

LAW ON ENCOURAGEMENT OF INVESTMENTS (Title amend., SG 37/04)

Prom. SG. 97/24 Oct 1997, corr. SG. 99/29 Oct 1997, suppl. SG. 29/13 Mar 1998, amend. SG. 153/23 Dec 1998, amend. SG. 110/17 Dec 1999, amend. SG. 28/19 Mar 2002, amend. SG. 37/4 May 2004, corr. SG. 40/14 May 2004, amend. SG. 34/25 Apr 2006, amend. SG. 59/21 Jul 2006, amend. SG. 65/11 Aug 2006, amend. SG. 82/10 Oct 2006, amend. SG. 86/24 Oct 2006, amend. SG. 42/29 May 2007, amend. SG. 69/5 Aug 2008

Chapter one. GENERAL PROVISIONS

Art. 1. (amend., SG 37/04, in force from August 8 2004; prev. text of Art. 01 – SG 42/07, in force from 30.08.2007) This law settles the terms and the order of encouraging investments in the country, the activity of the state bodies in the sphere of encouraging investments, as well as their protection.

(2) (new – SG 42/07, in force from 30.08.07) The main purposes of this Law shall be:

1. raising the competitive abilities of the Bulgarian economy through increase of the investments for technological development in high added value production and services by observing the principles of steady development;
2. improvement of the investment climate and overcoming the regional divergence in the economical development;
3. creating new and highly productive job positions.

Art. 2. (amend., SG 37/04, in force from August 8 2004) A foreign person can make investments in the country by the order stipulated for local citizens, having equal rights with them, inasmuch as this law does not provide otherwise.

Art. 2a. (new, SG 37/04, in force from August 8 2004) The provisions for encouraging the investments of this law shall apply in compliance with the requirements of the Law for the state support.

Art. 3. (1) If an international agreement, party to which is the Republic of Bulgaria, stipulates more favourable conditions for carrying out economic activity by foreigners the more favourable conditions shall apply according to the international agreement.

(2) The provisions of this law shall not apply entirely or partially for the investments of foreigners from countries specified by the Council of Ministers where, discriminating measures are applied regarding Bulgarian companies or citizens.

Art. 4. (revoked – SG 42/07, in force from 30.08.2007)

Art. 5. (revoked, SG 37/04, in force from August 8 2004)

Art. 6. (revoked – SG 42/07, in force from 30.08.2007)

Art. 7. (amend. - SG 34/06, in force from 01.10.2006; revoked – SG 42/07, in force from 30.08.2007)

Art. 8. (revoked, SG 37/04, in force from August 8 2004)

Art. 9. (revoked, SG 37/04, in force from August 8 2004)

Chapter two. STATE POLICY IN THE SPHERE OF INVESTMENTS (Title amend., SG 37/04, in force from August 8 2004)

Art. 10. (amend., SG 37/04, in force from August 8 2004) (1) (amend. – SG 42/07, in force from 30.08.2007) The Minister of Economy and Energy shall provide the implementation of the state policy in the sphere of the investments in interaction with the bodies of the executive authority.

(2) (amend. – SG 42/07, in force from 30.08.2007) The Minister of Economy and Energy shall:

1. work out a strategy for encouraging the investments in the country in cooperation with the bodies of the executive authority and interested non-government organizations, which shall be adopted by the Council of Ministers;

2. (suppl. – SG 42/07, in force from 30.08.2007) work out programmes with measures for encouragement of the investments in implementation of the strategy referred to in Item 1;

3. work out and propose draft normative acts for encouragement of the investment activity in the country;

4. represent the Republic of Bulgaria in international organizations in the sphere of investments;

5. make proposals for inclusion in the State Budget Law of the Republic of Bulgaria for the respective year of the necessary funds for encouragement of the investments according to this law;

6. (new – SG 42/07, in force from 30.08.2007) issue certificates for investment classes and make proposals to the Council of Ministers for implementation of measures for encouragement of the investments under the order of this Law.

