

NON-PROFIT LEGAL ENTITIES ACT

Promulgated SG No 81/06. 10. 2000, Amend SG No105/22.12.2006

This Act has been adopted by the 38-th National Assembly on 21st September 2000 and the official seal of the National Assembly has been affixed hereunto. Chairman of the National Assembly: Yordan Sokolov

Chapter One General Provisions

Subject of the Act Article 1

(1) This Act shall govern the establishment, registration, organization, activities and dissolution of non-profit legal entities.

(2) The non-profit legal entities shall be associations and foundations.
Definition of activities

Article 2

(1) The non-profit legal entities shall freely determine their objectives and may determine their status as organizations pursuing activities for public or private benefit. Such determination shall be set forth in the statute, the articles of association or amendments thereto.

(2) The determination for the purpose of pursuing activities for public benefit shall be irrevocable following the registration of that circumstance in the register of non-profit legal entities within the jurisdiction of the district court by domicile of the respective non-profit legal entity.

(3) The non-profit legal entities determined as such for pursuing activities for public benefit shall be subject to registration upon their establishment in special register with the Ministry of Justice.

(4) The rules of Chapter Three shall not apply to non-profit legal entities determined for pursuing activities for private benefit.

Objectives

Article 3

(1) The non-profit legal entities shall freely determine the means for attaining their objectives.

(2) Restrictions to the activities and the means for attaining the objectives of non-profit legal entities may be set forth only by law.

(3) The non-profit legal entities may pursue additional business activities only provided they are related to the subject of the basic scope of activities specified in their registration, and provided the revenues are used for the purpose of attaining the objectives set forth in the statute or the articles of association.

(4) The subject of business activities shall be set forth in the statute or the articles of association of the non-profit legal entities.

(5) The non-profit legal entities may pursue business activities in compliance with the terms and procedures stipulated by the laws governing the respective types of business activities.

(6) The non-profit legal entities shall not distribute profit.

Relations with the State

Article 4

The State may assist and encourage for the purposes of pursuing activities for public benefit the registered in the central register non-profit legal entities, through tax, credit-interest, customs and other financial and economic preferences, as well as with financing under terms and procedure set forth in the relevant special laws.

Founders

Article 5

Founders of non-profit legal entity may be Bulgarian and foreign legal entities and able-bodied natural persons.

Legal capacity

Article 6

(1) The legal entity of the non-profit organization shall originate as from its registration in the register of non-profit legal entities within the jurisdiction of the district court by domicile of the legal entity.

(2) The actions of the founders performed on behalf of the established non-profit legal entity shall give rise to rights and obligations in respect of the persons who have performed them, and shall be transferred by rights to the non-profit legal entity as from the time of its origination. In the event of concluding transactions it should be noted that the non-profit legal entity is in the process of establishment. Persons who conclude transactions shall be jointly liable for the obligations undertaken.

(3) The non-profit legal entities shall be bearers of all rights and obligations that are not related to the natural characteristics of natural persons and may possess property.

Name Article 7

(1) The name shall include clear designation for type of the non-profit legal entity.

(2) The name may not be misleading and may not be offensive to the good morals.

(3) The name shall be written in Bulgarian and may be additionally written in a foreign language.

(4) After the registration of the non-profit legal entity in the court register, no other non-profit legal entity of the same type and with the same name may be registered.

(5) A non-profit legal entity registered in the court register may demand any other non-profit legal entity of the same type, that has adopted later on a name coinciding with the name of the former legal entity, to discontinue the use and application of the matching name.

Domicile and address Article 8

(1) The domicile of the non-profit legal entity shall be the settlement where its head office is located.

(2) The address of the non-profit legal entity shall be at its registered office.

Statements in writing Article 9

All statements in writing of the non-profit legal entity shall include its name, domicile, address, as well as data about its registration, inclusive of the BULSTAT number.

Representation Article 10

(1) The non-profit legal entity shall express its will and shall conduct legal activities through its bodies. It shall be represented by its managing body.

(2) In the course of litigation between the non-profit legal entity and its managing body, members of the managing body, respectively, the legal entity may also be represented by one or several persons elected by its general meeting.

(3) A non-profit legal entity may partake in the work of a body of non-profit legal entity through its representative or a person authorized thereby.

Organization Article 11

(1) The organization of non-profit legal entities shall be governed by this Act and the articles of association or the statute.

(2) Non-profit legal entities may have branches. The branch manager shall represent the non-profit legal entity for the purposes of the branch activities.

Transformation Article 12

(1) Non-profit legal entities may be transformed into another type of non-profit legal entity, they may consolidate, merge, spin-off and split.

(2) After spin-off or separation the non-profit legal entities shall be jointly liable for the obligations undertaken prior to their transformation.

