

ACCOUNTANCY ACT

In force from 01.01.2016

*Prom. SG. 95/8 Dec 2015, amend. SG. 74/20 Sep 2016, amend. and suppl. SG. 95/29 Nov 2016, amend. and suppl. SG. 97/6 Dec 2016, amend. SG. 85/24 Oct 2017, amend. SG. 92/17 Nov 2017, amend. and suppl. SG. 97/5 Dec 2017, amend. SG. 15/16 Feb 2018, suppl. SG. 22/13 Mar 2018, amend. and suppl. SG. 98/27 Nov 2018, amend. and suppl. SG. 13/12 Feb 2019, amend. and suppl. SG. 37/7 May 2019, amend. and suppl. SG. 96/6 Dec 2019, suppl. SG. 26/22 Mar 2020, amend. SG. 104/8 Dec 2020, suppl. SG. 105/11 Dec 2020, amend. and suppl. SG. 19/5 Mar 2021, amend. and suppl. SG. 105/19 Dec 2023, amend. SG. 70/20 Aug 2024, amend. and suppl. SG. 72/27 Aug 2024, amend. SG. 79/17 Sep 2024, amend. SG. 17/28 Feb 2025, amend. and suppl. SG. 26/27 Mar 2025, **amend. and suppl. SG. 61/29 Jul 2025***

Chapter one. GENERAL PROVISIONS

Section I. Applicable Field

Art. 1. This act shall provide for:

1. the requirements to current accounting and the accountancy systems in undertakings, accountancy documents and accountancy information, inventory of assets and liabilities and storage of accountancy information;
2. the applicable accountancy basis for financial accounting;
3. (new – SG, 72/24, in force from 06.07.2024) the applicable framework for reporting sustainability;
4. (former item 3 – SG, 72/24, in force from 06.07.2024) the content and compilation of financial statements, activity reports, including sustainability reporting, and reports on payments to governments of enterprises and enterprise groups;
5. (former item 4 – SG, 72/24, in force from 06.07.2024) the obligations for independent financial audit, sustainability security commitments and publicity of financial statements, the reports for the activity and payments to governments of enterprises and groups of enterprises;
6. (former item 5 – SG, 72/24, in force from 06.07.2024) the obligations and responsibility of the head of the enterprise.

Art. 2. For the purposes of this act, the undertakings shall be:

1. (amend. – SG 97/16, in force from 01.01.2017) traders in the meaning of the Commerce Act, including branches of foreign traders;
2. the local legal persons, which are not traders;
3. the budget undertakings;
4. (amend. – SG 97/16, in force from 01.01.2017) consortia under the Commerce Act, partnerships under the Obligations and Contracts Act, joint ventures and other groups based on contractual relations, in which the parties have rights to the net assets;
5. (amend. - SG 19/21) payment funds and security funds under the Social Insurance Code;
6. trade representations;
7. the foreign legal persons, which perform economic activity in the Republic of Bulgaria

through a place of economic activity, with the exception of the cases, where the economic activity is performed by a foreign person from an EU Member State or from another state – party to the EEA Agreement, only under the conditions of free provision of services.

Section II.

Current Accounting, Accountancy Documents, Accountancy Information and Accountancy Systems

Art. 3. (1) The current accounting shall be organized under this act and shall be carried out in the mode of bilateral accounting records.

(2) The undertakings shall perform current accounting of all economic operations, which lead to changes of property and their financial conditions, financial results from an activity, cash flows and own capital in chronological order.

(3) The undertakings shall perform current accounting on the basis of documental validity of economic operations and facts while observing the requirements for drawing up documents under this act.

(4) The sole traders with net revenues from sales for the previous accounted period in an amount, not exceeding BGN 50 000, may account their activity in the mode of single-entry accounting.

Art. 4. (1) The accountancy document shall be a paper or technical device of accountancy information, classified as primary, secondary and register.

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

(3) The secondary document is carrier of reformed (summarized or differentiated) information, received from the primary accountancy documents.

(4) The register shall be carrier of chronologically systematized information about economic operations from primary and/or secondary accountancy documents.

(5) (amend. - SG 85/17) An accountancy document under Para. 1 may be an electronic document, which contains the information, required under this act, issued and received in any electronic format while observing the requirements of the Electronic Document and Electronic Trust Services Act.

Art. 5. (1) (Amend. - SG 70/24[*]) The accountancy documents in the undertakings shall be drawn up in Bulgarian language with Arabic numerals and in Euros. They may also be drawn up in the relevant foreign language in a foreign currency in the cases of transactions, agreed in a foreign currency with foreign counteragents. Where the transaction is agreed in a foreign currency, its equivalence in Euros shall be determined when to the foreign currency sum is applied the central exchange rate of the Bulgarian National Bank on the date of the transaction.

(2) The accountancy documents, which come to the undertakings in a foreign language shall be translated in the Bulgarian language in the cases, where this is provided by the law.

Art. 6. (1) The primary accountancy document, addressed to external receiver shall contain at least the following information:

1. name and number of the document, containing only Arabic numerals;
2. date of issue;
3. name, address and UIC of the Trade register or UIC on BULSTAT or unified civil N or personal N of a foreigner of the issuer and receiver;
4. subject, natural and value expression of the economic operation.

(2) The address under Para. 1, p. 3 shall be the correspondence address under Art. 28, Para. 1 of the Tax-Insurance Procedure Code.

(3) The primary accountancy documents, which concerns only the activity of the undertaking

shall contain at least the following information:

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

(4) In drawing up an accountancy document, which concerns only the activity of the undertaking through automatic devices or systems, the signature of the compiler may be replaced by a numeral or other identifier, uniquely identifying and defining the compiler of the accountancy document.

(5) A documental validity is at present, where in the primary accountancy document there is no part of the required information under Para. 1 and 3, but for it there are documents, which certify it.

(6) Apart from the cases under Para. 5, documental validity is also present where the primary accountancy document has been issued by a person, who is not an undertaking in the meaning of this act, and there is not part of the required information under Para. 1 in the document, where this document expresses truly documented economic operation.

(7) In case of payment of public and private state and municipal obligations, occurred on the ground and under this act, it shall be accepted, that the economic operation is documentary valid in case of available relevant payment document for the payment made.

Art. 7. (1) Primary accountancy document under Art. 6, Para. 1 shall be issued, where this is provided by an act.

(2) (amend. - SG 13/19) Primary accountancy document may not be issued, where the economic operation has been documented by a fiscal receipt or system voucher, issued under the Ordinance under Art. 118, Para. 4 of the Value Added Tax Act, or with a security, printed in accordance with the order, provided for printing of securities and receiver on it is a natural person, who is not a trader.

(3) (new - SG 13/19) The Council of Ministers shall determine by an ordinance the conditions and the procedure for printing and control of securities. Persons wishing to print securities shall submit a notification to the Ministry of Finance.

(4) (prev. para. 3 - SG 13/19) Para. 2 shall not apply, where the receiver has required issuance of a primary accountancy document.

Art. 8. Corrections and additions in the primary accountancy documents shall not be admitted. Wrongly drawn up primary accountancy documents shall be annulated and new ones shall be drawn up.

Art. 9. The following shall not be admitted:

1. accounting of economic operations in non-accounting books or registers;
2. (amend. - SG 61/25, in force from 31.01.2026) accounting of false or insufficiently identified transaction, non-existing costs, as well as obligations with incorrectly defined subject.

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Art. 9. The following shall not be admitted:

- 1. accounting of economic operations in non-accounting books or registers;*
- 2. accounting of false or insufficiently identified transaction, non-existing costs, as well as obligations with incorrectly defined subject, carried out in view bribery of officials or covering a bribery.*

Art. 10. Persons, who have drawn up and signed accountancy documents and the technical information devices, shall bear responsibility about the validity of the information in them.

Art. 11. (1) In building up and maintaining the accountancy system, the undertakings shall

provide:

1. wide chronological registration of the accountancy operations;
2. receiving analytical and summarized information in accountancy way, presenting in the most correct way and in the most appropriate way the annual financial statements of the undertaking;
3. interim and annual finalization of the accountancy registers;
4. changes in the performed accountancy records through drawing up correcting accounts;
5. application of the confirmed by the head of the undertaking individual account plan;
6. applying a confirmed by the head of the undertaking accountancy policy.

(2) Where while carrying out the accountancy, an accountancy software shall be used, it must be developed while observing the requirements of this act and give possibility the processed by it data and exit documents to be in the Bulgarian language

Section III.

Storage of Accountancy Information

Art. 12. (1) The accountancy information shall be stored on paper and/or technical device in the undertaking in the following terms:

1. payroll of salaries – 50 years, starting from 1 January of a accounting periods, following the accounting period, to which they refer;
2. accountancy registers and financial statements, including documents for tax control, audit and follow up financial inspections – 10 years, starting from 1 January of the accounting period, following the accounting period, to which they refer;
3. all remaining devices of accountancy information – 3 years, starting from 1 January of the accounting period, following the accounting period, to which they refer;

(2) The accounting information may be stored in private or state archives under the Act on the National archive fund, while observing the requirements of Para. 1.

(3) In case of termination of an undertaking by reforming the devices of accountancy information (paper and/or technical) shall be given to the accepting and/or newly established undertaking/s.

(4) In case of termination of a undertaking, or where the undertaking ahs not assignee, the payrolls for salaries shall be sent to the National security institute, under Art. 5, Para. 10 of the Social Security Code.

Art. 13. After expiry of the term of storage, the devices of accountancy information (paper or technical), which are not subject to submission to the National archive fund or the National security institute may be destroyed.

Art. 14. (1) In termination of a employment, civil or obligation legal relations with a person, who carries out current accounting and draws up financial statements, the accountancy documentation shall be handed to a person, selected by the head of the undertaking.

(2) The reception and transmission under Para. 1 shall be performed in the presence of a commission in a procedure and way, determined by the head of the undertaking.

(3) In case of termination of employment, civil or obligation legal relation of the head of the undertaking, he shall be obliged to deliver to a person, selected by the relevant competent body of the undertaking, the whole accountancy and other official documentation, which is present with him.

Section IV.

Powers of the Minister of Finance

Art. 15. The Minister of Finance shall:

1. (suppl. – SG, 72/24, in force from 06.07.2024) perform the coordination and interaction with the European Commission and the EU Council in harmonization of the Bulgarian accountancy legislation with the EU accountancy legislation, including on sustainability reporting;
2. give opinions and methodic instruction on the implementation of this act and the National accountancy standards;
3. undertake measures about the development and improvement of accountancy.

Section V.

Rights and Obligations of the Head of Undertaking

Art. 16. (1) The head of undertaking shall:

1. confirm the individual account plan of the undertaking;
2. organize the current accounting in compliance with the provision of this act;
3. confirm the format of the accountancy, which provides synchronized realization of the chronological and systematic (analytical and synthetic accounting);
4. be responsible for the drawing up, contents and publishing the financial statements of the annual reports, required under this act;
5. define the periods of the financial statements for the needs of the undertaking management;
6. (suppl. – SG, 72/24, in force from 06.07.2024) be responsible for performing an independent financial audit and commitment to sustainability security by registered auditors;
7. determine the procedure and way for the inventory;
8. be responsible for storage of the accountancy information under and within the term of Section III;
9. determine the procedure and movements of the accountancy documents from the moment of their creation or receiving in the undertaking till the moment of their destruction or delivery under this act.

(2) (Suppl. - SG 105/23, in force from 01.01.2024, amend. – SG, 72/24, in force from 06.07.2024) The head and the members of the management and supervisory body of the enterprise shall be responsible for preparation and publication of the annual financial statements, consolidated financial statements and annual reports under Chapter Seven, as well as for carrying out an independent financial audit and a commitment to express security on sustainability by registered auditors in accordance with the requirements of this Act and in accordance with their powers under the Commerce Act.

Section VI.

Compilers of Financial Statements

Art. 17. (1) The interim, annual and consolidated statements of undertakings shall be drawn up by natural persons, who are in an employment, civil or obligatory legal relations with the undertaking or by accounting undertakings.

(2) Para. 1 may not be applied to annual financial statements of sole traders, who apply the mode of unilateral accounting records under Art. 3, Para. 4 and to micro-undertakings under Art. 19, Para. 2, which have not carried out activity during the reported period. In these cases the financial statements shall be drawn up by the owners or partners of these undertakings.

Art. 18. The natural persons under Art. 17, Para. 1 who draw up financial statements and the managing and/or representing accounting undertakings, which sign the financial statements, where the financial statements are drawn up by accounting undertakings, must meet the following requirements:

1. they should have acquired obligatory minimal degree of graduated education and

corresponding to it a real length of service in the subject, as follows:

a) higher accountancy-economic education and length of service in the area of accountancy, external and internal audit and the financial inspection, the taxation revisions or as a teacher in accountancy and control:

aa) in a Master's degree – 2 years;

bb) in Bachelor's degree – 3 years;

cc) in a degree of professional Bachelor – 4 years;

b) other higher economic education and 5 years length of service in the area of accountancy, external and internal audit and financial inspection, taxation revisions, or as a teacher in accountancy and control;

c) high school economic education and 8 years length of service as an accountant;

2. they should not be convicted for crimes of general nature under Chapter Five and Chapter Six, Section I of the Special part of the Penal Code.

Chapter two.

CATEGORIES OF UNDERTAKINGS AND GROUPS OF UNDERTAKINGS

Section I.

Categories of Undertakings

Art. 19. (1) For the purposes of this act, the following categories of undertakings are determined:

1. micro-undertakings;

2. small undertakings;

3. medium undertakings;

4. large undertakings.

(2) Micro-enterprises shall be those, which on 31 December of the current reporting period do not exceed at least 2 of the following indicators:

1. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) balance value of assets – BGN 900,000;

2. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 1 800 000;

3. average number of staff for the reporting period– 10 people.

(3) Small undertakings shall be undertakings, which on 31 December of the current reporting period do not exceed at least 2 of the following indicators:

1. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) balance value of the assets – BGN 10 000 000;

2. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 20 000 000;

3. average number of staff for the reporting period – 50 people.

