

ACT ON THE PUBLIC FINANCES

In force from 01.01.2014

Prom. SG. 15/15 Feb 2013, amend. SG. 95/8 Dec 2015

Chapter one. GENERAL PROVISIONS

Art. 1. (1) This act shall provide for the budget frame, the general planning and structure of the public finances and shall include:

1. the scope of the public finances;
 2. the scope, structure and basic indicators of the consolidated fiscal programme;
 3. the fiscal rules and restrictions;
 4. drawing up, adoption, implementation and accounting of the state budget, of the municipal budgets and other budgets, falling in the scope of the consolidated fiscal programme;
 5. the accounts regime of the EU funds;
 6. the accounts regime of other funds;
 7. the financial relations with the EU general budget of and with other interactions programmes and contracts;
 8. the bank service of the budget organizations and the system of the single account;
 9. the centralized payment of insurance contributions and of taxes;
 10. the accountability of the budget organizations.
- (2) Elements of the budget framework shall be provided by other acts.

Art. 2. Other act shall not be able to create a provision of the matter – subject of this act, which is deviated from the principles and rules, defined by this act.

Art. 3. The public finances shall be a system for providing and financing public benefits and services, re-distribution and transfer of revenues and accumulation of resources from the budget organizations through incomes, assistance and donations, realization of financial assets and assuming a debt.

Art. 4. The consolidated fiscal programme shall be a system of summarized indicators on the central budget and on budgets, accounts for the EU funds and accounts for other funds of the budget organizations.

Art. 5. The budget of the budget organization shall be an annual financial plan, which shall be drawn up, adopted, changed, implemented and accounted for under this act.

Art. 6. (1) The budgets of the budget organizations shall include all the receipts and payments for their activity for the relevant budget year with the exception of the receipts and payments, for which accounts are applied for the EU funds and of the operations with other funds, for which accounts have been formed for other funds under the requirements of this act.

(2) The central budget shall include receipts and payments, which have not been included in the rest of the budgets of the consolidated fiscal programme.

Art. 7. (1) The Council of Ministers shall organize and direct the drawing up, introduction to the National Assembly and implementation of the state budget through the Minister of Finances and the first level

budgetary spending units.

(2) The Supreme judicial council shall organize and direct the drawing up and implementation of the budget of the judiciary.

(3) The President of the National Assembly shall organize and direct the drawing up and implementation of the national assembly budget.

(4) The governing bodies of the National Insurance Institute and the National Health-insurance Fund shall organize and direct the drawing up and implementation of the budgets of the social-insurance funds.

(5) Mayors shall organize and direct drawing up, introduction to the municipality council and implementation of the municipality budgets.

(6) Heads of the budget organizations outside the ones under Para. 1 – 5 shall organize and direct drawing up and implementation of their budgets.

(7) The first level budgetary spending units shall develop and confirm internal rules for organization of the budget process.

Art. 8. (1) The EU funds and the related with the co-financing shall be administered and directed by the budget organizations through accounts for EU funds.

(2) The accounts for EU funds shall be financial and legal form for receiving, distribution and spending by the budget organizations of EU funds and the related to them national co-financing.

(3) The EU funds and the related to them national co-financing may come in and spent through the budgets of the relevant budget organizations, where this has been provided by an act or a Council of Ministers instrument.

(4) The Minister of Finance may determine the accounts regime for EU funds to be applied also to funds on other international programmes and contracts, unless otherwise provided by a normative act.

Art. 9. (1) The other funds shall be administered and directed by the budget organizations through accounts for other funds.

(2) The accounts for other funds shall be financial and legal form for receiving, keeping, distribution and spending of other funds by the budget organizations.

(3) The foreign fund accounts shall apply, unless operations with other funds are carried out through the relevant budgets and accounts for the EU funds.

Art. 10. (1) The budgets and EU funds accounts shall be drawn up and implemented for one budget year.

(2) The budget year shall begin on the 1 January and shall finish on 31 December of the relevant year.

(3) The budgets and accounts for EU funds shall be drawn up in BGN.

Art. 11. (1) A budgetary spending unit shall be the relevant head of the budget organization, and in the collective bodies – their chairperson, unless otherwise provided by a normative act.

(2) Spending units of EU funds accounts shall be the heads of budget organizations or other officials in their capacity of bodies for financial implementation and control of EU funds and/or beneficiaries of the relevant funds.

(3) First level budgetary spending units shall be the ones, who draw up. Implement and account a budget and have been determined as such by an act. First level budgetary spending unit on the National Assembly budget shall be its President, on the Judiciary budget – the Supreme Judicial Council and on a municipality budget – the municipality Mayor. The Ministers shall be first level budgetary spending units.

(4) Authorizations of a first level budgetary spending unit under this act may be delegated by the relevant first level budgetary spending unit of his/her deputy or chief secretary/permanent secretary and in

budget organizations with collective governing bodies – to a collective body member, determined by the president. The Minister of Interior may delegate the authorizations of a first level budgetary spending unit to the head or the specialized directorate in the Ministry, responsible for the planning and budget governance. The concrete rights and obligations on the delegation shall be determined by an order. The delegation shall not liberate the relevant first level budgetary spending unit from responsibility for fulfillment of the delegated authorizations.

(5) Budgetary spending units of lower level shall be the ones, whose budgets have been included in the budget of the relevant budgetary spending unit of higher level.

(6) Budgetary spending units of lower level on the National Assembly budget shall be determined by the Supreme Judicial Council.

(7) The budgetary spending units of lower level on the judiciary budget shall be determined by the Supreme Judicial Council.

(8) The second level state budget budgetary spending units, with the exception of the ones under Para. 6 and 7 shall be determined by a Council of Ministers instrument upon proposal of the first level budgetary spending unit in coordination with the Minister of Finances, unless otherwise provided by an act, and the ones of lower level – by an order of the relevant first level budgetary spending unit, about which the Minister of Finance shall be notified.

(9) The budgetary spending units on the budgets of the Bulgarian Academy of Science and the state higher schools, whose budgets are not part of the state budget, but their budget interrelations, confirmed by the State Budget Act for the relevant year shall be included in the budget of the relevant first level budgetary spending unit, shall have the status of a second level budgetary spending unit.

(10) The budgetary spending units of lower level on the budgets of the municipalities shall be determined by the Municipal council upon proposal of the Municipality Mayor.

(11) For budgetary spending unit of a lower level may be determined also the head of a structure unit of a budget organization, which is not a legal person.

(12) Second level and of lower level budgetary spending units shall apply delegated budget in the cases, where this has been provided by an act, as well as where on the basis of an act, they have been determined by the first level budgetary spending to apply a delegated budget.

(13) The first level budgetary spending units shall exercise control over the processes of planning, drawing up, implementation and accounting of the budgets of the budgetary spending units of a lower level.

Art. 12. (1) The central budget shall be administered by the Minister of Finance in compliance with the requirements of this act, of the State Budget Act for the relevant year and in implementation of Council of Ministers instruments.

(2) On the basis of an act or normative instrument of the Council of Ministers, certain receipts and payments of the central budget may be administered also by other budget organizations.

Art. 13. (1) The state budget, the budget of the state public insurance and the budget of the National Health-insurance Fund shall be adopted by the National Assembly by separate acts for the relevant budget year while providing compliance between them.

(2) The municipality budgets shall be adopted by the municipal councils under this act.

(3) The budgets of the Bulgarian Academy of Science, the state higher schools, the Bulgarian Telegraph Agency, the Bulgarian National TV and the Bulgarian National Radio shall be adopted by their governing bodies under the acts, providing their status while providing compliance of their budgets interrelations with the state budget.

(4) The budget parameters of the other economically differentiated persons and structure units, included in the consolidated fiscal programme shall be adopted by their governing bodies under the acts, providing their status, while providing compliance of their budget interrelations with the state budget.

Art. 14. (1) The major indicators of the budgets and the accounts for the EU funds shall be the revenues, assistance and donations, costs, their budget interrelations, the budget balance and the funding of the budget balance.

(2) The Minister of Finance shall confirm a single budget classification of unified codes for the major indicators and their composition elements, grouped on certain indicators.

(3) Planning, implementation and accounting of the indicators on the consolidated fiscal programme shall be carried out on a cash basis.

Art. 15. (1) The difference between the revenues, costs, budget interrelations and net operations on financing on the constitution budgets of the state budget, with the exception of the judiciary budget, shall be on the account of the budget interrelation with the central budget.

(2) For the purposes of composing and implementation of the budget, the amount under Para. 1. for the relevant budgets and for the central budget shall be resultative and indicative quantity.

Art. 16. (1) The tax-insurance and non-tax revenues shall be collected by natural and legal persons based on an act or other normative instrument, administrative instrument or contract.

(2) The tax-insurance revenues shall be defined according to the acting tax and insurance acts on the date of the enforcement of the annual Act on the State Budget.

(3) Amendments of the taxes and the obligatory insurance contributions in all their elements shall not be provided to be enforced earlier than the enforcement of the Act on the State Budget and/or the acts on the budgets of the National Health-insurance Fund and of the state public insurance for the relevant year or their amendment and supplementation.

(4) The Ministry of Finance shall draw up information about the impact on the tax costs on the budgets revenues, which shall be published on its internet site.

Art. 17. (1) The receipts are not objective ones and shall serve for covering the payments.

(2) The funds from assistance and donations on international programmes and agreements shall be spent under the requirements and clauses of the relevant programmes and agreements.

(3) The funds from a source state investment loan shall be spent under the clauses of the signed contracts.

(4) The funds and the available limits for payments on the budgets and accounts for EU funds, as well as the admissible and applicable forms of funding under this act may be used for financing of payments on the relevant programmes and projects, including in the cases, where no EU funds are due or from the relevant donor or creditor on other international programmes and agreements has been received or is available for payment

(5) The provision under Para. 4 shall apply under the condition that it does not contradict the relevant EU legislation, the agreements, conditions and requirements of the programmes and projects.

Art. 18. (1) The costs on the budgets of budgetary spending units shall be classified on indicators, based on economic and functional indication.

(2) The first level budgetary spending units on the budgets of the Council of Ministers, the Ministries and the state agencies shall apply programme form of budget.

(3) The costs on the budgets of the first level budgetary spending units, who apply programme form of a budget shall be classified also on areas of policies/functional areas and budget programmes of the competence and responsibility of the relevant first level budgetary spending unit.

Art. 19. The provision of normative instruments, which provide increasing of the costs, decreasing of

revenues and/or undertaking commitments for costs/payments, after the annual acts for the state budget, for the budget of the state public insurance and for the budget of the National Health-insurance Fund have been adopted, they should not be provided to be enforced earlier than their amendment or than their enforcement for the following budget year.

Art. 20. The public funds shall be governed while observing the following principles:

1. comprehensiveness – the governing of the public finances shall be carried out by budgets and accounts of the budget organizations, included in the consolidated fiscal programme and observation of the other persons of sector: State Governance".
2. accountability and responsibility – the public finances shall be governed in a way, which guarantees accountability and responsibility of the budgetary spending units;
3. adequacy – compliance of the fiscal policy with the macro-economic and social-economic targets;
4. economizing – acquiring with the smallest costs of the needed resources for realizing the activity of the budget organizations while observing the requirements for quality of resources;
5. efficiency – achieving the maximum results of the used resources while realizing the activity of the budget organizations;
6. effectiveness – the level of achieving the aims of the budget organizations while observing the real and expected results from their activity;
7. transparency – creating possibility for information of the public by providing public access to information about the macro-economic and budget prognosis, to data about the current implementation of the consolidated fiscal programme, as well as about the used methodologies/admittance laid down during their development;
8. sustainability – maintenance of current levels of the revenues and costs without a risk for playability of the state or about the ability for covering the obligations in a long-term plan;
9. legality – observation of the applicable legislation, of the domestic acts and agreements.

Art. 21. (1) The heads of budget organizations shall be responsible for building up, functioning and accountancy of systems of financial governance and control in compliance with the legislation in force.

(2) The persons under Para. 1 shall be responsible also for making a compliance assessment with the legislation in the areas of state assistance in the cases, where funds are granted on the account of the relevant budgets in favour of persons – non-budgetary organizations, including for:

1. costs, subsidies and paid financing, including in preferential conditions;
2. guaranties, capital transfers and missed revenues and benefits, as well as for other forms of assistance.

(3) The assessment under Para. 2 shall be carried out before granting the funds and in the cases, where the persons – non-budgetary organizations:

1. are free partially from payments to the budget under any form;
2. receive or grant rights, assets or services under conditions, different from the market ones;
3. receive selective preferences and concessions.

(4) The Minister of Finance shall give instructions for carrying out the assessment under Para. 2 and 3, related to application of the state assistance regime.

Chapter two. FISCAL RULES

Art. 22. (1) The Council of Ministers shall observe the fiscal rules under this act while drawing up, adopting and implementing the indicators of the consolidated fiscal programme.

(2) The first level budgetary spending units on the budgets of the National Assembly and of the

judiciary while drawing up and implementing their budgets shall observe the fiscal rules under this act.

(3) The municipal councils and Mayors, while drawing up, adopting and implementing the budgets of the municipalities shall observe the relevant fiscal rules under this act.

(4) The governing bodies of the social-insurance funds while drawing up and implementing their budgets shall observe the fiscal rules under this act.

(5) The governing bodies of the budget organizations, whose budgets are part of the state budget, but are included in the consolidated fiscal programme, while drawing up, adopting and implementing their budgets shall observe the fiscal rules under this act.

Art. 23. (1) The midterm budget objective for the structure deficit of sector "State governance" on a yearly basis shall not exceed 0.5% of the GDP. The midterm budget objective shall be calculated by not taking into consideration single measures and the measures of temporary nature.

(2) The midterm budget objective for the structure deficit on a yearly basis may exceed 0.5%, but not more than 1% of the GDP, under the condition that the amount of the consolidated debt of sector "State governance" is below 40% of the GDP and the risks from point of view of the long-term sustainability of the public finance are low.

(3) In case of a substantial deviation from the midterm budget objective for the structure deficit, according to the provision of Art. 10 of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, or from the measures for its achievement, automatic corrective mechanisms shall be initiated, determined by the National Assembly.

(4) The mid-term budgetary objective for the structure deficit on annual basis shall be updated every 3 years. It may be additionally updated in case of applying structure reforms, having substantial impact on the sustainability of the public finances, under the provisions of Art. 2a of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies.

Art. 24. (1) Non-fulfillment of the midterm budgetary objective for the structure deficit on an annual basis shall be admitted in extraordinary circumstances and under the condition, that its non-achievement shall be in an amount, which shall not threaten the sustainability of the public finances, under the provision of Art. 9 of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies in a midterm plan.

(2) temporary deviation from the midterm budgetary objective for the structure deficit on an annual basis shall be permitted while conducting substantial structural reforms, having big impact on the fiscal sustainability and under the condition that the maximum admissible amount of the deficit is not exceeded of sector State governance under Art. 25, Para. 2.

(3) An extraordinary circumstance shall be an unusual event, out of the control of the Council of Ministers, which has a serious impact on the financial position of sector State governance under the provision of Art. 9 of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies, or a period of economic flow down of above 3% in a real expression.

Art. 25. (1) The balance objective of sector State governance shall be achievement and/or maintenance of a zero or positive balance.

(2) The deficit of sector State governance on an annual basis, calculated on the basis of the methodology of the European system of national and regional accounts of the Community, shall not exceed 3% of the GDP.

(3) In case of a deficit if sector State governance on an annual basis, the Council of Ministers shall,

with a midterm budgetary prognosis, determine the term and steps for achieving a zero or positive balance.

Art. 26. (1) The annual growth shall not exceed the reference growth of the potential GDP. The scope of the costs and the methodology for calculation of the reference growth of the potential GDP shall be defined under the requirements of Council Regulation (EC) No 1466/97 of 7 July 1997 on the strengthening of the surveillance of budgetary positions and the surveillance and coordination of economic policies.

(2) Higher growth of the costs in reference to the one under Para. 1 shall be admitted only at compensating additional measures, leading to increase of the budgetary revenues. The additional measures should lead to sustainable increase of the revenues and should not have a single nature.

(3) Measures, leading to lasting decrease of the budget revenues shall be compensated by measures for lasting decrease of the costs.

(4) Over-implementation of the revenues for the current budget year shall not serve as a source for additional costs unless in the cases under Para. 5- 8.

(5) Para. 4 shall not apply to over-implementation of the revenues from insurance compensation and from assistance and donations.

(6) Para. 4 shall not apply to the budgets of the National Assembly, of the judiciary and to the municipality budgets, as well as to the budgets of the budget organizations under Art. 22, Para. 5.

(7) Para. 4 shall not apply to the delegated budgets, where by an act an expenditure of over-implementation of the revenues has been provided.

(8) On the account of over-implementation of the tax revenues on the state budget, the National Assembly, upon proposal of the Council of Ministers may approve additional costs and transfers on the state budget, while observing the fiscal rules under this act.

Art. 27. (1) The objective for the budget balance on the consolidated fiscal programme, calculated on a cash basis, shall be achieving and/or maintaining a zero or positive balance.

(2) In case of expected negative deviation from the annual objective for the budget balance on the consolidated fiscal programme, the Minister of Finance shall propose to the Council of Ministers to approve compensating measures.