(3) Members of the non-profit legal entities that have undergone consolidation or merger shall become members of the new non-profit legal entity, and the members of the non-profit legal entity that has split - members of the newly formed non-profit legal entities, at their own discretion.

Dissolution Article 13

- (1) A non-profit legal entity shall be dissolved:
1. upon expiry of the term for which it has been established;
 2. by decision of its supreme body;
 3. by decision of the district court by domicile of the non-profit legal entity, where:
 - a) it has not been established in compliance with the legal procedure;
 - b) (Amend. SG No 79/2006) it pursues activities contrary to the Constitution of the Republic of Bulgaria , the law and the good morals;
 - c) it has been declared bankrupt.
- (2) The court decision under paragraph (1), sub-paragraphs 1 and 3 shall be issued on the grounds of claim by any interested party or the public prosecutor.
- (3) (Amend. SG No 79/2006) The court shall grant a term up to 6 months for removal of the reasons for dissolution and the consequences thereof.
- (4) Under the circumstances of paragraph (2) the dissolution shall be registered ex officio and the court shall assign a liquidator.

Liquidation

Article 14

- (1) The dissolution of non-profit legal entity shall involve procedure for liquidation.
- (2) The liquidation shall be conducted by the managing body or a person assigned thereby.
- (3) Where no liquidator has been assigned pursuant to paragraph (2), as well as under the circumstances of Article 13, paragraph (1), sub-paragraph 2, such person shall be assigned by the district court by domicile of the non-profit legal entity.
- (4)(Amend. SG No 38/2006) The relevant provisions of the Commerce Act shall apply to insolvency, bankruptcy, the liquidation procedure and the authority of the liquidator, respectively. The acts of the court of insolvency that shall be entered in the entrepreneur court registry, relevant to non-profit legal entities, shall be entered in the court registry of non-profit legal entities and shall be promulgated in the State Gazette, and the acts that are promulgated in the entrepreneur court registry shall be promulgated in the State Gazette.

Property after liquidation

Article 15

- (1) The distribution of the property remaining after the satisfaction of creditors shall be determined in compliance with the statute, the articles of association or the supreme body of the non-profit legal entity, unless otherwise provided in this Act. Where no decision to that effect has been taken prior to the dissolution, such decision shall be made by the liquidator.
- (2) Where there are no persons in existence under paragraph (1), or where they cannot be identified, the property shall be delivered into possession of the municipality by domicile of the non-profit legal entity. The municipality shall be bound to use the property for purposes approximating to the maximum possible the objectives of the dissolved non-profit legal entity.
- (3) The property under the preceding paragraphs may not be distributed, sold or assigned in any way whatsoever to liquidator appointed beyond the circle of persons under paragraph (2), except for valuable consideration due thereto.
- (4) Persons who have acquired property in result of the liquidation conducted pursuant to paragraphs (1) – (3), shall be liable for the obligations of the dissolved non-profit legal entity to the amount of the gain.

Deletion of non-profit legal entity

Article 16

Following the distribution of the property, the liquidator shall be bound to request deletion of the registration of the non-profit legal entity by the district court by domicile of the non-profit legal entity.

Court register of non-profit legal entities

Article 17

Register of the non-profit legal entities shall be kept with the district courts.

Circumstances subject to entry

Article 18

- (1) The following circumstances shall be subject to entry in the register of non-profit legal entities:
1. required contents of the articles of association or the statute;
 2. address;
 3. names and positions of persons representing the non-profit legal entity;

4. definition for pursuing activities for public benefit;
 5. total number of initial property contributions, if there are provisions to that effect;
 6. dissolution of the non-profit legal entity;
 7. transformation;
 8. names, company name, respectively, and addresses of liquidators;
 9. deletion of the non-profit legal entity.
- (2) The following circumstances shall be subject to entry in the register of non-profit legal entities by domicile of the branch:
1. name, domicile and address of the non-profit legal entity;
 2. domicile and address of the branch;
 3. branch manager and any restrictions to his authority and representative powers provided for in the articles of association.
- (3) For branches of foreign non-profit legal entities subject to entry shall also be:
1. objectives of the foreign non-profit legal entity;
 2. objectives under sub-paragraph 1 that are to be pursued through the branch;
 3. definition of the branch for pursuing activities for public benefit.
- (4) Subject to entry shall also be changes to the circumstances under paragraphs (1), (2) and (3).

Chapter Two Types of Non-profit Legal Entities

Section I Associations

Establishment Article 19

- (1) Associations shall be established by three or more persons united for pursuing non-profit activities.
- (2) An association defined for pursuing activities for public profit shall be established by at least 7 able-bodied natural persons or 3 legal entities.