(4) Medium undertakings shall be undertakings, which are not small undertakings and on 31 December of the current reporting period do not exceed at least 2 of the following indicators:

1. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) balance value of the assets – BGN 50 000 000;

2. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 100 000 000.;

3. average number of staff for the reporting period – 250 people.

(5) Large undertakings shall be undertakings, which on 31 December of the current reporting

period exceed at least 2 of the following indicators:

1. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) balance value of the assets – BGN 50 000 000;
2. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 100 000 000;
3. average number of staff for the reporting period – 250 people.

Art. 20. (1) Change of the category under Art. 19 shall be carried out, where an undertaking for the last 2 reported periods does not meet any more 2 of the 3 indicators for the relevant category. The category shall be changed from the beginning of the following (third) reported period.

(2) In the cases under Para. 1, where for the last 2 reported periods the undertaking meets the indicators for 2 different categories, it is categorized according to the indicators for the last reported period.

(3) For the accounting period in which an undertaking under § 1, p. 22 of the Additional Provision is not any more an undertaking of a public interest, it shall be reported as an undertaking of a public interest.

Section II.

Categories of Groups of Undertakings

Art. 21. (1) For the purposes of this act, the following categories of groups of undertakings shall be determined:

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

(2) The small groups shall be groups of undertakings, at which the sum of indicators according to their annual financial statements on consolidated basis, drawn up by 31 December of the current reporting period does not exceed the thresholds of at least 2 of the following 3 indicators:

1. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) balance value of the assets – BGN 10 000 000;
2. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 20 000 000;
3. medium number of staff for the reporting period – 50 people.

(3) The medium groups shall be groups of undertakings, which are not small groups of which the sum of indicators according to their annual financial statements on consolidated basis, drawn up by 31 December of the current reporting period does not exceed the thresholds of at least 2 of the following 3 indicators:

1. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) balance value of the assets – BGN 50 000 000;
2. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 100 000 000;
3. medium number of staff for the reporting period - 250 people.

(4) The large groups shall be groups of undertakings, of which the sum of indicators according to their annual financial statements on consolidated basis, drawn up by 31 December of the current reporting period exceeds the thresholds of at least 2 of the following 3 indicators:

1. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) balance value of the assets – BGN 50 000 000;
2. (amend. - SG 70/24[*], amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 100 000 000;

3. medium number of staff for the reporting period - 250 people.

(5) (new – SG 97/16, in force from 01.01.2017) The categories of groups of undertakings can be defined and based on the sum of parameter values according to individual annual financial statements of the undertakings of the group, drawn up of December 31 of the current accounting period. In this case, when determining the category of group, the thresholds of the parameters of the value of the assets and net sales revenue under Para 2, 3 and 4 shall be increased by 20 per cent.

Art. 22. (1) Change of the category under Art. 21 shall be made where for the last 2 reported periods, a group is does not anymore meet 2 of the 3 indicators for the relevant category. The category shall be changes at the beginning of the following reported period.

(2) In the cases under Para. 1, where for the last 2 reported periods a group meets the indicators for 2 different categories, it shall be categorized under the indicators for the last reported period.

Chapter three.

FINANCIAL STATEMENTS

Section I.

General Requirements to the Financial Statements

Art. 23. (Amend. - SG 70/24[*]) The financial statements shall be drawn up in Bulgarian language with Arabic numerals and in thousands of EUR.

Art. 24. (1) The financial statements shall present truly and honestly the property and the financial conditions and the financial results of the undertaking activity, the cash flows and own capital.

(2) The true and honest presenting shall require a valid indication of the effects of operations, other events and conditions in compliance with the definitions and criteria for recognition of assets, liabilities, revenues and costs, laid down in the applicable accountancy standards.

(3) The contents of the financial statements shall be clear and understandable.

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

1. the name of the undertaking, its legal form, central office and management address, as well as information, if the undertakings has been terminated;
2. the register, in which the undertaking has been entered and its registration N of this register;
3. other information, required under this or another act and the applicable accountancy standards.

(2) The financial reports shall be signed by:

1. the head of the undertaking;
2. the natural person, who has drawn up the financial statements, or by the representing person and/or managing person the accountancy undertaking, where the financial statements has been drawn by an accountancy undertaking.

(3) (amend. - SG 98/18, in force from 01.01.2019) The financial statements shall indicate the names of the persons under Para. 2. The stamp of the undertaking and the stamp of the accountancy undertakings shall be placed only if this is required by another Act.

(4) (Amend. - SG 79/24) In the cases where the financial statements are subject to an independent financial audit, the signatures of the persons, drawn up the independent financial audit of the financial statement shall be placed under the requirements of the Independent Financial Audit and Sustainability Assurance Act.

(5) (New - SG 105/20, in force from 01.01.2021) When preparing the annual financial

statements, the signatures under para. 2 and 4 may be electronic signatures within the meaning of Art. 13 of the Electronic Document and Electronic Trust Services Act.

Art. 26. (1) The positions, which are presented in the financial statements shall be recognized and assessed in compliance with the following principles:

1. acting undertaking – it is accepted that the undertaking is acting and will remain such in a foreseeable future; it is accepted that the undertaking has not intention, or need to liquidate or to decrease substantially the volume of its activity;

2. consistence of production and comparable information – the production and classification of the accounts in the financial statements, the accountancy policies and methods of assessment are kept and applied consistently and during the following reported periods in view to achievement of comparability of the accounting data and indicators of the financial reports;

3. caution - assessment and accounting the possible risks and expected eventual losses in the accountancy treatment of the economic operations in view to receiving a real financial result;

4. calculations – the undertaking shall draw up its financial statements with the exception of the statements, related to cash flow on the basis of the principle of calculation – effects form transitions and other events shall be recognized at the moment of their occurrence, notwithstanding of the moment of receiving or payment of cash funds or their equivalents and shall be included in the financial statements for the period, to which they refer.

5. independence of the accounting periods and the value connection between initial and final balance – every accounting period shall be treated, accounted for itself, notwithstanding of its objective connection with the previous one and with the following accounting period, where the data of the financial statement at the beginning of the current accounting period must coincide with the data at the end of the previous accounting period;

6. substantiality – the undertaking shall produce separately every material group of accounts of a similar nature; the combining of sums in accounts of similar nature shall be admitted, where the sums are non-substantial or the combining is made in view to achieving greater clarity; the sum in an account shall be substantial, if the omissions and incorrect production of the position would influence the economic decision of the users, taken on the basis of the financial statements, or would lead to violation of the requirements for correct and honest presentation of the property and financial conditions, the financial results of the activity, the changes in the cash flows and in the own capital;

7. compensation – the undertaking does not perform interceptions between assets and liabilities or revenues and costs and accounts separately assets and liabilities and revenues and costs;

8. advantage of the contents before the format – the transaction and events shall be expressed accounted in compliance with their contents, nature and economic reality, but not formally according to the legal form;

9. assessment of the positions, which are acknowledged in the financial statements shall be carried out upon a price of acquiring, which may be buying price or cost price or in another method, where this is required in the applicable accountancy standards.

(2) The undertakings shall realize the accountancy while observing the principles of Para. 1, or in compliance with the principles and requirements of the International accounting standards, where the accountancy basis of the undertaking are the International accounting standards.

Art. 27. The undertakings shall draw up:

1. an annual financial statement on 31 December of the accounting period;

2. consolidated financial statement on 31 December of the accounting period, where the parent undertaking is a company under Division Three of Part Two of the Commerce Act;

3. interim financial statements, covering a period, shorter than one accounting period, where this is required by an act or upon a decision of the head of undertaking.

Section II.

Inventory

Art. 28. (1) The undertakings shall carry out inventory of the assets and liabilities at least once a year in view to their valid presentation in the financial statements.

(2) The undertakings, whose net revenues from sales do not exceed BGN 200000 for the current accounted period shall not carry out obligatory inventory under Apra. 1.

(3) Inventory shall also be carried out upon decision of the head of undertaking, upon request of judiciary bodies and of other bodies, where this has been provided by law.

Section III.

Annual Financial Statements

Art. 29. (1) The annual financial statement for all undertakings shall consist of at least accounting balance, revenue and costs accounting and annex.

(2) The form, structure and contents of the complete set of the financial statement shall be defined by the applicable accounting standards.

(3) The annual financial statements of the sole traders, which amount of net revenues from sales for the current accounting period do not exceed BGN 200 000 and is not subject to an obligatory financial audit, may consist only of statement of the revenues and costs.

(4) (amend. - SG 97/17, in force from 01.01.2018) The annual financial statements of the micro-undertakings may consist only of a concise balance in sections and concise statements for the revenues and costs.

(5) Para. 4 shall not apply to investment companies and financial holding companies, categorized as micro-undertakings.

(6) (amend. - SG 97/17, in force from 01.01.2018) The annual financial report of the small undertakings may consist of a concise balance in sections and groups, concise revenue and cost statement and annex.

(7) The annual financial statements under Para. 3, 4 and 6 shall give a correct and honest image for the assets, liabilities, the financial condition and results of the undertaking activity.

(8) The undertakings under Para. 1, 3, 4 and 6 may upon a choice draw up a complete set of financial statements.

(9) The annual financial statement of the SMEs, as well as of the undertakings of public interest shall be drawn up in a complete set under the applicable accounting standards.

(10) For undertakings, controlled by the state or municipalities or are supported by them through subsidies, preferential loans, state guaranties and other forms of a state assistance, the Minister of Finance may require provision of additional statements and information in a defined by him form, contents, terms and procedure of drawing up and presentation.

Art. 30. (1) The large undertakings and the undertakings of public interest in the explanatory annexes shall announce the calculated for the year sums for services, provided by the registered auditors, separately for:

1. independent financial audit;
2. (new – SG, 72/24, in force from 06.07.2024) commitment to express security on sustainability;
3. (former item 2 - SG, 72/24, in force from 06.07.2024) taxation consultations;
4. (former item 2 - SG, 72/24, in force from 06.07.2024) other service, not related to the audit.

(2) In the explanatory annexes of the consolidated financial statement shall be announce in an analogical way the information, indicated in Para. 1 in relation to the undertakings, included in the consolidation.

Section IV.

Consolidated Financial Statements

Art. 31. (1) Consolidated financial statement shall be drawn up by a parent undertaking under the rules and requirements of :

1. the National accounting standards – for the undertakings, which draw up and produce their annual financial statement on the basis of the National accounting standards;

2. the International accounting standards – for the undertakings, which draw up and produce their annual financial statement on the basis of the International accounting standards.

(2) A consolidated financial statement shall be drawn up by a parent undertaking notwithstanding where the central offices of the subsidiary undertakings are located.

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

Art. 33. The format, structure and contents of the consolidated financial statement shall be defined by the applicable accounting standards.

Chapter four.

APPLICABLE ACCOUNTING BASE

Art. 34. (amend. - SG 98/18, in force from 01.01.2019) (1) The undertakings shall drawn up their financial statements on the basis of the National Accounting Standards.

(2) (New - SG 37/19, in force from 07.05.2019) The following enterprises shall draw up their financial statements based on International Accounting Standards:

1. credit and financial institutions within the meaning of the Credit Institutions Act;

2. providers of payment services within the meaning of the Payment Services and Payment Systems Act;

3. insurers and reinsurers, as well as insurance holding companies and mixed activities financial holding companies, heading a group, within the meaning of the Insurance Code;

4. (suppl. - SG 19/21) pension insurance companies and the funds managed by them for supplementary pension insurance and payment funds within the meaning of the Social Insurance Code;

5. investment intermediaries within the meaning of the Markets in Financial Instruments Act;

6. management companies and collective investment schemes within the meaning of the Act On The Operation Of The Collective Investment Schemes And Of Other Undertakings For Collective Investment;

7. (suppl. - SG 96/19, in force from 01.01.2020) persons managing alternative investment funds and collective investment undertakings within the meaning of the Act on the Operation of the Collective Investment Schemes and of Other Undertakings for Collective Investment;

8. national investment funds within the meaning of the Act On The Operation Of The Collective Investment Schemes And Of Other Undertakings For Collective Investment;

9. undertakings 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) № 909/2014 of the European Parliament and of the Council of 23 July 2014 on the improvement of the securities settlement in the European Union and on central securities depositories, and amending Directives 98/26/EC and 2014/65/EU and Regulation (EU) № 236/2012 (OJ, L 257/1 of 28 August 2014).

(3) (Prev. Para. 2 - SG 37/19, in force from 07.05.2019) Consolidated financial statements of the enterprises, whose transferable securities are admitted to trading on the regulated market in a Member State of European Union, shall be drawn up on the basis of International Accounting Standards.

(4) (Prev. Para. 3 - SG 37/19, in force from 07.05.2019) Undertakings under Para. 1 may choose to prepare their annual financial statements on the basis of International Accounting Standards.

(5) (Prev. Para. 4, suppl. - SG 37/19, in force from 07.05.2019, amend. - SG 96/19, in force from 01.01.2020) Undertakings which prepare their annual financial statements on the basis of International Accounting Standards may proceed to preparing them on the basis of the National Accounting Standards with the exception of the enterprises under para. 2.

(6) (Prev. Para. 5 - SG 37/19, in force from 07.05.2019, suppl. - SG 96/19, in force from 01.01.2020) Under the terms of this act, no change of the accounting base (the applicable accounting standards) shall be allowed more than once except when required by law.

(7) (Prev. Para. 6, amend. - SG 37/19, in force from 07.05.2019) Consolidated and interim financial statements shall be prepared on the basis of the accounting standards, based on which the annual financial statement shall be drawn up of the enterprise that draws up the consolidated or interim financial statement, except for the enterprises under Para. 3.

Art. 35. (1) The annual financial statements of the undertakings in a liquidation, or insolvency procedure shall be drawn up on the basis of a National accounting standard.

(2) Undertakings – non-profitable legal persons, notwithstanding of their category under Art. 19, shall draw up their annual financial statements on the basis of a National accounting standard.

Art. 36. (1) The National accounting standards shall be adopted by the Council of Ministers and shall be in compliance with the EU acts and the national features.

