taking for budget-funded enterprises, other than those set out herein.

Article 67. (Repealed, SG No. 97/2016, effective 1.01.2017).

## **Chapter Nine**

### **ADMINISTRATIVE PENAL PROVISIONS**

Article 68. (1) (Amended, SG No. 105/2023, effective 1.01.2024) A manager who violates the provisions of Article 9 shall be punishable by a fine of BGN 5,000 to BGN 15,000, and the enterprise shall be penalised by a pecuniary sanction in the amount of BGN 10,000 to BGN 20,000.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 69. (1) Whoever fails to comply with the requirements for storage of accounting information under Chapter One, Section III, shall be penalised by a fine ranging from BGN 500 to BGN 3,500, and the enterprise shall be penalised by a pecuniary sanction in the amount of BGN 2,000 to BGN 7,000.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 70. (1) Whoever assigns the preparation of financial statements in violation of Article 17 (1) shall be penalised by a fine of BGN 500 to BGN 3,000, and a pecuniary sanction ranging from BGN 2,000 to BGN 5,000 shall be imposed on the enterprise.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 71. (1) A person who draws up financial statements without meeting the requirements under Article 17 (1) and Article 18 shall be penalised by a fine of BGN 500 to BGN 3,000. An accounting firm which compiles financial statements without meeting the requirements of Article 18 shall be penalised by a pecuniary sanction ranging from BGN 2,000 to BGN 5,000.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 72. (1) Whoever is required and fails to draw up financial statements and/or annual reports under Chapter Seven, Sections I – IV, shall be penalised by a fine ranging from BGN 500 to BGN 3,000, and the enterprise shall be penalised by a pecuniary sanction ranging from BGN 2,000 to BGN 5,000.

(2) (New, SG No. 72/2024, effective 6.07.2024) Whoever, in violation of Chapter Seven, Sections III and IV, fails to include a sustainability report in the management report, or a consolidated sustainability report in the consolidated management report, or fails to comply with the required format, shall be liable to a fine ranging from BGN 1,000 to BGN 3,000 and the enterprise shall be liable to a pecuniary sanction ranging from BGN 2,000 to BGN 15,000.

(3) (New, SG No. 72/2024, effective 6.07.2024) Whoever, in violation of Chapter Seven, Sections III and IV, includes incomplete or incorrect information in the sustainability report or in a consolidated sustainability report in the consolidated management report, shall be liable to a fine ranging from BGN 500 to BGN 3,000 and the enterprise shall be liable to a pecuniary sanction ranging from BGN 2,000 to BGN 5,000.

(4) (Renumbered from Paragraph 2, supplemented, SG No. 72/2024, effective 6.07.2024) In the event of repeated violation under paragraphs (1), (2) and (3) a fine or a pecuniary sanction in double amount shall be imposed.

Article 73. (1) (Supplemented, SG No. 105/2023, effective 1.01.2025) Whoever is required and fails to draw up annual reports on payments to governments under Chapter Seven, Sections V and VI, and a report on income/corporate tax information according to section VII, shall be penalised by a fine ranging from BGN 1,000 to BGN 3,000, and the enterprise shall be penalised by a pecuniary sanction ranging from BGN 2,000 to BGN 15,000.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 74. (1) (Supplemented, SG No. 95/2016, SG No. 72/2024, effective 6.07.2024) Whoever is required and fails to publish financial statements, a management report with a sustainability report, a sustainability report under Article 52b, an auditor's report or a report expressing assurance on the sustainability report within the time limits set out in Article 38, shall be penalised by a fine ranging from BGN 200 to BGN 3,000, and the enterprise shall be penalised by a pecuniary sanction ranging from 0.1 to 0.5 per cent of the net sales revenue for the reporting period for which the unpublished financial statements refer, but not less than BGN 200.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 75. (1) (Supplemented, SG No. 72/2024, effective 6.07.2024) Whoever is required and fails to assign the conduct of independent financial audit or engagement to express assurance on the sustainability report to a registered auditor, shall be penalised by a fine ranging from BGN 500 to BGN 5,000, and the enterprise shall be penalised by a pecuniary sanction ranging from BGN 2,000 to BGN 10,000.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 76. (1) (Supplemented, SG No. 72/2024, effective 6.07.2024, amended, SG No. 79/2024) Whoever assigns the conduct of independent financial audit or engagement to express assurance on the sustainability report to a person pursuing business as registered auditor without being registered under the Independent Financial Audit and Assurance of Sustainability Reporting Act shall be penalised by a fine ranging from BGN 500 to BGN 5,000, and the enterprise shall be penalised by a pecuniary sanction ranging from BGN 2,000 to BGN 10,000.

(2) (Supplemented, SG No. 72/2024, effective 6.07.2024, amended, SG No. 79/2024) Whoever conducts audit or carries out sustainability assurance engagement without being a registered auditor under the Independent Financial Audit and Assurance of Sustainability Reporting Act shall be penalised by a fine ranging from BGN 500 to BGN 5,000.

(3) In the event of repeated violation under paragraphs (1) and (2) a fine or a pecuniary sanction in double amount shall be imposed.