Contents of the statute Article 20

The founders shall adopt statute, which should contain:

1. name;
2. domicile;
3. objectives and means for their attainment;
4. definition of the type of activities pursuant to Article 2;
5. scope of activities;
6. managing bodies;
7. branches;
8. authority of the bodies of the association;
9. rules for presentation of the association;
10. rules for origination and termination of membership, as well as procedure for settlement of property relations in the event of termination of membership;
11. term for which the association has been established;
12. procedure for setting the amount and manner of delivery of property contributions;
13. manner of distribution of the remaining property after satisfaction of creditors.

Rights and obligations of members Article 21

- (1) Membership in associations shall be voluntary.
- (2) All members shall be entitled to participate in the management of the association, to be informed of its activities, to use its property and the results of its activities, pursuant to the procedure set forth in the statute.
- (3) All members shall be obliged to make property contributions, should there be provisions to that effect in the statute.
- (4) Members shall be liable for the obligations of the association to the amount of the property contributions provided for in the statute. Members shall not be personally liable for the obligations of the association.
- (5) The rights and obligations of members, except for property rights and obligations, shall not be transferable and may not pass to other persons in the event of death or dissolution, respectively. The implementation of

membership obligations and the exercise of membership rights may be assigned to other persons, provided the statute contains stipulations to that effect.

Termination of membership Article 22

- (1) The membership shall be terminated:
 1. by unilateral statement to the association;
 2. upon death or in the event of enforcement of full restraint;
 3. upon expulsion;
 4. upon dissolution of the non-profit legal entity;
 5. upon cancellation.
- (2) Unless otherwise provided by the statute, the general meeting shall take decisions for expulsion for instances of behavior that render further membership out of compliance.
- (3) Where the statute provides for expulsion by decision of the managing board or another body of the association, such decision shall be subject to appeal before the general meeting.
- (4) Cancellation of membership due to failure to make the specified property contributions and systematic failure to participate in the activities shall be ascertained by documents pursuant to the procedure set forth in the statute of the association.

Bodies Article 23

- (1) The general meeting shall be the supreme body of the association.
- (2) The managing board shall be the managing body of the association.

General Meeting Article 24

The general meeting shall comprise all members of the association, unless otherwise provided by the statute.

Authority of the General Meeting Article 25

- (1) The general meeting shall:
 1. amend and supplement the statute;
 2. adopt other by-laws;
 3. elect and dismiss members of the managing board;
 4. admit and expel members;
 5. take decisions for establishment and closing of branches;
 6. take decisions for participation in other organizations;
 7. take decisions for transformation or dissolution of the association;
 8. adopt basic guidelines and program for the activities of the association;
 9. approve the budget of the association;
 10. take decisions on collection and amounts of membership fees or property contributions;
 11. approve the report on the activities of the managing board;
 12. repeal decisions of other bodies of the association, such as may be contrary to the law, the statute or other by-laws governing the activities of the association;
 13. take other decisions as well, such as may be provided for by the statute.
- (2) The rights under paragraph (1), sub-paragraphs 1, 3, 7, 9, 11 and 12 may not be assigned to other bodies of the association.
- (3) The decisions of the general meeting shall be binding upon the other bodies of the association.
- (4) The decisions of the general meeting shall be subject to judicial control for their legal compliance and compliance with the statute.
- (5) Decisions of the bodies of the association that have been taken contrary to the law, the statute or preceding decision of the general meeting, may be challenged before the general meeting by request of concerned members of the association or by a body of the association, submitted within one month following the coming of knowledge of such decision, but not later than one year after the date when such decision has been taken.
- (6) The disputes under paragraph (4) may be referred to the court of registration of the association by any member of the association or a body of the association, or by the public prosecutor, within one month following the coming of knowledge of such decision, but not later than one year after the date when such decision has been taken.

Convening of General Meeting
Article 26

- (1) (Amend. SG No 79/2006) General meeting shall be convened by the managing board on its own initiative or upon request by one third of the members of the association. Where in the latter case the managing board fails to forward within two weeks invitations in writing for convening of general meeting, the general meeting shall be convened by the court by domicile of the association upon request in writing by the concerned members or a person authorized thereby.
- (2) The invitation shall include the agenda, the date, time and place for holding the general meeting and reference to the initiators of the meeting.
- (3) (Amend. SG No 79/2006) If something else is not prescribed in the statute, the invitation shall be promulgated in the State Gazette and shall be placed on the board for notifications in the building where the head office of the association is located, at least one month prior to the specified date.

Quorum
Article 27

Unless otherwise provided by the statute, the general meeting shall be legitimate if attended by more than half of the total number of members. In the event of lack of quorum the meeting shall be postponed by one hour and shall be held at the same place and with the same agenda, regardless of the number of attending members, unless otherwise provided by the statute.