(2) The National accounting standards shall be published in the State Gazette.

Chapter five.

INDEPENDENT FINANCIAL AUDIT AND COMMITMENTS FOR EXPRESSING SECURITY, REGARDING SUSTAINABILITY (TITLE, SUPPL. – SG, 72/24, IN FORCE FROM 06.07.2024)

Art. 37. (1) To an independent financial audit by registered auditors shall be subject the annual and consolidated financial statements of:

1. small undertakings, which on 31 December of the current reporting period shall exceed at least 2 of the following indicators:

- a) (amend. – SG, 72/24, in force from 06.07.2024) balance value of assets - BGN 4 000 000;
- b) (amend. – SG, 72/24, in force from 06.07.2024) net revenues from sales – BGN 8 000 000;
- c) average number of staff from the reporting period – 50 people;

2. the medium and large undertakings;

3. the undertakings of public interest;

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

5. undertakings, for which this requirement has been established by the law.

(2) (amend. - SG 98/18, in force from 01.01.2019, repealed - SG, 72/24, in force from 06.07.2024)

(3) (Amend. - SG, 72/24, in force from 06.07.2024). The consolidated financial statements and the annual financial statements of the enterprises, included in the consolidations, shall be subject to independent financial audit. Regardless of the requirements under sentence one, the annual financial statement of an enterprise, that is outside the criteria under Para. 1 and is included in consolidation, shall not be subject to an independent financial audit, when:

(4) To obligatory independent financial audit by registered auditors shall be subject the annual financial statements of the non-profitable legal persons, determined for realization of charitable activity, where for the current year exceed one of the following indicators:

1. balance value of the assets on 31 December – BGN 1 000 000;
2. the amount of the net revenues of economic and the revenues of non-profitable activity for the current year – BGN 2 000 000;
3. total sum of the received during the current year funding and unspent funding by 31 December of the current year, received during previous accounting periods – BGN 1 000 000.

(5) To obligatory independent financial audit by registered auditors shall be subject the annual financial audits of non-profitable legal persons, determined for carrying out charitable activity and carrying activity under Art. 116 of the Family Code.

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

1. if the report on the activity complies with the financial statements for the same accounting period;
2. (suppl. - SG, 72/24, in force from 06.07.2024) if the activity report has been drawn up, with the exception of the sustainability report, in compliance with the applicable legal requirements and if they declare that as a result of the acquired knowledge and understanding of the activity of the undertakings and the circumstances in which it operates, they have found cases of substantial untrue representation of the activity in the report and if they indicate the nature of the untrue presentation;
3. if in the declaration for corporative management, the information, required by the relevant normative acts has been presented;
4. (repealed - SG, 72/24, in force from 06.07.2024)
5. if a reports on the payment to the governments has been produced and if the report has been drawn up in compliance with the requirements of this act.
6. (new - SG 26/20, in force from 01.01.2021) if a report on the implementation of the remuneration policy to the annual financial statements has been provided and whether the report meets the requirements set out in the ordinance under Art. 116c, para. 1 of the Public Offering of Securities Act;
7. (new - SG 105/23, in force from 01.01.2025) whether the enterprise has an obligation to publish a tax return with information on income/corporate tax according to Art. 62c during the accounting period preceding the one for which the audited financial statement was prepared, and whether the tax return was published in accordance with the requirements of this act.

Art. 37a. (New - SG, 72/24, in force from 06.07.2024, amend. - SG 79/24). The annual and consolidated reports on the activities of enterprises and parent enterprises, obliged to prepare and publish a sustainability report shall be subject to a mandatory sustainability security commitment, in accordance with the requirements of the Independent Financial Audit and Sustainability Assurance Act.

Chapter six.

PUBLICITY OF THE FINANCIAL STATEMENTS

Art. 38. (1) The undertakings shall publish the financial statements, the consolidated financial statement and the annual reports under Chapter Seven, adopted by the general meeting of the employees or stockholders or by the relevant body, as follows:

1. (amend. - SG 104/20, in force from 01.01.2021) all the merchants in the meaning of the Commerce Act – through declaration for entry and presentation for announcement in the trade register within the term of up to 30 September of the following year;

2. (amend. – SG 74/16, in force from 01.01.2018, amend. - SG 98/18, in force from 01.01.2019, amend. - SG 104/20, in force from 01.01.2021) the non-profit legal entities - through declaration for announcement and providing them in a non-profit legal entities register, kept by the Registry Agency under the conditions and procedure of the Non-Profit Legal Entities Act, by no later than September 30th of the following year;

3. (amend. - SG 104/20, in force from 01.01.2021) the remaining undertakings – through economic issue via internet within the term of up to 30 September of the following year.

(2) Where the financial statements initially has been declared for publication within the term of up to Para. 1 and a refusal for publication has been ordered under Art. 22, Para. 5 of the Commercial Register Act and within 14 day term from its enforcement a repeated application has been sent for publication, it shall be considered that the financial statement has been submitted within the set term.

(3) (Amend. – SG, 72/24, in force from 06.07.2024) The annual financial statements and the activity report shall be published in the form and with the text, based on which the registered auditor has issued an audit report on the an independent financial audit and/or auditor's opinion report on the sustainability report, where applicable. The full text of the auditor's report and the report with an auditor's opinion on the sustainability report shall also be subject to publication.

(4) (amend. - SG 98/18, in force from 01.01.2019) The small undertakings, which are not subject to obligatory independent financial audit, shall publish at least a balance sheet/statement of financial position and addendum when the entity has an obligation to prepare it.

(5) Under Para. 1 with the annual financial statement, the shareholding companies, the limited partnerships with assets and the companies with limited liability, which are medium or large undertakings or undertakings of public interest, shall also publish information about the proposal of the managing body for distribution of the revenue or for covering of losses for the previous year and the decision of the general meeting of the shareholders/partners about the way of distribution of the revenue or for covering of a loss for the previous year.

(6) The annual financial report of the parent undertaking, which draws up a consolidated financial statement shall be published together with the consolidated financial statement of the group with the annual reports under Chapter Seven to them.

(7) Where the statements and reports of the undertakings under Para. 1, p. 3 are published on the internet, free access must be provided to them for the period of not less that 3 years after the date of their publication.

(8) The undertakings under Para. 1, p.3 upon request shall provide information about the place, where their statements and reports have been published.

(9) (amend. - SG 92/17, in force from 01.01.2018) Para. 1 – 8 shall not apply to:

1. (suppl. - SG 96/19, in force from 01.01.2020) budget undertakings and sole traders, which shall not be subject to obligatory independent financial audit and sole traders who did not operate during the reporting period; and

2. (amend. - SG 98/18, in force from 01.01.2019, amend. - SG 96/19, in force from 01.01.2020, amend. - SG 104/20, in force from 01.01.2021) all other undertakings which have not carried out activity

during the reported period; this circumstance shall be declared once for the first reporting period in which no activity was carried out, with a declaration in the form approved by an order of the Minister of Finance; declaration shall be published by 30 June of the following year, as follows;

a) by the persons under para. 1, items 1 and 2 - in the commercial register and the register of the non-profit legal entities;

b) of the persons under para. 1, item 3 - through an economic edition or via the Internet.

(10) (new - SG 96/19, in force from 01.01.2020) The sole traders under par. 9, item 1 do not submit a declaration that they did not perform activities during the reporting period.

(11) (new - SG 96/19, in force from 01.01.2020) The fees under Art. 12, para. 1, item 1 of the Act on the Commercial Register and the Non-Profit Legal Entities Register for publishing the declarations under para. 9, item 2 are not due;

(12) (amend. - SG 97/17, in force from 01.01.2018, prev. para. 10 - SG 96/19, in force from 01.01.2020) A parent undertaking, which is also a subsidiary undertaking (intermediate parent) and under the applicable accounting standards is not obliged to draw up a consolidated financial report, shall publish in Bulgarian language a consolidated financial statement of the first parent undertaking, in which the intermediate parent is consolidated, within three months of the final mandatory deadline for its publication by the parent consolidating undertaking and a consolidated report on the activity, drawn up by the parent undertaking. Together with the consolidated financial statements, the consolidated annual reports under Chapter Seven and the Audit Report shall be published. Where the parent undertaking has been regulated by the legislation of a third state, the consolidated financial statements shall be certified by auditors or auditor companies, which carry out audit under the legislation of the state, applicable to the parent undertakings.

(13) (New - SG 95/16, prev. para. 11q, amend. - SG 96/19, in force from 01.01.2020) The Registry Agency shall provide electronically the National Revenue Agency with a list of the businesses which:

1. (amend. - SG 104/20, in force from 01.01.2021) have not applied for the announcement their annual financial statements within the terms under para. 1 and 2; the list shall be submitted by 31 October of the current year

2. (amend. - SG 104/20, in force from 01.01.2021) have applied for the announcement in the Commercial Register and the Register for Non-Profit Legal Entities a declaration under para. 9, item 2; the list shall be submitted by 31 July of the current year.

(14) (new - SG 96/19, in force from 01.01.2020) The lists under para. 13 should contain the name of the undertaking and the UIC from the commercial register and non-profit legal entities register.

(15) (new - SG 96/19, in force from 01.01.2020) Within two months of receiving the lists under para. 13 The National Revenue Agency shall take the necessary measures to carry out inspections and find the violations under para. 1 - 12.

Chapter seven.

ANNUAL REPORTS

Section I.

Annual Activity Report

Art. 39. (1) (Former text of Art. 39 – SG, 72/24, in force from 06.07.2024) The enterprises shall draw up an annual report on the activity, which shall contain at least the following information:

1. objective review, which presents truly and honestly the development and results of the undertaking activity, as well as its conditions with a description of its basic risks;

2. analysis of financial and non-financial basic indicators about the result of the activity, having relation to the economic activity, including information on issues, related to ecology and the staff; while drawing up the analysis in the activity report may be included references to the cost sums, accounted in the annual financial statements and additional explanations, related to them;

3. all the important events, which have occurred after the date on which the annual financial statement has been drawn up;

4. the possible future development of the undertaking;

5. the activities in the area of the scientific research and development activity;

6. information about acquiring own assets, required under Art. 187e of the Commerce Act;

7. available branches of the undertaking;

8. the used by the undertaking financial instruments and where it is important for assessment of the assets, liabilities, the financial condition and the financial result, the following shall be announced:

a) the purposes and policy of the undertaking of management of the financial risk, including its policy of hedging of every basic type hedged position for which accounting of hedging is applied;

b) the exposition of the undertaking in relation to the price, credit and liquidation risk and the risk of the cash flow.

(2) (New – SG, 72/24, in force from 06.07.2024) Large enterprises, as well as small and medium-sized enterprises, which are enterprises of public interest according to § 1, item 22, letter "a" of the Additional Provisions, with the exception of micro-enterprises, shall include in the activity report information on the main intangible resources and an explanation of how the enterprise's business model depends on them, as well as how these resources are a source of value creation for the enterprise.

Art. 40. (1) The undertakings of public interest under § 1, p. 22, letters "a", "b" and "c" of the Additional Provisions shall include in its activity reports a declaration for corporative management under the Public Offering of Securities Act.

(2) The declaration for corporative management may be produced as:

1. separate report, published with the activity report;

2. a document, which is accessible for the public on the internet site of the undertaking.

Art. 41. (Amend. – SG, 72/24, in force from 06.07.2024) (1) Large enterprises, as well as small and medium-sized enterprises, which are enterprises of public interest according to § 1, item 22, letter "a" of the Additional Provisions, shall include in the activity report a separate, clearly distinguishable section with information, related to sustainability issues (sustainability report) in accordance with the requirements of Art. 48.

(2) Paragraph 1 shall not apply to:

1. micro-enterprises;

2. supplementary pension security funds, payment funds and security funds within the meaning of the Social Security Code;

3. The Bulgarian National Bank and the postal operators, carrying out postal money transfers;

4. alternative investment funds and collective investment schemes under Art. 2, item 12, letters "b" and "f" of Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on disclosure of information in relation to sustainability in the financial services sector (OJ, L 317/1 of 9 December 2019), hereinafter referred to as "Regulation (EU) 2019/2088";

5. enterprises in bankruptcy proceedings or in liquidation, as well as enterprises, that did not carry out activity during the reporting period and have declared this circumstance in accordance with Art. 38, Para. 9.

(3) The annual report on the activities of the enterprises under Para. 1 shall be prepared and published in a single electronic reporting format, defined in Art. 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 by means of regulatory technical standards for the determination of the single electronic reporting format (OJ, L 143 /1 of May 25, 2019), hereinafter referred to as "Delegated Regulation (EU) 2019/815", marking the sustainability report, including the information, provided for disclosure under Art. 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020, establishing a framework to facilitate sustainable investments 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.

Art. 42. (1) Micro and small undertakings, which are not subject to obligatory independent financial audit may not draw up activity report, under the conditions that the information about the acquiring of their own assets, required by Art. 187e of the Commercial Act has been announced in the annex to the annual financial statement or in a note under line to the relevant accounting balance.

(2) Para. 1 shall not apply to the investment companies and financial holding companies, categorized as micro or small undertakings.

Art. 43. (Repealed – SG, 72/24, in force from 06.07.2024)

Section II.

Consolidated Activity Report

Art. 44. (1) (Former text of Art. 44 - SG, 72/24, in force from 06.07.2024). A parent undertaking, obliged to draw up a consolidated financial statement under Art. 31 shall draw up a consolidated activity report.

(2) New – SG, 72/24, in force from 06.07.2024) The consolidated report on the activities of the parent enterprises under Art. 51 shall be prepared and published in a single electronic format for accounting, defined in Art. 3 of Delegated Regulation (EU) 2019/815, marking the consolidated sustainability report according to the order and manner of the same Regulation, including the information provided for disclosure under Art. 8 of Regulation (EU) 2020/852, in accordance with the single electronic reporting format, set out in Delegated Regulation (EU) 2019/815.