(3) In case that the measures under Para. 2 impose changes of basic indicators of the state budget and/or of the budgets of the social insurance funds, the Council of Ministers shall introduce to the National Assembly a proposal for amendment of the State Budget Act and/or of the acts on the budget of the state public insurance and of the National Health-insurance Fund.

(4) The annual budget deficit on the consolidated fiscal programme, calculated on a cash basis shall not exceed 2% of the GDP.

(5) Annual budget deficit in the amount, exceeding the one under Para. 4 shall be admitted in extraordinary circumstances and under a condition, that the maximum admissible amount of the deficit of sector State governance under Art. 25, Para. 2 is not exceeded.

(6) In case of a deficit on the consolidated fiscal programme, calculated on a cash basis, in the midterm budget prognosis and in the State Budget Act, measures shall be provided for its annual decrease to reaching a zero or positive budget balance.

Art. 28. The maximum amount of the costs on the consolidated fiscal programme shall not exceed 40% of the GDP.

Art. 29. (1) The nominal amount of the consolidated debt of sector State governance at the end of each year shall not exceed 60% of the GDP.

(2) In case of exceeding the debt under Para. 1 above 60% of the GDP in the midterm budget prognosis and in the State Budget Act, measures shall be provided for its annual decrease in the amount of not

less than 5% of the established increase, to reaching the ratio under Para. 1.

(3) The consolidated debt of sector State governance at the end of each year as a ratio to the GDP shall not exceed the ratio of the previous year, until this ratio is above 60%.

(4) In the cases under Para. 2 of the State Budget Act for the relevant year may be provided additional restriction for taking a debt by the municipalities and the social-insurance funds, including in each municipality and in social-insurance funds.

Art. 30. The midterm objective for the budget balance on the municipality budget, calculated on a cash basis, shall be keeping to a balanced budget.

Art. 31. (1) The average pace of increasing of the costs for local activities on the municipality budgets for the prognosis midterm period shall not exceed the midterm pace of increasing of the accounted costs for local activities for the last 4 years.

(2) Higher pace of costs increasing to the one under Para. 1 shall be admitted only at compensation by additional measures, leading to increasing of the budget revenues. The additional measures should lead to sustainable increase of the own municipal revenues and should not have single nature.

(3) Measures, leading to long-term decreasing of the budget revenues on the municipality budgets shall be compensated by measures for long-term decreasing of the costs.

Art. 32. (1) The annual amount of payments on the municipal debt for each municipality in each year shall not exceed 15% of the midterm amount of own revenues and the general even subsidy for the last 3 years, calculated on the basis of data of the annual reports on the municipality budget implementation.

(2) The nominal of the issued during the current budget year municipal guaranties shall not exceed 5% of the total sum of the revenues and the total levelling subsidy on the last annual report on the implementation of the municipal budget.

(3) The annual amount of payments on the debt shall include the due principal, interests, fees, commissions and other payments on the taken municipal debt.

(4) Where a forthcoming payment on an existing debt, which is a subject to re-financing shall be due on a date, preceding the date of taking the re-financing debt, the municipality shall obligatorily keep a monetary reserve for the forthcoming payment on the existing debt within the frames if the amount, defined by Para. 1.

(5) The restriction under Para. 1 shall not include the debt of the municipalities on temporary interest-free loans and on provided loans from other persons from sector State governance.

(6) The State Budget Act for the relevant year may define a maximum amount of the debt. Which may be undertaken by the municipality during the budget year out of the restriction under Para. 1 and apart from the cases under Para. 5 for advance financing of payment on projects, financed by EU funds.

Art. 33. (1) The social-insurance funds shall not be able to take a debt, with the exception of:

1. temporary loans interest-free

2. debt on international programmes and agreements, ratified by the National Assembly;

3. financial leasing and other forms of debt, different from monetary loans and emissions of securities.

(2) The acts on the budget social-insurance funds for the relevant year may define limits for taking a loan under Para. 1, p. 3.

(3) The social-insurance funds shall not issue guaranties.

Art. 34. (1) The state higher schools, the Bulgarian Academy of Science, the BNTv, the Bulgarian National Radio and the Bulgarian telegraph Agency shall not take debt, with the exception of:

1. temporary interest-free loans;

2. debt on international programmes and agreements, ratified by the National Assembly;
3. financial leasing and other forms of a debt, different from monetary loans and emissions of securities.

(2) The State Budget Act may define the limits for taking a debt under Para. 1, p. 3.

(3) The persons under Para. 1 shall not be able to issue guaranties.

(4) The provisions of Para. 1 – 3 shall apply also to all remaining persons of subsector Central governance, whose budgets are included in the consolidated fiscal programme and are not part of the state budget, apart from the ones under Para. 5.

(5) The provisions under Para. 1 – 3 shall apply also to the persons of subsector Central governance, whose funds and operations have been included in the consolidated fiscal programme under Art. 171, unless otherwise provided by an act.

Art. 35. (1) The Minister of Finance shall determine the procedure, way and terms for providing information about the state and movement of the debt of the municipalities and of the social-insurance funds, including about their intentions for taking a debt, as well as about issuing guaranties by the municipalities.

(2) The Minister of Finance may require information about the state and movement of the debt also from other subjects, which fall in the scope of sector State governance.

Art. 36. (1) The official information about the consolidated debt of sector State governance shall be published by the Ministry of Finance in the month, following the month, during which these data are published by the European Commission (Eurostat).

(2) The official information about the guaranties of sector State governance shall be published by the Ministry of Finance in the month, following the month, during which these data are published by the European Commission (Eurostat).

Art. 37. (1) The State Budget Act for the relevant year shall define the restrictions for the maximum amount of:

1. the new state debt, which may be taken during the year, by pointing separately the maximum amounts of the debt taken:

a) on the Act on the State Debt;

b) through financial leasing and the other forms of a debt under Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty Establishing the European Community (OJ, L 145/1 of 10 June 2009);

2. the new state guaranties under the Act on the State Debt, which may be taken during the year;

3. the state debt at the end of the year;

4. other guaranties, for which this is provided by an act.

(2) The State Budget Act for the relevant year may define also restrictions for the maximum amount of the debt of subsector Central governance.

(3) The State Budget Act for the relevant year shall include also all approved by the Council of Ministers investment projects and specific programmes under the Act on the State Debt, which will be funded by state or state-guaranteed loans.

(4) The State Budget Act for the relevant year shall include also projects, exceeding a value threshold, defined by a Council of Ministers instrument, which will be funded by a finance leasing and other forms of a state debt outside the ones under the Act on the State Debt.

(5) Para. 4 shall not apply to the budgets of the National Assembly and of the judiciary.

Art. 38. The sums, due for interests and paying off on the principal of the state debt shall be a priority obligation of the state budget.

Art. 39. The decision for adoption of the municipal budget for the relevant year of the Municipal council shall define:

1. the maximum amount of the new municipal debt;
2. the municipal guaranties, which may be issued during the year;
3. the maximum amount of the municipal debt and the municipal guaranties at the end of the budget year.

Art. 40. The sums, due for interests and payment off of the principal of the municipal debt shall be a priority obligation of the municipal budget.

Art. 41. The annual State Budget Act shall define the maximum level of the fiscal reserve at the end of the year.

Chapter three. **STRUCTURE OF THE BUDGETS**

Section I. **Structure of the State Budget**

Art. 42. (1) The state budget shall include the central budget, the separate budgets of the National Assembly and of the judiciary, the budgets of the executive bodies of the other state bodies and of the budget organizations apart from the ones under Para. 2.

(2) The state budget shall not include the single municipality budgets, the budgets of the social-insurance funds and of the budget organizations under Art. 13, Para. 3 and 4.

(3) The state budget shall envisage reserved for unforeseen needs and/or urgent costs – on the central budget, on the budget of the National Assembly and of the judiciary. The amount of the reserves shall be defined by the State Budget Act for the relevant year.

Art. 43. (1) The basic receipts and payments of the central budget shall include the revenues from taxes, receipts and payments as a result of emitting and servicing of state securities and loans in support of the payment balance, costs, related to servicing accounts and payments, receipts from privatization, payment of the contribution to the EU general budget, as well as transfers for budgets and accounts for the EU funds.

(2) Through the central budget costs shall be envisaged and funding shall be provided for the other budgets, included in the consolidated fiscal programme, as well as for other persons. The costs shall be carried out under this act, the State Budget Act for the relevant year and on the bases of a Council of Ministers instrument.

(3) The reserve for unforeseen and/or urgent costs on the central budget shall be spent on the basis of a Council of Ministers instrument.

Art. 44. (1) The reserve for unforeseen and/or urgent costs on the National Assembly budget shall be spent upon decision of the President of the National Assembly.

(2) The reserve for unforeseen and/or urgent costs on the judiciary budget shall be spent upon decision of the Supreme Judicial Council.

Section II. **Structure of the Municipal Budget**

Art. 45. (1) The municipal budget shall include:

1. revenues from:

- a) local taxes – under conditions and procedure and in borders, provided by an act;
- b) fees – under conditions and procedure and in borders, provided by an act;
- c) services and rights, provided by the Municipality;
- d) disposal of municipal property;
- e) fines and property sanctions;
- f) interests and defaults;
- g) other receipts;
- h) assistance and donations;

2. costs for delegated by the state and for local activities, as well as in a functional section under the single budget classification for:

- a) staff;
 - b) maintenance;
 - c) interests;
 - d) assistance and compensation for households;
 - e) current subsidies;
 - f) capital costs;
3. budget interrelations with the central budget and with other budgets and accounts for EU funds
4. budget balance;
5. financing.

(2) The state shall compensate the decreasing of revenues under Para. 1, p.1, letters “a” and “b” where it comprises form conducting the state policy.

Art. 46. (1) On the budgets and the second level and lower level budgetary spending units on the municipal budgets shall not be envisaged revenues with the exception of assistance and donations.

(2) Para. 1 shall not apply to delegated budgets.

Art. 47. The Municipal budget shall be public and shall be controlled by the local community in a procedure, determined by the Municipal Council and by the competent bodies, selected by an act.

Chapter four.

BUDGETARY INTERRELATIONS

Section I.

Interrelations of the State Budget with the Budgets of the State Social Insurance, of the National Health-insurance Funds and with other Budgets and Accounts

Art. 48. (1) The budget interrelations of the state budget with the budgets of the social-insurance funds shall be determined under conditions and procedure, provided by special acts.

(2) The annual amount of the budget interrelations under Para. 1 shall be determined by the State Budget Act for the relevant year.

(3) The indicators on the budgets of the state public insurance and of the National Health-insurance Fund and the other social-insurance funds shall comply with the relevant indicators on the state budget and of the accounts of the consolidated fiscal programme.

(4) In case of failure to fulfill the revenues on the budgets of the state public insurance and of the health-insurance Fund, the Council of Ministers may approve additional transfers from the central budget on the budgets of the state public insurance and of the national Health-insurance Fund for the financing of their

confirmed costs, if this does not lead to worsening of the budget balance on the consolidated fiscal programme and there are no possibilities for financing with the availability in their accounts.

(5) In case of exceeding the provided costs for pensions, assistance and compensations, paid off by the budget of the state public insurance, the Council of Ministers may approve additional transfers from the central budget on the budget of the state public insurance, if this does not lead to worsening the budget balance on the consolidated fiscal programme and there are not possibilities for financing on the account of over-implementation of the revenues on the budget of the state public insurance.

Art. 49. (1) The state budget shall include also the budget interrelations with other budget organizations under Art. 13, Para. 3 and 4 under the conditions and procedure, provided by the relevant special acts.

(2) The provided funds under Para. 1 shall be provided through the budget of the relevant first level budgetary spending unit or directly by the central budget, where this is provided by an act or Council of Ministers instrument.

Art. 50. The state budget shall provide transfers for accounts for EU funds.

Section II.

Interrelations of the Municipal Budget with the State Budget and with other Budgets and Accounts

Art. 51. (1) The budget interrelations, including their amount in types between the municipal budgets and the state budget shall be determined by the State Budget Act for the relevant year.

(2) The budget interrelations under Para. 1 may be amended under this act on the basis on another act or Council of Ministers instrument, if this has been provided by an act.

Art. 52. (1) The budget interrelations of the municipal budget with the central budget shall include:

1. transfers for:

- a) general subsidy for financing the delegated by the state activities;
- b) local activities, including a general levelling subsidy;
- c) target subsidy for capital costs;
- d) other target costs;
- e) financial compensations from the state;

2. temporary interest-free loans.

(2) The municipal budget shall include also the budget interrelations with other budgets and accounts for funds from the EU.

(3) The funds under Para. 1, p. 1 shall be provided in the basis of the State Budget Act for the relevant year and/or by a Council of Ministers instrument.

(4) The funds under Para. 1, p.1, letters "a", "b" and "c" shall be provided in terms, defined by the State Budget Act for the relevant year.

Art. 53. (1) The state shall finance the delegated to the municipalities state activities by a general subsidy for these activities.

(2) The general subsidy for financing of the delegated by the state activities shall be determined on the basis of adopted by the Council of Ministers standards for financing and natural indicators for the relevant activity.

Art. 54. (1) The general levelling subsidy for local activities has been intended to provide minimal level of the local services in the municipalities. The mechanism for the distribution of the general levelling

subsidy on municipalities shall be determined by the State Budget Act for the relevant year.

(2) The amount of the general levelling subsidy shall not be smaller than 10% of the report of the own revenues of all municipalities on the last annual report for the cash implementation of their budgets.

(3) The draft mechanism under Para. 1 shall be coordinated with the National Municipality Association in the Republic of Bulgaria.

Art. 55. (1) The amount of the target subsidy for capital costs and the mechanism for its distribution on municipalities shall be determined by the State Budget Act for the relevant year.

(2) The draft mechanism under Para. 1 shall be coordinated with the National Municipality Association in the Republic of Bulgaria.

Art. 56. (1) With the amendments under this act the amount of the budget interrelations of the municipalities with the central budget shall be considered as amended from the date, indicated in the written notification of the Minister of Finance.

(2) The amendments on the indicators of the municipal budget as a result of received as transfer or temporary interest free loan amounts from the state budget and from other budgets and accounts shall be carried out without a Municipality council decision to be needed.

Chapter five.

FINANCIAL INTERRELATIONS WITH THE EU GENERAL BUDGET AND WITH OTHER INTERNATIONAL PROGRAMMES AND AGREEMENTS

Section I.

Payments to the EU General Budget

Art. 57. (1) The amount of the contribution from the central budget in the EU general budget shall be approved by the State Budget Act for the relevant year and shall be determined in compliance with the EU legislation on the system of the own funds of the European Communities.

(2) The contribution under Para. 1, the interests for delayed provision and the other corrections shall be transferred on an account, open in the Bulgarian National Bank on the name of the European Commission under the conditions and terms, established by the EU legislation on the system of the European Communities own funds.

Art. 58. Funds for other contributions and payments to the EU budget shall be provided from the state budget.

Section II.

Financial Interrelations at EU Funds Direction and other International Programmes and Agreements

Art. 59. Receiving spending and direction of the funds from the assistance, granted to the Republic of Bulgaria on EU programmes and mechanisms and on other international programmes and agreements shall be carried out in compliance with the applicable EU and national legislation and the requirements of the relevant programmes and agreements.

Art. 60. The national co-financing on EU programmes and mechanisms and on other international programmes and agreements may be provided:

1. from the budget of the budget organization – beneficiary;

2. through a transfer from the central budget or other budget.

Art. 61. For covering of higher than the calculated assumption of the assistance funds, provided to the Republic of Bulgaria from the EU, the Council of Ministers may approve provision of additional financing while observing the fiscal rules on this act.

Art. 62. The bodies, responsible for the financial governance of the EU funds shall be obliged to undertake the needed actions for collection of non-due paid and overpaid sums, as well as of irregularly received or assumed funds on projects, including the related to them national co-financing, as well as of the fines and other monetary sanctions, provided by the national legislation and in the EU law or in the clauses of other programmes and agreements.

Art. 63. In case of imposed financial corrections, where they are not subject to restoration by the beneficiaries and the source of the paid off non-admissible costs are the accounts for the EU funds, they shall be restored within the frames of the budget year to those accounts from the budget of the first level budgetary spending unit in whose structure is the body for financial governance of the relevant programme/mechanism, unless by an act or Council of Ministers instrument provides otherwise.

Art. 64. (1) In the cases, where projects are withdrawn from financing with funds from the EU, the body for financial governance of the relevant programme/mechanism shall interrupt payments, where the paid off non-admissible costs for these project shall be on the account of the budgetary spending unit, in whose structure the body is.

(2) The sums under Para. 1 shall be restored from the budget of the first level budgetary spending unit, in whose structure the body is, on the relevant accounts for EU funds or on the relevant budget, from which they have been received.

(3) The needed financial resource for finalization of the projects under Para. 1 shall be provided from the budget of the first level budgetary spending unit, in whose structure the body for financial governance of the relevant programme/mechanism is, within the frames of the midterm budgetary prognosis. This provision shall be applied as far as there is no termination of the agreement or procedures, undertaken for termination of the agreement.

(4) Para. 1 - 3 shall apply, unless an act or Council of Ministers instrument provides otherwise.

Art. 65. The provisions of art. 61-64 shall apply respectively also to the funds from other international programmes and agreements, unless an act or Council of Ministers instrument provides otherwise.

Chapter six. DRAWING UP THE BUDGETS

Section I. Drawing up Midterm Budget Prognosis of the State Budget and of the Budgets of the State Public Insurance and of the National Health Insurance Fund

Art. 66. (1) The Council of Ministers through the Minister of Finance shall organize the drawing up of midterm budget prognosis of the state budget draft.