Voting
Article 28

- (1) Each member of the general meeting shall be entitled to one vote.
- (2) Members of the general meeting may not vote on issues referring to:
1. themselves, their spouses, or relatives of direct descent – without limits, collateral relatives – to the fourth branch, or in-laws – to the second branch, inclusive;
 2. legal entities, where they are managers or may impose or hinder decision making.
- (3) A person may represent in the general meeting not more than three members by power of attorney in writing, unless the statute provides for some other norm of representation or meeting of the proxies. Reassignment of authorization shall not be allowed.

Decision taking
Article 29

- (1) Decisions of the general meeting shall be taken by the votes of the majority of the attendees
- (2) Decisions under Article 25, paragraph (1), sub-paragraphs 1 and 7 shall be taken by majority of 2/3 of the attendees
- (3) Decisions may not be taken on issues not included on the agenda notified in the invitation.

Managing Board
Article 30

- (1) The Managing Board shall comprise at least three persons – members of the association. Legal entities – members of the association, may also nominate for members of the Managing Board persons who are not members of the association. The members of the Managing Board shall be elected for a term of up to five years.
- (2) The Managing Board shall elect one of its members Chairman. The statute may provide for election of the Chairman by the General Meeting or another body of the association.
- (3) The functions of managing board may be carried out, by decision of the General Meeting, by one person - manager.

Authority of the Managing Board
Article 31

The Managing Board shall:

1. represent the association, and shall determine the scope of the representative powers of its individual members;
2. ensure the implementation of decisions of the General Meeting;
3. dispose with the property of the association in compliance with the requirements of the statute;
4. prepare the draft budget and submit it to the General Meeting;

5. prepare report on the activities of the association and submit it to the General Meeting;
6. set forth the procedure and organize the activities of the association, inclusive of such to the common benefit, and shall be responsible for the above;
7. determine the address of the association;
8. take decisions on all issues that by law or by the statute are not within the authority of another body;
9. perform the duties provided for in the statute.

Meetings of the Managing Board

Article 32

- (1) The meetings of the Managing Board shall be convened and conducted by the Chairman, unless otherwise provided by the statute. The Chairman shall be bound to convene a meeting of the Managing board upon request in writing by one third of its members. If the Chairman fails to convene a meeting within one week, such meeting may be convened by any member concerned of the Managing Board. In the event of absence of the Chairman the meeting shall be chaired by a member assigned by the Managing Board.
- (2) The Managing Board may conduct business provided the meeting is attended by more than half of its members.
- (3) Attendee shall also be considered a person in two-way communication by telephone or otherwise, which guarantees identification of such person and enables participation in discussions and taking of decisions. The vote of such person shall be asserted in the minutes of the meeting by the chairperson of the meeting.
- (4) Decisions shall be taken by the majority of the votes of the attendees, and decisions under Article 14, paragraph (2) and Article 31, sub-paragraphs 3 and 6 - by majority of all the members. The statute may provide decisions to be taken by another type of majority, except those under the preceding sentence.
- (5) The Managing Board may take decision without holding a meeting, provided the minutes for the decision taken is signed without remarks and objections by all members of the Managing Board.

Section II

Foundations

Establishment

Article 33

- (1) Foundations shall be established in the lifetime or in the event of death by unilateral deed of establishment granting without compensation property for attainment of non-profit objective.
- (2) For the purposes of establishment of foundation in the lifetime the deed should bear signatures certified by the notary public.
- (3) Where real rights on real estate are transferred the deed of establishment shall be registered by the Judge Registrar with the district court by location of the real estate.
- (4) The property provided with the deed of establishment shall be considered property of the foundation upon its origination as of the date of execution of the deed of establishment in the lifetime or upon entrance on inheritance in the event of death.
- (5) The founder shall be entitled to revoke the deed of establishment prior to the origination of the foundation, but such right shall not pass to the heirs.

Contents of the deed of establishment

Article 34

- (1) The deed of establishment shall set forth:
 1. the name;
 2. domicile;
 3. objectives;
 4. type of activities pursuant to Article 2;
 5. property provided;
 6. bodies of the foundation;
 7. branches;
 8. rules on authority of the bodies;
 9. rules on manner of representation;
 10. term for which the foundation has been established.
- (2) Compliance with the requirements under paragraph (1), sub-paragraphs 3 and 5 shall suffice to put in effect the deed of establishment.
- (3) The request for registration shall be made by the founder or a person or a body authorized thereby, the executor of the will, the heir or any of the persons that would benefit from the activities of the foundation pursuant to the deed of establishment.

(4) Where actions are required for the purpose of amendment or supplement of the deed of establishment and should it be impossible for the founder to conduct such actions pursuant to procedure established thereby or under the law, the amendments shall be made by the district court at the domicile of the foundation upon request from the concerned applicants. The court shall be bound to make the amendments in compliance with the disposition stated in the deed of establishment.