Article 77. (1) Whoever fails to fulfil any other obligation arising from this Act, shall be penalised by a fine ranging from BGN 200 to BGN 1,000, and the enterprise shall be penalised by a pecuniary sanction ranging from BGN 300 to BGN 2,000.

(2) In the event of repeated violation under paragraph (1) a fine or a pecuniary sanction in double amount shall be imposed.

Article 78. (1) Protocols attesting to administrative offences shall be produced by the authorities of the National Revenue Agency or the Public Financial Inspection Agency.

(2) Penalty warrants shall be issued by the minister of finance or by officials authorised thereby.

(3) The drawing up of protocols, the issuance, appeal and execution of penalty warrants shall be done under the procedure set up in the Administrative Offences and Penalties Act.

## **ADDITIONAL PROVISIONS**

§ 1. In the meaning of this Act:

1. (Supplemented, SG No. 22/2018) "Budget-funded enterprises" shall mean all persons that apply budgets, accounts for European Union Funds, and accounts for external funds pursuant to the Public Finance Act, including the National Social Security Institute, the National Health Insurance Fund, public institutions of higher education, the Bulgarian Academy of Sciences, the Agricultural Academy, the Bulgarian National Television, the Bulgarian National Radio, the Bulgarian News Agency, as well as all other persons that are budgetary organisations within the meaning of § 1, item 5 of the Public Finance Act.
2. "Group of enterprises" shall mean the parent enterprise and all of its subsidiaries.
3. "Actual length of service" shall be the actual time spent under an employment contract or civil service contract, the time during which the person has worked without employment relationship, as well as the time during which the person has performed personal work or has worked as a freelancer and has paid in full his/her social insurance contributions. The term "actual length of service" shall exclude the period of doing compulsory military service and the period of raising an infant.
4. "Subsidiary" shall be a legal entity controlled by another legal entity (parent enterprise). Legal entities that are subsidiaries of the subsidiary shall also be considered subsidiaries of the parent enterprise.
5. "Inventory taking" shall be the process of preparing and actually checking, through various means, the physical and value parameters of assets and liabilities of an enterprise as of a specific date, comparing the results against accounting data and establishing any mismatches.
6. "Investment firms" shall be:
  - a) companies the sole object of which is investment of their funds in various securities, real estate and other assets for the sole purpose of spreading investment risks and their shareholders to benefit from the results of the management of their assets;
  - b) companies connected to investment firms with fixed capital if the sole object of those connected companies is to acquire fully paid shares issued by those investment firms without prejudice to Article 22, paragraph (1), "h" of Directive 2012/30/EU of the European Parliament and of the Council of 25 October 2012 for coordination of safeguards required of companies in the Member States within the meaning of Article 54, second subparagraph of the Treaty on the Functioning of the European Union, on the protection of the interests of both shareholders and third parties as regards the formation of public limited liability companies and the maintenance and alteration of their capital, with a view to making such safeguards equivalent (OJ L 315/74 of 14 November 2012).
7. "Consolidated financial statements" shall be a set of financial statements which presents the property and financial position, the reported financial result, changes in the cash flows and equity of the enterprises included in the consolidation as if they were one enterprise.
8. "International Accounting Standards" (IAS) shall be those adopted in accordance with Regulation (EC) 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and shall include the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and related interpretations (SIC-IFRIC interpretations), subsequent amendments to those standards and related interpretations, future standards and related interpretations issued or adopted by the International Accounting Standards Board (IASB).
9. "Place of business" shall be the place of business activity in the meaning of § 1, item 5 of the additional provisions of the Tax and Social Insurance Procedure Code.
10. (Amended, SG No. 79/2024) "Independent financial audit of financial statements" shall be the audit as defined in the Independent Financial Audit and Assurance of Sustainability Reporting Act.
11. (Amended, SG No. 97/2017, effective 1.01.2018, supplemented, SG No. 72/2024, effective 6.07.2024) "Net sales revenue" shall be the proceeds from sale of products, goods and services less any commercial discounts, value added tax and any other taxes directly related to revenue. Notwithstanding the first sentence, "net sales revenue" is:



- a) for mutual associations with the right of access to the single market of the European Union, the premiums written within the meaning of Article 1(11) of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council relating to the taking-up and pursuit of the business of Insurance and Reinsurance (OJ, L 12/1 of 17 January 2015) for the financial year;
- b) for credit institutions as defined in Article 4(1)(1) of Regulation (EU) No. 575/2013, as defined in accordance with Article 43(2)(c) of Council Directive 86/635/EEC;
- c) for subsidiaries and branches within the scope of Article 52b, the revenue determined by, or in accordance with, the financial reporting framework on the basis of which the financial statements of the enterprise or branch are prepared.
12. (Repealed, SG No. 97/2017, effective 1.01.2018).
13. "Primary activity" in the meaning of paragraph 22, "i", "k" and "l" shall be the activity of a company, where the total value of the net sales revenue from such activity comprises over 50 per cent of the total value of net sales revenue for the reporting period.
14. "Reporting period" shall mean the calendar year (1 January – 31 December), unless otherwise provided for herein.
15. "Payment to government" for the purposes of Chapter Seven, Section V shall be an amount paid in monetary terms or in kind by a company operating in the field of mining and quarrying, or by a company operating in the logging of primary forests, for liabilities to the government under Article 54, item 2.
16. "Repeated violation" shall be a violation committed within one year of the entry into force of the penalty warrant wherewith the offender is penalised for a violation of the same type.
17. "Government" for the purposes of Chapter Seven, Section V shall be a national, regional or local authority of a Member State of the European Union or of a third country. The term "government" shall include a directorate, agency or entity, controlled by the authorities of the State.
18. "Parent enterprise" shall be a legal person exercising control over one or more subsidiaries.
19. "A company operating in the field of mining and quarrying" shall be an enterprise carrying out business involving survey, search, detection, development of mineral deposits and the extraction of minerals, oil, natural gas or other raw materials falling within the scope of economic activities listed in Annex I, Section C, items 05-08 to Regulation (EC) No. 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Rev. 2 and amending Council Regulation (EEC) No. 3037/90 and certain EC regulations on specific statistical areas, hereinafter referred to as "Regulation (EC) No. 1893/2006".
20. "A company operating in the logging of primary forests" shall be an enterprise performing its business in primary forests in accordance with 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 shall be operational activities managed under contract, licence, lease, concession or similar legal agreements, representing the basis of a payment obligation to a government. If such agreements are related to each other, they shall be deemed as a single project.
22. "Public interest enterprises" shall be:
- a) enterprises whose transferable securities are admitted to trading on a regulated market in a Member State of the European Union;
- b) credit institutions;
- c) insurers and reinsurers;
- d) (supplemented, SG No. 19/2021) the retirement insurance companies and supplementary retirement insurance funds and payment funds managed thereby;
- e) investment firms, which are large enterprises under this Act;
- f) collective investment schemes and management companies within the meaning of the Collective Investment Schemes and Other Collective Investment Undertakings Act, which are large enterprises under this Act;

- g) financial institutions within the meaning of the Credit Institutions Act, which are large enterprises under this Act;
- h) Holding Bulgarian State Railways EAD and its subsidiaries; the National Railway Infrastructure Company;
- i) companies whose primary business is to produce and/or to transfer, and/or to sell electricity and/or heat and which are large enterprises under this Act;
- j) companies whose primary business is to import and/or to transfer, and/or to distribute or transit natural gas and which are large enterprises under this Act;
- k) (amended, SG No. 95/2016) Water Supply and Sewerage operators within the meaning of Article 2 (1) of the Regulation of Medium and Large Water Supply and Sewerage Companies Act.
23. (Amended, SG No. 15/2018, effective 16.02.2018) "Regulated market" shall be a market in the meaning of Article 152, paragraph 1 of the Markets in Financial Instruments Act.
24. "Manager of an enterprise" shall be a person or persons who manage the enterprise personally in the capacity of owners, managing directors or persons authorised by contract, who are responsible for the entire economic activity of the enterprise before the owner or owners – shareholders, partners, before the local administration or before the State.
25. "Connected enterprises" shall be any two or more enterprises within a group.
26. "General government sector" shall mean a General government sector that meets the requirements set out in the European system of national and regional accounts in the Community.
27. "Accounting firm" shall be any person registered in accordance with the Commerce Act or under the legislation of another Member State of the European Union, or a country signatory to the Agreement on the European Economic Area, including in its scope of business the organising of accounting and drawing up financial statements.
28. "Financial holding companies" shall be companies the sole object of which is the acquisition of holdings in other companies, management of such holdings and profiting from them without they themselves participating directly or indirectly in the management of such companies, and without prejudice to the rights they possess in the financial holding companies as shareholders.
29. "Digital or another type of identifier" shall be a digital or another type of unique repetitious code which corresponds unambiguously to the person bearing the rights to perform certain actions.
30. (New, SG No. 97/2016, effective 1.01.2017, amended, SG No. 92/2017, effective 1.01.2018) "Enterprises that have not carried out any activity during the reporting period" means undertakings for which the following conditions are true simultaneously:
- a) during the reporting period no transactions under Article 1 (1) of the Commerce Act have been effected;
- b) during the reporting period no conditions for recognizing income under the Accountancy Act and applicable accounting standards have occurred;
- c) have not carried out activity related to investment, production and/or sales;
- d) have not effected purchases of goods and services aimed at earning income and profits.
31. (New, SG No. 105/2023, effective 1.01.2025) "Ultimate parent undertaking" for the purposes of Chapter Seven, section VII means a parent undertaking which draws up the consolidated financial statements of the largest body of undertakings.
32. (New, SG No. 105/2023, effective 1.01.2025) "Standalone undertaking" for the purposes of Chapter Seven, section VII means an undertaking which is not part of a group as defined item 2.
33. (New, SG No. 105/2023, effective 1.01.2025) "Tax jurisdiction" for the purposes of Chapter Seven, section VII means a State or non-State jurisdiction which has fiscal autonomy in respect of income/corporate tax.
34. (New, SG No. 105/2023, effective 1.01.2025) "Annexes I and II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes" within the meaning of Chapter Seven, section VII shall also include their subsequent versions which are approved twice a year and are published in series C of the Official Journal of the European Union. Annex I to these Council conclusions contains the European Union list of non-cooperative jurisdictions for tax purposes, and

Annex II – the current state of cooperation with the European Union in relation to the commitments undertaken by the cooperative jurisdictions to implement the principles of good governance in the field of taxation.