(2) The midterm budget prognosis under Para. 1 shall be drawn up for the term of 3 years.

Art. 67. (1) Annually within the term of up to 31 January the Council of Ministers, upon proposal of

the Minister of Finance shall adopt the budget procedure on drawing up of midterm budgetary prognosis and of the state budget draft for the following year.

(2) The budget procedure shall include the stages, terms, distribution of the responsibilities and requirements for drawing up the midterm budgetary prognosis and the state budget draft.

(3) The budget procedure shall cover all budgetary spending units on the budgets of the budget organizations.

(4) With the budget procedure the Council of Ministers may determine first level budgetary spending units apart from those under Art. 18, Para. 2, who apply programme format of budget.

(5) The budget procedure shall cover also legal persons, controlled by the state and/or by the municipalities, which are not part of the consolidated fiscal programme but fall in the scope of sector State governance.

(6) The Minister of Finance shall give instructions on the implementation of the budget procedure.

(7) The National statistical institute shall provide information about the persons under Para. 5 falling in the sector State governance, including in sub-sectors. The scope, terms and procedure for providing the information shall be coordinated between the Minister of Finance and the president of the National statistical institute.

Art. 68. (1) Within the frames of the budget procedure the Minister of Finance shall draw up a spring and autumn macro-economic prognosis within the term respectively – by 25 March and by 25 September.

(2) The macroeconomic prognosis, including the basic admittance on which this prognosis is based, shall be published on the internet site of the Ministry of Finance within the term of up to 10 days after their drawing up.

Art. 69. (1) The budget prognosis and draft budgets shall be developed:

1. by the budgetary spending units on the budgets of the budget organizations, including the municipalities – on indicators of the single budget classification;

2. by the first level budgetary spending units, who apply programme format of a budget – and on areas of policies and budget programmes;

3. by first level budgetary spending unit on the National assembly budget – an on functional areas and budget programmes;

4. for the judiciary budget – and on judiciary bodies;

5. for the state higher schools and for the Bulgarian academy of Science – through the relevant first level budgetary spending unit, consolidated also on separate budgets on indicators of the single budget classification.

(2) The budgetary spending units shall develop their budget prognosis and draft budgets while observing the spending levels and/or amounts of budget relations, approved by the Council of Ministers with the last midterm budget prognosis of the budget procedure and of the Minister of Finance instructions.

(3) The information for the delegated by the state activities, funded by the state budget through the municipality budgets shall be provided to the Minister of Finance on municipalities by the Ministers, responsible for conducting the relevant policy.

(4) The first level budgetary spending units shall produce to the Minister of Finance their budget prognosis and draft budgets.

(5) The first level budgetary spending units shall also produce a prognosis for receiving and spending EU funds and funds from other international programmes and agreements.

(6) The first level budgetary spending units on the National Assembly budget and the one of the judiciary shall introduce their budget prognosis and draft budgets to the Council of Ministers within the terms, determined by the budget procedure. The budget prognosis and draft budgets shall be produced to the

Minister of Finance for drafting a midterm budget prognosis and of the draft state budget within the terms, determined by the budget procedure.

(7) The Minister of finance shall notify in writing the National Assembly and the Supreme judicial council about his/her opinion on the draft budgets of the National Assembly and of the judiciary under Para. 6.

(8) In case of differences under Para. 6 and 7 on the draft budget of the National Assembly, the final draft budget of the National assembly shall be coordinated by the President of the National Assembly and the Prime Minister or by officials, authorized by them, which shall be included as a part of the draft state budget.

(9) In view of the midterm budget prognosis, the legal person who fall in the scope of sector State governance and are not part of the consolidated fiscal programme shall produce to the relevant first level budgetary spending units information and assessment of their prognosis in indicators, determined by the instructions under Art. 67, Para. 6.

Art. 70. (1) In the cases, where first level budgetary spending units – with the exception of the budgetary spending units on the budgets of the National Assembly, of the judiciary and municipalities – have produced prognosis, which do not comply with the requirements and form for the preparation and provision of information, related to the budget procedure, the Minister of finance shall return the relevant draft for re-drafting with a term, set by him/her.

(2) Where the budgetary spending units under Para. 1 have not produced or have not re-drafted their drafts under the determined by the minister of Finance requirements and terms, the Minister of Finance shall draw up the drafts of the midterm budget prognosis and of the state budget for the following year in compliance with the priorities of the fiscal policy on the basis of the developed by the Ministry of Finance assessments and prognosis.

Art. 71. (1) Within the frames of the budget procedure the Council of Ministers upon proposal of the Minister of finance shall adopt standards for the delegated by the state activities with natural and value indicators.

(2) The standards under Para. 1 shall serve for determining the total amount of the finds for financing of the delegated by the state activities and for their distribution on first level budgetary spending units.

(3) The standards for the delegated by the state activities shall be developed in cooperation with the relevant minister, the national municipality association in the Republic of Bulgaria and the Minister of Finance.

(4) The standards under Para. 1 may be changed in implementation of a normative act.

Art. 72. (1) Annually within the term of up to 20 April, the Council of Ministers, upon proposal of the Minister of Finance shall approve the midterm budget prognosis for the following 3 years, as well as updating of the strategy for governance of the state debt under the Act on the State Debt.

(2) The midterm budget prognosis shall be developed by the Ministry of Finance on the basis of:

1. the most probable or on the more conservative macroeconomic scenario, based on the spring macroeconomic prognosis;

2. the confirmed by the last midterm budget prognosis fiscal objectives, policies and cost limits and/or budget relations;

3. assessment of the direct impact of the foreseen policies on the long-term sustainability of the public finances;

4. the budget prognosis of the first level budgetary spending units for the following 3 years;

5. the assessments of the ministry of finance of the prognosis of the first level budgetary spending units;

6. other assessments and prognosis, which may include also prognosis and assessments for the debt of subsector Central governance of the social insurance funds and of subsector Local governance.

(3) In case of a change of the fiscal objectives and policies to the ones under Para. 2, p. 2, the

differences shall be reflected in the midterm budget prognosis.

(4) The approved midterm budget prognosis shall be published on the internet site of the Ministry of Finance and shall be produced for information to the National Assembly.

Art. 73. The midterm budget prognosis shall contain:

1. description of the priorities of the government policies;
2. the basic admittances, in which it is developed;
3. admittances for the development of the national and world economy, including macroeconomic scenario;
4. the purposes of the fiscal and budget policy, bound by the laid down in this act fiscal rules and restrictions and basic principles for governance of the public finances;
5. information about the last reporting year about the current year and prognosis for basic budget indicators for the following 3 years;
6. the limits of the costs on certain first level budgetary spending units or summarized for a group of first level budgetary spending units and/or of the budget relations for the following 3 years.

Art. 74. (1) The Minister of Finance shall coordinate with the first level budgetary spending units their cost limits and/or the amount of their budget interrelations on the midterm budget prognosis.

(2) The Minister of finance shall coordinate with the National municipality association in the Republic of Bulgaria the amount of the budget relations of the central budget with the municipality budgets on the midterm budget prognosis.

Art. 75. (1) While developing the midterm budget prognosis and of the draft state budget, the Ministry of Finance shall make comparison of its updated macroeconomic prognosis under Art. 68 with the one of the European Commission and shall give its arguments in case of substantial differences.

(2) The macroeconomic prognosis under Art. 68 may be compared to the ones of other independent organizations.

Art. 76. The convergent programme, the National programme for reforms and the midterm budget prognosis shall be developed in equal macroeconomic and fiscal prognosis and admittances.

Art. 77. (1) Within the terms of the budget procedure, the National municipality association in the Republic of Bulgaria may make proposals for the total amount of the interrelations of the municipal budgets with the central budget and other proposals on the draft state budget for the relevant year in its part for the municipalities and shall produce them to the Ministry of Finance.

(2) The Minister of Finance shall conduct consultations with the National municipality association in the Republic of Bulgaria on the proposals under Para. 1, made by them.

(3) for the consultations under Para. 2 a bilateral protocol shall be drawn up.

Art. 78. The Minister of Finance shall develop the draft state budget and the draft of the updated midterm budget prognosis in interrelation with the first level budgetary spending units on the basis of:

1. the most probable or more-conservative macroeconomic scenario, based on the autumn prognosis of the Ministry of finance for the development of the national economics;
2. the draft budgets of the first level budgetary spending units for the relevant year and the calculations for the following 2 years, developed at obligatory observation of the approved spending limits and/or budget interrelations;
3. the draft budgets of the National Assembly and of the judiciary and the calculations for the following 2 years, while taking into consideration their approved recommended spending limits.

4. other assessments and prognosis.

Art. 79. (1) The Minister of Finance shall draw up and introduce to the Council of Ministers:

1. the draft act on the state budget;
2. the draft of the updated midterm budget prognosis by reflecting the recommendations of the EU Council and the differences between the macroeconomic scenario of the spring and autumn prognosis of the Ministry of Finance;
3. the draft opinion of the Council of Ministers on the draft budget of the judiciary;
4. the protocol of the consultations with the National municipality association in the Republic of Bulgaria;
5. other documents, determined by the budget procedure.

(2) The Minister of Finance shall introduce to the Council of Ministers the Draft Act on the State Budget with the programme formats of budgets of the first level budgetary spending units on the state budget.

(3) The Council of Ministers shall approve the Draft Act on the State Budget, the updated midterm budget prognosis and shall adopt the opinion on Para. 1, p. 3. The parameters of the approved Draft Act on the State Budget shall comply with the parameters of the updated midterm budget prognosis.

(4) Within the term by 31 October the Council of Minister shall introduce to the National Assembly the approved Draft Act on the State Budget with the updated midterm budget prognosis, representing the motives to it, as well as the adopted opinion on Para. 1, p. 3.

(5) In case of a need within one month term from the introduction to the national Assembly of the Draft Act on the State Budget, the first level budgetary spending units on the budgets of the Council of Minister, of the Ministries, of the state agencies and of the other budget organizations, which apply budget programme format, shall submit to the President of the National Assembly the final drafts of the budget programme formats for discussion in the permanent commissions and shall publish them on their internet sites while observing the requirements of the Act on Protection of Classified Information.

(6) The final drafts of budget programme formats under Para. 5 shall comply to the indicators of the approved draft act and on the updated midterm budget prognosis.

(7) If needed, the Council of Ministers, upon proposal of the Minister of Finance within 1 month term from the publication of the State Budget Act, the Act on the Budget of the State Public Insurance and the Act on the Budget of the National Health insurance Fund for the relevant year shall approve changes in the updated midterm budget prognosis under Para. 3 in compliance with the parameters of the adopted acts.

(8) If needed, within 1 week term from the approved changes under Para. 7, the first level budgetary spending units, who draw up programme format of their budgets, shall update them and shall publish them on their internet sites while observing the requirements of the Act on Protection of the Classified Information.

Art. 80. (1) The procedure for drawing up the budgets of the state public insurance and the National Health-insurance Fund shall be determined in compliance with special acts, unless otherwise provided by this act.

(2) The National Insurance Institute and the National Health-insurance Fund, within the terms, determined by the budget procedure shall produce to the Minister of Finance the information, needed for the development of the midterm budget prognosis of the draft of the state budget for the relevant year.

Art. 81. With the Draft Act on the State Budget, the Council of Ministers may propose amendments and supplementation in other acts only where they are related to the drawing up, implementation and reporting of the consolidated fiscal programme.

Section II.

Drawing up of Budget Prognosis of the Local Activities for the Following 3 Years of the Municipal

Budget

Art. 82. (1) The Municipal council shall adopt an ordinance on the conditions and procedure for drawing up the budget prognosis of the local activities for the following 3 years, for drawing up, adoption, implementation and reporting the municipal budget. developed while observing the principles, rules and procedures under this act. The ordinance may determine the Municipality budget, to be drawn up, adopted, implemented and reported also in programme format.

(2) The Municipality Mayor shall organize drawing up of the budget prognosis also of the municipality budget, while observing the instructions under Art. 67, Para. 6.

(3) The budget prognosis for the local activities shall also include prognosis for:

1. the municipal accounts for the EU funds – on basic indicators;
2. the dynamic and state of the municipal debt and of the debt, guaranteed by the Municipality;
3. the revenues, costs and the remaining indicators under Art. 14 for the controlled by the Municipality persons, which fall in subsector Local Government and whose operations and funds have not been included in the Municipal budget;
4. the finances of the controlled by the Municipality companies and other persons, including information on the prognosis revenues, costs and investments, the expected dynamics and the condition of their debt, financial results, expected amount of the dividend for the Municipality, prognosis values of EU projects and programmes;
5. the expected effect on the indicators of the municipal finances, including for the persons under p. 3 and 4 of the public-private partnerships and concessions for the prognosis term and by the end of the force of the relevant contracts, as well as of other substantial, finalized or planned deals and operations of the Municipality and its sub-administrative budgetary spending units, which have not direct cash effect on the Municipality budget for the period of the prognosis.

(4) The Minister of Finance may give instructions about the volume, form and contents of the information under Para. 3.

(5) The Ministry of Finance may request from the relevant Municipality to provide to him/her the information under Para. 3.

Art. 83. (1) The Municipality Mayor shall develop the budget prognosis of the Municipality with the assistance if the City Hall Mayors and region Mayors on the basis of:

1. the instructions under Art. 67, Para. 6 and Art. 82, Para. 4;
2. the admittance about the region development;
3. the adopted by the Municipal Council strategy, prognosis on development of the Municipality and the development municipal plan;
4. fiscal rules and restrictions, provided by this act;
5. the proposals of the local community;
6. the proposals of the second level and lower level budgetary spending units, as well as of the budget organizations with municipal property.

(2) The Municipality Council shall approve the budget prognosis on proposal of the Municipality Mayor.

(3) The Municipality Mayor shall produce to the Ministry of Finance the budget prognosis within the terms, determined by the budget procedure.

Art. 84. (1) The Municipality Mayo shall develop the draft municipal budget according to the indicators under Art. 45, Para. 1 with the assistance of the City Hall Mayors and region Mayors on the basis of:

1. the approved by the Council of Ministers midterm budget prognosis, including the amount of the

budget relations of the state budget with the Municipalities, as well as the approved budget prognosis under Art. 83, Para. 2;

2. the instructions under Art. 67, Para. 6 and Art. 82, Para. 4;
3. The distribution of the activities and the determined natural and value indicators about the delegated by the state activities under the relevant special acts;
4. the obligations on alleged receipts on enforced judicial decisions;
5. the prognosis on the expected amount of new obligations for costs and for undertaking commitments for costs;
6. the obligations on financing the municipal debt and the intentions for taking a new municipal debt, as well as the maximum amount of the municipal debt and of the municipal guaranties at the end of the budget year;
7. the obligations on national and regional programmes and projects;
8. other budget, reporting and statistical indicators on cash and deficit basis;
9. other assessments and prognoses.

(2) The Municipality Mayor shall produce the draft budget for public discussion by the local community within the term not later than 30 November by announcing the discussion date at least 7 days before on the Municipality internet site and in the local media. The public discussion shall be held in a procedure, determined by the Municipal Council. For the received proposals a protocol shall be drawn up, which shall be introduced to the Municipal Council with the final draft budget.

(3) The draft budget shall be accompanied by calculations in indicators on the single budget classification, provided by the instructions under Art. 67, Para. 6, by an indicative annual calculations for the accounts of the EU funds and by the prognosis under Art. 82, Para. 3.

(4) The Municipality Mayor shall introduce to the Municipal Council the final draft budget of the Municipality, the indicative annual calculations for the accounts of the EU funds and the prognosis under Art. 82, Para. 3 within the term of up to 20 working days from the publication of the State Budget Act for the relevant year.

Chapter seven. ADOPTION OF THE BUDGETS

Section I.

Adoption of the State Budget and of the Budget of the state public insurance and of the National Health – insurance Fund

Art. 85. (1) The drafts of the state budget, of the budget of the state public insurance and of the budget of the National Health-insurance Fund shall be examined under the procedure, provided by the Rules on the organization and activity of the National Assembly.

(2) The commission, responsible for the budget, while examining the draft budgets under Para. 1, shall summarize the opinions of the permanent commissions of the National Assembly and the proposals of the MPs and shall pronounce on them while observing the proposed by the Council of Ministers budget balance in the draft budgets under Para. 1.

(3) The budgets of the budget organizations, applying programme format of a budget, shall be produced to the permanent commission of the National Assembly by the relevant first level budgetary spending unit.

(4) Upon request by the permanent commission of the national Assembly, the budget organizations shall provide additional information and explanations on the draft budgets under Para. 1 and on the budgets under Para. 3.

Art. 86. (1) With the examination of the draft budget on the state budget, the National Assembly shall hear a report of the Minister of Finance on the state budget, of the President of the National Assembly on the budget of the National Assembly, of a selected by the Supreme Judicial Council representative on the judiciary budget, reports of the sector Ministers, responsible for the policy of the relevant sector, as well as a report of the chairperson of the permanent commission of the National Assembly, responsible for the budget.