Art. 45. The consolidated activity report shall contain the information, required under Art. 39 – 41 while accounting the substantial corrections as a result of the specific characteristics of the consolidated activity report, where the information shall be produced in a way, facilitating the estimation of the condition of the consolidated undertakings as a whole.

Art. 46. Where the parent undertaking is obliged to draw up an annual activity report and consolidated activity report, both reports may be drawn up a one report.

Art. 47. In the consolidated activity report, the following correction of the information, required under Art. 39 – 41 shall be applied:

1. while accounting data for the acquired own assets and shares in the consolidated activity report, the number and the nominal value shall be indicated, and if there are not such – the accounted value of all the assets and shares of the parent undertaking, possessed by the parent undertaking, its subsidiary undertakings or by persons, who act on their behalf, but at the account of some of these undertakings;

2. while announcing the systems for internal control and risk management, the declaration for corporate management shall include indication of the basic characteristics of the control and risk management systems for the consolidated undertakings on the whole.

Section III.

Sustainability report (Title amend. – SG, 72/24, in force from 07.06.2024)

Art. 48. (In force from 01.01.2017, amend. – SG, 72/24, in force from 06.07.2024) (1) The sustainability report shall contain information, necessary to understand the impact of the enterprise on sustainability issues, as well as the information, necessary to understand the way, in which these issues affect the development, results and the situation in the enterprise.

(2) The information under Para. 1 shall include:

1. a brief description of the enterprise's business model and strategy, including:

(a) the flexibility of the enterprise's business model and strategy with respect to risks, related to sustainability issues;

b) the possibilities for the enterprise, related to sustainability issues;

c) the plans of the enterprise, including actions for their implementation and related 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 UN Framework Convention on Climate Change, as well as with the goal of achieving climate neutrality by 2050 at the latest, 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 degree of impact on the undertaking of activities, related to coal, oil and gas;

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 company's strategy has been implemented in relation to sustainability issues;

2. a description of the time-bound targets, related 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 in relation to the achievement of these objectives, as well as a declaration, whether the enterprise's objectives, related 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 matters, and of their expertise and skills in relation to the performance of that role or their access to such expertise and skills;

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

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

6. description of:

a) the process of the due diligence, carried out by the enterprise in relation to sustainability issues, in accordance with the established requirements for enterprises to carry out a due diligence process

b) the main actual or potential adverse impacts, related to the enterprise's own activities and its value chain, including its products and services, its business relationships and supply chain, the actions, taken to identify and monitor these impacts and other adverse impacts, that the enterprise is obliged to establish, according to other established requirements, requiring enterprises to carry out a process of comprehensive verification;

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

7. a description of the main risks for the enterprise, related to sustainability issues, including a description of the main dependencies of the enterprise on these issues and the way, in which the enterprise manages these risks;

8. indicators, related to the disclosure of information under items 1 - 7.

(3) Enterprises shall include in the sustainability report a description of the process of

identifying the information under Para. 1, included in the activity report.

(4) The information under Para. 2 shall include information, related to the short-term, medium-term and long-term time horizons, where applicable.

(5) Where applicable, the information under Para. 1 and 2 shall include information about 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 under Para. 1 and 2 shall contain references and additional explanations to other information, included in the activity report in accordance with Art. 39, as well as the amounts, disclosed in the annual financial statements.

(7) By way of exception, enterprises may not include in the sustainability report information, related to upcoming changes or matters under negotiation where, in the duly justified opinion of the management and supervisory authorities, acting within their competence, the disclosure of such information would lead to serious damage to the commercial position of the enterprise, provided that such an omission does not prevent an objective and balanced understanding of the development, results, the situation of the enterprise and the impact of its activities.

(8) The information under Para. 1 - 7 shall be disclosed in accordance with the requirements of the European Sustainability Reporting Standards.

(9) The head 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 be communicated, when applicable, to the management or supervisory authorities.

(10) Regardless of the requirements under Para. 2 - 8, small and medium-sized enterprises, which are enterprises of public interest according to § 1, item 22, letter "a" of the Additional Provisions, small and simple institutions under Art. 4, Paragraph 1, item 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 intermediaries and amending Regulation (EU) No. 648/2012 (OJ, L 176/1 of June 27, 2013), hereinafter referred to as "Regulation (EU) 575/2013", as well as captive insurance and reinsurance undertakings pursuant to Art. 14, Para. 1 and 2 of the Insurance Code, may limit the reporting of sustainability to the following information:

1. a brief description of the enterprise's business model and strategy;
2. description of the company's sustainability policies;
3. the main actual and potential adverse impacts of the enterprise on sustainability issues and all actions, taken to identify, monitor, prevent, mitigate or correct such actual or potential adverse impacts;
4. the main risks to the enterprise, related to sustainability issues and how the enterprise manages these risks;
5. the main indicators, necessary for the disclosure of the information under items 1 - 4.

(11) The enterprises under Para. 10 shall disclose the information in accordance with the requirements of the European Standards for sustainability accounting for small and medium-sized enterprises.

(12) Small and medium-sized enterprises, other than those under Art. 41, may report sustainability by applying their chosen standard for sustainability reporting, adopted by a delegated act of the European Commission. In this case, they shall not be obliged to provide to third parties information, exceeding the scope of the standard they apply.

Art. 49. (In force from 01.01.2017, amend. – SG, 72/24, in force from 07.06.2024) Enterprises, that comply with the requirements under Art. 48, Para. 1 - 9 and Para. 11 and 12, shall be considered to have fulfilled the requirement of Art. 39, Para. 1, item 2.

Art. 50. (In force from 01.01.2017, amend. – SG, 72/24, in force from 07.06.2024) (1) A

subsidiary shall be exempted from the obligation to prepare a sustainability report under Art. 48, when the following conditions have been met:

1. the subsidiary enterprise and its own subsidiary enterprises have been included in the consolidated report on the activities of the parent enterprise, which is prepared in accordance with the requirements of this Act, or the legislation of another Member State;

2. the report on the activity of the subsidiary contains the following information:

- a) the name and registered office of the parent company, which discloses information at the group level in accordance with Art. 48, or with the analogous rules for considering the sustainability of the relevant national legislation of another Member State;

- b) reference to the website, on which the consolidated report on the activity, respectively the consolidated report on sustainability, of the parent company, as well as the report with the auditor's opinion, expressing security on sustainability, according to Art. 37a or an analogous provision of the legislation of another Member State;

- c) information, that the enterprise is exempt from the obligations under Art. 48, Para. 1 - 9.

- (2) A subsidiary, that is controlled by a parent company, regulated by the legislation of a third country, shall be exempted from the obligation to prepare a sustainability report under Art. 48, when the following conditions have been met:

1. the subsidiary and its own subsidiaries have been included in the parent company's consolidated sustainability report, which is prepared in accordance with the European Sustainability Reporting Standards, or with standards, recognized as equivalent to them;

2. the subsidiary's activity report contains the following information:

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

- b) a reference to the website, on which the consolidated activity report, respectively the consolidated sustainability report, of the parent company and the report with the auditor's opinion on expressing certainty on sustainability by a registered auditor are published;

- c) information, that the enterprise is exempt from the obligations under Art. 48, Para. 1 - 9;

3. the consolidated sustainability report and the assurance opinion, expressed by one or more persons - registered auditors or audit firms, authorized to give an assurance opinion on the sustainability report according to the legislation of the country, 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 Art. 8 of Regulation (EU) 2020/852, covering the activities, carried out by the exempted subsidiary and its subsidiaries are included in the activity report of that subsidiary or in the consolidated sustainability report, prepared by the parent company, governed by the legislation of a third country.

- (3) For the purposes of Para. 1 and 2 and when Art. 10 of Regulation (EU) No. 575/2013 is applied, the credit institutions under Art. 4, Paragraph 1, item 1 of the same Regulation, which are long-term connected with a central body, supervising them under the conditions defined in Art. 10 of the same Regulation, shall be treated as subsidiaries of the central authority.

- (4) For the purposes of Para. 1 and 2, the insurers with the right of access to the single market of the European Union, which on the basis of a financial relationship specified in Art. 233, Para. 2 of the Insurance Code, are part of a group and are subject to group supervision in accordance with Art. 234, Para. 1, items 1 - 3 of the same Code, shall be treated as subsidiaries of the parent company of this group.

- (5) The exemption under Para. 1 - 4 shall not apply to large enterprises, that are enterprises of public interest, according to § 1, item 22, letter "a" of the Additional Provisions.

Section IV.

Consolidated sustainability report (Title amend. – SG, 72/24, in force from 07.06.2024)

Art. 51. (In force from 01.01.2017, amend. - SG 98/18, in force from 01.01.2019, amend. - SG 104/20, in force from 01.01.2021, amend. – SG, 72/24, in force from 06.07.2024) (1) The parent company of a large group shall include in the consolidated activity report a consolidated sustainability report with information on the impact of the group on sustainability issues, as well as information on the way, in which sustainability issues affect the development, performance and condition of the group.

(2) The information under Para. 1 shall include:

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

(a) the flexibility of the group's business model and strategy with respect to risks, related to sustainability issues;

b) the opportunities for the group, related to sustainability issues;

c) the group's plans, including actions to implement them and the related 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 to the objective of achieving climate neutrality by 2050 at the latest, set out in Regulation (EU) 2021/1119, and where relevant, the degree of impact on the group of activities, related to coal, oil and gas;

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

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

2. a description of the time-bound targets, related 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 in relation to the achievement of those objectives, and a statement whether the group's objectives, related to environmental factors are based on sound scientific evidence;

3. a description of the role of management and supervisory authorities in relation to sustainability issues, as well as their expertise and skills in relation to the performance of this 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. description of:

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

b) the main actual or potential adverse impacts, related to the group's own activities and to its value chain, including its products and services, its economic/business relationships and supply chain, the actions taken to identify and monitor these impacts and others adverse impacts, that the parent company is required to establish according to other established requirements for performing a due diligence process;

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

7. a description of the group's main risks, related to sustainability issues, including a description of the group's main dependencies on these issues and how the group manages these risks;

8. indicators, related to the disclosure of information under items 1 - 7;

9. indication of the subsidiaries, included in the consolidation, which are exempt from an annual or consolidated sustainability report in accordance with this Act, or with the legislation of another Member

State.

(3) The parent enterprise of a large group shall include in the consolidated sustainability report a description of the process of identifying the information under Para. 1, included in the activity report.

(4) The information under Para. 2 shall include information, related to the short-term, medium-term and long-term time horizons, where applicable.

(5) Where applicable, the information under Para. 1 and 2 shall include information about 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 under Para. 1 and 2 shall contain references and additional explanations to other information, included in the consolidated activity report in accordance with Art. 45, as well as the amounts, disclosed in the consolidated financial statement.

(7) The parent undertaking may not include in the consolidated sustainability report information, related to pending changes or matters under negotiation where, in the duly justified opinion of the management and supervisory authorities acting within their competence, the disclosure of such information would be in serious damage to the group's commercial position, provided that such an omission does not prevent an objective and balanced understanding of the development, results, condition of the group and the impact of its activities.

(8) Where the parent entity 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 under Para. 1 - 7 shall be disclosed in accordance with the requirements of the European Sustainability Reporting Standards.

(10) The head 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 be communicated, when applicable, to the management or supervisory authorities.

Art. 52. (In force from 01.01.2017, amend. - SG 104/20, in force from 01.01.2021, amend. – SG, 72/24, in force from 06.07.2024) Parent enterprises, that comply with the requirements under Art. 51, Para. 1 - 9, shall be considered to have fulfilled the requirements under Art. 39, Para. 1, items 1 - 3 and Para. 2 and Art. 48.

Art. 52a. (New – SG, 72/24, in force from 06.07.2024) (1) A parent company, which is also a subsidiary company, shall be exempted from the obligation to prepare a consolidated sustainability report under Art. 51, when the following conditions have been met:

1. the exempted parent enterprise and its subsidiaries have been included in a consolidated report on the activities of another enterprise, prepared in accordance with the requirements of this Act or the legislation of another Member State;

2. the report on the activities of the exempted parent company contains the following information:

a) the name and registered office of the parent company, which discloses information at the group level in accordance with Art. 51, or with the analogous rules for considering the sustainability of the relevant national legislation of another Member State;

b) reference to the website, on which the consolidated activity report is published, respectively the consolidated sustainability report of the parent company, which discloses information at the group level, as well as the report with the auditor's opinion for expressing assurance on sustainability according to Art. 37a or the analogous provision of the legislation of another Member State;

c) information, that the parent company is exempt from the obligations under Art. 51, Para. 1 - 9.

(2) A parent company, which is also a subsidiary, controlled by a parent company, regulated by the legislation of a third country, shall be exempted from the obligation to prepare a consolidated sustainability report under Art. 51, when the following conditions have been met:

1. the exempted parent company and its own subsidiaries have been included in the parent company's consolidated sustainability report, which is prepared in accordance with European Sustainability Reporting Standards or standards, recognized as equivalent to them;

2. the report on the activity of the exempted parent company contains the following information:

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

b) a link to the website, on which the consolidated activity report is published, respectively the consolidated report on the sustainability of the parent company, which discloses information at the 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 exempted from the obligations under Art. 51, Para. 1 - 9;

3. the consolidated sustainability report and the sustainability assurance opinion, expressed by one or more persons - registered auditors or audit firms, who have the right to sign reports with an auditor's opinion on the information in the sustainability report to the activity report according to the legislation, applicable to the parent enterprise, have been published in the Commercial register and the Register of non-profit legal entities;

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

(3) For the purposes of Para. 1 and 2 and when Art. 10 of Regulation (EU) No. 575/2013 is applied, credit institutions pursuant to Art. 4, Paragraph 1, item 1 of the same Regulation, which are long-term connected with a central body, supervising them under the conditions, defined in Art. 10 of the same Regulation, shall be treated as subsidiaries of the central authority.

(4) For the purposes of Para. 1 and 2, the insurers with the right of access to the single market of the European Union, which on the basis of a financial relationship, specified in Art. 233, Para. 2 of the Insurance Code, are a part of a group and are subject to group supervision in accordance with Art. 234, Para. 1, items 1 - 3 of the same Code, shall be treated as subsidiaries of the parent company of this group.