35. (New, SG No. 72/2024, effective 6.07.2024) "Sustainability issues" means environmental, social and human rights factors as well as governance issues, including sustainability factors within the meaning of Article 2(24) of Regulation (EU) 2019/2088.

36. (New, SG No. 72/2024, effective 6.07.2024) "Sustainability reporting" means the disclosure of information related to sustainability issues in accordance with Chapter Seven, Sections III and IV.

37. (New, SG No. 72/2024, effective 6.07.2024) "Key intangible resources" means resources without physical substance on which the enterprise's business model depends and which are a source of value creation for the enterprise.

38. (New, SG No. 72/2024, effective 6.07.2024) "European sustainability reporting standards" means the sustainability reporting standards adopted by Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council as regards sustainability reporting standards (OJ, L of 22 December 2023).

39. (New, SG No. 72/2024, effective 6.07.2024) "European Sustainability Reporting Standards for SMEs" means the sustainability reporting standards adopted by delegated act of the European Commission pursuant to Article 29c of Directive 2013/34/EU.

40. (New, SG No. 72/2024, effective 6.07.2024) "European sustainability reporting standards for third country for third-country undertakings" means the sustainability reporting standards adopted by delegated act of the European Commission pursuant to Article 40b of Directive 2013/34/EU.

41. (New, SG No. 72/2024, effective 6.07.2024) "Standards recognised as equivalent to the European Sustainability Reporting Standards" are those recognised as equivalent by the European Commission by implementing act on the equivalence of sustainability reporting standards adopted pursuant to the third subparagraph of Article 23(4) of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market and amending Directive 2001/34/EC.

## § 2. This Act shall introduce 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 companies and amending Directive 2006/43/EC of the European Parliament and of the 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 as regards disclosure of non-financial and diversity information by certain large undertakings and groups (OJ L 330/1 of 15 November 2014).

3. (New, SG No. 105/2023, effective 1.01.2024) Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches (OJ L 429/1 of 1 December 2021).

4. (New, SG No. 72/2024, effective 6.07.2024) Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No. 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting (OJ, L 322/15 of 16 December 2022).

5. (New, SG No. 72/2024, effective 6.07.2024) Commission Delegated Directive (EU) 2023/2775 of 17 October 2023 amending Directive 2013/34/EU of the European Parliament and of the Council as regards the adjustments of the size criteria for micro, small, medium-sized and large undertakings or groups (OJ, L of 21 December 2023).

§ 3. Micro-enterprises, beyond reliefs for them under this Act, shall be treated as small enterprises.

§ 4. (Amended, SG No. 96/2019, effective 1.01.2020) (1) (Previous text of § 4, SG No. 72/2024, effective 6.07.2024) Public interest enterprises for the purposes of this Act shall be treated as large enterprises regardless of the book value of the assets, the net sales revenue and the average number of employees.

(2) (New, SG No. 72/2024, effective 6.07.2024) Paragraph 1 shall not apply for sustainability reporting purposes.

§ 5. (Repealed, SG No. 96/2019, effective 1.01.2020).

§ 5a. (New, SG No. 97/2017, effective 1.01.2018) An enterprise which uses the International Accounting Standards within the meaning of § 1, Item 8 as its basis of accounting, shall carry out bookkeeping and draw up its financial statements in accordance with the requirements of these standards, in full and without any modifications. Where the International Accounting Standards contain provisions other than the provisions of the Act, the provisions of the International Accounting Standards shall apply.

§ 5b. (New, SG No. 96/2019, effective 1.01.2020) If, in accordance with applicable accounting standards, development costs are recognised as an intangible asset, no distribution of dividends by the enterprise shall be permitted until the full amortisation or derecognition of that intangible asset, unless the value of the enterprise's reserves (funds) eligible for distribution according to the requirements of a statutory instrument and the retained earnings from previous years is at least equal to the carrying amount of the recognised intangible asset.

## **TRANSITIONAL AND FINAL PROVISIONS**

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

§ 7. Enterprises and groups of enterprises shall specify their category for 2016 in accordance with Articles 19 and 21, according to their indicators as of 31 December 2015.

§ 8. Enterprises which as of 1 January 2016 meet the criteria for micro-, small or medium-sized enterprise pursuant to Article 19 of this Act and draw up their annual financial statements based on the International Accounting Standards, may switch one-off to application of the National Accounting Standards following the adoption of a national accounting standard.

§ 9. Administrative penal proceedings pending until the entry into force of this Act shall be completed in accordance with the previous procedure.