(2) The state budget shall be adopted by an act, which shall include:

1. summarized indicators for the state budget on cash basis for the revenues, assistance and donations, costs, budget interrelations, the contribution in the EU general budget, the budget balance and operations in the part of the financing, the budget interrelations of the state budget with the budgets of the Municipalities, of the social and health insurance funds and with other budgets and accounts, falling in the scope of the consolidated fiscal programme;

2. the budgets of the first level budgetary spending units – part of the state budget, on basic indicators on cash basis for the revenues, assistance and donations, costs, budgets interrelations, budget balance and operations in the part of financing;

3. the costs on the budgets of the first level budgetary spending units, who apply programme budget format - in areas of policies and/or budget programmes, and the costs of the National Assembly – in functional areas;

4. the judiciary costs, including on bodies;

5. the maximum amounts of commitments for costs, which may be taken during the year by the first level budgetary spending units under p. 2;

6. the maximum amounts of the new obligations for costs, which may be loaded during the year by the first level budgetary spending units under p. 2.

(3) The State Budget Act may define indicators under Para. 2, p. 5 and 6 and under Para. 5 and for the budgets of the remaining budgetary spending units, which are not part of the state budget, with the exception of the Municipality budgets and for the budgets of the social-insurance funds – the relevant cats under Art. 89 and 90.

(4) The State Budget Act may define limits for costs for staff on the budgets of the first level budgetary spending units on the state budget, as well as to authorize the Council of Ministers to define such by the decree on the implementation of the state budget on the budgets of the relevant budgetary spending units, with the exception of the budgets of the National Assembly and of the judiciary.

(5) The State Budget Act may also define other indicators.

Art. 87. (1) In case that by the beginning of the budget year the state budget is not adopted by the National Assembly, the revenues on the budget shall be collected in compliance with the acts in force and the costs shall be made in amounts, by accounting enforced normative instruments of the National Assembly and of the Council of Ministers, which provide additional or decreases budget funds and at observation of the fiscal rules under this act and the approved by the Council of Ministers fiscal objectives with a midterm budget prognosis.

(2) The provision of Para. 1 shall not be applied more than 3 months.

(3) In the cases, where the state budget has not been adopted within the term under Para. 2, the National Assembly, upon proposal of the Council of Ministers shall determine by a decision an additional term for collecting revenues and making costs.

Art. 88. The first level budgetary spending units on the state budget, as well as the budgetary spending units under Art. 86, Para. 3 shall not be able to make new obligations for costs, as well as to undertake commitments for costs above their defined limits under Art. 86, Para. 2, p. 5 and 6, Para. 3, apart from the ones in case of changes of these indicators under this act, or there is a National Assembly decision about this.

Art. 89. (1) At the examination of the budget of the state public insurance, the National Assembly shall hear a report by the sector Minister and a report by the Head of the National Insurance Institute, as well as a report by the commission, responsible for the budget.

(2) With the Act on the Budget of the State Public Insurance shall also be adopted the budgets of the other social-insurance funds, administered by the National Insurance Institute, where the act shall include:

1. the consolidated budget of all the social-insurance funds, administered by the National Insurance Institute;
2. the consolidated budget of the state public insurance;
3. the budgets of the funds of the state public insurance;
4. the budgets of the other funds, administered by the National Insurance Institute – separately for each fund.

(3) The budgets under Para. 2 shall be adopted according to the basic indicators under Art. 14, where obligatorily shall be also included the following elements:

1. revenues for insurance contributions;
2. staff costs;
3. maintenance costs;
4. interest costs;
5. capital costs;
6. pensions costs;
7. other insurance payments, compensations and household assistance;
8. transfers from the central budget;
9. other transfers (net) ;
10. temporary interest free loans (net) ;
11. debt operations.

(4) The budget of the state public insurance in the part of the costs may be adopted also on policy areas and/or on budget programmes.

Art. 90. (1) With the examination of the National Health-insurance Fund budget, the National Assembly shall hear a report by the sector Minister and a report by the head of the National Health-insurance Fund, as well as a report by the commission, responsible for the budget.

(2) The budget of the National Health-insurance Fund shall be adopted on the basic indicators under Art. 14 and shall obligatorily contain the applicable to it elements under Para. 89, Para. 3. the sum of the health-insurance payments shall be pointed out in a separate row.

(3) The National Health-insurance Fund budget in the part of costs may be adopted also in policy areas and/or on budget programmes.

Art. 91. The transfers and other forms of financing from the central budget under this act for the budgets under Art. 89 and 90 shall cover their insufficiency from funds and receipts for financing the payments.

Art. 92. (1) The Council of Ministers shall adopt a decree on the implementation of the state budget up to 1 month after publication of the annual State Budget Act.

(2) The decree shall be specified the indicators of the budgets, included in the state budget, with the exception of the budgets of the National Assembly and of the judiciary. With the decree shall also be specified the indicators on the separate budget programmes of the budget organizations, which apply programme format of a budget within the frames of the confirmed costs by the annual State Budget Act on policy areas and/or budget programmes.

Art. 93. The budget organizations shall publish their confirmed budgets on their internet site while observing the requirements of the Act on Protection of the Classified Information.

Section II. Adoption of the Municipality Budget

Art. 94. (1) The draft budget of the Municipality shall be examined in a procedure, determined by the Municipality council.

(2) The Municipal council shall adopt by a decision the Municipality budget according to the indicators under Art. 45, Para. 1 within the term of up to 15 working days from its introduction to the Mayor. The amounts of the budget interrelations with the state budget shall comply with the indicators and provisions adopted by the State Budget Act, as well as with other ones, referable for the relevant Municipality.

(3) By the decision under Para. 2, the Municipal council shall also approve:

1. the maximum amount of the new obligations for costs, which may be loaded during the year on the Municipality budget, where the available at the end of the year obligations for costs shall not exceed 5% of the midterm amount of the reported costs for the last 4 years; the restriction shall not apply to obligations for costs, funded on the account of assistance and donations;

2. the maximum amount of the commitments for costs, which may be undertaken during the year, where the available at the end of the year undertaken commitments for costs shall not exceed 30% of the midterm amount of the reported costs for the last 4 years; the restriction shall not apply to commitments for costs, funded on the account of assistance and donations;

3. the amount of delayed obligations from the previous year, which will be paid off from the budget for the current year;

4. the amount of the delayed receipts, which are envisaged to be collected during the budget year;

5. the limits for taking a new Municipal debt, the maximum amount of the Municipal debt and of the Municipal guaranties at the end of the budget year;

6. the calculations for distribution of the target subsidy for capital costs, determined by the State Budget Act for the relevant year, on sites for construction and major repair, for acquiring material and non-material long-term assets and for research and project works, including for co-financing and for payments on loans for capital costs;

7. other indicators, including such, determined by the State Budget Act for the relevant year;

8. indicative annual calculation for the accounts of EU funds;

9. updated budget prognosis.

(4) The target subsidy for capital costs under Para. 3, p. 6, determined by the State Budget Act for the relevant year, may be distributed for delegated by the state activities and/or for local activities. The target subsidy for capital costs under Para. 3, p. 6 shall be determined by the act. On the account of this subsidy, capital costs may be envisaged also for the delegated budgets. Its distribution shall be approved by a Municipal council decision.

(5) The State Budget Act for the relevant year may determine:

1. another amount of the restrictions under Par. 3, p. 1 and 2;

2. the Municipal budget may include also other indicators.

(6) The Municipality budget shall be distributed quarterly and its distribution shall be confirmed in a procedure, determined by the ordinance under Art. 82, Para. 1.

Art. 95. The Municipal budget may provide a reserve for unforeseen and/or urgent costs in the amount of 10% of the total amount of the Municipality budget costs.

Art. 96. Upon decision of the Municipal council, the delegated by the state activities may be funded additionally by funds form own revenues also from the levelling subsidy of the Municipalities.

Art. 97. The Municipal budget shall be published on the internet site of the Municipality within the term of up to 10 days after its adoption by the Municipal council. The Municipal budget shall be submitted to the National Audits Office (NAO) and to the Ministry of Finance within the term of up to 1 month after its adoption. The Ministry of Finance and the NAO shall also be produced by the information for approval of the indicators under Art. 94, Para. 3 in a procedure, determined by the Minister of Finance.

Art. 98. (1) In case that up to the beginning of the budget year the state budget is not adopted by the National Assembly, the revenues of the Municipal budget shall be collected in compliance with the acts in force, and the revenues shall be spent in amounts not larger than the amount of the costs for the same period of the previous year and at observation of the fiscal rules under this act.

(2) In case that by the beginning of the budget year the state budget is adopted by the National Assembly, for the period by the adoption of the Municipality budget by the Municipal council, the monthly costs for the delegated by the state activities shall be carried out in amounts, not larger than the confirmed budget interrelations of the Municipality by the State Budget Act for the relevant year, and the costs for local activities shall be carried out in amounts not larger than the one of the costs for the same period of the previous year.

Art. 99. (1) In case of changed in the administrative-territorial planning of the country, as well as in the cases of formation of new Municipalities, the Municipal council of the existing Municipality shall adopt the amendment of the annual Municipal budget 60 days latest after the separation of the new Municipality.

(2) The Municipal council of the newly formed Municipality shall adopt the Municipal budget for the period by the end of the current budget year not later than 60 days after conducting of pre-term elections for local authority.

(3) In case of merging of 2 or more Municipalities, a budget shall be developed of the newly formed Municipality, which shall be adopted by the newly elected Municipal council not later than 60 days after conducting the elections.

Chapter eight.

IMPLEMENTATION OF THE BUDGETS

Section I.

General Provisions

Art. 100. (1) The first level budgetary spending units shall organize and direct their budget implementation.

(2) The first level budgetary spending units shall determine the budgets of the second level budgetary spending units and shall confirm them. Unless otherwise provided by this or other acts.

(3) The second level budgetary spending units shall determine and confirm the budgets of the lower level budgetary spending units

Art. 101. (1) The Minister of Finance shall give instructions on the implementation of the state budget and of the accounts for EU funds.

(2) The instructions under Para. 1 shall be published on the Ministry of Finance internet site.

Art. 102. (1) The first level budgetary spending units shall not be able to carry out costs and

undertake obligations for costs for the current year, exceeding the total amount of the confirmed costs and obligations for costs on their budgets.

(2) The imposed sanctions and compensations, as well as the incorrect assumed free financing shall be on the account of the confirmed budget of the first level budgetary spending units, unless otherwise provided by an act.

Art. 103. (1) In temporary cash reserved on the budgets of the first level budgetary spending units, which are not part of the state budget, the Minister of Finance may grant interest free loans on the account of the central budget with a restoration term not longer than the end of the following budget year.

(2) With a Municipal council decision, from the Municipality budget may be granted interest free loans to other Municipalities, as well as to other budget organizations, whose budgets are not part of the state budget, with a restoration period not longer than the end of the following year. Granting loans shall not stop the timely payment off of the budget obligations of the Municipality, from which the loan has been granted.

(3) Granting to budget organizations free financing by the persons under Art. 13, Para. 4, whose activity includes provision of such financing for implementation of projects, shall be expressed as a temporary interest free loan, including in the cases, where interests are due.

Art. 104. (1) For advance financing of payments on projects, financed by EU funds and from other international programmes and agreements unless under Art. 142, Para. 1 may be granted temporary interest free loans:

1. from the central on the Municipality budgets and the other first level budgetary spending units, whose budgets are not part of the state budget under conditions and procedure, determined by a Council of Ministers instrument;

2. from the accounts for EU funds under Art. 144, Para. 1 – by a Council of Ministers instrument;

3. from other accounts for EU funds, without the ones of the Municipalities – by a permit of the Minister of Finance upon proposal of the relevant spending units from accounts of EU funds;

4. from accounts of EU funds of the Municipalities – by a decision of the relevant Municipal council; in case that not payment may be carried out from accounts of EU funds, from which interest free loans have been granted, the due sums shall be paid off from the relevant Municipal budget;

5. from the Municipal budget – by a Municipal council decision.

(2) The sums of the loans under Para. 1, p. 2 – 5 shall refer to the relevant budget or account for EU funds, if such has been formed.

(3) The provision of Para. 1 and 2 shall apply in conditions that they do not contradict the EU law, to the agreements, conditions and requirements of the programmes and projects.

(4) The term for paying off the loans under Para. 1 shall connected to the terms of using the relevant financing with EU funds and from other international programmes and agreements and the related to them national co-financing and may exceed the end of the budget year.

(5) Granting loans under Para. 1 – 4 shall nor stop timely payment off of the obligations on the accounts for EU funds, from which the relevant loan has been granted.

Art. 105. (1) In case of a failure to restore within the term the granted from the central budget and from the Municipal temporary interest free loans for Municipalities and other budget organizations, whose budgets are not part of the state budget, including in the cases under Art. 104, interests shall be due under the Act on Interests on Taxes, Fees and other Similar State Receipts.

(2) For granting temporary interest free loans from the central budget and from the Municipal budgets may be required guaranties under conditions and procedure, types and amounts, determined by a Council of Ministers instrument, or from the Municipal council.

Art. 106. Subject to granting transfers for budget organizations may be deducted by transfers, subject to restoration and interest free loans from it for the relevant budgets or accounts for EU funds, unless otherwise provided by an act or Council of Ministers instrument.

Art. 107. (1) The Minister of Finance may restrict or interrupt transfers/restrict limits for payments of the budget organizations in case of breaches of the budget discipline.

(2) Applying Para. 1 shall not lead to termination of the activity of the budget organizations in question or to failure to implement obligations, comprising from a normative act or international agreement.

(3) Para. 1 shall not apply in relation to the budgets of the National Assembly and of the judiciary.

Section II.

Implementation of the State Budget, of the Budgets of the State Public Insurance and of the National Health-insurance Fund and of other Budgets, apart from the Municipality Budgets

Art. 108. (1) The first level budgetary spending units shall produce to the Ministry of Finance a monthly distribution of their annual budgets in terms, determined by the instructions under Art. 101, Para. 1.

(2) The sector Ministers shall produce to the Ministry of Finance distribution of the summarized budget of the state higher schools and the budget of the Bulgarian Academy of Science within terms, determined by the instructions under Art. 101, Para. 1.

(3) In case of found mistakes or incompliances of the monthly distribution under Para. 1 and 2 with the confirmed indicators on the relevant budgets, the Minister of Finance shall notify the first level budgetary spending units and shall set a term for their removal.

Art. 109. (1) The Council of Ministers may approve internal compensation changes of the confirmed costs in areas of policies on the budgets of the first level budgetary spending units on the state budgets upon their proposal, coordinated with the Minister of Finance, with the exception of the cases under Art. 110 and Art. 112, Para. 3.

(2) The Council of Ministers may approve changes in the confirmed costs for staff on the budgets of the first level budgetary spending units on the state budget upon their proposal, coordinated with the Minister of Finance, with the exception of the delegated budgets and in the cases under Art. 110.

(3) The Council of Ministers may approve additional costs/transfers for the budgets of the first level budgetary spending units, as well as for the budget organizations under Art. 13, Para. 3 and 4 on the account of the central budget, with the exception of the cases under Art. 110, Para. 2, where the state budget balance is not broken.

(4) The Council of Ministers shall approve amendments on the budgets, which are part of the state budget, in the part of financing of the budget balance upon proposal of the relevant first level budgetary spending units, in accordance with the Minister of Finance, for:

1. the operations on acquiring assets and shares, including for increasing the amount of the share participation;

2. provision of loans and paid financial assistance of undertakings, which are not budget organizations;

3. other operations, determined by the State Budget Act for the relevant year and by the decree for its implementation.

(5) The first level budgetary spending units on the state budget shall carry out the comprising from Para. 1 – 4 amendments on their budgets and shall notify the Minister of Finance upon a procedure, determined by him/her.

(6) The Minister of Finance shall carry out the comprising form Para. 3 and 4 amendments on the central budget.

(7) In the cases under Para. 3, the Council of Ministers shall carry out amendments of the indicators of Art. 86, Para. 2, p. 5 and 6, unless otherwise provided by the State Budget Act for the relevant year.

Art. 110. (1) The Minister of Finance may carry out amendments on the budgets of the first level budgetary spending units on the state budget on the account of assistance and donations and of revenues from insurance compensations.

(2) The Minister of Finance may carry out amendments for costs, unforeseen on the budgets of the first level budgetary spending units on the state budget, in amounts, not assumed from past years from assistance and donations and from insurance compensations on the account of compensated decrease of costs on the state budget.

(3) The Minister of Finance may carry out internal compensation amendments of the confirmed costs of the budget programmes on the budgets of the first level budgetary spending units on the state budget upon their proposal, without changing the confirmed costs in policy areas. In these cases shall not be amended also the total costs for staff, unless in amendments of the delegated budgets.

(4) The Minister of Finance may carry out compensation amendments between budgets upon mutual proposal of the first level budgetary spending units, without changing the target and the intention of the funds.

(5) The Minister of Finance may carry out changes in the costs on the budgets of the first level budgetary spending units on the account of received on the relevant budget transfers from accounts for EU funds.

(6) The Minister of Finance may carry out other changes between the budgets of the first level budgetary spending units and the accounts for EU funds, where the state budget balance is not worsening.

(7) The Minister of Finance may carry out changes of the budget interrelations with the central budget of the first level budgetary spending units, whose budgets are included in the state budget for payments and receipts in the part of funding the budget balance, apart from the cases under Art. 113, Para. 6.

(8) The Minister of Finance may carry out changes for costs, not envisaged on the budgets of the National Assembly and of the judiciary, in not assumed funds from passed years from assistance and donations and from insurance compensations on the account of compensated decrease of state budget costs, where the changes cannot be carried out under the conditions of Art. 113, Para. 6.