Art. 11. (amend., SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) (1) The regional governor shall:

1. provide the implementation of the state policy in the sphere of encouragement of the investments on the territory of the region;

2. organize the development of measures for encouragement of the investments and coordinate their implementation; the measures shall be developed in compliance with the strategy referred to in Art. 10, Para 2, Item 1 and shall be included in the regional strategy of development;

3. coordinate the activities of the executive authorities and their administration on the territory of the region referred to in Items 1 and 2.

(2) The mayor of the municipality shall:

1. provide the implementation of the policy for encouragement of the investments on the territory of the municipality in the development and implementation of the municipal plan for development and of the programme of its implementation;

2. assist in application of the measures for encouragement of the investments under this Law.

- (3) The mayor of the municipality may authorize the mayors of regions and the mayors of mayoralties to exercise the functions referred to in Para 2.

Art. 11a. (new, SG 37/04, in force from August 8 2004) (1) (amend. – SG 42/07, in force from 30.08.2007) Established is Bulgarian Investments Agency, called hereinafter "the Agency", which shall assist the Minister of Economy and Energy in implementing the state policy in the sphere of encouraging the investments.

- (2) (amend. – SG 42/07, in force from 30.08.2007) The Agency is a corporate body at budget support with a seat in Sofia and has a status of executive agency at the Ministry of Economy and Energy.

- (3) The structure and activity of the Agency shall be determined by a structural regulation adopted by the Council of Ministers.

- (4) The annual state budget law of the Republic of Bulgaria shall provide for expedient resources for carrying out investment marketing by the Agency.

- (5) (amend. – SG 42/07, in force from 30.08.2007) At a proposal of the executive director of the Agency the Minister of Economy and Energy or an official authorized by him shall determine the employees of the Agency entitled to extra remuneration, as well as its individual size. Extra remuneration shall be received for exceeding the annual plan referred to in Art. 11b, Item 4.

- (6) The resources under para 5 shall be of size 20 percent of the annual size of the funds for salaries of the budget of the Agency and shall be included in the Law for the state budget of the Republic of Bulgaria for the respective year.

Art. 11b. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) The Agency shall:

1. carry out the informational servicing of the investors;

2. carry out investment marketing, presenting and advertising abroad the possibilities of investing in the country;

3. carry out individual administrative servicing of the investors by the order of this Law;

4. draw up a plan for attracting and servicing investors and present it for

approval to the Minister of Economy and Energy by 31 December of the preceding year; the plan shall be updated in quarterly during the current year;

5. work out an annual report for the investments in the country and for the terms of their encouragement, which shall be presented through the Minister of Economy and Energy to the Council of Ministers;

6. draw up quarterly reports on its activity in relation to the annual plan referred to in Item 4, which shall be presented to the Minister of Economy and Energy;

7. keep an Internet site with information for:

a) the investment and business climate in the country;

b) sites and industrial zones for making investments by regions in the country with economical and investment profile of the region;

c) forms and samples for applying for class of investment certificates and using the encouragement measures under this Law;

d) other information.

Art. 11c. (new, SG 37/04, in force from August 8 2004) (1) The Agency shall keep and maintain for statistical purposes a uniform informational system which shall gather data for all investments in the country.

(2) For completing the unified informational system the Agency shall gather individual data from the investing companies, as well as from:

1. the National Statistical Institute – for the expenditures made for the period for acquiring long-term assets – at the end of every quarter;

2. the Bulgarian National Bank – for the foreign investments made in the country during the period at the end of every quarter;

3. other central and territorial bodies of the executive authority – upon request by the Agency.

(3) (amend. – SG 42/07, in force from 30.08.2007) The Agency shall submit summarized data for the investments to the Minister of Economy and Energy, to other state bodies and interested persons by an order determined by the structural regulation of the Agency.