§ 10. (1) Financial statements and management reports for 2015 shall be drawn up and audited in accordance with the repealed Accountancy Act.  
(2) Financial statements and management reports for 2015 shall be published in accordance with this Act.

§ 11. (1) Large enterprises hereunder shall draw up their annual financial statements for 2016 in accordance with the International Accounting Standards.  
(2) The provision of Article 34 (2) as regards large enterprises shall be in effect since 1 January 2017.

§ 12. The Political Parties Act (promulgated, SG No. 28/2005; amended, SG No. 102/2005, SG Nos. 17 and 73/2006, SG Nos. 59 and 78/2007, SG No. 6/2009, SG Nos. 54 and 99/2010, SG Nos. 9 and 99/2011, SG Nos. 30, 68 and 71/2013, SG No. 19/2014 and SG No. 32/2015) shall be amended as follows:  
1. Article 23 (5) shall be amended as follows:



"(5) The non-monetary income under paragraph (1) shall be measured under the procedure of Article 26 (2) of the Accountancy Act."

2. Article 34 (1) shall be amended as follows:

"(1) Political parties shall draw up financial statements for the preceding calendar year in accordance with the requirements of Chapter Three, Section III of the Accountancy Act."

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

§ 14. In the Social Insurance Code (promulgated, SG No. 110/1999, Decision No 5 of the Constitutional Court of 2000 – SG No. 55/2000; amended, SG No. 64/2000, SG Nos. 1, 35 and 41/2001, SG Nos. 1, 10, 45, 74, 112, 119 and 120/2002, SG Nos. 8, 42, 67, 95, 112, and 114/2003, SG Nos. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, SG Nos. 38, 39, 76, 102, 103, 104 and 105/2005, SG Nos. 16, 30, 34, 56, 57, 59 and 68/2006; corrected, SG No. 76/2006; amended, SG Nos. 80, 82, 95, 102 and 105/2006, SG Nos. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, SG Nos. 33, 43, 67, 69, 89, 102 and 109/2008, SG Nos. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009, SG Nos. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100/2010; Decision No. 7 of the Constitutional Court of 2011- SG No. 45/2011; amended, SG Nos. 60, 77 and 100/2011, SG Nos. 7, 21, 38, 40, 44, 58, 81, 89, 94 and 99/2012, SG Nos. 15, 20, 70, 98, 104, 106, 109 and 111/2013, SG Nos. 1, 19, 27, 35, 53 and 107/2014, and SG Nos. 12, 14, 22, 54, 61 and 79/2015) in Article 186a (2), the words "with the content of Article 26 (1)" shall be replaced by "pursuant to Article 29 (1)".

§ 15. The Excise Duties and Tax Warehouses Act (promulgated, SG No. 91/2005; amended, SG No. 105/2005, SG Nos. 30, 34, 63, 80, 81, 105 and 108/2006, SG Nos. 31, 53, 108 and 109/2007, SG Nos. 36 and 106/2008, SG Nos. 6, 24, 44 and 95/2009, SG Nos. 55 and 94/2010, SG Nos. 19, 35, 82 and 99/2011, SG Nos. 29, 54 and 94/2012, SG Nos. 15, 101 and 109/2013, SG Nos. 1 and 105/2014, and SG No. 30/2015) in Article 84 (6) in the text before item 1, the words "Article 7" shall be replaced by "Article 6."

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

"(4) For the fixed assets of the entities under paragraph (3) and for the other water systems and facilities for which a concession has been established, depreciation shall be charged in accordance with the applicable accounting standards in compliance with Chapter Four of the Accountancy Act."

§ 17. The Income Taxes on Natural Persons Act (promulgated, SG No. 95/2006; amended, SG Nos. 52, 64 and 113/2007, SG Nos. 28, 43 and 106/2008, SG Nos. 25, 32, 35, 41, 82, 95 and 99/2009, SG Nos. 16, 49, 94 and 100/2010, SG Nos. 19, 31, 35, 51 and 99/2011, SG Nos. 40, 81 and 94/2012, SG Nos. 23, 66, 100 and 109/2013, SG Nos. 1, 53, 98, 105 and 107/2014, and SG Nos. 12, 22, 61 and 79/2015) in Article 9 (2) the words "Article 7" shall be replaced by "Article 6."

§ 18. In the Special Purpose Investment Companies Act (promulgated, SG No. 46/2003; amended, SG No. 109/2003, SG No. 107/2004, SG Nos. 34, 80 and 105/2006, SG Nos. 52 and 53/2007, SG No. 77/2011 and SG No. 34/2015) in Article 12 (2), second sentence, the words "Article 34 (2)" shall be replaced by "Article 18".



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

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

§ 21. The Financial Support for Culture Act (promulgated, SG No. 103/2005; amended, SG Nos. 30, 34, 63 and 80/2006, SG Nos. 53 and 109/2007, SG No. 42/2009, and SG No. 20/2012), Article 21 (2) shall be amended as follows:

1. In item 1, the words "Article 1 (2)" shall be replaced by "Article 2".
2. In item 2, the words "Article 1 (2)" shall be replaced by "Article 2".