(9) The Minister of Finance may. Upon proposal of the relevant first level budgetary spending unit for carry out changes in the indicators under Art. 86, Para. 2, p. 5 and 6 for delegated budgets, comprising from over-implementation of their revenues, unless the State Budget Act for the relevant year provides otherwise.

(10) In the cases under Para. 1, 2, 4, 5 and 6 the Minister of Finance shall also carry out changes in the indicators under Art. 86, Para. 2, p. 5 and 6 and Art. 86, Para. 3, unless the State Budget Act for the relevant year provides otherwise.

Art. 111. (1) Where in implementation of an act or Council of Ministers instrument natural and/or value indicators are changed in the delegated by the state activities, the Minister of Finance shall carry out the relevant compensated changed of the interrelations between the central budget and the Municipality budgets.

(2) The Minister of Finance shall carry out changes in the budget interrelations of the relevant Municipalities with the central budget, comprising from changes in the administrative-territorial planning in the country.

Art. 112. (1) The first level budgetary spending unit shall carry out the relevant changes on his/her budget, including on the budgets with the second level budgetary spending units within the frames of the changes under Art. 109 and 110.

(2) The first level budgetary spending units on the state budget may carry out internal compensation changed on its budget, including on the budgets of the second level budgetary spending units, without changing

the costs in policy areas and budget programmes. In these cases shall not be changed the total costs for staff, except in changes of the delegated budgets.

(3) The first level budgetary spending unit may carry out compensated change of the budget interrelations with other budgets, including the ones under Art. 13, Para. 3 and 4 for a change of the envisaged costs and transfers on the budget of the relevant first level budgetary spending unit, where the budget interrelations with the central budget are not concerned and the provision of Art. 110, Para. 4 has not been applied, without changing the target and purpose of the funds.

(4) After carrying out the changes under Para. 1 – 3, the first level budgetary spending units shall produce to the Ministry of Finance an updated distribution of their changed budgets in months under a procedure, determined by the Minister of Finance.

(5) The relevant first level budgetary spending unit shall define the procedure for notifying about the carried out changes on their budgets by the applying delegated budget spending units.

(6) Where for the budgetary spending units under Art. 13, Para. 3 and 4 with the State Budget Act for the relevant year, maximum amounts have been determined of the indicators under Art. 86, Para. 3, they may carry out changes in them only in the cases of:

1. received during the year assistance and donations and insurance compensations;
2. transfers from other budgets, unless where in the relevant cases under Art. 86, Para. 2, Art. 109 and 110 has also been determined the sum of the indicators under Art. 86, Para. 3, which shall be transferred between the budgets concerned;
3. transfers from accounts with EU funds.

(7) The provision of Para. 6 shall apply, unless otherwise provided by the State Budget Act for the relevant year.

Art. 113. (1) The provision of Art. 109, Para. 1, 2 and 4, Art. 110, Para. 1 - 7 and Art. 112, Para. 1, 2, 5, 6 and 7 shall not apply to the budget of the National Assembly and of the judiciary.

(2) The compensated changes on the budget of the National Assembly, included on the budgets of the second level budgetary spending units on functional areas, shall be carried out by the first level budgetary spending unit on the budget of the National Assembly.

(3) Changes on the budget of the judiciary, including on the budget of the second level budgetary spending unit shall be carried out by the first level budgetary spending unit on the judiciary budget.

(4) Changes of the budgets of the National Assembly and of the judiciary for the account of assistance and donations and revenues from insurance compensations, as well as of the changes of the indicators under Art. 86, Para. 2, p. 5 and 6, comprising from them, shall be carried out by the relevant first level budgetary spending unit.

(5) Changes in the costs of the budgets of the National Assembly and of the judiciary on the account of received on the relevant budget transfers from accounts for EU funds, as well as of the comprised from them changes of the indicators under Art. 86, Para. 2, p. 5 and 6 shall be carried out by the relevant first level budgetary spending unit.

(6) Changes on the budgets of the National Assembly and of the judiciary in not assumed from passed years funds from assistance and donations and from insurance compensations shall be carried out by the relevant first level budgetary spending unit on the account of an internal-compensated decrease of costs on the relevant budget.

(7) About the carried out changes under Para. 2 – 6 the relevant first level budgetary spending unit shall notify the Minister of Finance.

Art. 114. (1) The supervision council of the National Insurance Institute, upon proposal of the head of the National Insurance Institute may approve compensated changes on the consolidated budget of the state public insurance on indicators of the costs and the provided transfers for provision of the payment of pensions

and other social insurance payments.

(2) The supervision council of the National Insurance Institute upon proposal of the head of the National Insurance Institute may approve compensated changes between the indicators on the budget of the National Insurance Institute, with the exception of such, which lead to increasing the costs for staff. This provision shall not apply, where it is needed to be provided funding under Para. 1 and/or in failure to fulfill the receipts on the consolidated budget of the state public insurance.

(3) The head of the National Insurance Institute shall reflect the relevant changes on the budget of the state public insurance, which comprise from additionally provided transfers from the state budget.

Art. 115. (1) The supervision council of the National health-insurance fund, upon proposal of the head of the National health-insurance fund may approve compensated changes between the cost indicators and the granted transfers for provision of health-insurance payments.

(2) The supervision council of the National health-insurance fund, upon proposal of the head of the National health-insurance fund may approve compensated changes between the budget indicators of the National health-insurance fund, with the exception of such, leading to increasing the staff costs. This provision shall not apply, where it is needed to be provided funding under Para. 1 and/or in case of failure to fulfill the revenues on the National health-insurance fund budget.

(3) The head of the National health-insurance fund shall express the relevant changes on the National health-insurance fund budget, which comprise from the additionally provided transfers from the state budget.

Art. 116. The reserve for unforeseen and urgent costs on the budgets of the state public insurance and of the National health-insurance fund shall be spent upon decision of the relevant supervision body only for social-insurance or health-insurance payments.

Art. 117. (1) The changes in the budgets of the social-insurance funds on the account of assistance and donations and of revenues from insurance compensations, as well as of the comprising from them changes in the indicators under Art. 86, Para. 3 shall be carried out by the relevant first level budgetary spending unit.

(2) Changes on the budgets of the state public insurance and of the National health-insurance fund, in case of not assumed funds from passed years of assistance and donations and from insurance compensations shall be approved by the relevant supervision body upon proposal of the first level budgetary spending unit on the account of internal-compensated decrease of costs on the relevant budgets.

(3) The first level budgetary spending units on the budgets of the social-insurance funds may carry out changes in the budget costs on the account of received on the relevant budget transfers from accounts for EU funds, as well as of the comprising from them changes in the indicators under Art. 86, Para. 3.

Art. 118. The administered budgets from the National insurance institute shall be implemented and governed integrated while observing the requirements for differentiated accounting, observation and control of the budgets and their indicators.

Art. 119. (1) Spending costs or undertaking obligations, which worsen the balance on the consolidated fiscal programme shall not be admitted, unless in cases, which upon proposal of the Council of Ministers, the National Assembly has adopted relevant amendments and supplements in the State Budget Act and/or in the Act on the Budget of the State Public Insurance and/or the Act on the Budget of the National Health-insurance Fund for the relevant year.

(2) Initiating programmes or projects shall not be admitted, whose costs have not been envisaged by the State Budget Act and/or the Act on the Budget of the State Public Insurance and/or the Act on the Budget of the National Health-insurance Fund for the relevant year.

Art. 120. (1) Due sums on the account of the central budget of natural and legal persons on enforced judgments and arbitration decisions, including restoration of taken away currency in favour of the state, shall be paid off from the budgets of the relevant first level budgetary spending units, where if needed, changes in their budget interrelations with the central budget. Where it is not possible the relevant budgetary spending unit to be established, the sums shall be paid off through the budget of the Ministry of Finance.

(2) The payments under Para. 1 may be carried out also through referring the sums on accounts for other funds of the first level budgetary spending unit.

(3) Unless otherwise provided by a normative act, the provision of Para. 1 and 2 shall also apply to sums, envisaged in the central budget for compensations of natural and legal persons, due by the state on the basis of the relevant acts.

Art. 121. (1) Where a Council of Ministers instrument does not indicate explicitly on which budget are deposited revenues from fines, property sanctions, fees and other non-tax revenues or it is indicated that they are deposited in a state budget revenue, these revenues shall come into the budget of the relevant budget organization.

(2) The revenues from fines and sanctions, imposed and/or collected by bodies, administrating the revenues from taxes for the central budget, shall come into their relevant bank accounts for the central budget revenues.

Section III. Implementation of the Municipal Budget

Art. 122. (1) The implementation of the Municipal budget shall be organized by the Municipality Mayor through city Hall Mayors, regions and through heads of budget units, funded by and through the Municipality budget.

(2) Within the frames of its competence, during the budget year, the Municipal council may open, close or restructure budget units in the Municipality, funded by own revenues.

(3) The financial outcomes from the Municipal council decision under Para. 2, as well as the ones, related to liberation of persons of certain categories from payment of certain public obligations to the Municipality, shall be on the account of the own revenues and/or costs for local activities on the Municipality budget.

Art. 123. The revenues on the Municipal budget shall be collected by the Municipality administration, unless otherwise provided by an act.

Art. 124. (1) Changes in the Municipal budget during the budget year and in the amount of the budget interrelations of the Municipality with the state budget shall be carried out under the conditions and procedure of this act and the State Budget Act for the relevant year.

(2) The changes in the Municipal budget, apart from those under Art. 56, Para. 2 shall be approved by the Municipal council. The changes, referring the delegated by the state activities shall be approved while observing the restrictions under Art. 125, Para. 1, p. 1.

(3) The Municipal council may approve compensated changes between indicators of capital costs, as well as between certain sites, funded by funds from the target subsidy, determined by the State Budget Act for the relevant year, where the changes shall be approved only within the frames of the budget year.

(4) The Mayor shall reflect the changes in the Municipality budget, or in the budgets of the second level budgetary spending units to it.

(5) The ordinance under Art. 82, Para 1 shall determine the conditions and procedure for carrying out changes, observation, assessment and control of the indicators under Art. 94, Para. 3, p. 1 and 2 and

Para. 5.

Art. 125. (1) The Municipal council may – unless otherwise provided by an act – authorize the Municipality mayor to carry out compensated changes:

1. in the part of the delegated by the state activities – between the confirmed indicators for the costs within the frames of one activity, with the exception of the activities of delegated budget, under the condition that the standards for the delegated by the state activities have not been broken and there are no delayed obligations in the relevant delegated activity;

2. in the part of the local activities – between the confirmed costs within the frames of one activity or from one activity to another, without changing the total amount of the costs.

(2) In implementation of their authorities under Para. 1, the Mayor shall issue orders.

(3) The Mayor shall carry out the relevant changes in the Municipal budget, including in the budgets of the second level budgetary spending units to it, within the frames of the changes under Para. 1.

(4) After carrying out changes under Para. 1, as well as the ones under Art. 112, Para. 5, the Mayor shall produce to the Municipal council an updated distribution of the changed budgets every quarterly upon a procedure, determined by the Municipal council.

Art. 126. The temporary free funds in the Municipal budget may be used for current financing of the approved costs on the Municipality budget and other payments, under the conditions that the timely financing of the delegated by the state activities are not broken within the determined amounts, as well as of the local activities and the relevant for the Municipality fiscal rules are observed under this act, where the purpose of the funds at the end of the year are not changed.

Art. 127. (1) Capital costs, apart from the ones, funded on the account of the target subsidy for capital costs and other transfers from the state budget, may be carried out on the account of revenues on the Municipal budget and while observing the requirements of Para. 2 and 3, as well as through undertaking a debt under the Act on the Municipal Debt, while observing the applicable for the Municipality fiscal rules and restriction under this act.

(2) Receipts from sale of Municipal non-financial assets shall be spent only for funding of construction, major and current repair of social and technical infrastructure, as well as for payment off of used loans for funding projects of the social and technical infrastructure.

(3) The receipts from privatization may be spent only for acquiring and for total repair of long-term assets, for costs, related to the privatization process, as well as for payment off of used loans for funding projects of the social and technical infrastructure.

(4) Current costs for local activities shall not be funded on the account of taking a long term debt by the Municipality.

Art. 128. No costs, accumulating new obligations for costs and/or taking commitments for costs, as well as initiating programmes and projects, which have not been envisaged by the Municipality annual budget, shall be admitted.

Art. 129. (1) The Municipalities shall restore to the state budget the unaccumulated funds from target transfers within the term by 31 January of the following budget year.

(2) The received in the Municipality budgets funds from target subsidies for capital costs, which have not been accumulated at the end of the current budget year, shall be spent for the same purpose during the following budget year, where in case of remainder, it shall be restored to the state budget within the term of up to 20 December.

(3) Para. 1 and 2 shall not apply, where the State Budget Act for the relevant year or a Council of

Ministers instrument provide otherwise.

Art. 130. (1) The Municipality Mayor may restrict or stop funding of budget organizations, units and subsidized activities on the Municipal budget in case the budget discipline has been broken until its termination.

(2) The application of Para. 1 shall not lead to termination of the activity of the relevant budget organization, unit or subsidized activity or to failure to implement obligations, comprising from a normative act or international agreement.

Chapter nine.

CURRENT MONITORING AND ACCOUNTING OF THE CONSOLIDATED FISCAL PROGRAMME

Art. 131. The Ministry of Finance shall carry out monitoring of the current implementation of the consolidated fiscal programme.

Art. 132. (1) For inclusion under Art. 154 into the system for electronic budget payments, accounts for the EU funds and for foreign fund accounts, payment limits shall be determined.

(2) The payment limits shall be determined in view to provision of carrying out the costs of the remaining payments within the frames of the indicators and/or funds on the relevant budget, accounts for EU funds and account for other funds under the applicable for them requirements under this act and in view to observation of the calculations for aggregated indicators on the consolidated fiscal programme.

(3) Limits for payments may be declared and determined also for provision of funding under Art. 17, Para. 4.

(4) In updating the limits for payments, the Ministry of Finance currently may adopt measures for correcting of the monthly limits for payments or for postponing limits in the part of the confirmed funds for the interest free costs and transfers in case of worsening the current assessments to the annual accounts.

(5) Para. 4 shall not apply to the budgets of the National Assembly and of the judiciary.

Art. 133. (1) The first level budgetary spending units shall produce to the Ministry of Finance monthly and quarterly reports on the implementation of the budgets, including about the accounts for the EU funds, as well as other additional information.

(2) The first level budgetary spending units, which apply programme of a budget format, shall produce to the Ministry of Finance also 3 month information about the costs on the budget programmes.

(3) The first level budgetary spending units, who apply programme budget format shall produce to the Ministry of Finance, the National Assembly and the National Audit Office a detail report on the implementation of the programme budgets by the half year.

(4) The reports under Para. 1 and 3 and the information under Para. 2 shall be published on the internet sites of the relevant first level budgetary spending units while observing the requirements of the Act on Protection of the Classified Information.

(5) The Minister of Finance shall give instructions about the format, contents and terms for drawing up and production of the reports under this Art..

Art. 134. The first level budgetary spending units shall produce to the Ministry of Finance assessments for the expected implementation of the budget in a procedure and terms, determined by the Minister of Finance.

Art. 135. (1) The Minister of Finance shall introduce to the Council of Ministers information about the cash fulfillment of the state budget and of the major indicators of the consolidated fiscal programme for

each quarterly and of the current budget year on the basis of the monthly reports from the first level budgetary spending units within the term of up to 45 days from the end of the relevant reporting period, unless a Council of Ministers instruments provides otherwise.

(2) The information under Para. 1 shall be published on the Council of Ministers internet site.

Art. 136. (1) The Council of Ministers shall introduce to the National Assembly for information a report on the cash fulfillment of the consolidated fiscal programme for the half year of the current budget year within the term of up to 15 September.

(2) The information under Para. 1 shall be published on the Council of Ministers internet site.

Art. 137. (1) The Municipality Mayor shall carry out current observation of:

1. the fulfillment of the Municipal budget and the Municipal accounts for the EU funds;

2. the indicators under Art. 14 for all the controlled by the Municipality persons, who fall in subsector Local Government and are not budgetary spending units on the Municipality budget, as well as the dynamics of the current situation of their debt;

3. substantial deals and operations of the Municipality and of the budgetary spending units, who have no direct cash effect on the Municipality budget, where the effect from such deals and operations shall be measured and produced according to the indicators under Art. 14.

(2) The mayor shall produce to the Council of Ministers information about the fulfillment of the Municipal budget, the accounts for the EU funds, as well as the remaining indicators, deals and operations under Para. 1, p. 2 and 3 for the half year.

(3) The information under Para. 1, p. 2 and 3 shall be produced differentiated from the information under Para. 1, p. 1.

(4) The Minister of Finance may give instructions about the application of Para. 1, p. 2 and 3, including about the volume, form and contents of the information, as well as about the identification, measurement and classification of the effects on the Municipal finances.

(5) The Municipality mayor shall produce the information under Para. 1, p. 2 and 3 to the Ministry of Finance.

(6) The Municipality Mayor shall inform periodically the local community about the fulfillment of the budget and the accounts for EU funds under procedure, determined by the Municipal council.

Chapter ten. ANNUAL BUDGET REPORTS

Section I. State Budget Report

Art. 138. (1) The Minister of Finance shall draw up the annual report on the implementation of the state budget according to the indicators, under which it is adopted, and a report of the consolidated fiscal programme on the basis of the annual reports of the first level budgetary spending units and the report of the central budget.