(5) The release under Para. 1 - 4 shall not apply to large enterprises, that are enterprises of public interest, according to § 1, item 22, letter "a" of the Additional Provisions.

Section IV "a".

Sustainability report for enterprises from third countries (New – SG, 72/24, in force from 06.07.2024)

Art. 52b. (New – SG, 72/24, in force from 06.07.2024) (1) The enterprises under Art. 39, Para. 2, which are subsidiaries of an ultimate parent enterprise, regulated by the legislation of a third country, shall publish a report on the sustainability 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, exceeding EUR 150,000,000 for each of the last two accounting periods, including the current one.

(3) The sustainability report shall contain the information under Art. 51, Para. 2, item 1, letters "c" - "e", items 2 - 5 and, when applicable, under Art. 51, Para. 2, item 7 at the group level of the final parent

enterprise from a third country.

(4) A branch of an enterprise, regulated by the legislation of a third country shall publish a sustainability report when the following circumstances are present:

1. the enterprise from a third country does not have a subsidiary under Para. 1 on the territory of the country;

2. the third country enterprise at company level or at group level, where applicable and it is an ultimate parent company, has net sales revenue in the European Union, exceeding the BGN equivalent of EUR 150,000,000 for each of the last two reporting periods, including the current one;

3. the branch has net revenues from sales, exceeding the BGN equivalent of EUR 40,000,000 in the previous reporting period.

(5) The sustainability report under Para. 4 shall contain the information under Art. 51, Para. 2, item 1, letters "c" - "e", items 2 - 6 and, when applicable, under Art. 51, Para. 2, item 8, aggregated at the group level or, if not applicable, at the individual level of the third-country enterprise.

(6) The sustainability report under Para. 1 and 4 should be prepared in accordance with the European Sustainability Reporting Standards for third-country enterprises.

(7) Regardless of Para. 6, the sustainability report under Para. 1 and 4 may be prepared in accordance with the European Sustainability Reporting Standards, or with standards, recognized as equivalent to them.

(8) When the subsidiary under Para. 1 or the branch under Para. 4 a sustainability report has not been provided by the third country enterprise or does not have all the information, necessary to prepare the sustainability report and it has not been provided to it after it has been requested by the enterprise, regulated by the legislation of a third country, the report on sustainability shall be prepared and published on the basis of the information at its disposal. The report shall also contain a declaration, that the enterprise, regulated by the legislation of a third country has not provided the necessary information.

(9) The sustainability report shall be published together with the assurance opinion, provided by one or more persons or companies, entitled to sign audit opinion reports on the information in the sustainability report to the activity report under the national law of the third country enterprise, or of a Member State.

(10) When the opinion on expression of security under Para. 9 is not provided by the enterprise from a third country, the subsidiary enterprise under Para. 1 or the branch under Para. 4 shall publish a statement, indicating this fact.

Art. 52c. (New – SG, 72/24, in force from 06.07.2024) Subsidiaries and branches under Art. 52b shall publish the sustainability report, the assurance opinion and, when applicable, the declaration under Art. 52b, Para. 10 in the Bulgarian language within a period of up to 12 months after the end of the reporting period, for which they were prepared, by announcement and presenting for announcement in the commercial register and the register of non-profit legal entities.

Section V.

Report about Payments to Governments

Art. 53. (1) The large undertakings and the ones of public interest, carrying out activity in the extractive industry or in logging industry from virgin forests, shall draw up and publish annual report on payment, carried out to governments, together with the annual activity report.

(2) An annual report to payments to governments shall not be drawn up by a subsidiary undertakings, where all of the following conditions have been fulfilled:

1. the parent undertaking is regulated by the legislation of an EU Member State;

2. the payments to governments, carried out by the undertaking have been included in the

consolidated report on payments to undertakings, drawn up by the parent undertaking under Section VI.

(3) (Amend. - SG 70/24[*]) An annual report on payment to government shall not be drawn up in case that for one accounting period a single payment or a set of related payments have been made of up to EUR 100 000.

(4) (Amend. - SG 70/24[*]) The annual report on payment to governments shall not include payment on projects of value up to EUR 100 000.

Art. 54. (Suppl. - SG 97/17, in force from 01.01.2018, amend. - SG 70/24[*]) The annual report on payments to governments shall be compiled in Bulgarian, in thousands EUR and shall contain the following information for the relevant accounting period:

1. the total amount of the payments, made to every government;
2. the total amount of every of the types of payments, made to every government, as follows:
 - a) rights over production;
 - b) taxes over the profit and taxes over incomes; the paid tax over VAT, excise and tax over the incomes of natural persons shall not be disclosed;
 - c) copy rights, licenses and neighboring rights;
 - d) dividends;
 - e) bonuses for signing a contract, opening and production;
 - f) license fees, rents, registration fees and other remunerations for licenses and concessions;
 - g) payments for infrastructure improvements;
3. the total amount of payments in every project separately, as well as the total amount in types of payments under p. 2 for every project; where the undertaking has made payments in several projects of one and the same person, representing government in the meaning of the law, the disclosure may be by persons, not by projects.

Art. 55. Payments in kind shall be accounted in value and if possible in volume. The report shall contain explanatory notes about the way of calculation of their value.

Art. 56. The annual report for payments to governments shall express the nature and not the form of the relevant payments or activities. The payments and activities shall not be divided or combined in view to diversion from the application of this act.

Art. 57. (1) (amend. and suppl. - SG 98/18, in force from 01.01.2019) A report on payments to governments may not be prepared in case that undertakings are obliged to prepare such a report for third parties included in 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 (OB, L 295/82 of 29 October 2016).

(2) The report under Para. 1 shall be subject to publication with the annual financial report.

Section VI.

Consolidated Report on Payments to Governments

Art. 58. The parent undertakings, which carry out activity in the area of the extracting industry or logging from virgin forests and which are obliged to draw up consolidated or financial statements, shall obligatory draw up also a consolidated report on payments to government in compliance with the requirements of Section V.

Art. 59. It is considered that the parent undertaking shall carry out activity in the area of the extracting industry or logging from virgin forests if some of its subsidiaries carries out activity in these

areas.

Art. 60. The consolidated report shall include only payments, comprising from operations, related to extraction and logging.

Art. 61. The parent undertaking shall not draw up a consolidated report under Art. 58:

1. for a small or medium group of undertakings, unless where some related undertaking is one of public interest;

2. (suppl. – SG 97/16, in force from 01.01.2017) where the parent undertaking, which is regulated under the legislation of an EU Member State, at the same time is a subsidiary and its own parent undertaking is regulated under the legislation of an EU Member State.

Art. 62. (1) A subsidiary, included an undertaking of public interest shall not be included in the consolidated report for payments to governments, where one of the following conditions has been fulfilled:

1. the parent undertaking is stopped substantially by long-term restrictions while exercising its rights over assets or the management of the subsidiary;

2. the information, needed for drawing up of the consolidated reports for payments to governments cannot be received without making substantial costs or unnecessary delay;

3. the assets or shares of the undertaking are possessed only in view to their further sale.

(2) Para. 1 shall be applied only in the case that under the same conditions the subsidiary has not been included in the consolidated financial statement.

Section VII.

Report on income/corporate tax information (New - SG 105/23, in force from 01.01.2025)

Art. 62a. (New - SG 105/23, in force from 01.01.2025) (1) This section shall regulate the procedure for preparing and publishing a report with information on accrued and paid income/corporate tax. The report shall be prepared and published by an independent undertaking and by the ultimate parent undertaking of a multinational group of undertakings that operate in different jurisdictions and that are residents of 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 out activities on the territory of the Republic of Bulgaria through medium-sized and large subsidiary undertakings and branches, the income/corporate tax report shall be published by the subsidiary or 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 operate.

Art. 62b. (New - SG 105/23, in force from 01.01.2025) (1) An ultimate parent undertaking whose consolidated revenues exceed BGN 1 500 000 000 for each of the last two accounting periods shall prepare and publish a report with information on income/corporate tax for the second accounting period.

(2) A standalone undertaking whose income, based on an individual annual financial report, exceeds BGN 1 500 000 000 for each of the last two accounting periods, shall prepare and publish a report with information on income/corporate tax for the second accounting period.

(3) Paragraphs 1 and 2 shall not apply when standalone undertakings and ultimate parent undertakings or undertakings related to them are obliged to disclose information under Art. 70, Para. 6 of the Credit Institutions Act or under Art. 134, Para. 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 legislation of a third country shall publish the report with information on income/corporate tax, provided to them by the ultimate parent undertaking, when its consolidated revenue exceeds BGN 1 500 000 000, for each of the last two accounting periods. The report shall be published and made available regarding the second of these two consecutive accounting periods.

(5) In the event that medium-sized and large subsidiaries do not have an income/corporate tax information report and have not been provided with one after it has been requested by the ultimate parent company governed by the legislation of a third country, they shall prepare and publish a report with all the information they have. The report shall also contain a statement that the ultimate parent company has not provided the necessary information.

(6) (Amend. – SG 26/25, in force from 01.01.2025) Branches of undertakings regulated by the legislation of third countries shall publish a report with information on income/corporate tax for the second of two consecutive accounting periods, when the net sales revenue exceeds the limit under Art. 19, Para. 3, item 2 for each of the last two consecutive accounting periods and when one of the following circumstances exists:

1. the undertaking that opened the branch is a related undertaking of a group that does not have medium-sized and/or large subsidiaries, its ultimate parent undertaking is regulated by the legislation of a third country and the consolidated revenues of the group exceed BGN 1 500 000 000 for each of the last two consecutive accounting periods;

2. the undertaking that opened the branch is a standalone undertaking whose revenues exceed the amount of BGN 1 500 000 000 for each of the last two consecutive accounting periods.

(7) In the event that the branches do not have a report with information on income/corporate tax and such is not provided to them after it has been requested by the ultimate parent undertaking or by the standalone undertaking regulated by the legislation of third countries, they shall prepare and publish a report with all the information they have. The report shall also contain a statement that the ultimate parent undertaking or standalone undertaking that opened the branch did not provide the necessary information.

(8) Medium-sized and large subsidiaries and branches shall not prepare and publish a report with information on income/corporate tax, when the said report is prepared by the ultimate parent undertaking or by the standalone undertaking regulated by the legislation of third countries, and the report meets the following criteria:

1. is available free of charge on the website of the ultimate parent undertaking or of the standalone undertaking, in a machine-readable electronic format, in at least one of the official languages of the European Union, no later than 12 months after the accounting period for which the report was prepared;

2. the name and headquarters are indicated of the sole subsidiary or of the sole branch regulated by the legislation of a Member State, which published the declaration within 12 months after the reporting period to which it refers, according to the rules of the respective Member State.

(9) When in a certain tax jurisdiction a parent undertaking regulated by the legislation of a third country has registered several subsidiary companies or branches with the same economic activity and they do not fall under the criteria for declaration under this article and accordingly are not obliged to publish income/corporate tax return, it shall be assumed that they are registered solely for the purpose of avoiding the obligation to declare. In this case, subsidiaries and branches shall prepare and publish a report in accordance with the requirements of this section.

(10) Obligations to declare shall cease when, at the end of the accounting period, the amount of revenues of the branch, the standalone undertaking or the consolidated revenues of the ultimate parent undertaking ceases to meet the criteria under Para. 1, 2, 4 and 6 for each of the last two accounting periods.

(11) Thresholds under Para. 4 and Para. 6, items 1 and 2 shall be converted into the national currency of each relevant third country, applying the exchange rate of the Bulgarian National Bank as of December 21, 2021, and the resulting amount shall be rounded to the nearest thousand.

Art. 62c. (New - SG 105/23, in force from 01.01.2025) (1) The report with information on income/corporate tax shall include data on all activities of the standalone undertaking or of the ultimate parent undertaking, including the activities of all related undertakings included in the consolidated financial statements for the relevant accounting period.

(2) The report under Para. 1 shall include the following information:

1. the name of the ultimate parent undertaking or of the standalone undertaking;
2. the accounting period to which it refers;
3. the currency used to prepare the declaration;
4. a list of all subsidiaries included in the consolidated financial statements of the ultimate parent undertaking for the relevant accounting period and which are established in the European Union or in a tax jurisdiction included in Annex I and in Annex 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 related undertakings included in the consolidated financial statements for the relevant accounting period;

6. the number of full-time employees and the number of part-time employees, recalculated in full-time equivalents for the accounting period;

7. revenues, including revenues from transactions with related parties, which are calculated:

- a) for undertakings applying the National Accounting Standards - as the sum of the revenues included in the following articles of the income and expenditure statement: net sales revenue; other income from the activity; income from equity participations, excluding dividends received from related enterprises; income from other investments and loans recognized as non-current (long-term) assets; other interest income and financial income, whereby those received from related enterprises are indicated separately;

- b) for undertakings applying the International Accounting Standards or another accounting basis, income is according to the definition or meaning of the financial accounting framework, on the basis of which the financial statements are prepared, with the exception of value adjustments and dividends received from related enterprises;

8. the amount of profit or loss before income/corporate tax;

9. the amount of accrued income/corporate tax on the taxable profit or loss for the relevant accounting period, excluding deferred taxes or provisions for unspecified tax liabilities;

10. the amount of income/corporate tax actually paid for the relevant accounting period; taxes paid include taxes withheld at the source, paid by other persons at the expense of 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 retained earnings at the end of the relevant accounting period; undistributed profit is the accumulated profit from previous years and the current profit, the distribution of which has not yet been decided; in relation to branches, the retained earnings are those of the undertaking which opened the branch;

12. statement that the ultimate parent undertaking or standalone undertaking has not provided the necessary information under Art. 62b, Para. 5 and 7.

(3) Undertakings may choose to prepare the report with information specified in Para. 2 in accordance with the requirements for the content of the report by country according to Art. 143t of the Tax-Insurance Procedure Code.