Bodies Article 35

- (1) The foundation shall have managing body, which may be one-person or collective body.
- (2) Where the deed of establishment provides for more than one body, the rules for the general meeting and the managing board of associations shall apply to the other bodies, respectively.
- (3) The bodies of the foundation may take decisions for completion of their membership. Should they be unable to do so, any of their members as well as any person who might benefit from the activities of the foundation may request the district court at the domicile of the foundation to complete the membership of the bodies in compliance with the disposition stated in the deed of establishment.
- (4) Where the deed of establishment does not provide for bodies of the foundation, they shall be determined by the district court at the place of establishment of the foundation under the terms and procedure set forth in Article 34, paragraph (4).

Reserved rights Article 36

- (1) The rights reserved for the founder or a third party designated thereby, shall pass to the relevant body of the foundation in the event of death of the founder or such third party, should they be pronounced absent or under restraint, or should they be dissolved, respectively.
- (2) Where the persons under paragraph (1) fail to exercise their rights with due care, or under circumstances of permanent impossibility for them to exercise these rights, the court of registration may, upon request from the managing body, rule their powers of authority to be assigned to the relevant body of the foundation for a certain period of time or permanently.

Chapter Three Non-profit Legal Entities Pursuing Activities for Public Benefit

Section I General Provisions

Scope of application Article 37

- (1) The provisions of this Act relevant to non-profit legal entities shall apply to organizations defined as such pursuing activities for public benefit, inasmuch as this Chapter does not provide otherwise.
- (2) The judicial and administrative bodies in charge of registration of non-profit legal entities shall refuse to register organizations defined as such pursuing activities for public benefit in the cases where the provisions of their statute or deed of establishment are not in compliance with the provisions of this Chapter.
- (3) The non-profit legal entities that are not defined as such pursuing activities for public benefit, as well as those that have been denied registration pursuant to paragraph (2), may continue to pursue activities for the personal benefit of their members or certain persons.

Definition of pursued activities Article 38

- (1) The non-profit legal entities defined as such pursuing activities for public benefit shall use their property for:
 1. development and strengthening of spiritual values, the civil society, health care, education, science, culture, engineering, technology or physical culture;
 2. assistance to the socially disadvantaged, the disabled or the persons in need of care;
 3. support of social integration and personal realization;
 4. protection of human rights or the environment;
 5. other objectives such as may be determined by law.
- (2) Foreign non-profit legal entities may pursue activities for public benefit through their branches in this country in compliance with this Act.
- (3)(Amend. SG No 79/2006) Non-profit legal entities defined as such pursuing activities for public benefit should apply for registration of the circumstances under Article 45, paragraph (2) in the central register in two month period from entering the definition in the court registry.

Bodies
Article 39

- (1) Non-profit legal entities pursuing activities for public benefit shall have collective supreme body and managing body.
- (2) The collective body of the non-profit legal entity pursuing activities for public benefit shall take decisions pursuant to the procedure set forth under Article 32, paragraph (4).
- (3) (amend. SG 98/01, in force on 01.01.2001, amend. SG No 79/2006, amend. SG No 105/2006, in force on 01.01.2007) The annual financial statements of non-profit legal entities pursuing activities for public benefit, registered with the Central registry at the Ministry of Justice shall be subject to an independent audit under the conditions of the Accountancy Act.

Obligation to keep books
Article 40

- (1) The non-profit legal entity pursuing activities for public benefit shall be obliged to keep books with minutes of meetings of its collective bodies. The chairperson of the meeting of the collective body and the person who has prepared the minutes shall attest and be liable for the authenticity of its contents.
- (2) The non-profit legal entity pursuing activities for public benefit shall prepare once per year report on its activities, which should include data about:
1. substantial activities, funds spent for such purposes, their relevance to the objectives and the programs of the organization and the results attained;
 2. amount of properties received in grant and revenues from other activities conducted for the purpose of raising funds;
 - 3.(new SG No 79/2006) the kind, the amount, the value and the purpose of received donations, as well as data about the donors;
 - 4.(previous p.3 SG No 79/2006) financial results.
- (3)(amend. SG No 79/2006) The annual report for the activity and the financial statement of the non-profit legal entity pursuing activities for public benefit shall be submitted in paper or in electronic form. They are public and shall be published in the bulletin and the Internet site of the central register.