Chapter three. ENCOURAGEMENT OF THE INVESTMENTS

(Title amend., SG 37/04, in force from August 8 2004)

Section I. Conditions and Measures for Encouragement of the

Investments (new – SG 42/07, in force from 30.08.2007)

Art. 12. (amend., SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) (1) Under the order of this Law shall be encouraged the initial investments in long-term material and immaterial assets and the new job positions related thereto as referred to in Regulation 1628/2006 (EC) of the European Commission on the application of Articles 87 and 88 of the Treaty to national regional investment aid.

(2) The investments referred to in Para 1 shall meet the following

requirements:

1. to be related to the setting-up of a new establishment, the extension of an existing establishment, diversification of the output of an establishment into new additional products or a fundamental change in the overall production process of an existing establishment;

2. to be made in the following economical activities:

a) from the industrial sector: processing industry and production of energy from renewable sources of energy;

b) from the sector of services: high-tech activity in the sphere of computer technologies, scientific and research activity, as well as education and human health protection;

3. at least 80 percent of the future overall income to be made of the products produced by the economical activities under Item 2;

4. the term of realization to be three years at most, commencing on the date of granting class of investment certificate under Art. 20, Para 1, Item 1;

5. not to be under the minimum amount for a single site as determined in the Regulations on Implementation of the Law, which amount may be:

a) up to twice lower for the economically lagging regions in the administrative boundaries of which the investment project shall be completely realized;

b) up to twice lower for investments in high-tech activities from the industrial sector of the economy under Item 2, Letter "b";

c) up to three times lower for investments in high-tech activities from the sector of services under Item 2, Letter "b";

6. at least 40 percent of the allowable expenses for the investment to be financed with investor's own or attracted funds; the funds determined for state aid or containing a state aid component, including assigned corporate taxes, shall not be deemed own or attracted;

7. the job positions related to the investment to be maintained in the region for at least 3 years commencing on the date of its realization;

8. the investment to be maintained in the region for at least 5 years commencing on the date of its realization;

9. other conditions according to the legislation in the sphere of the state aid in force.

Art. 13. (amend., SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) Shall not be encouraged the investments of any person:

1. convicted with a conviction in force unless rehabilitated;

2. declared insolvent or under insolvency procedure, or who has concluded an extrajudicial agreement with the creditors in the sense of Art. 740 of the Commercial Law;

3. under liquidation proceedings;

4. with pecuniary obligations to the state or to a municipality in the sense of Art. 162, Para 2 of the Tax-Insurance Procedure Code, which have been established by an act in force of a competent authority, unless rescheduling or deferring of the obligations has been admitted.

(2) Shall not be encouraged the investments of any foreign person, for whom in the state of his establishment any of the circumstances referred to in Para 1 are available according to his national legislation.

(3) The requirement of Para 1, Item 1 shall not apply to the sole proprietors of the capital, to the managers or to the members of the managing bodies of the investor, and provided that the members are legal persons – to their representatives in the management body in question.

Art. 13a. (amend. – SG 42/07, in force from 30.08.2007) No investments shall be encouraged:

1. in enterprises in difficulty;
2. for performance of privatisation or concession contracts under the Law for Privatisation and Post-privatisation Control, respectively under the revoked Law on the Transformation and the Privatisation of State-owned and Municipal-owned Enterprises (prom. - SG 38/92; amend. - SG 51/94, SG 45, 57 and 109/95, SG 42, 45, 68, 85/96; corr. - SG 86/96; amend. - SG 55, 61, 98 and 122/97, SG 39/98; corr. - SG 41/98; amend. - SG 70/98, SG 12/99, SG 47/99 – Decision No. 8 of the Constitutional Court from 1999; amend. - SG 56, 84 and 96/99, SG 20, 99 and 108/00, SG 42/01; revoked – SG 28/02) and the Law of the Concessions, and for performance of compensation (offset) agreements;
3. for manufacturing of products in the branch of of coal production, steelmaking, ship construction, production of synthetic fibres, fishery and aquaculture, as well as in the activities related to primary production of agricultural products enumerated in Appendix 1 to the Treaty Establishing the European Community as referred to in Regulation (EC) No 1628/2006 of the European Commission on the application of Articles 87 and 88 of the Treaty to national regional investment aid.