(4) The report with information on the income/corporate tax shall be prepared and published in a machine-readable electronic format according to a model determined by the European Commission with an

implementing act adopted on the basis 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 under Para. 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. any tax jurisdiction that, on March 1 of the accounting period for which the report is prepared, is included in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;

3. any tax jurisdiction which, on March 1 of the accounting period for which the report is prepared and on March 1 of the preceding accounting period, was listed in Annex II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;

4. all other tax jurisdictions - for them the information is presented on a summarized basis.

(6) The information under Para. 2 and 3 shall be specified for each tax jurisdiction for which a group's undertaking or the standalone undertaking is resident or carries on business and is tax-liable for income/corporate tax in that jurisdiction.

(7) In case the income from the activity of several related undertakings is subject to taxation with income/corporate tax in one tax jurisdiction, the information under Para. 2 and 3 shall be presented in aggregate for this jurisdiction.

(8) Part of the required under Para. 2 and 3 information that would harm the commercial position of the undertaking may be temporarily excluded from the income/corporate tax return. In the report, the undertaking shall indicate which information has been omitted and shall present a reasoned explanation for the reasons why this information was not declared. Omitted information shall be disclosed in the income/corporate tax return within a period not exceeding 5 years from the date of the omission, and the accounting period for which this information was omitted must be indicated.

(9) Information relating to the tax jurisdictions included in Annexes I and II to the Council Conclusions on the Revised European Union list of non-cooperative jurisdictions for tax purposes may not be omitted.

(10) The report with information on income/corporate tax shall be prepared 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 cases where the subsidiary prepares a report with information on income/corporate tax under Art. 62b, Para. 5, it shall use the same currency in which it publishes its annual financial statements.

(12) The report with information on income/corporate tax shall indicate whether it was prepared in accordance with the requirements of Para. 2 or 3.

Art. 62d. (New - SG 105/23, in force from 01.01.2025) (1) (Suppl. – SG 26/25, in force from 01.01.2025) The report with information on income/corporate tax and the statement under Art. 62b, Paras. 5 and 7 shall be published within 12 months after the end of the reporting period to which it relates, in Bulgarian, by submission for announcement in the commercial register and the register of non-profit legal entities.

(2) (Amend. – SG 26/25, in force from 01.01.2025) Within the period under Para. 1, the report with information on income/corporate tax and the statement under Art. 62b, Paras. 5 and 7 shall also be published on the website of the taxable enterprise under Art. 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) (Amend. – SG 26/25, in force from 01.01.2025) Paragraph 2 shall not apply when the report is published in a machine-readable electronic format on the website of a central, commercial or companies register established and administered by another Member State, is accessible free of charge to any third party established in the European Union, and the enterprises under Art. 62b shall indicate on their website information regarding the exemption from publication of the declaration and a reference to the website of the relevant register where it is published.

Chapter eight.

BUDGETARY UNDERTAKINGS

Art. 63. (1) The budgetary undertakings shall carry out their accountancy in compliance with the requirements of Chapter Fifteen of the Act on Public Finances.

(2) The undertakings from sector State management, different from those under Para. 1, which carry out their accountancy under the applicable requirements to the budgetary undertakings shall be determined under Art. 165 of the Act on Public Financiers.

(3) The budget undertakings and the ones under Para. 2 shall draw up and produce their annual financial statements in compliance with the requirements of Art. 166, Para. 1 of the Act on Public Finances.

(4) The accounting data for the assets, liabilities, revenues, costs and operations of all budgetary undertakings and the ones under Apra. 2 shall be consolidated by the Ministry of Finance under Art. 167 of the Act on Public Finances.

(5) The format, structure and contents of the annual and interim financial statements of the budgetary undertakings and of the undertakings under Para. 2 shall be determined by the Minister of Finance under Art. 166 Para. 2 of the Act on Public Finances.

(6) The procedure, way and terms for drawing up and production of the financial statements of the budgetary undertakings and publication of the information from them shall be determined under Art. 170 of the Act on Public Finances.

Art. 64. For accounting certain economic operations, assets and liabilities of the budgetary undertakings, the Minister of Finance may define conditions and procedure of documentation, form and requisites of the accounting documents, which are obligatory for application.

Art. 65. Amortizations in the budgetary undertakings shall be calculated on the basis of an act of the Council of Ministers.

Art. 66. For the budgetary undertakings, the Minister of Finance may determined terms for carrying out inventory, different form the ones, indicated in this act.

Art. 67. (revoked – SG 97/16, in force from 01.01.2017)

Chapter nine.

ADMINISTRATIVE – PENAL PROVISIONS

Art. 68. (1) (Amend. - SG 105/23, in force from 01.01.2024) Any head of office, who violates the provision of Art. 9 shall be punished by a fine of BGN 5 000 to 15 000, and the undertaking shall be imposed a property sanction in the amount from BGN 10 000 to 20 000.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

Art. 68a. (New - SG 61/25, in force from 31.01.2026) (1) A manager or employee of an

enterprise who commits or allows a violation of Art. 9 for the purpose of bribing officials or concealing a bribe shall be punished with a fine in the amount of BGN 20 000 to BGN 200 000, and the enterprise shall be subject to a property sanction in the amount of up to 5 percent of the net sales revenue according to the annual financial statement of the enterprise for the previous reporting period of the period during which the violation was committed, but not less than BGN 100 000 and not more than BGN 10 000 000.

(2) In case of a repeated violation under para 1, a fine or property sanction of double the amount shall be imposed.

Art. 69. (1) anyone, who violates the requirements for storage of accounting information under Chapter One, Section III shall be punished by a fine of BGN 500 to 3500, and the undertaking shall be imposed by a property sanction of BGN 2000 to 7000.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

Art. 70. (1) Anyone, who assigns drawing up financial statements in violation of Art. 17, Para. 1 shall be punished by a fine of BGN 500 to 3000 and the undertaking shall be imposed by a property sanction from BGN 2000 to 5000.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

Art. 71. (1) Any person, who draws up a financial statements without meeting the requirements under Art. 17, Para. 1 and Art. 18 shall be punished by a fine of BGN 500 to 3000. An accountancy undertaking, which draws up a financial statements without meeting the requirements of Art. 18 shall be imposed by a property sanction from BGN 2000 to 5000.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

Art. 72. (1) Anyone, who is obliged and fails to draw up a financial statements and/or the annual reports under Chapter Seven, Section I – IV, shall be punished by a fine of BGN 500 to 3000, and the undertaking shall be imposed by a property sanction from BGN 2000 to 5000.

(2) (New – SG, 72/24, in force from 06.07.2024) Whoever, in violation of Chapter Seven, Sections III and IV, does not include a sustainability report in the activity report, respectively in the consolidated activity report - consolidated sustainability report, or does not comply with the required format, shall be punished with a fine in the amount of BGN 1,000 to BGN 3,000, and the enterprise shall be subject to a pecuniary sanction in the amount of BGN 2,000 to BGN 15,000.

(3) (New – SG, 72/24, in force from 06.07.2024) Whoever, in violation of Chapter Seven, Sections III and IV, includes incomplete or incorrect information in a sustainability report, respectively in the consolidated activity report - consolidated sustainability report, shall be punished with a fine in the amount of BGN 500 to BGN 3,000, and the enterprise shall be imposed with a property sanction in the amount of BGN 2,000 to BGN 5,000.

(4) (Previous Para. 2, suppl. – SG, 72/24, in force from 07.06.2024) In case of repeated violation under Para. 1, 2 and 3, a fine or a pecuniary sanction shall be imposed in double amount.

Art. 73. (1) Whoever is obliged and fails to draw up annual reports for payments to the governments under Chapter Seven, Sections V and VI, and a report with information on income/corporate tax as per Section VII, shall be punished by a fine from BGN 1000 to 3000, and the undertaking shall be imposed by a property sanction from BGN 2000 to 15 000.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

Art. 74. (1) (suppl. - SG 95/16, suppl. – SG, 72/24, in force from 07/06/2024) Whoever is

obliged and does not publish a financial report, an activity report with a sustainability report, a sustainability report under Art. 52b, audit report or assurance report on the sustainability report within the terms of Art. 38, shall be punished with a fine in the amount of BGN 200 to BGN 3,000, and the enterprise shall be subject to a property sanction in the amount of 0.1 to 0.5 percent of the net sales revenue for the reporting period, to which the unpublished financial statement refers, but not less than BGN 200.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

Art. 75. (1) (Suppl. – SG, 72/24, in force from 06.07.2024) Whoever is obliged and does not assign the performance of an independent financial audit or a commitment to express assurance on the sustainability report of a registered auditor shall be punished with a fine in the amount of BGN 500 to BGN 5,000, and the enterprise shall be subject to a property sanction in the amount of BGN 2,000 to BGN 10,000.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

Art. 76. (1) (Suppl. – SG, 72/24, in force from 06.07.2024, amend. - SG 79/24) Whoever commissioned the performance of an independent financial audit or commitment to express assurance on the sustainability of a person, exercising activity as a registered auditor, without being registered in accordance with the Independent Financial Audit and Sustainability Assurance Act, shall be punished with a fine in the amount of BGN 500 to BGN 5,000, and the enterprise shall be imposed with a property sanction in the amount of BGN 2,000 to BGN 10,000.

(2) (Suppl. – SG 72/24, in force from 06.07.2024, amend. - SG 79/24) Whoever carries out an audit or fulfills a commitment to express assurance on sustainability without being a registered auditor in accordance with the Independent Financial Audit and Sustainability Assurance Act, shall be punished with a fine in the amount of BGN 500 to BGN 5,000.

(3) In case of a repeated violation under Para. 1 and 2, the fine or the property sanction shall be doubled.

Art. 77. (1) Anyone, who fails to fulfill another obligation, comprising from this act, shall be punished by a fine of BGN 200 to 1000, and the undertaking shall be imposed by a property sanction from BGN 300 to 2000.

(2) In case of a repeated violation under Para. 1, the fine or the property sanction shall be doubled.

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

(2) The penal decrees shall be issued by the Minister of Finance or by officials, authorized by him.

(3) Drawing up acts, issuance, appeal and implementation of the penal decrees shall be performed under the Administrative Violations and Penalties Act.

Additional provisions

§ 1. In the meaning of this act:

1. (suppl. – SG 22/18) "Budget undertakings" are all the persons, applying budgets, accounts for funds from the EU and accounts for foreign funds under the Act on the Public Finances, including the National Security Institute, the National Health-insurance Fund, the state higher schools, the Bulgarian Academy of Science, the Agricultural Academy, the Bulgarian National TV, the Bulgarian National Radio the Bulgarian the Bulgarian News Agency, as well as all other persons, which are budgetary organizations in the meaning of § 1, p. 5 of the Additional Provisions of the Act on Public Finances.

2. "Groups of undertakings" are the parent company and all its subsidiaries.

3. "Real length of service" is a real length of service on employment or civil legal relations, the time, during which the persons has worked without employment legal relations, as well as the time, during which the persons has laid personal labour or has bee free lancer and has secured for his own expense. The notion "real length of service" shall not include the time of the service in the army and the time for raising a child.

4. "Subsidiary undertaking" is a legal person, controlled by another legal person (parent undertaking). The legal persons, which are subsidiaries of the subsidiary undertaking, are also considered as subsidiaries of the parent undertaking.

5. "Inventory" is a process of preparation and factual checkup through various modes of natural and value parameters of the assets and liabilities of the undertaking on a certain date, comparing and receiving results with the accounting data and establishing eventual differences.

6. "Investment companies" are:

a) companies, whose only subject of activity is investing their funds in various securities, immovable properties and other assets with the only purpose to be distributed the investment risks and their shareholders to benefit from the results of the management and their assets;

b) companies, related to investment companies with permanent capital if the only subject of activity of these related companies is to acquire wholly paid assets, emitted by these investment companies, without referring Art, 22, Para. 1, letter "h" of Directive 2012/30/EU of the European Parliament and of the Council of 25 October 2012 on coordination of safeguards which, for the protection of the interests of members and others, are required by Member States of companies within the meaning of the second paragraph of Art. 54 of the Treaty on the Functioning of the European Union, in respect of 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 statement" is a financial statement, which shoes the property and financial condition, the accounted financial result, the changes in the cash flows and in the own capital of the undertakings, included in the consolidation, as if they are one undertaking.

8. "International accounting standards" (ICS) shall be the adopted in compliance 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 include the International

Accounting Standards (IAS), International Financial Reporting Standards (IFRS) and the coordinated with them SIC-IFRIC interpretations, the further amendments of these standards and the future standards, issued or adopted by the International Accounting Standards Board (IASB).

9. "Place of economic activity" is the place of economic activity in the meaning of § 1, p. 5 of the Additional Provisions of Tax-Insurance Procedure Code.

10. (amend. - SG 79/24) "Independent financial audit of a financial statement" is the audit under the Act on the Independent Financial Audit and Sustainability Assurance.

11. (amend. - SG 97/17, in force from 01.01.2018, suppl. – SG, 72/24, effective from 07/06/2024) "Net sales revenue" are the amounts from the sale of production, goods and services, reduced by trade discounts, value added tax and other taxes, directly related to revenue. Notwithstanding sentence one, "net sales revenue" is:

a) for the mutual insurance cooperatives with the right of access to the single market of the European Union - the recorded premiums within the meaning of Art. 1, item 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 on taking up and pursuit of insurance and reinsurance business (OJ, L 12/1 of January 17, 2015) for the financial year;

b) for credit institutions as defined in Article 4, Paragraph 1, point 1 of Regulation (EU) No.

575/2013 - defined in accordance with Article 43, Paragraph 2, letter "c" of Council Directive 86/635/EEC;

c) for subsidiaries and branches, falling within the scope of Art. 52b - the income, determined by or in the sense of the financial reporting framework, on the basis of which the financial statements of the enterprise or branch are prepared.

12. (revoked - SG 97/17, in force from 01.01.2018)

13. "Basic activity" in the meaning of p. 22, letters, i, k, and l, is the activity of the trade company, where the total values of the net revenues from sales is more than 50% of the total value of the net revenues of sales for the accounted period.

14. "Accounted period" is the calendar year (1 January – 31 December) unless where this act provides otherwise.