§ 22. The Environmental Protection Act (promulgated, SG No. 91/2002; amended, SG No. 98/2002, SG No. 86/2003, SG Nos. 70, 74, 77, 88, 95 and 105/2005, SG Nos. 30, 65, 82, 99, 102 and 105/2006, SG Nos. 31, 41 and 89/2007, SG Nos. 36, 52 and 105/2008, SG Nos. 12, 19, 32, 35, 47, 82, 93 and 103/200, SG Nos. 46 and 61/2010, SG Nos. 35 and 42/2011, SG Nos. 32, 38, 53 and 82/2012, SG Nos. 15, 27 and 66/2013, SG Nos. 22 and 98/2014, and SG No. 62/2015) in Article 62 (7) the words "Article 33 (6)" shall be replaced by "Article 63 (4)".

§ 23. The Public Offering of Securities Act (promulgated, SG No. 114/1999; amended, SG Nos. 63 and 92/2000, SG Nos. 28, 61, 93 and 101/2002, SG Nos. 8, 31, 67 and 71/2003, SG No. 37/2004, SG Nos. 19, 31, 39, 103 and 105/2005, SG Nos. 30, 33, 34, 59, 63, 80, 84, 86 and 105/2006, SG Nos. 25, 52, 53 and 109/2007, SG Nos. 67 and 69/2008, SG Nos. 23, 24, 42 and 93/2009, SG Nos. 43 and 101/2010, SG Nos. 57 and 77/2011, SG Nos. 21, 94 and 103/2013, SG No. 109/201, and SG Nos. 34, 61 and 62/2015) shall be amended as follows:

1. In Article 81 (3), second sentence, the words "Article 34 (2)" shall be replaced by "Article 18".
2. In Article 100m (3), second sentence, the words "Article 34 (2)" shall be replaced by "Article 18".
3. In Article 124 (2) item 4, the words "Article 26 (1)" shall be replaced by "Article 29 (1)".

§ 24. The Roads Act (promulgated, SG No. 26/2000; amended, SG No. 88/2000, SG No. 111/2001, SG Nos. 47 and 118/2002, SG Nos. 9 and 112/2003, SG Nos. 6 and 14/2004, SG Nos. 88 and 104/2005, SG Nos. 30, 36, 64, 102, 105 and 108/2006, SG No. 59/2007, SG Nos. 43 and 69/2008, SG Nos. 12, 32, 41, 42, 75, 82 and 93/2009, SG No. 87/2010, SG Nos. 19, 39, 55 and 99/201, SG Nos. 38, 44, 47 and 53/2012, SG Nos. 15 and 66/2013, SG Nos. 16, 53 and 98/2014, and SG Nos. 10, 14, 37 and 61/2015 ) in Article 28h (2) the words "Article 33 (6)" shall be replaced by "Article 63 (4)".

§ 25. In the Commercial Register Act (promulgated, SG No. 34/2006; amended, SG Nos. 80 and 105/2006, SG Nos. 53 and 59/2007, SG Nos. 50 and 94/2008, SG No. 44/2009, SG No. 101/2010, SG Nos. 34 and 105/2011, SG Nos. 25, 38 and 99/2012, SG No. 40/2014, and SG Nos. 22 and 54/2015) in Article 6 (3) the words "Article 40 (1) – (3)" shall be replaced by "Article 38 (1), (3) and (5)".

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

1. In Article 221:

a) in item 6 at the end shall be added "when the conduct of an audit is mandatory in the cases provided for by law or a decision is made for conduct of an independent financial audit";

b) in item 7 after the word "auditor" shall be added "when an independent financial audit has been conducted".

2. a) in Article 245 at the end shall be added: item 6 at the end shall be added "when the conduct of an audit is mandatory in the cases provided for by law or a decision is made for conduct of an independent financial audit".

3. Article 248 (1) shall be amended as follows:

"(1) The annual financial statements shall be audited by the registered auditors appointed by the general meeting in the cases provided for by law."

4. In Article 249 (1), after the word "When" shall be added "the annual financial statements of the company are subject to statutory independent financial audit by law and".

5. In Article 251:

a) in paragraph (3), first sentence shall be amended as follows: "When conduct of an independent financial audit is mandatory in the cases provided for by law, or when a decision is made on conduct of an independent financial audit, the general meeting shall adopt the annual financial statements after the completion of the audit and presentation of the audit report. The registered auditor shall participate in the meeting of the Supervisory Board or the Board of Directors under paragraphs (1) and (2) accordingly";

b) in paragraph (4), the words "Audited and approved" shall be replaced by "Adopted by the general meeting".

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

"11. "Public interest enterprises" shall be enterprises in the meaning of § 1, item 22 of the supplementary provisions of the Accountancy Act."

§ 28. In the Public Finance Act (SG No. 15/2013) in Article 168 (1) the words "Article 1 (2)" shall be replaced by "Article 2".

§ 29. This Act shall enter into force on 1 January 2016, except for Articles 48 – 52, which shall be effective as of 1 January 2017.