Art. 14. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) (1) The investments encouraged pursuant to this Law shall be determined as class A or class B on the basis of the criteria for the minimum amount of the investments referred to in Art. 12, Para 2, Item 5.

(2) A certificate under Art. 20, Para 1, Item 1 shall be granted to class A and class B investments.

Art. 15. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) (1) By the order of this Law the investments shall be encouraged by:

1. short terms for administrative servicing;
2. individual administrative servicing necessary for realization of the investment project;
3. obtaining ownership or limited real rights in immovable property – private state or private municipal ownership;
4. financial aid for construction of components of the technical infrastructure necessary for realization of one or more investment projects;
5. financial aid for training for acquiring vocational qualification by persons

up to 29 years of age, including trainees from the universities in the country occupying the new job positions related to investments.

(2) The investments shall be encouraged also by the order of the Law on Corporate Income Taxation, Law on Value Added Tax and the Law of Encouragement of Employment if meeting the requirements specified in them.

(3) The resources of the republic budget necessary for implementation of the measures under Para 1, Item 4 and 5 shall be specified annually in the law of the state budget of the Republic of Bulgaria.

Art. 16. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) The measures for encouragement of the investments referred to in Art. 15, Para 1, Items 3 – 5 shall apply when:

1. the investor has submitted an application under Art. 18, Para 1 before the beginning of the work on the investment project;

2. the Minister of Economy and Energy by means of the certificate referred to in Art. 20, Para 1, Item 1 has certified in writing:

a) the principal compliance of the project with the conditions of eligibility of the aid scheme according to Art. 5, Para 1 of Regulation (EC) No 1628/2006 of the European Commission on the application of Articles 87 and 88 of the Treaty to national regional investment aid, or

b) his intention to apply the measure, provided that it will be approved by the European Commission by the order of the State Aid Law in the cases where the measure constitutes state aid not eligible for group exempt according to Regulation (EC) No 1628/2006 of the European Commission on the application of Articles 87 and 88 of the Treaty to national regional investment aid;

3. the conditions of the legislation in force in the field of state aid have been fulfilled;

4. there is a positive opinion for the investment project of the competent authority on environment, and in the cases of Art. 92 of the Law of Preservation of Environment – a positive decision on the assessment of the environmental impact under the legislation in force.

Art. 17. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) (1) The measures for encouragement of investments may apply to legal persons, in which the investor whose project has been certified holds at least 75 percent of the registered capital.

(2) The investor and the legal persons referred to in Para 1 shall be liable jointly and severally for the performance of their duties on realization of the investment.

Section II. Order of Encouragement of Investments (new – SG 42/07, in force from 30.08.2007)

Art. 18. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in

force from 30.08.2007) (1) To be granted a class of investment certificate the investor shall submit an application to the Executive Director of the Agency in which he shall indicate the measures for encouragement of the investments under Art. 15, Para 1 he wants to use.

(2) The investor shall enclose with the application an investment project and the necessary documents specified in the regulations on implementation of the Law.

(3) The application and the documents referred to in Para 1 and 2 may be presented also in electronic form signed with universal electronic signature under the order of the Law on the Electronic Document and the Electronic Signature.

(4) The requirements for the investment project shall be determined in the regulations on implementation of the Law.

Art. 19. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) The Executive Director of the Agency shall:

1. assess the submitted documents referred to in Art. 18 by order determined in the regulations on implementation of the Law;

2. notify the investor for established non-compliance and/or incompleteness of the documents referred to in Art. 18 and shall specify a term for their elimination;

3. draw up on the basis of the assessment referred to in Item 1 a motivated proposal to the Minister of Economy and Energy for granting or refusal to grant a class of investment certificate;

4. send to the Minister of Economy and Energy the proposal referred to in Item 3 together with the enclosed documents referred to in Art. 18 within 30 days from their submission.