Use of property
Article 41

- (1) The non-profit legal entity pursuing activities for public benefit may use property without valuable consideration and may pursue the activities intended to attain the objectives defined pursuant to this Act.
- (2) The selection of persons and the manner of providing assistance by the non-profit legal entity pursuing activities for public benefit shall be effected taking in consideration the objectives and the financial capacity of the non-profit legal entity, in compliance with the declared procedure and rules for pursuing the activities. The information about the selection procedure shall be made available to the general public and shall be entered in the central register.
- (3) For the purpose of using the property without valuable consideration by the non-profit legal entity pursuing activities for public benefit the supreme body of the organization shall take justified decision by majority of 2/3 of all its members, where such use is to the benefit of:
1. persons who are members of other bodies of the legal entity and their spouses, relatives of direct descent - without limit, collateral relatives - to the fourth branch, inclusive, or in-laws - to the second branch, inclusive;
 2. persons who have been members of the managing bodies within 2 years prior to the date of taking such decision;
 3. legal entities that have financed the organization within 3 years prior to the date of taking such decision;
 4. legal entities in which the persons under sub-paragraphs 1 and 2 are managers or may impose decisions or hinder decision making.
- 5.(new SG No 79/2006) political parties, in the managing and controlling bodies of which participate members of the managing and controlling bodies of non-profit legal entities.
- (4) The non-profit legal entity pursuing activities for public benefit may not enter into transactions with the persons under paragraph (3), sub-paragraph 1 above, as well as with legal entities in which the said persons are managers or may impose decisions or hinder decision making, unless the transactions are of obvious benefit to the non-profit legal entity pursuing activities for public benefit, or where such transactions are concluded under general terms notified to the public.

Transformation
Article 42

The non-profit legal entity pursuing activities for public benefit may not be transformed into non-profit legal entity pursuing activities for private benefit.

Liquidation

Article 43

(1) The liquidator shall be bound, if possible, to satisfy the creditors of the non-profit legal entity pursuing activities for public benefit from the available cash funds, and should that be impossible - by turning into money in the first place the movable properties and then the real properties of the non-profit legal entity.

(2) The property may not be assigned in any way whatsoever to:

1. the founders and present and former members;
2. persons who have been members of the bodies, and employees of the legal entity;
3. the liquidators, except for their due valuable consideration;
4. spouses of the persons under sub-paragraphs 1 - 3;
5. relatives of the persons under sub-paragraphs 1 - 3 of direct descent - without limit, collateral relatives - to the fourth branch, or in-laws - to the second branch, inclusive;
6. legal entities in which the persons under sub-paragraphs 1 - 5 are managers or may impose decisions or hinder decision making.

Property after liquidation

Article 44

(1)(amend. SG No 79/2006) The property remaining after the satisfaction of creditors shall be delivered by decision of the court to a non-profit legal entity defined as such for pursuing activities for public benefit, with the same or similar non-profit objective, unless there is a regulation of the order for delivering it in the statute or the deed of establishment.

(2) Where the property is not delivered pursuant to paragraph (1), it shall be delivered to the municipality by domicile of the dissolved non-profit legal entity. The municipality shall be bound to provide the property for the purposes of activities to the public benefit approximating to the maximum possible the objectives of the dissolved non-profit legal entity.

Section II

Central Register

Registration in the Central Register

Article 45

(1) The non-profit legal entities pursuing activities for the public benefit shall submit application for registration in the central register with the Ministry of Justice.

(2) Attached to the application shall be:

1. transcripts of the court decisions for registration;
- 2.(amend. SG No 79/2006) certificate of actual legal status;
3. (rev. – SG 105/2005)
4. declaration for existence of the circumstances under Articles 38 - 41, as well as for payable taxes, charges, custom duties and other public amounts receivable;
5. the rules and procedure for pursuing activities for public benefit.

(3) The Minister of Justice shall approve Rules for the organization and the operating procedure for keeping the register, and shall approve specimens of documents to be submitted to him. The Minister or a person authorized thereby shall register forthwith the declared circumstances by decision with quoted reasons. Where additional evidence should be provided or remedy of omissions in the submitted documents should be effected, the registration shall be done after expiry of the term granted for completion and amendments to the submitted application.

(4) Registration in the register shall be refused, if the non-profit legal entity for pursuing activities for public benefit has not been registered by the court of competent jurisdiction as non-profit legal entity for pursuing activities for public benefit, or if its activities are contrary to the law. Where registration is not made within 14 days following the application therefor, this shall be considered tacit refusal of registration.

(5)(amend. SG No 30/2006) The explicit or tacit refusal of registration shall be subject to appeal within 14 days pursuant to the Code on Administrative Procedure.

(6) (amend. SG 105/2005) Refusal that has come into force shall be notified ex officio to the court by domicile of the non-profit legal entity and to the bodies of the National revenue agency.

(7) Subject to entry shall also be the changes in the circumstances under paragraph (2).

(8) (amend. SG 105/2005) The entitlement of non-profit legal entities pursuing activities for public benefit to privileges pursuant to this Act shall originate as from the date of registration in the central register. The circumstances entered shall be considered known by third parties as from the date of registration, whereas the latter shall be notified ex officio to the court by domicile of the non-profit legal entity pursuing activities for public benefit and to the bodies of the National revenue agency. (9) The central register shall be public and any person may request information or transcript of its contents with information subject to notification.