This Act was adopted by the 43rd National Assembly on 24 November 2015 and was stamped with the official seal of the National Assembly.

---

## TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement to the Corporate Income Tax Act  
(SG No. 98/2018, effective 1.01.2019, amended, SG No. 37/2019,

effective 7.05.2019, SG No. 104/2020, effective 1.01.2021)

.....

§ 55. Until expiration of the deadline for re-registration through their entry in the Non-Profit Legal Entities Register at the Registry Agency under § 25 of the transitional and final provisions of the Act Amending and Supplementing the Non-Profit Legal Entities Act (SG No. 74/2016) annual financial statements and activity reports under the Accountancy Act shall be published as follows:

1. by 30 June of the current year the annual financial statements and activity reports for the previous year – in an economic publication or in internet, where the conditions under items 2 – 4 are not in place for the person; the person shall provide free and free of charge access to its published statements and reports and upon request shall specify the place of their publication;
2. the persons registered in the period from 1 June 2018 to 31 May 2019 shall publish their statements and reports for 2017 and 2018 by 30 June 2019;
3. the persons registered in the period from 1 June 2019 to 31 May 2020 shall publish their statements and reports for 2017, 2018 and 2019 by 30 June 2020;
4. (amended, SG No. 104/2020, effective 1.01.2021) the persons registered in the period from 1 June 2020 to 31 December 2020 shall publish by 30 September 2021 the reports for 2017, 2018, 2019 and 2020.

§ 56. (Amended, SG No. 37/2019, effective 7.05.2019) Paragraph 5 of Article 34 of the Accountancy Act shall furthermore apply in respect of the annual financial statements for 2018.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amending and supplementing the  
Recovery and Resolution of Credit Institutions and Investment Firms Act  
(SG No. 37/2019, effective from the first day of application of the Decision  
of the European Central Bank on the close cooperation in accordance with Article 7  
of Council Regulation (EU) No. 1024/2013 of 15 October 2013 conferring specific  
tasks on the European Central Bank concerning policies relating to the prudential  
supervision of credit institutions)

.....

§ 60. (Effective 7.05.2019 - SG No. 37/2019) The enterprises referred to in Article 34, paragraph (2), items 1 and 2 of the Accountancy Act shall prepare their financial statements for 2018 on the basis of the International Accounting Standards.

.....

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Corporate Income Tax Act  
(SG No. 96/2019, effective 1.01.2020)

.....

§ 40. Paragraph 39(2)(a)(bb) in connection with Article 38(9)(2) of the Accountancy Act with regard to the one-off filing of a declaration using a standard form shall apply to accounting periods beginning on and after 1 January 2019.

.....

#### FINAL PROVISIONS

to the Act to Amend and Supplement the Public Offering of Securities Act  
(SG No. 26/2020)

.....

§ 21. (Effective 1.01.2021 - SG No. 26/2020) In the Accountancy Act (promulgated in SG No. 95/2015; amended, SG No. 74, 95, and 97 of 2016, SG No. 85, 92 of 97 of 2017, SG No. 15, 22 of 98 of 2018 and SG No. 13, 37 of 96 of 2019) in Article 37 (6) there shall be added a new Item 6 to read as follows:

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

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act on the Measures and Actions during the State of Emergency  
Declared by a Resolution of the National Assembly of 13 March 2020  
(SG No. 28/2020, effective 13.03.2020)

.....  
§ 33. In 2020, the time limits referred to in Items 1, 2 and 3 of Article 38 (1) of the Accountancy Act shall be extended until the 30th day of September 2020, and the time limit referred to in Item 2 of Article 38 (9) of the said Act shall be extended until the 30th day of June 2020.  
.....

§ 52. This Act shall enter into force on the 13th day of March 2020 with the exception of Article 5, § 3, § 12, § 25 – 31, § 41, § 49 and § 51 which shall enter into force as from the day of the promulgation of this State Gazette and shall be applicable until the abrogation of the state of emergency.

#### FINAL PROVISIONS

to the Act to Amend and Supplement the Accountancy Act  
(SG No. 105/2023, effective 1.01.2024)

.....  
§ 9. This Act shall enter into force as from the 1st day of January 2024 with the exception of:  
1. Paragraphs 2, 3, 5, 6, Item 1 and paragraph 8 which shall enter into force on 1st day of January 2025;  
2. Paragraph 7 herein, which shall enter into force as from the 22nd day of December 2023.

#### TRANSITIONAL AND FINAL PROVISIONS

to the Act to Amend and Supplement the Accountancy Act  
(SG No. 72/2024, effective 6.07.2024,  
amended, SG No. 17/2025, effective 28.02.2025)

§ 29. (1) Enterprises and groups of enterprises shall specify their category for 2024 in accordance with amended Articles 19 and 21, according to their indicators as of 31 December 2023.  
(2) For the purposes of the application of Article 20, paragraphs 1 and 2 and Article 22 the year 2024 shall be deemed to be the first accounting period.