Art. 19a. (new – SG 42/07, in force from 30.08.2007) Class of investment certificate shall not be granted when:

1. the requirements of Art. 18 are not met, or

2. the investment does not meet the conditions under Art. 12, or

3. some of the circumstances under Art. 13a are available, or

4. the investment is made by a person under Art. 13, or

5. there is non-compliance and/or incompleteness of the presented documents under Art. 18 and it has not been eliminated within 6 months from the date of submission of the application.

Art. 20. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) (1) The Minister of Economy and Energy or an official authorized by him shall:

1. grant a certificate by which the class of investment is determined under order determined in the regulations on implementation of the Law;

2. refuse to grant a certificate in the cases referred to in Art. 19a;

3. notify the Minister of Finance and the Minister of Labour and Social Policy of the investments certified under this Law.

(2) Upon request of the Minister of Economy and Energy the Minister of Finance and the Minister of Labour and Social Policy shall provide information of the

investments certified under this Law which are encouraged by the order of Art. 15, Para 2.

Section III. Application of the Measures for Encouragement of the Investments (new – SG 42/07, in force from 30.08.2007)

Art. 21. (amend., SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) (1) When a class of investment certificate is presented the central and territorial bodies of the executive authority shall provide administrative servicing of the investors in terms by one-third shorter than those specified in the normative acts unless in the cases of Para 2 – 5.

(2) The administrative servicing shall be provided by the competent authorities within 5 days from submission of the investor's request in the cases under:

1. Art. 140, Para 1 and Art. 144, Para 3, Item 1 of the Law of the Spatial Planning;

2. Art. 26, Para 3 of the Law for the Roads;

3. Art. 112a of the Law of Preservation of Environment.

(3) The administrative servicing shall be provided by the competent authorities within 14 days from submission of investor's request in the cases of:

1. Art. 141, Para 7, sentence one and Art. 144, Para 3, Item 2 of the Law of the Spatial Planning;

2. Art. 111 and 112 of the Law of Preservation of Environment;

3. Art. 62a, Para 1 of the Law for the Waters.

(4) The administrative servicing shall be carried out by the competent authorities within 30 days from submission of a request by the investor in the cases under Art. 9, Para 5 and Art. 96, Para 5 of the Law of the Spatial Planning.

(5) (amend. – SG 69/08) According to their competence the authorities of the state sanitary control and the authorities of fire safety and rescue shall issue the necessary documents within 14 days in order administrative servicing of the investors holding class of investment certificates to be provided.

Art. 22. (revoked, SG 37/04, in force from August 8 2004; new – SG 42/07, in force from 30.08.2007) (1) The individual administrative servicing necessary for realizing class A investments shall be provided by employees of the Agency before all central bodies of the executive authority, and in the rest of the cases – by employees from the administration of the territorial bodies of the executive authority under Art. 22d, Para 1.

(2) For performance of individual administrative servicing the investor shall authorize the persons under Para 1 and shall provide the necessary documents to them.

(3) In performance of individual administrative servicing of an investor the persons under Para 1 shall be obliged to:

1. provide to the investor complete and accurate information on the necessary documents, terms and fees specified in the special laws;

2. assist in issuing and receipt from the competent authorities all necessary documents for realization of the investment in question and for performance of the

economic activity related to it.

(4) The fees for issuing the documents referred to in Para 3, Item 2 specified in a normative act shall be at the expense of the investor.

(5) The order of individual administrative servicing shall be determined in the regulations on implementation of the Law.