15. "Payment to the government" for the purposes of Chapter seven, Section V is the paid sum in money expression or in kind by an undertaking, working in the extracting industry or in the logging from virgin forests for obligations to the government under Art. 54, p.2.

16. "Repeated" is the violation, perpetrated within 1 year term from the enforcement of the penal decree, which punished the violator for the same in kind violation.

17. "Government" for the purposes of Chapter Seven, Section V is a national, regional or local body of an EU Member State or of a third state. The notion "government" shall include direction, agency or undertaking, controlled by the state bodies.

18. "Parent undertaking" is a legal person, exercising control over another or more subsidiaries.

19. "Undertaking, working in the extracting industry" is undertaking, carrying out activity, related to research, detection, finding, developing of mines and extraction of minerals, oil, natural gas or other raw materials, falling in the scope of the economic activities, numerated in Annex I, Section C, positions 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 Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, called hereinafter: Regulation (EC) N 1893/2006.

20. "Undertaking, working in the logging from virgin forests" is an undertaking, carrying out activity in virgin forests under Annex 1, Section A, position 02, group 02,2 to Regulation (EC) N 1893/2006.

21. "Project" for the purposes of Chapter Seven, Section V are operative activities, managed under a contract, license, leasing, concession or similar legal agreements, representing ground for obligation for payment or similar legal agreements, reason for obligation of payment to a government. If such agreements are interrelated they shall be considered as one project.

22. "Undertakings of public interest" are:

a) undertakings, whose transferable securities are admitted to trade on a regulated market in an EU Member State;

b) credit institutions;

c) insurance and re-insurance companies;

d) (suppl. - SG 19/21) pension security companies and the funds for supplementary pension insurance, managed by them and payment funds;

e) investment intermediaries, which are large undertakings under this act;

f) collective investment schemes and managing companies in the meaning of the Act on the Operation of Collective Investment Schemes and of other Undertakings for Collective Investment, which are large undertakings under this act;

g) financial institutions in the meaning of the Credit Institutions Act, which are large companies under this act;

h) "Holding Bulgarian State Railways" - EAD, and the subsidiaries; National company Railway

Infrastructure;

i) trade companies, whose basic activity is to produce and/or transfer and/or sell electric energy and/or heat energy and which are large undertakings under this act;

j) trade companies, whose basic activity is to import or transfer, or distribute or transit natural gas and which are large companies under this act;

k) (amend. - SG 95/16) Water and Sewerage operators within the meaning of Art. 2, para. 1 of the Regulation Of Water Supply And Sewerage Services Act which are medium-sized and large enterprises.

23. (amend. – SG 15/18, in force from 16.02.2018) "Regulated market" is in the meaning of Art. 152, Para. 1 of the Markets in Financial Instruments Act.

24. "Head of undertaking" is a person/s who personally manage the undertaking as owners, managers or authorized by a contract, who are responsible for the whole economic activity of the undertaking before the owner/s – shareholders, partners, before the local self-government or before the state.

25. "Related undertakings" are every 2 or more undertakings within the frames of a certain group.

26. "Sector general government" is sector General government under the requirements of the European system of national and regional accounts in the Community.

27. "Accounting undertaking" is any person under the Commerce Act or under the legislation of another EU Member State or a state- party of the EEA Agreement, whose subject of activity includes organization of accounting and drawing up financial statements.

28. "Financial holding companies" are companies, whose only subject of activity is acquiring participation in other companies, management of these participation and benefiting from them, without their direct or indirect participation in the management of these companies and without concerning the rights which are possessed by the financial holding companies as shareholders.

29. "Digital or other identifier" is a digital or other unique permanently repeating code, which coincides to the person, who has the right to carry out certain actions.

30. (new – SG 97/16, in force from 01.01.2017, amend. - SG 92/17, in force from 01.01.2018) "Undertakings which have not carried out activity during the reported period" are undertakings for which the following conditions are simultaneously present:

a) no transactions by Art. 1, Para 1 of the Commerce Act have been performed during the reported period;

b) no conditions to recognize income according to the Accountancy Act and applicable accounting standards have occurred during the reported period;

c) no activity related to investment, production and/or sale has been performed;

d) no purchase of goods and services in order to obtain income and profits has been realized.

31. (new - SG 105/23, in force from 01.01.2025) "Ultimate parent undertaking" for the purposes of Chapter Seven, Section VII shall be a parent undertaking that compiles a consolidated financial statement of the largest association of undertakings.

32. (new - SG 105/23, in force from 01.01.2025) "Standalone undertaking" for the purposes of Chapter seven, Section VII shall be an undertaking that is not part of a group of undertakings within the meaning of item 2.

33. (new - SG 105/23, in force from 01.01.2025) "Tax jurisdiction" for the purposes of Chapter Seven, Section VII shall be a state or non-state jurisdiction that enjoys tax independence in relation to income/corporate tax.

34. (new - SG 105/23, in force from 01.01.2025) "Annex I and Annex II to the Council Conclusions on the revised European Union 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 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-cooperating jurisdictions for tax purposes, and Annex II - the current state of cooperation with the European Union in relation to the commitments made by cooperating jurisdictions to apply the principles of good governance in the field of taxation.

35. (new – SG, 72/24, in force from 06.07.2024) "Sustainability issues" means factors in the field of environmental protection, social rights and human rights, as well as management issues, including sustainability factors within the meaning of Art. 2, item 24 of Regulation (EU) 2019/2088.

36. (new – SG, 72/24, in force from 06.07.2024) "Sustainability reporting" means disclosure of information, related to sustainability issues in accordance with Chapter Seven, Sections III and IV.

37. (new – SG, 72/24, in force from 06.07.2024) "Key intangible resources" means resources without physical substance, on which the enterprise's business model primarily depends and which are the source of value creation for the enterprise.

38. (new – SG, 72/24, in force from 06.07.2024) "European standards for sustainability reporting" are the standards for sustainability reporting, adopted by Delegated Regulation (EU) 2023/2772 of Commission of 31 July 2023, supplementing Directive 2013/34/EU of the European Parliament and of the Council by means of reporting standards in relation to sustainability (OJ, L of 22 December 2023).

39. (new – SG, 72/24, in force from 06.07.2024) "European standards for sustainability reporting by small and medium-sized enterprises" are the standards for sustainability reporting, adopted by a delegated act of the European Commission according to Art. 29c of Directive 2013/34/EU.

40. (new – SG, 72/24, in force from 06.07.2024) "European standards for sustainability reporting by enterprises from third countries" are the standards for sustainability reporting, adopted by a delegated act of the European commission according to Art. 40b of Directive 2013/34/EU.

41. (new – SG, 72/24, in force from 06.07.2024) "Standards, recognized as equivalent to the European Sustainability Reporting Standards" are those, recognized as equivalent by the European Commission with an implementing act on the equivalence of sustainability reporting standards, adopted pursuant to Art. 23, Paragraph 4, third subparagraph of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements with regard to information on 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 the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, 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 105/23, in force from 01.01.2024) Directive (EU) 2021/2101 of the European Parliament and of the Council of 24 November 2021 amending Directive 2013/34/EU regarding the disclosure of income tax information by certain undertakings and branches (OJ, L 429/1 of 1 December 2021).

4. (new – SG, 72/24, in force from 06.07.2024) 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 regarding sustainability reporting by companies (OJ, L 322/15 of 16 December 2022).

5. (new – SG, 72/24, in force from 06.07.2024) 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 amending the size indicators for micro, small, medium and large enterprises and for the groups (OJ, L of December 21, 2023).

§ 3. Micro-undertakings outside the relief for them under this act shall be treated as small undertakings.

§ 4. (1) (Amend. - SG 96/19, in force from 01.01.2020 previous § 4 – SG, 72/24, in force from 07/06/2024) Enterprises of public interest for the purposes of this Act shall be treated as large enterprises, regardless of the balance sheet value of assets, net sales revenue and average number of personnel.

(2) (New – SG, 72/24, in force from 07.06.2024) Paragraph 1 shall not be applied for the purposes of sustainability reporting.

§ 5. (revoked - SG 96/19, in force from 01.01.2020)

§ 5a. (new - SG 97/17, in force from 01.01.2018) An undertaking, accounting base of which is International Accounting Standards within the meaning of § 1, item 8, carries out the current accounting and draws up its financial statements in accordance with the requirements of those standards full and without modification. Where International Accounting Standards contain provisions other than the provisions of the law, the provisions of the International Accounting Standards shall apply.

§ 5b. (new - SG 96/19, in force from 01.01.2020) If, in accordance with the applicable accounting standards, development expenses are recognized as an intangible asset the distribution of dividends by the enterprise is not allowed until the full amortization or derecognition of this intangible asset, unless the value of the enterprise's reserves (funds) for which distribution according to the requirements of a normative act is allowed and retained earnings from previous years are at least equal to the carrying amount of the recognized intangible asset.

Transitional and concluding provisions

§ 6. This act shall repeal the Accountancy Act (publ., SG, 98/2001; amend., 91/2002, 96/2004, 102 and 105/2005, 33, 63, 105 and 108/2006, 57/2007, 50, 69 and 106/ 2008, 95/2009, 94/2010, 19, 34 and 99/2011, 94/2012, 15, 91 and 100/2013).

§ 7. The undertakings and the groups of undertaking their category for 2016 in compliance with art. 19 and 21 according to their indicators on 31 December 2015.

§ 8. Undertakings, which on 1 January 2016 meet the criteria for micro, small or medium undertaking under Art. 19 of this act and draw up their annual financial statements on the basis of International accounting standards may once to pass to applying National accounting standards after adopting a national accounting standard.

§ 9. Administrative – penal procedures, unfinished by the enforcement of this act, shall be finished under the current procedure.

§ 10. (1) Drawing and auditing financial statements and activity reports for 2015 shall be carried out under the repealed Accountancy Act.

(2) Publication of the financial statements and activity reports for 2015 shall be carried out under this act.

§ 11. (1) Large undertakings under this act shall draw up their annual financial statements for 2016 on the basis of the International accounting standards.

(2) The provision of Art. 34, Para. 2 in relation of the large undertakings shall apply from 1

January 2017.

§ 29. The act shall come into force from 1 January 2016 with the exception of Art. 48 – 52, which shall come into force from 1 January 2017.

The act was adopted by the 43 National Assembly on 24 November 2015 and has been sealed by the official stamp of the National Assembly.

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE NON-PROFIT LEGAL
ENTITIES ACT

(PROM. – SG 74/16, IN FORCE FROM 01.01.2018)

§ 40. This Act shall enter into force on January 1st, 2018.

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE EXCISES AND TAX
WAREHOUSES ACT

(PROM. – SG 97/16, IN FORCE FROM 01.01.2017)

§ 61. This act shall enter into force on January 1, 2017, except for § 47, item 1 and 5, letter "b", § 48 and § 49, which shall enter into force from January 1, 2018.

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE TAX-INSURANCE
PROCEDURE CODE

(PROM. - SG 92/17, IN FORCE FROM 01.01.2018)

§ 31. The Act shall enter into force on 1 January 2018 with the exception of:

1. Paragraphs 1, 4 to 9, § 10, items 2 and 3, § 26 and 29, which shall enter into force three days after the promulgation of the Act in the State Gazette;
2. Paragraph 14, Para. 5 and 6, which shall enter into force on 1 January 2019.

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE VALUE ADDED TAX ACT

(PROM. - SG 97/12, IN FORCE FROM 01.01.2018)

§ 52. The Act shall enter into force on 1 January 2018, with the exception of § 8 and 9, which shall enter into force on 1 December 2017, and § 41 concerning item 17, letter "a", which shall enter into force 20 May 2019.

Transitional and concluding provisions
TO THE MARKETS IN FINANCIAL INSTRUMENTS ACT

§ 42. This Act shall enter into force on the day of its promulgation in the State Gazette, with the exception of:

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

Transitional and concluding provisions

TO THE ACT AMENDING AND SUPPLEMENTING THE CORPORATE INCOME TAXATION ACT

(PROM. - SG 98/18, IN FORCE FROM 01.01.2019, AMEND. - SG 37/19, IN FORCE FROM 07.05.2019p AMEND. - SG 104/20, IN FORCE FROM 01.01.2021)

§ 55. Until the expiration of the deadline for re-registration by entering in the Register of Non-Profit Legal Entities to the Registry Agency under § 25 of the Transitional and Concluding Provisions of the Act Amending and Supplementing the Non-Profit Legal Entities Act (SG, No 74 of 2016) the annual financial statements and the activity reports under the Accountancy Act are published as follows:

1. by 30 June of the current year, the annual financial statements and the activity reports for the previous year - in an economic edition or on the Internet, when the person does not meet the requirements under items 2 - 4; the person must provide free cost-free `access to the published statements and reports and, on request, to indicate where they were published;

2. the persons re-registered between 1 June 2018 and 31 May 2019 shall, by 30 June 2019, publish the reports for 2017 and 2018;

3. the persons re-registered between 1 June 2019 and 31 May 2020 shall, by 30 June 2020, publish the reports for 2017, 2018 and 2019;

4. (amend. - SG 104/20, in force from 01.01.2021) the persons re-registered between 1 June 2020 and 31 December 2020 shall, by 30 September 2021, publish the reports for 2017, 2018, 2019 and 2020;

§ 56. (Amend. - SG 37/19, in force from 07.05.2019) Art. 34, Para. 5 of the Accountancy Act applies also to the annual financial statements for 2018.

.....