(10) The rules in respect of the public nature of the central register shall apply, as appropriate, where circumstances under this Act are being registered in another register.

(11) The central register shall issue monthly bulletin with publication of registered non-profit legal entities pursuing activities for public benefit, refusals and deleted entries, as well as notifications of information pursuant to the Rules for Operation of the Central Register.

(12) The procedure for registration in the central register, the publications, the notifications of information and the appeal of refusals for registration shall be exempt from State charges.

Annual control

Article 46

(1) The non-profit legal entities pursuing activities for public benefit shall be obliged to submit to the central register by 31st May each year information about their activities through the preceding year.

(2) Declared for registration in the register and submitted shall be:

1. transcripts of court decisions for registration of changes;

2. list of persons who have been members of the managing bodies;

3. information about the activities pursuant to Article 38;

4.(amend. And SG No 79/2006, amend. SG No 105/2006, in force on 01.01.2007) annual financial statement, including certificated, where the non-profit legal entity is subjected to an independent financial audit;

5. the annual report pursuant to Article 40, paragraph (2);

6. declaration for payable taxes, charges, custom duties and other public amounts receivable;

7. amendments to the statute or the deed of establishment.

(3)(rev. SG No 79/2006)

Ongoing control

Article 47

The Minister of Justice shall be entitled to request current information about the circumstances subject to entry.

Obligation for information

Article 47a

(new SG No 79/2006)

The Minister of Justice shall inform the appropriate state controlling organs for detected by the annual or ongoing control breaches of the laws, in order to be undertaken the necessary revisions and acts, prescribed by the law.

Deletion of registration

Article 48

(1)(amend. SG No 33/2006, amend. SG No 79/2006) The registration shall be deleted ex officio by the Minister of Justice or a person authorized thereby, by request of the public prosecutor or the appropriate state controlling organs, where the non-profit legal entity pursuing activities for public benefit:

1. systematically fails to submit the information about circumstances subject to entry within the specified terms;

2. for two following years fails to submit on time the information for the activity under Article 46, par. 1;

2. pursues activities contrary to the provisions of Article 13, par. 1, p. 3, (b);

3. systematically fails to pay public amounts receivable;

4. has reduced number of members less than the minimum required by law for a period of more than 6 months.

(2)(new SG No 79/2006) In case of paragraph 1, p. 1 and 2 before deletion of registration, the Minister of Justice shall send a notice in writing to the non-profit legal entity pursuing activities for public benefit where defines additional term for distributing the information, and after the lapse of this term without result, the registration shall be deleted.

(3)(previous par.3 – SG No 79/2006) The deletion of the registration shall not relieve the non-profit legal entity pursuing activities for public benefit and its managing bodies from their obligations and responsibilities under this Act.

Second registration

Article 49

(1) A non-profit legal entity pursuing activities for public benefit the registration of which has been deleted, may apply for second registration not earlier than one year following the removal of the reasons for deletion. This right may be exercised only once.

(2) A legal entity the registration of which as non-profit legal entity pursuing activities for public benefit has been deleted may continue to use its property only for the purposes of activities specified in the statute or the deed of establishment, inasmuch as they are in compliance with the provisions of Article 38, paragraph (1), Article 41, paragraph (1), Articles 43 and 44.

Appeal

Article 50

(1) Decisions of the Minister of Justice for refusal of registration of stated circumstances or for deletion of registration of non-profit legal entity pursuing activities for public benefit shall be subject to appeal before the Supreme Administrative court within 14 days following the notification thereof.

(2) Where the refusal for registration, the deletion, respectively, are revoked, the registration shall be made ex officio.

(3) Refusals for registration and deletions of registration that have come into force shall be entered ex officio by the court of registration of the non-profit legal entity pursuing activities for public benefit.

Chapter Four

Applicable Law Branches of foreign non-profit legal entities (title amend. SG 42/05)

Applicable law for foreign non-profit legal entities

Article 51

(rev. SG 42/2005)

Establishment of Branches (title amend. SG 42/2005)

Article 52

(1) (rev. SG 42/05)

(2) Foreign non-profit legal entities may establish branches in this country provided their objectives are not contrary to the public order and the laws of the Republic of Bulgaria.

Transitional and concluding provisions

§ 1. (1) The non-profit legal entities existing as of the date of coming into force of this Act shall retain their capacity of legal entities without registration pursuant to this Act.

(2) The non-profit legal entities that want to be defined as such pursuing activities for public benefit should submit application for registration in the Central Register with the Ministry of Justice within three years following the coming into force of this Act. Status of non-profit legal entities pursuing activities for public benefit shall be acquired as from the date of entry in the Central Register.

(3) The application should contain the circumstances subject to entry pursuant to Article 45, paragraph (2).