Art. 22a. (new – SG 42/07, in force from 30.08.2007) (1) Upon request of an investor holding a class of investment certificate the competent authority may:

1. perform sale of immovable property of private state ownership at the place of investment without auction, after assessment and with the written consent of the Minister of Economy and Energy and of the Minister of Regional Development and Public Works, and regarding properties managed by the Ministry of Defence - without auction, after assessment and with the written consent of the Minister of Defence, after which the district governor shall issue an order for transferring the right of ownership and shall conclude a contract with the investor;

2. perform sale of immovable property of private municipal ownership at the place of investment without auction or contest, after assessment and decision of the Municipal Council; on the basis of the decision the mayor of municipality shall issue an order and conclude a contract with the investor;

3. arrange for recompense limited real right in immovable property of private state ownership at the place of investment without auction, after assessment and with the written consent of the Minister of Economy and Energy and of the Minister of Regional Development and Public Works, after which the district governor shall issue an order for arranging limited real right and shall conclude a contract with the investor;

4. arrange for recompense limited real right in immovable property of private municipal ownership at the place of investment without auction or contest, after assessment and decision of the Municipal Council; on the basis of the decision the mayor of municipality shall issue an order and conclude a contract with the investor.

(2) The assessment referred to in Para 1 shall be performed by at least two independent licensed assessors and the final market price shall not be lower than the average of the value according to the independent assessments performed.

(3) The failure to perform the investment project in respect of term and amount of investment shall be included in the contract as grounds for cancellation.

(4) The contracts referred to in Para 1 shall be formed in writing and shall be registered by an order of the judge on registrations at the location of the property.

(5) The competent authority under Para 1 shall send to the Agency a copy of the contract within 7 days from its conclusion.

(6) The information of the completed transactions with immovable properties of private state and private municipal ownership, and of the results of performance of the contracts shall be timely provided by the Agency to the Minister of Economy and Energy and shall be entered in the annual report referred to in Art. 11b, Item 5.

(7) The investor may not dispose of the immovable properties obtained by the order of Para 1 and may not transfer the limited real rights assigned in them before expiration of the term under Art. 12, Para 2, Item 8.

(8) The contracts referred to in Para 1 shall be concluded under the conditions

of the legislation in the field of the state aid in force.

Art. 22b. (new – SG 42/07, in force from 30.08.2007) (1) Upon proposal by the Minister of Economy and Energy the Council of Ministers may grant funds for financial support of construction of technical infrastructure components – local roads and streets of state municipal ownership, water supply and sewerage networks and facilities of public municipal or state ownership, from the closest component of the infrastructure already built to the borders of the real estate:

1. for realization of a class “A” investment;
2. for realization of two or more certified investment projects on the territory of a single industrial zone.

(2) The Minister of Economy and Energy may propose to the Council of Ministers to provide funds for financial support under Para 1 when the requirements of Art. 16 have been fulfilled.

(3) The relations regarding the construction of the technical infrastructure under Para 1 shall be arranged in the regulations on implementation of the Law in compliance with the legislation in the field of state aid in force.

(4) The investments under Para 1 realized in high-tech activities or within the administrative borders of economically lagging regions shall be encouraged with priority.

Art. 22c. (new – SG 42/07, in force from 30.08.2007) (1) Upon proposal by the Minister of Economy and Energy the Council of Ministers may grant funds for financial support of the training for acquiring vocational qualification by persons below 29 years of age, including trainees from universities in the country, who have occupied the new job positions created with the realization of a class A or class B investment, when:

1. the investment is realized in high-tech activities or entirely within the administrative borders of economically lagging regions;
2. the new working places opened in realization of the investment are kept at least three years from the date of its realization;
3. the annual employment remuneration of the persons occupied under employment relationship in the enterprise is higher than the average in the country for the economical activity in which the investment project is realized according to data of the National Statistical Institute.

(2) The investor-employer may carry out training for acquiring vocational qualification through a training organization or independently within the limits of the funds under Para 1.

(3) The relations regarding to the training for acquiring vocational qualification shall be regulated according to Regulation (EC) No 68/2001 of the Commission, amended by Regulation (EC) No 363/2004 of the Commission on the application of Articles 87 and 88 of the EC Treaty to training aid and by order determined in the regulations on implementation of the Law.