§ 70. The Act shall enter into force on 1 January 2019 except for:

1. paragraph 43, item 2 - concerning Art. 4, item 65, item 4, letter "a", item 5, letter b), subletter "bb", item 9, item 15, letter "b", items 31 and 34 and § 64, which shall enter into force on the day of the promulgation of the Act in the State Gazette;

2. paragraph 63, which shall enter into force on 18 November 2018.;

3. 41, item 1, § 43, item 36, § 50, items 1 - 3, item 4, letter "a", items 5-10, § 52, item 3, § 53, 1 and 3 and § 65-69, which shall enter into force on 7 January 2019;

4. paragraph 43, item 11 - concerning Art. 47, para. 4, item 1 and para. 5 which shall enter into force on 28 January 2019;

5. paragraph 52, items 1, 2, 4 and 5 and § 53, paragraph 2, which shall enter into force on 20 May 2019;

6. paragraph 43, item 22, § 57, item 9, item 11, letter "c", item 31, items 32 and 37, which shall enter into force on 1 July 2019;

7. Paragraph 50 item 4, letters "c" and "d", which shall enter into force on 1 October 2019;
8. Paragraph 39, item 3, letter "b" - concerning Art. 14, para. 2, which will enter into force on 1 January 2020;
9. Paragraph 43, item 11 - concerning Art. 47, para. 4, item 2, which shall enter into force on 28 July 2020.

Transitional and concluding provisions

TO THE ACT AMENDING AND SUPPLEMENTING THE ACT ON RECOVERING AND RESTRUCTURING OF CREDIT INSTITUTIONS AND INVESTMENT INTERMEDIARIES

(PROM. - SG 37 of 2019 (*))

§ 60. (In force from 07.05.2019) Undertakings under Art. 34, Para. 2, items 1 and 2 of the Accountancy Act shall prepare their financial statements for 2018 on the basis of International Accounting Standards.

.....

§ 64. This Act shall enter into force on the day, on which starts the implementation of the decision of the European Central Bank for close cooperation under Art. 7 of Council Regulation (EU) № 1024/2013 of 15 October 2013 entrusting the European Central Bank with specific tasks concerning policies relating to the prudential supervision of credit institutions, with the exception of § 5, item 1, § 6, § 7, item 1, § 8, 9, 10, 13, 14, § 16, item 2, § 17, § 18, item 1, letter "b", sub-letter "aa", § 19, § 20, item 1, letter "b", sub-letter "aa", § 21, item 1, letter "a", § 24, 25, 26, 27, 29, 30, 31, 33, 34, 35, 36, 38, 53, 54, 59, 60, 61, 62 and 63, which shall come into force on the day of promulgation of the Act in the State Gazette.

Transitional and concluding provisions

TO THE ACT AMENDING AND SUPPLEMENTING THE CORPORATE INCOME TAXATION ACT

(PROM. - SG 96/19, IN FORCE FROM 01.01.2020)

§ 40. Paragraph 39, item 2, letter "a", sub-letter "bb" regarding Art. 38, para. 9, item 2 of the Accountancy Act regarding the one-off submission of a model declaration shall apply for accounting periods beginning on after January 1, 2019.

.....

§ 45. The Act shall enter into force on January 1, 2020, with the exception of § 30, item 28, letters "a", "b", "c" and "d", item 35, letter "a", sub-letter "dd" and "ee" regarding item 96 of the Additional provisions of the Value Added Tax Act, which shall enter into force three days after the promulgation of the Act in the State Gazette.

Concluding provisions

TO THE ACT AMENDING AND SUPPLEMENTING THE PUBLIC OFFERING OF SECURITIES ACT

(PROM. - SG 26/20, IN FORCE FROM 01.01.2021)

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

(2) Paragraphs 1 and 21 shall enter into force on 1 January 2021.

Transitional and concluding provisions

TO THE ACT AMENDING AND SUPPLEMENTING THE VALUE ADDED TAX ACT

(PROM. - SG 104/20, IN FORCE FROM 01.01.2021)

§ 72. The following amendments and additions shall be made to the Corporate Income Tax Act:

.....

23. In the transitional and final provisions of the Act on amendment and supplement of the Corporate Income Tax Act (SG, 98/2018; amended, 37 of 2019) in § 55, item 4 the words "June 30" shall be replaced by "September 30".

.....

§ 94. The Act shall enter into force on January 1, 2021, with the exception of:

1. paragraph 17, § 31, § 59 - 61 and § 68, 69, § 71, item 11, § 88, 89, 91 and 92, which shall enter into force within three days from the promulgation of the law in the State Gazette ;

2. paragraph 39 regarding art. 154, para. 2, § 41 regarding art. 156, para. 2, § 43 regarding art. 157a, para. 4 and § 63, which shall enter into force on 1 April 2021;

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

4. paragraph 71, item 4, which shall enter into force on 1 January 2022.

Transitional and concluding provisions

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

(PROM. - SG 105/20, IN FORCE FROM 01.01.2021)

§ 72. The Act enters into force on January 1, 2021, except for:

1. paragraph 34, which shall enter into force on 1 May 2021;;

2. paragraphs 55, 58, 59, 60 and § 69 concerning the creation of Art. 26b of the Act on the Measures and Actions During the State of Emergency Declared with the Decision of the National Assembly of March 13th, 2020, and on Overcoming the Consequences, which shall enter into force on the day of its promulgation in the State Gazette;

3. paragraph 69 regarding the creation of Art. 26a of the Act on the Measures and Actions During the State of Emergency Declared with the Decision of the National Assembly of March 13th, 2020, and on Overcoming the Consequences, which enters into force in December 7, 2020.

Concluding provisions

TO THE ACT AMENDING AND SUPPLEMENTING THE ACCOUNTANCY ACT

(PROM. - SG 105/23, IN FORCE FROM 01.01.2024)

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§ 9. The act shall enter into force on January 1, 2024, with the exception of:

1. paragraphs 2, 3, 5, § 6, item 1 and § 8, which enter into force on January 1, 2025;

2. paragraph 7, which comes into force on December 22, 2023.

Transitional and concluding provisions
TO THE ACT ON ADOPTING THE EURO IN THE REPUBLIC OF BULGARIA

(PROM. - SG 70 OF 2024)

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§ 5. (1) [*] Current legal acts, which regulate obligations to pay fees, sanctions, fines and other public obligations to the state and municipalities in Bulgarian leva, continue to be applied in accordance with the rules for currency conversion provided for in this Act.

(2) When the monetary amount in BGN is specified in a law or in a normative act as a result of the introduction into the Bulgarian legislation of a legal act of the European Union, in which a corresponding amount in euros is explicitly stated, upon amendment of the law, respectively of the normative act, indicates the amount in euros of the legal act of the European Union.

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§ 60. Paragraph 5, Para. 1, § 8 - 36, § 37, items 1 - 12 and 14 - 20 and § 38 - 59 shall enter into force from the date specified in the Decision of the Council of the European Union on the adoption of the Euro by the Republic of Bulgaria, adopted in accordance with Art. 140, paragraph 2 of the Treaty on the Functioning of the European Union and Regulation of the Council of the European Union, adopted in accordance with Art. 140, paragraph 3 of the Treaty on the Functioning of the European Union.

Transitional and concluding provisions
TO THE ACT, AMENDING AND SUPPLEMENTING THE ACCOUNTANCY ACT

(PROM. – SG, 72/24, IN FORCE FROM 06.07.2024, AMEND. - SG 17/25, IN FORCE FROM 28.02.2025)

§ 29. (1) Enterprises and enterprise groups shall determine their category for 2024 in accordance with the amended Art. 19 and 21 in compliance with their indicators as of December 31, 2023.

(2) For the purposes of the implementation of Art. 20, Para. 1 and 2 and Art. 22, 2024 shall be considered to be the first accounting period.

§ 30. (1) The first reporting period, for which a sustainability report is included in the report on the activities of the enterprises under Chapter Seven shall be as follows:

1. (amend. - SG 17/25, in force from 28.02.2025) 2025:

a) for large enterprises, which are enterprises of public interest and which as of December 31 of the reporting period exceed the criterion for an average number of employees in the financial year of 500 people;

b) for enterprises of public interest, which are parent enterprises of a large group which, as of December 31 of the reporting period, exceeds on a consolidated basis the criterion for an average number of employees of 500 people;

2. (amend. - SG 17/25, in force from 28.02.2025) 2026:

a) for large enterprises, other than those, specified in item 1, letter "a";

b) for parent enterprises of a large group, other than those, specified in item 1, letter "b";

3. (amend. - SG 17/25, in force from 28.02.2025) 2027:

a) for small and medium-sized enterprises, which are enterprises of public interest in the meaning of § 1, item 22, letter "a" of the Additional Provisions, with the exception of micro-enterprises;

b) for small and uncomplicated credit institutions within the meaning of Art. 4, Paragraph 1,

item 145 of Regulation (EU) No. 575/2013, provided that they are large enterprises or small and medium-sized enterprises (with the exception of micro-enterprises), which are enterprises of public interest according to § 1, item 22, letter "a" of the Additional Provisions;

c) for captive insurance companies within the meaning of Art. 14, Para. 1 of the Insurance Code and captive reinsurance companies under Art. 14, Para. 2 of the Insurance Code, which are large enterprises or small and medium-sized enterprises (with the exception of micro-enterprises), which are companies of public interest according to § 1, item 22, letter "a" of the Additional Provisions.

(2) The small and medium-sized enterprises under Para. 1, item 3, letter "a" may not include in their activity report a sustainability report for the reporting years 2026 and 2027. In this case, the enterprise shall briefly indicate in the activity report the reasons why a sustainability report is not included sustainability.

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

(2) The consolidated report under Para. 1 shall also include the information provided for in Art. 8 of Regulation (EU) 2020/852 on the activities carried out by the subsidiaries of the company from a third country on the territory of the European Union, which have an obligation to prepare a sustainability report or a consolidated sustainability report according to the legislation of a Member State.

(3) Para. 1 shall be applied when the subsidiary registered in the country has realized the largest net sales revenue from the subsidiary enterprises on the territory of the European Union, realized during one of the last five accounting periods, including on a consolidated basis, when it is applicable.

(4) A domestically registered subsidiary of an enterprise from a third country shall not prepare a consolidated sustainability report under Para. 1 - 3, when a subsidiary in another Member State has prepared and published a consolidated sustainability report, which includes information about the first enterprise according to the legislation of the other Member State.

(5) For the purposes of the exemption under Art. 50 and Art. 52 the preparation and publication of a consolidated report under Para. 1 - 4 shall be considered to be a consideration of the sustainability by the parent company at the group level in relation to the companies, included in the consolidation, as well as that the condition of Art. 50, Para. 2, item 4 and Art. 52a, Para. 2, item 4 for the disclosures, provided for in Article 8 of Regulation (EU) 2020/852.

§ 32. For the purposes of Art. 48, Para. 5 and Art. 51, Para. 5 during the first three years from the entry into force of the obligation to prepare and publish a sustainability report under § 30 and 31 and in the event, that all the necessary information about the value chain is not available, the enterprise shall include in the report information with an explanation about the efforts made by it to obtain the necessary information about the value chain, the reasons why it could not obtain the necessary information, and its plans to obtain it in the future.

§ 33. The first accounting period, for which subsidiaries and branches of enterprises from third countries publish a report on the sustainability of the enterprise from a third country in accordance with Art. 52b, is 2028.

§ 34. (1) Within two months of the entry into force of the Act, the Ministry of Justice shall bring the legislative normative acts in compliance with it.

(2) Until June 30, 2025, the Registration Agency shall ensure access and use of the service for announcing activity reports under Art. 41, Para. 3 and Art. 44, Para. 2 with the sustainability reports in a single electronic format for reporting, in a machine-readable format, in accordance with the requirements of

this Act.

§ 35. (Effective from 27.08.2024) To ensure 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 - public state property, may be rented out for the needs of the Bulgarian National Bank, pursuant to Art. 16, Paragraph 6 of the State Property Act.

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§ 42. The Act shall enter into force on July 6, 2024, with the exception of § 35, which shall enter into force on the day of promulgation of the Act in the State Gazette.

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE ACCOUNTANCY ACT

(PROM. - SG 17/25, IN FORCE FROM 28.02.2028)

§ 2. The Act shall enter into force on the day of its promulgation in the State Gazette.

Transitional and concluding provisions
TO THE ACT ON THE STATE BUDGET OF THE REPUBLIC OF BULGARIA FOR 2025

(PROM. – SG 26/25, IN FORCE FROM 01.01.2025)

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§ 41. The Act shall enter into force on January 1, 2025, with the exception of:

1. paragraph 27, items 2 - 4, item 50, letters "a", "d", "g" and "y", § 28 and § 29, which enter into force on January 1, 2024;
2. paragraph 16, items 1, 4 and 5, § 17, 20, 21, 32 and 33, which enter into force three days after its promulgation in the State Gazette;
3. paragraphs 22 - 24 and 25, which enter into force on April 1, 2025;
4. paragraph 18, which shall enter into force on May 1, 2025;
5. paragraph 9, item 1, item 2, letter "a" and item 3, which enter into force on July 1, 2025;
6. paragraph 9, item 2, letters "b" and "c", § 35, 36, 37 and 39, which enter into force on the day of its promulgation in the State Gazette.

Transitional and concluding provisions
TO THE ACT AMENDING AND SUPPLEMENTING THE PENAL CODE

(PROM. - SG 61/25, IN FORCE FROM 31.01.2026)

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§ 61. The Act shall enter into force on the day of its promulgation in the State Gazette, with the exception of:

1. paragraphs 23, 24, 25, 26 and § 45, item 1, items 3 - 6, item 7, letter "a", item 8, items 12 - 15 and items 17 - 40, § 46, item 1, letter "a", letter "bb" and letters "b" - "k", items 2 - 7, § 47 and 59, which shall enter into force three months after the promulgation of the law in the State Gazette;
2. paragraphs 1 - 15, 19, 21, 22, 27, 28, 32, 33, 34, 35, 36, 37, 42, 43, § 45, item 2, item 7, letter "b", items 9, 10 (regarding the words "after the words "chapter one" a comma is placed and "chapter one "a" is added), items 11 and 16, § 46, item 1, letter "a", letter "aa" regarding the words "in the text before item 1 the words "under Art. 108a, 109, 110 (preparation for terrorism), Art. 111" are replaced by "under Art. 114a - 114c"; § 48, 50, 51, 53 - 57, § 58, item 1 (regarding the words "after the words "chapter one" a comma is

placed and "Chapter one "a" is added), items 2 - 4 and § 60, which shall enter into force 6 months after the promulgation of the Act in the State Gazette.