(2) The Minister of Finance, within the term of up to 30 June of the following budget year shall produce to the National Audit Office (NAO) the reports under Para. 1.

(3) The Minister of Finance shall introduce for examination by the Council of Ministers the report on the implementation of the state budget according to the indicators, on which it has been adopted, drawn up on the basis of the audited reports of the first level budgetary spending units by the National Audit Office and of the central budget, accompanied by a report within the term of up to 30 September of the following budget year.

(4) The Council of Ministers shall adopt and introduce to the National Assembly the reports under Para. 3.

(5) After adoption and introduction of the report on the implementation of the state budget under Para. 4, before its adoption under Art. 139, Para. 2 and in case of found by the NAO mistakes and incorrectness during the process of auditing of the reports for cash fulfillment of the relevant budgets, having substantial effect on the indicators of the report for implementation of the state budget, the NAO shall notify about them the Minister of Finance and the commission in the National Assembly, which is responsible for the budget, by indicating the corrections, which are to be made in the report.

(6) The Minister of Finance shall give a written opinion in the cases under Para. 5 and shall submit it to the NAO and to the commission in the National Assembly, which is responsible for the budget.

(7) For the purposes of accountability and statistics of the public finances, the Minister of Finance, in the cases under Para. 5, and in compliance with his/her opinion under Para. 6 may make some changes in the reported data for cash implementation of the consolidated fiscal programme.

Art. 139. (1) While discussing the report on the implementation of the state budget, the National Assembly:

1. the Minister of Finance shall produce the annual report on the implementation of the basic indicators of the state budget, the implementation of the fiscal objectives, information about the implementation of the consolidated fiscal programme, as well as the annual report about the condition of the state debt;

2. the Ministers shall produce annual reports on the implementation of the policies, for which they are responsible.

(2) The National Assembly shall adopt by a decision the report on the implementation of the state budget not later than 31 December of the year, following the reported year.

Section II. Report of the Municipal Budget

Art. 140. (1) The Municipality Mayor shall draw up the annual report on the implementation of the budget according to the indicators, on which it has been adopted, with a report, and shall introduce it for adoption by the Municipal council.

(2) The report under Para. 1 shall be accompanied by:

1. a report on the implementation of the accounts for EU funds;
2. the reported information under Art. 137, Para. 1, p. 2 and 3;
3. other reported information.

(3) The report under Para. 1 shall also include information for the implementation of the fiscal objectives, as well as for implementation of the prognosis under Art. 82, Para. 3.

(4) The chairperson of the Municipal council shall organize a public discussion of the report under Para. 1 by the local community, by announcing the date of the discussion at least 7 days before on the Municipality internet site and in the local media. The public discussion shall be held in a procedure, determined by the Municipal council.

(5) The Municipal council, after the discussion under Para. 4, shall adopt the report under Para. 1 not later than 31 December of the year, following the reported year.

(6) The adopted report under Para. 5 and the report on the accounts for EU funds under Para. 2, p. 1 shall be published on the Municipality internet site.

Chapter eleven. ACCOUNTS FOR EUROPEAN UNION FUNDS

Art. 141. The Accounts for EU funds shall not be included in the state budget, in the Municipal budgets and in the other budgets.

Art. 142. (1) Through the accounts for EU funds advance funding may be done to payments of the relevant beneficiaries – budget organizations under the form of interest free loans in a procedure, way and in terms, determined by the Minister of Finance, including on the account of providing funds for such financing by the central budget.

(2) On the basis of a Council of Ministers instrument, advance funding may be provided also for undertakings, which are controlled by the state/municipalities, while observing the EU rules for admissible state assistance. The advance funding shall be performed under the provision of Para. 1

(3) In case of failure to restore in term the funds from the advance funding, accumulated under Para. 1 and 2, interests shall be due under the Act on Interests on taxes, Fees and Other Similar State Receipts.

Art. 143. The provision of this Chapter shall also apply to the funds on other international programmes and agreements, which have regime of accounts for EU funds under Art. 8, Para. 4.

Art. 144. (1) For the accounts of the EU funds calculations shall be drawn up, updated and confirmed.

(2) The State Budget Act for the relevant year shall determine the accounts for the EU funds, for which the Council of Ministers shall confirm annual calculations.

(3) Updating of the calculations under Para. 2 shall be carried out under Art. 109 – 11, unless otherwise provided by the State Budget Act for the relevant year.

(4) The calculations of the accounts for EU funds of the Municipalities shall be drawn up by the Municipality Mayor and shall be confirmed by the Municipal council. The procedure for drawing up, confirming and updating the calculations shall be determined by the Ordinance under Art. 82, Para. 1.

(5) The calculations for the accounts of the EU funds, apart from the ones under Para. 2 and 4, shall be confirmed and updated by the relevant first level budgetary spending unit. The first level budgetary spending unit may delegate to the second level budgetary spending unit under him/her his/her authorizations on conformation of the calculations for the accounts for the EU funds to the lower level budgetary spending units.

(6) The calculations under Para. 2 – 5 have indicative nature and contain also information about the basic indicators under Art. 14, Para. 1.

(7) The calculations under Para. 4 and 5 may be drawn up in total for all the accounts for EU funds of the relevant first or second level budgetary spending unit. In the cases under Art. 8, Para. 4 the calculations for the other international programmes and agreements shall be drawn up, confirmed and updated differently from the calculations for the EU funds.

Chapter twelve.

ACCOUNTS FOR OTHER FUNDS

Art. 145. The accounts for other funds shall not be included in the state budget, in the Municipal budgets and in the other budgets, included in the consolidated fiscal programme.

Art. 146. For the accounts for other funds, not budgets and calculations shall be drawn up and confirmed.

Art. 147. With the accounts for other funds no other activities may be carried out and reported apart from the administration of other funds and the activity of the relevant state bodies upon compulsory fulfillment and confiscation of assets and the follow up governance and distribution of the collected funds under the

requirements of the applicable legislation.

Art. 148. Receipts and payments, which are not other funds shall be subject to cutting revenues, costs, transfers or financing only on the relevant budgets or accounts for EU funds in compliance with the single budget classification and instructions of the Minister of Finance, notwithstanding of the fact whether to these operations accounts for other funds have been applied.

Art. 149. (1) payment off of the obligations of accounts for other funds may be carried out also from the relevant budget after transfer of the relevant sum from the account for other funds.

(2) For the purpose of optimization of the cash governance of the funds and payments on the consolidated fiscal programme, the Minister of Finance may determine the payment of the obligations of accounts for other funds to be carried out through the relevant budgets under Para. 1.

Art. 150. The Minister of Finance shall give instructions on application of the regime of the accounts for other funds.

Chapter thirteen. **BANK SERVICE AND SINGLE ACCOUNT SYSTEM**

Art. 151. (1) Servicing the bank accounts and payments of the budget organizations shall be carried out by the Bulgarian National Bank (BNB) and by the banks in a procedure and way, determined by joint instructions of the Minister of Finance and the BNB Governor.

(2) The BNB shall service the system of the single account and the other accounts and payments of the budget organizations under Art. 153 in compliance with the requirements of Art. 43 of the Act on BNB.

(3) The banks shall service the accounts and payments of the budget organizations free, with the exception of the service of:

1. the payments in the system for electronic budget payments, transit accounts and operations on collection of revenues and other receipts through card payments under the relevant agreements between the Ministry of Finance and the banks under Art. 154;

2. non-effective payments in foreign currency by using from the bank of supplier payment services outside the territory of the country for carrying out the transfer; in these cases the bank, servicing the budget organization – ordering of the transfer may charge the budget organization only to the amount of the sum of the direct costs, taken by the bank for carrying out the transfer, due by it to the relevant supplier of payment services outside the territory of the country.

(4) The Minister of Finance and the BNB Governor shall determine the procedure and terms for the annual finalization of the bank accounts of the budget organizations, including the remainders on them.

(5) The regime of bank secret shall not apply to the operations and availabilities on the accounts of the budget organizations, where the Minister of finance requires information about them.

Art. 152. (1) The banks shall guaranty in full amount the available monetary funds in all serviced by them accounts and deposits in BGN and in currency of the budget organizations, including letters of credit in favour of the Ministry of Finance.

(2) The guaranty under Para. 1 shall be carried out by blocking state securities on a debt of the Republic of Bulgaria. Blocking of securities shall be carried out at the Bulgarian National Bank and shall have force for a legal guaranty on them in favour of the Ministry of Finance. Securities shall be blocked, free from weights and securities. The banks shall deblock state securities only under the condition that this does not lead to temporary insufficiency of security of the available funds of the budget organizations on account in them.

(3) The state securities under Para. 2, which are registered in the electronic system for registration

and service of the trade with un-available state securities in the BNB, shall be blocked, or de-blocked on the basis of a request, made by the servicing bank depending on the amount of the monetary funds on the accounts, serviced by it.

(4) The securities under Para. 2 shall not be registered in the electronic system for registration and service of the trade with unavailable state securities in the BNB, shall be blocked by their transfer from the servicing banks in especially open their accounts in the BNB. Disposal with securities shall be carried out only with consent of the Ministry of Finance.

(5) The available monetary funds on the accounts under Para. 1 may be guaranteed through blocking receipts of banks for their funds, kept as other funds on separate accounts for other funds of the Ministry of Finance, serviced by the BNB under Art. 154, Para. 1 and 12.

(6) With consent of the Minister of Finance, the servicing banks may guaranty the available monetary funds in the accounts under Para. 1 of the budget organizations in favour of the Ministry of Finance and by blocking receipts on their accounts, services by the BNB.

(7) Blocking receipts on the accounts under Para. 5 and 6 shall be carried out at the BNB and shall have force of a legal security on them in favour of the Ministry of Finance. Receipts on accounts, free for any weights and guaranties shall be blocked. Depending on the account of the monetary funds in the accounts and the request for blocking, or de-blocking, made by the servicing banks, the BNB shall carry out the blocking, or de0blocking of the receipts on the relevant accounts.

(8) The Minister of Finance and the BNB governor may change the amount and type of the bank assets, serving for guaranty, as well as the conditions and procedure for guaranty under Para. 1 – 6, for which they shall notify the servicing banks.

(9) In case of insolvency of a bank, servicing budget organizations, the securities and the other assets, which serve as guaranty under Para. 1 – 8, shall not be included in the insolvency mass and shall pass in complete disposal of the Minister of Finance. The funds, remained after satisfaction of the receipts, guaranteed under Para. 1 – 8 by securities, receipts on accounts and other assets shall be included in the insolvency mass.

(10) Unreal shall be any weights and guaranties on the blocked securities, receipts on accounts and other assets under Para. 2 – 8 for the time, during which they have been secured under the conditions and procedure of this act.

(11) The license of banks, which accept to service accounts of budget organizations shall be needed to be included activities on trading on own account or clients accounts with transferable securities and participation in emissions of securities.

(12) Guaranty shall not be carried out under Para. 1 – 8 where under a special act the bank is free from this request. In these cases the Ministry of finance or the budget organization may request guaranty by the bank on an agreed ground.

(13) The Minister of Finance and the BNB governor shall give instructions on the application of Para. 1 – 12, including for preparing and provision by the banks periodic information about the operations and available funds on the accounts of the budget organizations.

Art. 153. (1) All the accounts and payments of the first level budgetary spending units shall be serviced by BNB with the exception of the ones under Para. 2, 7 and 8.

(2) Accounts and payments of the Municipalities, as well as other first level budgetary spending units outside the territory of Sofia city shall be serviced by other banks unless they a subject to be serviced by BNB under Para. 3 and 4.

(3)The first level budgetary spending units under Para. 2, who are included in the system for electronic budget payments as separate first level systems for servicing these payments and/or centralization of funds form transit and other accounts shall be open and serviced accounts in BNB.

(4) The BNB may service also other accounts and payments of budgetary spending units under

Para. 3, as well as accounts and payments of other budget organizations.

(5) The accounts and payments under Para. 1 and 3 shall not be transferred for service to other banks.

(6) The accounts and payments under Para. 4 of the budget organizations, which are not first level budgetary spending units shall not be transferred for service to other banks, unless for optimization of the BNB activities on the service of the budget organizations the Minister of Finance and the BNB governor determine their service not to be carried out by BNB.

(7) The Minister of Finance may permit the budget organizations under Para. 1 to open accounts in other banks, where this is needed for carrying out card payments and other bank operations, which are not carried out by BNB, as well as for opening letters of credit. After finalization of the operations, these accounts shall be closed, where the available balance on them shall be restored on the relevant BNB accounts.

(8) The EU funds shall come in, be kept and serviced through bank accounts in the BNB. Exception from this rule shall be admitted, where:

1. the EU law or the relevant agreements explicitly provide the funds to be provided to the budget organization in an account of a bank, other than BNB;

2. the budget organization is not serviced by BNB and the Ministry of Finance has not determined for the funds to be open an account on its name in BNB;

3. the circumstances under Para. 6 and 7 are present;

4. the Minister of Finance permits service of accounts and payments in other banks under the conditions, that the resource on the relevant project, programme or mechanism shall be kept in accounts of BNB and its spending shall be carried out through other banks.

(9) The funds on other international programmes and agreements, including from loans of the budget organizations under Para. 1 and 4 shall be serviced by the BNB, unless otherwise provided by the relevant agreements and there are not cases, for which the provision of Para. 6, 7 and Para. 8, p. 4. shall apply

(10) The Minister of Finance may determine under Para. 4 also to be serviced by BNB the funds on state guaranteed loans and state loans in which end beneficiaries are state undertakings and trade companies.

(11) The Minister of Finance and the BNB governor shall determine the scope of the accounts and payments of the budget organizations under Para. 1, 3 and 4 which shall be obligatorily serviced through the system for electronic banking of BNB, as well as the procedure, way and terms of their inclusion into the system in stages.

Art. 154. (1) The accounts of the budget organizations in the BNB shall be organized and serviced in a single system of collection storage, payment and accounting, called hereinafter "single account".

(2) The budget funds of the judiciary bodies and of the budget organizations, whose budgets are not part of the state budget shall be included in the single account while keeping their financial authenticity in the governance of the monetary funds.

(3) The EU funds, as well as the funds for assistance and loans in international programmes and agreements shall be included in the single account while complying with the EU requirements, with the relevant donors/loan granting persons and the agreements on the basis of which these funds are provided.

(4) The unavailable payments from the budgets of the first level budgetary spending units on the state budget and of their spending units of lower level from the country shall be subject to initiation and approval through the System for electronic budget payments (SEBRA) and shall be fulfilled in payment system with finalization of the settlement.

(5) The BGN monetary receipts on the budgets of the budget organizations which are part of the state budget shall be centralized in the system of the single account while observing the requirements of Para. 2 and 3, including by using transit accounts.

(6) The provisions of Para. 4 and 5 shall apply also to the budget organizations under Art. 13, Para. 3 and 4 with central office in Sofia, as well as to all their budgetary spending units of lower level from the

country.

(7) The Minister of Finance may determine under Para. 4 and/or 5 the funds, receipts and payments of the central budget, the budgets of the other budget organizations, as well as accounts for EU funds and accounts for other funds to be included in the single account and/or in SEBRA.

(8) The servicing and the programme provision of SEBRA shall be carried out by operator of the payment system with finalization of the settlement for servicing clients transfers in BGN, intended for fulfillment of a certain moment, on the basis of a signed agreement with the Ministry of Finance.

(9) Servicing of banks in the country of payment through SEBRA and of the transit accounts under Para. 4 – 8, as well as of the operations of the budget organization on collection of revenues and other receipts through card payments shall be carried out on the basis of signed agreements between the Ministry of Finance and the banks. The agreements shall contain one and the same clauses and prices, applicable to all banks.

(10) The programme and resource provision of the card payments under Para. 9 and the related to them service shall be carried out by licensed by BNB operator of payment system in finalization of the settlement for service of payment on operations with bank payment cards on the territory of the country on the basis of a signed agreement with the Ministry of Finance.

(11) For the serviced under Para. 9 and 10 card payments at budget organizations, the natural and legal persons shall not pay bank commissions and charges.

(12) The BNB shall service on behalf and on the account of the Ministry of Finance the accounts of the budget organizations, included in the single account under Para. 1. The Ministry of Finance shall pay to the BNB under a contractual base the service of the single account and the services, related to the information service of the accounts of the budget organizations.

(13) On the basis of the information, provided by the relevant budget organizations and while observing the requirements of Para. 2 and 3, the payment limits for the relevant first level systems in SEBRA shall be determined and updated periodically by the Ministry of Finance.

(14) For the accounts for other funds, as well as for the first level budgetary spending units, whose budgets are not part of the state budget as well as for the accounts for EU funds, the Minister of Finance may determine their limits to be determined automatically on the basis of the total amount of the receipts on the relevant account of BNB.

(15) For certain payments the Ministry of Finance may determine their initiation to be carried out on the common rules and SEBRA technology by legal persons, which are not budget organizations and are receivers of funds from the consolidated fiscal programme.

(16) For the judiciary budget, for the budgets, which are not part of the state budget, for the accounts for EU funds, as well as for the accounts for other funds, the payments of the included in SEBRA budget organizations shall be carried out within the frames of the relevant limits under Para. 13 and 14, where in case of exceeding the approved payments above the availability of the applicable for the relevant first level system in SEBRA account in BNB, the difference shall be funded automatically from an account of the central budget.