(4) No funds shall be granted by the order of this Law for financial support of training for acquiring vocational qualification by persons under Para 1, for whom funds are granted or may be granted to the investor-employer under the Law on

Encouragement of Employment.

Art. 22d. (new – SG 42/07, in force from 30.08.2007) (1) In every central and territorial administration shall be determined officials who shall carry out administrative servicing of investors holding class of investment certificates or of representatives authorized by them for realization of their investment projects.

(2) All central bodies of the executive authority shall be obliged to render assistance to the employees of the Agency in performance of individual administrative servicing of the investors.

Art. 22e. (new – SG 42/07, in force from 30.08.2007) Upon request of an investor the Minister of Economy and Energy may once extend the term of realization of the investment project by a year when:

1. the investment is A class and amounts to at least BGN 100 million, or
2. the administrative servicing is not held within the terms under Art. 21 by reasons of which the investor is not liable.

Chapter five. RIGHTS OVER REAL ESTATES(revoked, SG 37/04; in force from May 4/2004)

Art. 23. (revoked, SG 37/04; in force from May 4 2004; new – SG 42/07, in force from 30.08.2007) In respect of foreign investments realized before amendments of the legislation establishing normative restrictions only to foreign investments shall apply the statute provisions which have been in force at the moment of realization of the investment.

Art. 24. (revoked, SG 37/04; in force from May 4 2004; new – SG 42/07, in force from 30.08.2007) (1) The foreign persons entitled to carry out commercial activity under their national legislation may establish their commercial representations in the country which shall be registered in the Bulgarian Chamber of Commerce and Industry.

(2) The representations under Para 1 shall not be deemed legal persons and may not carry out economical activity.

(3) The transactions concluded by the foreign person with local persons for the needs of a representation under Para 1 registered by them shall be carried out by the order of formation of transactions by local persons.

Art. 25. (revoked, SG 37/04; in force from May 4 2004; new – SG 42/07, in force from 30.08.2007) Any foreign natural person or partnership not considered a legal person, if registered with the right to carry out commercial activity under its national law, may establish a branch. The branch shall be registered in the commercial register at the Registration Agency.

Art. 26. (revoked, SG 37/04; in force from May 4 2004)

Chapter six. SPECIAL PROVISIONS (Revoked, SG 37/04; in force from August 8 2004)

Art. 27. (Revoked, SG 37/04; in force from August 8 2004)

Art. 28. (Revoked, SG 37/04; in force from August 8 2004)

Art. 29. (Revoked, SG 37/04; in force from August 8 2004)

Art. 30. (amend., SG 110/9; Revoked, SG 37/04; in force from August 8 2004)

Art. 31. (Revoked, SG 37/04; in force from August 8 2004)

Art. 32. (amend., SG 110/99; Revoked, SG 37/04; in force from August 8 2004)

Chapter seven. ADMINISTRATIVE AND PUNITIVE PROVISIONS

Art. 33. (Revoked, SG 37/04; in force from August 8 2004)

Art. 34. (amend., SG 37/04, in force from August 8 2004) (1) (amend. – SG 42/07, in force from 30.08.2007) An official who violates or does not fulfil an obligation under art. 20, para 1, item 1 and art. 21 shall be punished by a fine of 500 levs unless the act represents a crime.

(2) (amend. – SG 42/07, in force from 30.08.2007) An official who violates art. 22, para 3 and art. 22d, para 2 shall be punished by a fine of 1000 levs, unless the act represents a crime.

(3) Who does not submit a requested information by the Agency, related to the servicing of an investment project, shall be punished by a fine or a material sanction from 200 to 2000 levs.

(4) For repeated commitment of the violation under para 1 – 3 the fine and the material sanction shall be in double size.

Art. 35. (new, SG 37/04, in force from August 8 2004) (1) The acts for establishing committed offences under art. 34, para 1, 2 and 3 shall be issued by officials appointed by the executive director of the Agency and the penal provisions shall be issued by the executive director of the Agency.