§ 30. (1) The first reporting period for which a sustainability report shall be included in the management report shall be as follows:

1. (Amended, SG No. 17/2025, effective 28.02.2025) 2025:
  - a) for large undertakings which are undertakings of public interest and which, at 31 December of the reporting period, exceed the criterion of an average number of employees during the financial year of 500;
  - b) for public interest entities that are the parent enterprise of a large group that exceeds, on a consolidated basis, the average number of employees criterion of 500 at 31 December of the reporting period;
2. (Amended, SG No. 17/2025, effective 28.02.2025) 2026:
  - a) for large undertakings other than those referred to in item 1, letter "a";
  - b) for parent undertakings of a large group other than those referred to in item 1, letter "b";
3. (Amended, SG No. 17/2025, effective 28.02.2025) 2027:
  - a) for small and medium-sized enterprises which are enterprises of public interest within the meaning of § 1, item 22, letter "a" of the additional provisions, with the exception of micro-enterprises;

- b) for small and non-complex credit institutions within the meaning of Article 4(1)(145) of Regulation (EU) No. 575/2013, provided that they are large undertakings or small and medium-sized enterprises (excluding micro-enterprises) which are public interest entities within the meaning of § 1, item 22, letter "a" of the additional provisions;
- c) for captive insurance undertakings within the meaning of Article 14, paragraph 1 of the Insurance Code and captive reinsurance undertakings within the meaning of Article 14, paragraph 2 of the Insurance Code which are large undertakings or small and medium-sized enterprises (excluding micro-enterprises) which are companies of public interest within the meaning of § 1, item 22, letter "a" of the additional provisions.
- (2) The small and medium-sized enterprises referred to in paragraph 1, item 3, letter "a" may omit a sustainability report in their management report for the reporting years 2026 and 2027. In this case, the undertaking shall briefly state in the management report the reasons for not including a sustainability report.

§ 31. (1) For accounting periods up to and including 2029, a subsidiary of a third-country undertaking for which an obligation under Article 48 or Article 51 has arisen may prepare and publish a consolidated sustainability report in accordance with Article 51 that includes information on all subsidiaries of the third-country undertaking in the territory of the European Union to which equivalent sustainability reporting rules apply.

(2) The consolidated report referred to in paragraph 1 shall also include the information provided for in Article 8 of Regulation (EU) 2020/852 for the activities carried out by subsidiaries of the third-country undertaking in the territory of the European Union which have an obligation to prepare a sustainability report or a consolidated sustainability report under the legislation of a Member State.

(3) Paragraph 1 shall apply where the subsidiary registered in the country has realised the highest net sales revenue of the subsidiaries in the territory of the European Union realised in one of the last five reporting periods, including on a consolidated basis, where applicable.

(4) A subsidiary registered in this country of a third country undertaking shall not prepare a consolidated sustainability report under paragraphs 1 – 3 where a subsidiary in another Member State has prepared and published a consolidated sustainability report which includes information on the first undertaking under the legislation of the other Member State.

(5) For the purposes of the exemption under Article 50 and Article 52, the preparation and publication of a consolidated report referred to in paragraphs 1 – 4 shall be considered sustainability reporting by a parent undertaking at group level in respect of the undertakings included in the consolidation and that it has fulfilled the condition of Article 50, paragraph 2, item 4 and Article 52a, paragraph 2, item 4 for the disclosures provided for in Article 8 of Regulation (EU) 2020/852.

§ 32. For the purposes of Article 48, paragraph 5 and Article 51, paragraph 5, during the first three years after the obligation to prepare and publish a sustainability report under §§ 30 and 31 comes into force, and where not all the required value chain information is available, the undertaking shall include in the report information explaining the efforts it has made to obtain the required value chain information, the reasons why it has not been able to obtain the required information and its plans to obtain it in the future.

§ 33. The first reporting period for which subsidiaries and branches of third-country undertakings shall publish a sustainability report on the third-country undertaking under Article 52b shall be 2028.

§ 34. (1) Within two months of the entry into force of this Act, the Ministry of Justice shall bring the by-laws into conformity with the Act.

(2) By 30 June 2025, the Registry Agency shall ensure access to and use of the service for the publication of the management reports referred to in Article 41, paragraph 3, and Article 44, paragraph 2 with the sustainability reports in a single electronic reporting format, in a machine-readable format, in accordance with the requirements of this Act.



§ 35. (Effective 27.08.2024 - SG No. 72/2024) In order to secure the need for areas in connection with the implementation of the National Plan for the introduction of the euro, individual properties or parts of properties in public state ownership may be granted on lease terms for the needs of the Bulgarian National Bank in accordance with Article 16, paragraph 6 of the State Property Act.

.....  
§ 37. Paragraph 34 shall apply to tax returns under Articles 92 and 259 of the Corporate Income Tax Act for 2026 and subsequent years and to tax returns under Articles 239 and 246 for the first tax return for 2027 and subsequent years.

.....  
§ 42. This Act shall enter into force as from the 6st day of July 2024 with the exception of § 35 herein, which shall enter into force as from the day of promulgation of the Act in the State Gazette.