(17) The obligation, occurred to the central budget shall be paid off through automatic transfers of follow up receipts from the applicable for the relevant first level system in a SEBRA account in BNB on an account of the central budget, where the non-regular at the end if the reported period calculations on this obligation shall be reflected in the relevant reports for cash fulfillment of the budget in the part of financing the budget balance.

(18) The inclusion in SEBRA shall be carried out in terms, determined by the Ministry of Finance.

(19) For the control objectives, accountability and statistics in SEBRA, information may be reflected, reported and summarized about the budget organizations, their revenues, costs, other operations, assets and liabilities, delayed receipts and obligations, commitments, as well as other budget, reporting and statistical indicators of cash and calculation base.

(20) The available funds of the budget organizations on accounts, included in the single account, without the ones of the central budget and of the municipalities, may be deposited only within the frames of the single account on deposit accounts under instructions of the Minister of Finance. These deposit accounts shall be opened to the budget organizations and shall be serviced by BNB on behalf and on the account of the Ministry of Finance, where the interests, calculated on them shall be reflected in decreasing the revenues from interests of the central budget.

(21) The payments in the system of the single account shall be carried out by the amount of the total availability of the single account within the frames of the relevant availabilities and limits under Para. 1, 13 and 14. The BNB shall not take responsibility for not made or delayed payments because of insufficient funds in the single account.

(22) The Minister of Finance shall exercise general control, carry out governance of the liquidity and shall direct funds from the single account, including by carrying out deposits in BNB and in the banks, operations of the secondary market with state securities, as well as other operations with liquid and low risk securities of other states. In determining the general directions for governance of the liquidity, the Ministry of Finance shall conduct consultations with BNB.

(23) The Minister of Finance may carry out – apart from the cases under Para. 22, guaranty and other deposits in banks in view to financing through banks projects on international programmes and agreements, as well as for other payments on the basis of a Council of Ministers instrument.

Art. 155. (1) For the purposes of the cash direction and optimization of the accounts and payments of the budget organizations, the Minister of Finance may determine:

1. in the cases where one budget organization administers receipts and/or payments for several budgets, receipts of different budgets to be centralized on one account of the budget organizations and/or their payments to be carried out by it through one first level system in SEBRA while observing the requirements for separate accounting, monitoring and control of different budgets and/or their indicators;

2. for receipts and payments of regime of accounts for EU funds not to be formed separate bank accounts, but may be used bank accounts, envisaged for the budgets of the relevant budget organizations.

(2) For the cases under Para. 1. P. 1 the payments on the budgets, administered by a budget organization, shall be financed by funds from the account and the admissible under this act forms for financing from the central budget, from the other budgets and from accounts for EU funds to the amount of their relevant limits in SEBRA.

(3) For the cases under Para. 1, p. 2 the receipts and the payments, made on the basis of them shall be reported on the relevant budgets as operations with other funds and on the accounts for EU funds – on the relevant elements of the single budget classification.

(4) Where under Para. 1, p. 2 payments have been made, before receiving the relevant receipt, they shall be reflected on the account of the relevant budget as costs or as other elements under the single budget classification till receiving the relevant funds for their financing.

(5) In the cases under Para. 1, the budget organization shall maintain different accountability for the different budgets and accounts for EU funds for the purposes of differentiating their receipts, payments, assets. Liabilities and their changes.

(6) The Minister of Finance shall give instruction for the application of Para. 1 – 5, including for reporting of the operations, comprised from them.

Art. 156. The Council of Ministers, upon proposal of the Minister of Finance may decide to be included in the single account and/or in SEBRA funds, receipts and/or payments of state undertakings under Art. 62, Para. 3 of the Commercial Act, trade companies, in which the state is single owner of the capital, as well as other controlled by the state legal persons, while keeping their financial autonomy while governing the monetary funds.

Art. 157. A normative act of the Council of Ministers shall determine the procedure, way, terms and scope of the information from SEBRA, subject to publishing.

Art. 158. The Minister of Finance shall carry out general methodological direction on the issues of the bank service of the budget organizations and the system of the single account.

Chapter fourteen.
**CENTRALIZED PAYMENT OF INSURANCE CONTRIBUTIONS, TAXES AND OTHER
PUBLIC RECEIPTS**

Art. 159. (1) The owed by the budget organizations insurance contributions for the social-insurance funds, including the contributions on the account of the insured persons may be calculated, reported, deducted and paid by a scheme for centralized payment of insurance contributions.

(2) The inclusion of the budget organizations in a scheme for centralized payment of insurance contributions shall be carried out under instruction of the Minister of Finance.

(3) The contributions on the account of the budget of the relevant budget organization and of the accounts for the EU funds, included under Para. 2 within the scheme of the centralized payment – without the ones under Para. 10 – shall be calculated, deducted and accounted as costs for staff and transfers for undertaken insurance contributions.

(4) The calculated sums for insurance contributions under Para. 3 in the accounts for EU funds on the account of the insurer and of the insured person shall be reflected also as corrective transfer for undertaken insurance contributions and obligation to the budgets of the relevant budgetary spending units.

(5) In the reports for cash implementation of the budget and of the accounts for EU funds of the budget organization under Para. 3, the costs for insurance contributions on the account of the insurer and of the insured persons shall be indicated in an account, responding to the calculated sums for salaries and other remunerations for staff, but not more than the confirmed amount for the relevant type of costs.

(6) The owed sums under Para. 3 shall be transferred from the central budget directly on the accounts of the relevant social-insurance funds while observing the amount of the envisaged costs for insurance contributions on the relevant budgets, accounts and funds. The difference between the calculated under Para. 3 sums and the transfers made during the year shall be carried out under Para. 7.

(7) The annual calculation between the central budget and social-insurance funds of the difference between the currently calculated and transferred during the year sums shall be carried out on the basis of the information for the reported under Para. 3 data for the insurance contributions from the reports for cash implementation of the budgets and of the accounts for EU funds within the term of up to 30 June of the following year.

(8) The sums due under Para. 4 shall come in the relevant budgets by 15 day of the month, following the quarterly, and for the 4th quarterly – by 20 December. The sum, due for the 4th quarterly shall be determined on the basis of the calculated for October and November insurance contributions, and for December – on the basis of the insurance contributions for the paid by December sums on remunerations of the insured persons, calculated for this month. Sums, not deposited by the end of the year under this Para. Shall be due for contribution from the accounts for EU funds at the relevant budgets in the following year.

(9) The provisions of Para. 4 and 8 shall apply also to the budgets of the budget organizations under Art. 13, Para. 4 and under Art. 171, Para. 3, where the sums due shall be reflected as an obligation and shall be transferred to the budget of the relevant first level budgetary spending unit on the state budget, and where the budget organization falls in subsector Local government – on the budget of the relevant municipality.

(10) Where on the budget of the budget organization under Art. 13, Para. 4 or on the account for EU funds transfer is received from the central budget or from the budget of the relevant budgetary spending

unit, the Minister of finance may order this transfer to be deducted to the amount of the sums, due under Para. 4, where only the difference shall be transferred.

(11) The costs for insurance contributions of the social-insurance funds shall be calculated and reflected on the relevant budget, where the sums, due from the relevant budget for budgets of other social-insurance funds shall be reflected as an obligation and shall come in their relevant accounts in the BNB by 20 day of the month, following the calculations of the sums.

(12) With provision of transfers from the central budget and determining the limits for payment for the relevant budgets, the Ministry of Finance shall deduct also the report as transfer for undertaken insurance contributions the sums for the insurance contributions under Para. 3.

(13) Currently provided from the central budget on the judiciary budget, as well as on the budgets, which are not part of the state budget, cash transfers and the transfers for the undertaken insurance contributions shall be accounted by the amount of the confirmed by the state budget act for the relevant year amounts and their changes during the year. Every exceeding above this sum at the end of the year shall be reported on the relevant budgets of these first level budgetary spending units as an obligation to the central budget, which shall be paid within the term under Para. 7, including through deduction from the transfer from the central budget for the following year.

(14) Where the annual state budget act provides transfers for budget out of the state budget and these transfers are not provided by the central budget, the Minister of finance may determine the provisions of Para. 12 and 13 to be applied also to such transfers, where in the cases of reported sums of cash subsidies and transfers for undertaken insurance contributions, different from the amounts, confirmed by the State Budget Act for the relevant year and their changes during the year, the difference shall be reflected and paid as calculations between the relevant financing and receiving budget.

(15) The comprising from the application of this Art. calculations and the related to them differences and transfers on their carrying out shall be reflected in the reports for cash implementation in the part of the financing of the budget balance.

(16) The information about the single identification code and other identification data, including for occurred structure and other changes for the included in the scheme budget organizations shall be provided by the relevant first level budgetary spending units under procedure and terms, determined by the Minister of Finance.

(17) The data for the insurance incomes and contributions of the insured persons shall be provided by the included in the scheme of the centralized payment budget organizations on the common procedure, unless otherwise provided by an act.

(18) The included in the scheme for centralized payment budget organizations shall not transfer the insurance contributions, due on accounts of the relevant administrators of these public receipts.

Art. 160. (1) The contributions for supplementary obligatory pension and other insurance for account of the insurer and the insured persons and the calculations, transfers and limits for payment comprised from them shall be determined, calculated, deducted, deposited and accounted by the budget organizations under art. 159.

(2) The sums, due for the contributions for supplementary obligatory pension and other insurance under Para. 1 (without the ones, under Para. 4) shall be transferred from the central budget directly on an account for other funds of the relevant administrator of these funds in the BNB.

(3) The transfers under Para. 2 shall be carried out monthly by the 20th day of the month, following the month, for which refer the sums, on the basis of the data for the insured persons and their incomes, declared by the budget organizations under Para. 1. Declaring these data shall be carried out by the budget organizations, included in the scheme for centralized payment of insurance contributions on the common procedure.

(4) The costs for contributions for supplementary obligatory pension and other insurance shall be

calculated on the budgets of the social-insurance funds and shall be transferred from their accounts in BNB on the relevant account under Para. 2 to 20th day of the month, following the month, in which the sums are calculated.

(5) The received under Para. 3 and 4 sums shall be transferred to the relevant pension and other funds by the last day of the month, in which the sums have been transferred from the central budget.

(6) Para. 1 – 5 shall apply, where contributions for supplementary obligatory pension and other insurance shall be collected and administered by a budget organization and these sums shall be subject to transfer to pension and other funds and institutions, which are not included in sector State Governance.

Art. 161. (1) The Minister of finance may determine the sums, due by the budget organization for taxes on the incomes of the natural persons, as well as for other taxes and public receipts to be calculated, deducted, reported and deposited on the basis of the principles, rules and terms of the scheme for centralized payment under Art. 159 while observing the applicable regimes of the tax assessment.

(2) The inclusion of the budget organizations in the scheme for centralized payment of the relevant taxes and other public receipts shall be carried out in a procedure, way and in terms, determined by the Minister of Finance.

(3) Declaring data for the taxes under Para. 1 and provision of another, related to them information of the relevant administrators of public receipts shall be carried out by budget organizations under the common applicable procedure, unless otherwise provided by an act.

(4) The budget organizations, to which the provisions under Para. 1 and 2 are applied, shall not transfer the sums of the taxes and other public receipts under Para. 1 in accounts of the relevant administrators of these receipts.

Art. 162. The Minister of Finance shall give instructions on the application of this Chapter.

Chapter fifteen. BUDGET ACCOUNTANCY

Art. 163. The budget organizations shall carry out their accountancy under the requirements of the Act on accountancy, of this act, as well as on the basis of the standards, accounts plan and the instructions under Art. 164.

Art. 164. (1) The Minister of Finance shall confirm accounting standards and account plan and shall give instructions to the budget organization, which shall be in compliance with:

1. the requirements of the EU for the accountancy, statistics and budgeting of the public sector;
2. the accountancy framework, the principles and conceptions of the Methodical guidebook for state financial statistics, issued by the International currency fund;
3. the international accountancy standards for the public sector of the International accountants federation;
4. the requirements of the Bulgarian legislation in reference to budgeting, reporting the implementation of the consolidated fiscal programme and the management and control of the funds and costs of the budget organizations.

(2) The projects of the standards, instructions and accountant plans under Para. 1 shall be developed by the Ministry of Finance.

(3) To issues, unsettled in the standards and account plan under Para. 1 for the budget organizations may be applied provision of standards, applicable to other undertakings in the meaning of the Accountancy Act under a procedure, determined by the Minister of Finance.

(4) The standards, instructions and account plan under Para. 1 and 3 shall be published on the

internet site of the Ministry of Finance.

Art. 165. (1) By an order, coordinated with the president of the National Statistical Institute, the Minister of Finance may determine undertakings, which are not budget organizations, to apply the standards, instructions and account plan under Art. 164, Para. 1 and 3, where these undertakings fall in sector state Governance and are not trade companies.

(2) The order under Para. 1 shall be published in the State Gazette and shall be published on the internet sites of the Ministry of Finance and the National Statistical Institute.

Art. 166. (1) The budget organizations and the undertakings under Art. 165, Para. 1 shall draw up and produce their annual financial reports on the basis of the standards, instructions and account plan under Art. 164, Para. 1 and 3.

(2) The form, structure and contents of the annual and interim financial reports of the budget organizations and of the undertakings under Art. 165, Para. 1 shall be determined by the Minister of Finance.

Art. 167. The reported data on the assets, liabilities, incomes. Costs and operations of all the budget organizations of and of the undertakings under Art. 165, Para. 1 shall be consolidated by the Ministry of Finance on the basis of the provided by them turnover accounts and other information under conditions and terms, periods and procedure, determined by the Minister of Finance.

Art. 168. (1) (amend. - SG 95/15, in force from 01.01.2016) For the purposes of accountability and statistics of the public finances, the Minister of Finance may request from the undertakings under Art. 2 of the Accountancy Act, which are controlled by the state or by the municipalities or are assisted by them through subsidies, loans, state guaranties and other forms of state assistance, to produce additional reports and information in determined by him/her form, contents, terms and procedure of drawing up and presenting.

(2) Under Para. 1 information may be collected also for comprising from the activity of the undertakings under Para. 1 conditional obligations with a potential substantial effect on the public finances, including state and municipal guarantes.

(3) The information under Para. 2, as well as the information about shares and assets of budget organizations in the capital of trade companies shall be published on the Ministry of Finance internet site.

Art. 169. The standards and account plan under Art. 164, Para. 1 and 3, the accountancy systems of the budget organizations and undertakings under Art. 165, Para. 1, as well as the information under Art. 167 and 168 shall provide possibility for drawing up data for sector State Governance and for its subsectors in compliance with the EU requirements.

Art. 170. The procedure, way and terms for drawing up, presenting and publishing the annual financial reports of the budget organizations shall be determined by the Minister of Finance.

Art. 171. (1) The Minister of Finance may determine in the consolidated fiscal programme to be included the funds, receipts and payments of other persons or their structural units, where they are subject to inclusion in sector State Governance.

(2) For the purpose of drawing up and reporting the consolidated fiscal programme, the included under Para. 1 funds and operations depending on their nature and character shall be levelled to budgets, accounts for EU funds and accounts for other funds.

(3) The levelled to budgets under Para. 2 funds and operations shall not be part of the state budget, of the municipality budgets and of the budgets of the social-insurance funds.

(4) Operations and funds of the trade companied and their structure units hall not be included in the

consolidated fiscal programme under Para. 1 and 2.

Art. 172. For the purposes of the cash implementation of the budget, accountability and statistics, the comprised from structural changes amendments on the budgets of the first level budgetary spending units and reporting of the transfer of assets and liabilities between the relevant budget organizations may be carried out on a date 1 day of the month under instructions of the Minister of Finance, depending on the concrete structure change, the requirements of the relevant normative act and at accounting other related to the structural change circumstances.

Chapter sixteen. **ADMINISTRATIVE AND PENAL PROVISIONS**

Art. 173. For non-fulfillment of an obligation for publishing information or documents on an internet site, provided by this act, in the State Budget Act for the relevant year or in the decree for its implementation, the guilty official shall be punished by a fine of BGN 100 to 500 and in a repeated breach - the fine shall be imposed in a double amount.

Art. 174. Repeated shall be a breach, perpetrated within one year term from the enforcement of the penal decree, by which the perpetrated has been punished for the same in type breach.

Art. 175. (1) The acts for finding the breaches under Art. 173 shall be drawn up by authorized officials by the Minister of Finance and the penal decrees shall be issued by the Minister of Finance or an official, authorized by him/her.

(2) Drawing up acts, issuance, appealing and execution of penal decrees shall be carried out under the Administrative Violations and Penalties Act.

Additional provisions **Additional provisions** **S**

§ 1. In the meaning of this act:

1. "Budget programme" is a combination of activities, for which a certain body is responsible and on which resources are spent from the budget for realization of a concrete purpose of the policy.

2. "Budget framework" is a combination of procedures, mechanisms, negotiations, fiscal and other rules, restrictions and responsibilities of the bodies and institutions, participating in the budget process and the ones, responsible for conducting the budget policy of sector state governance, which shall include:

a) the systems of the budget accountancy and statistic reporting;

b) the rules and procedures, drawing up prognosis for the budget planning;

c) the figure fiscal rules;

d) the budget procedures, on which the budget process at all stages is based;

e) the midterm budget prognosis, widening the time horizon for drawing up the fiscal policy out of the annual budget cycle, including determining the priorities of the policy of the midterm budget objectives;

f) the mechanisms for independent observation and analyses in view to increasing the transparency of the elements of the budget process;

g) the mechanisms and rules, regulating the fiscal interrelations between the public bodies in the different subsectors of sector State Governance.