(4) (amend. SG 25/02) The associations and foundations found by the date of enactment of the law shall be obliged till December 2002 to bring their statutes or founding acts in compliance with the law.

§ 2.(1) (amend. SG 120/02) The organizations pursuing political, trade union and religious activities are governed by a separate Act.

(2)(new SG No 41/01) Until the enforcement of the Act under par. 1, the provisions of Chapter 1 shall regulate the registration of new syndicates, the entering of changes of circumstances that are subjected to registration concerning the existing syndicates as legal entities, as well as the relevant court procedures. The court enters in the registry the information needed under Article 18, par. 1, p. 1-3, 5-7 and 9 of this Act.

§ 3. This Act shall repeal Articles 134 - 154 of the Persons and Family Act (promulgated, SG, No. 182/1949; as corrected, No. 193/1949; as amended, Izvestia, No. 12/1951, Nos. 12 and 92/1952, No. 15/1953; as corrected, No. 16/1953; as amended, No. 89/1953, No. 90/1955, No. 90/1956, No. 50/1961, SG, No. 23/1968, No. 36/1979, No. 41/1985, No. 46/1989, No. 20/1990, No. 15/1994, No. 67/1999).

§ 4. Repealed shall be Article 22 of the Administration Act (promulgated, SG, No. 130/1998; No. 8/1999 - Decision No. 2 of the Constitutional Court of 1999; as amended, No. 67/1999, No. 64/2000).

§ 5. (1) Dissolved shall be all non-profit associations and foundations with statutes or deeds of establishment stating as of the date of coming into force of this Act that their objective or task is to assist the Bulgarian Communist Party, the Fatherland Front, the Dimitrov Communist Union of the Youth and their successors.

(2) The court shall declare the dissolution upon request by the public prosecutor or any party concerned and shall appoint liquidators.

(3) The liquidation shall follow the procedure set forth in the Commerce Act and should be finalized within 6 months following the appointment of the liquidators.

(4) The property remaining after satisfaction of the creditors shall be delivered to the State. It may be delivered pursuant to Article 44 to other non-profit legal entities for pursuing activities for public benefit.

§ 6. This Act shall come into force as from 1 January 2001 and its implementation shall be assigned to the Minister of Justice.

Transitional and concluding provisions

To the Law for Amendment and Supplement of the Corporate Income Tax Act (promulgated – SG No 102/2005, in force on 01.01.2006)

§36 The law comes into force on 1st January 2006, except § 30 p. 13 and § 33, which shall come into force on the date of the promulgation of the law in the State Gazette.

Transitional and concluding provisions

To the Code of Tax and Social Security Procedure (prom. SG No 105/2005, in force on 01.01.2006)

§ 88 The Codex is in force on 1st January 2006, except art. 179, par. 3, art. 183 par. 9, § 10, p. 1, (b) and § 14 p. 12 from the transitional and concluding provisions, which shall be in force on the date of the Code promulgation in the State Gazette.

Transitional and concluding provisions

To the Code of Administrative Procedure (prom. SG NO 30/2006, in force on 12.07.2006)

§ The Code comes into force three months after its promulgation in the State Gazette, except:

1. Title III, § 2, p. 1 and § 2, p. 2 – regulating the reversal of Chapter 3, section II "Judicial Appeal", § 9, p. 1 and § 11, p. 1 and 2, § 15, § 44, p. 1 and 2, § 51, p. 1, § 53, p. 1, § 61, p. 1, § 66, p. 3, § 76, p. 1-3, § 78, § 79, § 83, p. 1, § 84, p. 1 and 2, § 89, p. 1-4, § 101, p. 1, § 102, p. 1, § 107, § 117, p. 1 and 2, § 125, §128, p. 1 and 2, § 132, p. 2 and § 136, p. 1, as well as § 34, § 35, p. 2, § 43, p. 2, § 62, p. 1, § 66, p. 2 and 4, § 97, p. 2 and § 125, p. 1 – regulating the substitution of the word " regional" with "administrative" and the substitution of the words "City Court of Sofia" with "Administrative Court – Sofia city", which come into force on 1st March 2007.;

2. paragraph 120, which come into force on 1st January 2007.;

3. paragraph 3, which come into force on the date of the promulgation of the Codex in the State Gazette.

Transitional provisions

To the Law for the Amendment and Supplement of the Law on Non-profit Legal Entities (prom. SG No 79/2006)

§12 The non-profit legal entities, defined for public benefit, unregistered in the Central Registry at the Ministry of Justice, shall apply for registration in term of one year from the enforcement of this Act.

Transitional and concluding provisions

To the Law for Amendment and Supplement of the Accountancy Act (prom. SG No 105/2006, in force on 01.01.2007)

§ 61 This law comes into force on 1st January 2007, except § 48, which comes into force on 1st July 2007.