3. "Budget subsidy" is transfer of general or target purpose, whose central budget grants free to a budget organization for the relevant budget year.

4. "Budget interrelations" are transfers and temporary interest free loans.
5. "Budget organizations" are all the legal persons, whose budgets are included in the state budget and in the budgets of the municipalities, in the budgets of the social-insurance funds, as well as all other legal persons, whose funds, receipts and payments shall be included in the consolidated fiscal programme under a normative act or under Art. 171.
6. "Budget funds" are all money funds, coming in, kept, transferred and/or spent on the different budgets.
7. "Budget balance" is the difference between the revenues, assistance and donations, costs and budget interrelations. The positive budget balance is surplus and the negative budget balance – deficit.
8. "Temporary interest free loan" are the granted and subject to restoration monetary funds between the central budget, the budgets and accounts for EU funds with the exception of the funds under Art. 154, Para. 16 and 17. For the purpose of the budgeting and accountability the temporary interest free loans shall be provided as transfers.
9. "Tax cost" is an indirect cost, made through the tax system under an act provision, which leads to decrease or delay of budget revenues for achieving a certain economic or social purpose.
10. "Delegated budget" is a budget of a second level or lower level budgetary spending unit for which the right for changes in the costs is provided to the relevant budgetary spending unit under or on the basis of an act.
11. "Delegated by the state activities" are the activities on provision of state public services, to which the population should have provided equal access in compliance with the legislation in force and which are financed thoroughly or partially by the state budget through the municipalities budget.
12. "Debt of a subsector Local Governance" is the municipal debt and the debt of all the persons, who fall in subsector Local Governance under Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community
13. "Debt of subsector Central Governance" is the debt of subsector Central Governance under Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community.
14. "Debt of the social-insurance funds" is the debt of subsector social-insurance Funds under Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community
15. "State debt" is the debt under the Act on the State debt and the other forms of debt under Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, which is taken and paid off by the central budget and by the persons, whose budgets are part of the state budget, including through their accounts for the EU funds.
16. "Obligations for costs" are the available at the end of the relevant reported period monetary obligations for costs, with the exception of the obligations for costs for staff, pensions, interests on the debt (including on the guaranteed debt by the state and municipalities) for taxes and other public state and municipal receipts. Provision for obligations shall not be obligations for costs under the accountancy legislation, applicable to the budget organizations, obligations, which are debt, as well as the taken commitments for costs.
17. "Cash basis" is a system of budgeting and reporting, which covers all monetary receipts and payment, subject to expressing on the bank accounts of the budget organizations, their operations in cash, as well as levelled to them operations under the relevant provision of the standards and instructions for accountability of the budget organizations under Art. 164, Para. 1.
18. "Consolidated debt of sector State Governance under the requirements of Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure

annexed to the Treaty establishing the European Community

19. "Local community" are the nationals and legal persons, who have registration, carry out activity or use services on the territory of the relevant municipality.

20. "Local activities" are the activities on provision of public and other services, which the municipalities provide on the basis of an act and/or a Municipal council decision and are not financed as activities, delegated by the state

21. "Available at the end of the year commitments for costs" are all the commitments for costs, notwithstanding of the fact when they were taken, which have remained non-fulfilled/unrealized at the end of the year and are subject to fulfillment/realization thoroughly or partially in the following budget years.

22. "New obligations for costs" are monetary obligations for costs, which occur during the current year, notwithstanding of the fact if they have been paid, with the exception of the obligations for costs for staff, pensions, interests on the debt (including on the guaranteed debt by the state and the municipalities), for taxes and other public state and municipal receipts. Provisions for commitments are not new obligations for costs under the accountancy legislation, applicable to the budget organizations, the obligations from previous years, the obligations, which are debt, as well as the commitments, taken for costs.

23. "Policy area" is a combination of purposes of the state power bodies for impact in a certain area of the social and economic development of society. Each policy area combines budget programmes, directed to implementation of a concrete government policy.

24. "Municipal debt" is the debt, determined under Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community, which is taken and paid off by the municipality budget.

25. "Subsector Local government" is subsector Local government under the requirements of the European system of national and regional accounts.

26. "Subsector Central government" is subsector Central government under requirements of the European system of national and regional accounts.

27. "Undertaken commitments for costs" are clauses of agreements and provision of normative and administrative acts, which bind the budget organizations to future payments for costs and/or new commitments for costs with a determinable value, with the exception of: the costs for staff, pensions, interests on the debt (including on the guaranteed by debt by the state and municipalities), as well as the costs for taxes and other public state and municipal receipts.

28. "Assistance and donation" are the funds from the European Union and on other international programmes and agreements, which are granted free on the relevant budgets and/or accounts for EU funds, as well as all other free granted funds to the budget organizations, which are not fines, sanctions, or confiscated assets.

29. "Revenues" are monetary receipts for the relevant budget year from: public state and municipal receipts, fines, sanction and confiscated assets, interests, dividends and other revenues from financial assets, as well as all other money net receipts of the budget organizations, which comprise from realization and using of non-financial assets and provision of services. The payments, which are restoration of revenues, as well as negative course differences from realization of monetary funds in foreign currency are treated as negative revenue.

30. "Programme form of budget" is a budget document, in which the midterm objectives are produced of the budget organization, for which it is needed the relevant financing, costs of budget programmes, whose implementation will lead to achieving the objectives, as well indicators for implementation with information, needed for measuring the achieved results and implementation of the budget programmes.

31. "Costs" are payments for the relevant budget year for: staff and the related insurance contributions, supply of non-financial assets, services, interests, paid use of resources of third persons, compensations, sanctions, as well as for free provision of funds to natural and legal persons. The money receipts, which restore costs, shall be treated as negative cost. Payment, which are element of net receipts of

revenues are not costs under the single budget classification.

32. "Sector "General government" according to the requirements of the European system of national and regional accounts in the Community.

33. "System for electronic budget payment (SEBRA)" is a system for observation of the initiated payments by the included in it legal persons and for governing the payments within the frames of preliminary given limits. The SEBRA is not a payment system under Art. 79 of the Act on the Payment Services and Payment Systems.

34. "Social-security Funds" are the National Insurance Institute and the funds of the state public insurance of the National Health-insurance Fund and all other legal persons and funds, which are included in the scope of subsector Social Security Funds under the requirements of the European system of national and regional accounts in the Community.

35. "Midterm period" is a period of 3 years.

36. "EU funds" are assistance and donations, as well as funds, which are element of the financing. Provided by funds and institutions of EU. The funds, provided by the European investment bank, the European investment funds and other financial institution are not EU funds.

37. "Funds from other international programmes and agreements" are loans, assistance and other freely received funds on international programmes and agreements out of the EU funds.

38. "Structural balance" is the annual balance of sector General government, corrected according to the economic cycle, without accounting the single and temporary measures.

39. "Transfer" is free transfer of money funds between the central budget, the budgets, accounts for EU funds and the accounts for other funds, including provision of funds for financing concrete activities and services, where such provision of funds is classified as cost/revenue.

40. "Financing the budget balance" are receipts and payments, from: taking and paying the debt, receipts for privatization, operations with other funds, operations on acquiring and realizing financial assets and liabilities, not connected to revenues and costs, as well as the change of availability of the money funds for the relevant budget year, including from reassessment of the available money funds in foreign currency. Financing is equal to the budget balance with a negative sign.

41. "Fiscal reserve" is an indicator, which includes:

a) the balances on all the bank accounts of the budget organizations without the ones of the municipalities and their budgetary spending units;

b) the assets of the state funds for guaranteeing sustainability of the state pension system;

c) receipts for EU funds for certification costs, advances etc.;

d) other financial assets under Art. 154, Para. 22.

42. "Other funds" are the judicial guarantees, the guarantees for temporary import, deposits for participation in competitions and tenders, other guarantees, deposits and funds temporary kept by the budget organization on the account of other persons, including collecting, spending or temporary keeping of funds on the account of budgets or in accounts for EU funds.

§ 2. Failure to fulfill this act, of the State Budget Act for the relevant year, of the acts on the budgets of the social-insurance funds, the State Debt Act and the Municipal Debt Act, of the normative and other acts, adopted or issued under these acts, as well as the instructions of the Minister of Finance under this act and the State Budget Act for the relevant year shall be violation of the budget discipline.

§ 3. This act shall introduce the requirements of Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States (OJ, L 306/41 of 23 November 2011).

§ 4. This act may be amended, supplemented or repealed only by a new act on public finances or by a special act, amending and supplementing this act.

TRANSITIONAL AND FINAL PROVISIONS

§ 5. The Act on the State Budget Planning (publ., SG, 67 of 1996; amend., 46 of 1997, 154 of 1998, 74 of 2002, 87 of 2005; corr., 89 of 2005; amend., 105 of 2005, 80 of 2007, 98 of 2008 and 54 of 2011) shall be repealed.

§ 6. The Act on the Municipal Budgets (publ., SG, 33 of 1998; amend., 69 of 1999; Decision N2 of the Constitutional Court of 2001 - N. 9 of 2001; amend., 56 and 93 of 2002, 107 of 2003, 34 and 105 of 2005, 98 of 2006, 108 of 2007, 98 of 2010 and 16 of 2011) shall be repealed.

§ 7. (1) The legal persons, whose operations and funds on the date of the enforcement of this act have been included in the consolidated fiscal programme in the meaning of § 1, p. 14 of the Additional Provisions of the repealed Act on the State Budget Planning shall be considered as budget organizations in the meaning of this act and shall be included in the consolidated fiscal programme.

(2) The legal persons, whose funds, receipts and/or payments on the date of the enforcement of this act have been included in the system of a single account and/or the system for electronic budget payments under the State Budget Act for the relevant year shall be considered as included in the single account and/or SEBRA under Art. 154.

§ 8. (1) The existing on the date of the enforcement of this act accounts out of the budget under Art. 45, Para. 2 of the repealed Act on the State Budget Planning for the EU funds and on other international programmes and agreements, including the account out of the budget of the National Fund shall be considered as accounts for EU funds in the meaning of Art. 8, Para. 2 and 5.

(2) The accounts of the National Funds for EU funds and on other international programmes and agreement, which are not in the BNB, shall continue to be serviced under the current procedure by finalization of the relevant programmes, agreements and mechanisms.

§ 9. (1) From the date of the enforcement of this act, State fund Agriculture shall draw up, implement and account for budget of first level budgetary spending unit, which is part of the state budget.

(2) Considered from the date of the enforcement of this act the account out of the budget of State Fund Agriculture shall be considered as an account for EU funds in the meaning of Art. 8, Para. 2.

(3) The available funds on the date of the enforcement of this act in the account out of the budget of State Funds Agriculture in BNB shall be included as present in the account under Para. 2.

§ 10. (1) Considered from the date of the enforcement of this act account out of the budget under Art. 142c of the Act on the Environment Protection shall be considered as an account for EU funds under Art. 8, Para. 4.

(2) Through the account under Para. 1 shall be carried out only operations, comprising from signed by the date of the enforcement of this act international and other agreements. After their finalization the relevant bank accounts shall be closed, where the available funds in them shall be transferred to the budget of the Undertaking for directing the activities on environment protection under Art. 60 of the Act on the Environment Protection.

(3) The revenues from sale of prescribed emission units without the ones under Para. 2, shall come in and shall be granted for spending through the budget of the Undertaking for directing the activities on environment protection under Art. 60 of the Act on the Environment Protection.

§ 11. Considered from the date of the enforcement of this act the Fund for covering the costs on privatization and post-privatization control shall be closed, where its revenues and costs shall be included in the budget of the Ministry of Economy, Energy and Tourism. Or in the budget of the Agency for privatization and post-privatization control.

§ 12. (1) Considered from the date of the enforcement of this act the accounts out of the budget of the municipalities for EU funds and on other international programmes and agreements shall be considered for accounts for EU funds under Art. 8, Para. 2 and 4.

(2) The other accounts out of the budget, including the accounts for receipts from the municipal privatization and for the costs on the account of these receipts shall be closed, where the available remaining in them shall be transferred to the budget of the relevant municipality within 1 month term from the enforcement of this act.

(3) The transferred under Para. 2 funds from the municipal privatization shall be spent from the budget of the relevant municipality under Para. 4 and Art. 127, Para. 3.

(4) The transferred in the municipality budget available funds from the closed accounts out of the budget for privatization, as well as the receipts from privatization may be spent through the municipal budget, including for funding the municipal bodies, activities and structures, related to the privatization process on the applied by the enforcement of this act procedure and rules for the relevant municipal accounts out of the budget, bodies, activities and structures.

§ 13. For the purposes for application of this act, the funds and operations of the state undertakings, which on the date of the enforcement of this act have been included in the consolidated fiscal programme, shall be levelled to budgets, which are not part of the state budget.

§ 14. (1) Considered from the date of the enforcement of this act all receipts and payments on the accounts for other funds under § 28 of the Transitional and Final Provision of the Act, Amending and Supplementing the Act on the Bulgarian Identity Documents (publ. SG, 105 of 2006; amend. 110 of 2008 and 82/2009) shall be included in the budget of the Ministry of Interior.

(2) The available funds in the account of other funds under Para. 1 shall be transferred to the budget of the Ministry of Interior and shall be accounted for on the budget of the Ministry as revenues and charges.

(3) The Minister of Finance shall carry out changes on the revenues and costs on the budget of the Ministry of Interior, comprising from the application of Para. 1 and 2.

(4) The bank account for other funds under Para. 1 may be extended to be used only for collection of the relevant revenues from charges and their periodical transfer to the budget of the Ministry of the Interior.

(5) The obligations under § 29 on the Transitional and Final Provision of the Act, Amending and Supplementing the Act on the Bulgarian Identity Documents (publ. SG, 105 of 2006; amend. 110 of 2008 and 82/2009) shall be paid off from the budget of the Ministry of Interior, where for the payments, which are element of the financing, the Minister of Finance may carry out the comprising changes.

§ 15. (1) The available other funds on the bank account under At. 59b of the Act on the Physical Education and Sport shall be transferred to the budget of the Ministry of Physical Education and Sport as non-tax revenues.

(2) The funds under Art. 14, Para. 3 of the Act on Gambling shall come in and kept in the account for other funds under Para. 1 and shall be spent through the budget of the Ministry of Physical Education and Sport.

(3) For the transfer and spending of the sums under Para. 1 and 2, the Minister of Finance shall carry out amendments of the budget of the Ministry of Physical Education and Sport under Art. 110, Para. 1, unless these revenues and costs have been envisaged under the budget of the Ministry.

§ 16. The agreements, related to servicing of the single account SEBRA and the transit accounts, signed under the State Budget Act of the Republic of Bulgaria for the relevant year, and Art. 43, Para. 1 of the Act on the BNB, shall be considered as signed under Art. 154, Para. 154, Para. 8, 9, 10 and 12.

§ 17. (1) The contributions, due for the state public insurance for health insurance, for the Teachers pension funds and for the supplementary obligatory pension insurance from the budget organizations shall be calculated deposited and accounted for under the current procedure.

(2) The budget organizations, which in the date of the enforcement of this act have been included in the centralized payment of insurance contributions and taxes on the incomes of natural persons, shall be considered as included in the scheme for centralized payment of insurance contributions and taxes on the incomes of natural persons under Art. 159, 160 and 161.

§ 18. (In force from 01.02.2013) Within 6-month term of the publication of the act in the State Gazette:

1. The Council of Ministers shall introduce to the National Assembly a proposal for determining an independent body in the meaning of Art. 6 of Council Directive 2011/85/EU of 8 November 2011 on requirements for budgetary frameworks of the Member States and for automatic corrective mechanisms under Art. 23, Para. 3.

2. The Minister of Culture shall introduce to the Council of Ministers a draft Act, Amending and Supplementing the Act on the Radio and TV for expressing the comprising from this act amendments in the part of funds Radio and TV.

§ 19. The National audit office and the Agency for state financial inspection shall carry out audits or inspections also to the accounts out of the budget and funds, existing by the enforcement of this act.

§ 20. Within 3 years from the enforcement of this act the municipalities shall bring their indicators at the end of the year for the taken commitments and obligations for costs in compliance with the restrictions under Art. 94, Para. 3, p. 1 and 2.

§ 121. (In force from 01.02.2013) The provision under Art. 34, Para. 8 of the Act on the Local Self-government and the Local Administration shall apply only to remunerations for participation in specialized bodies of the Municipal council, established by the day of publication of this act in the State Gazette.

§ 122. (In force from 01.02.2013) The budget procedure for drawing up the budgets and calculation for the accounts for EU funds for 2014 shall be carried out under the rules of this act.

§ 123. This act shall come into force from 1 January 2014, with the exception of § 115, which shall come into force from 1 January 2013, and § 18, § 114, § 120, § 121 and § 122, which shall come into force from 1 February 2013.

This act has been adopted by the 41st National Assembly on 31 January 2013 and has been sealed by the official stamp of the National Assembly.

**Transitional and concluding provisions
TO THE ACCOUNTANCY ACT**

(PROM. SG 95/15, IN FORCE FROM 01.01.2016)

§ 29. This Act shall enter into force from 1st of January 2016, with the exception of Art. 48 – 52, which shall enter into force from 1st of January 2017.