(2) The establishing of the offences, the issuance, the appeal and the fulfillment of the penal provisions shall be carried out by the order of the Law for the administrative offences and sanctions.

Additional provisions(new, SG 37/04, in force from August 8 2004)

§ 1. (new, SG 37/04, in force from August 8 2004) In the meaning of this law:

1. "Foreign person" is:

- a) a corporate body not registered in the Republic of Bulgaria;
- b) a company which is not a corporate body and which is registered abroad;
- c) an individual – a foreigner with a permanent place of residence abroad.

2. "Independent licensed assessor" is a person having obtained a licence by the order of the Ordinance for the analyses of the legal status and privatization assessments and for the terms and the order of licensing assessors (SG 57/2002) or of the revoked Ordinance for assessment of the sites subject to privatization.

3. (amend. – SG 42/07, in force from 30.08.2007) "Individual administrative servicing" is every activity carried out by the employees of the Agency or by appointed officials from the administration of the territorial bodies of the executive authority, related to filing and receiving from the competent bodies of all documents necessary according to the current legislation for making an investment.

4. "Repeated" is the offence committed within one year from the enactment of the penal provision by which the perpetrator has been punished for the same kind of offence.

5. (amend. – SG 42/07, in force from 30.08.2007) "Informational services" is the act of providing by the Agency of oral and written information to a person interested in investing and willing to receive information on the investment climate or to receive information on potential partners in the country, as well as on all administrative procedures pertaining to the fulfillment of the investment.

6. "Foreign investment" is every investment or increase of the investment of a foreign person or his branch in:

- a) stocks or shares in trade companies;
- b) right of ownership of buildings and limited real rights on immovable properties;
- c) right of ownership and limited real rights on movable objects having the nature of long-term material assets;
- d) right of ownership of detached parts of trade companies with more than 50 percent of state or municipal share of the capital in the meaning of the Law for privatisation and post-privatisation control;
- e) securities, including bonds and treasure bonds, as well as instruments derivative of them issued by the government, the municipalities or other Bulgarian corporate bodies with a remainder to maturity not less than 6 months;
- f) credits included in the form of financial leasing, for a period not shorter than 12 months;
- g) intellectual property –objects of copyright and its related rights, patentable inventions, feasible models, trade marks, marks of services and industrial design;
- h) rights under concession contracts and contracts for assigning management.

7. (new – SG 42/07, in force from 30.08.2007) “Site” means any inseparable totality of long-term assets connected physically and functionally for production of a certain product or products.

8. (new – SG 42/07, in force from 30.08.2007) “Renewable Energy Resources” are the resources in the sense of § 1, Item 6 of the Additional Provision of the Law on Energy.

9. (new – SG 42/07, in force from 30.08.2007) “Enterprise in difficulty” means any enterprise in the sense of § 1, Item 30 of the Additional Provisions of the Law on Corporate Income Taxation.

10. (new – SG 42/07, in force from 30.08.2007) “Economically lagging regions” means:

a) municipalities in which the level of unemployment for the year preceding the year of submission of the application of requesting the usage of the encouragement measures under this Law is higher than the average for the country for the same period, or

b) districts in which the gross added value per capita for the year preceding the year of submission of the application of requesting the usage of the encouragement measures under this Law is lower than the average for the country for the same period.

11. (new – SG 42/07, in force from 30.08.2007) “High-tech activities” shall be the activities determined with the regulations on implementation of this Law under the existing classification of EUROSTAT and the Organization for Economic Cooperation and Development (OECD) according to the Statistical Classifier of the Economic Activities in the European Community to which corresponds the Classifier of the National Statistical Institute – NCEA 2003.

12. (new – SG 42/07, in force from 30.08.2007) “Industrial zone” means one or several real estates of at least 50 dca of surface area, which have been covered with buildings or intended for coverage with production and/or administrative buildings with the adjacent infrastructure according to a detailed spatial plan in force.

13. (new – SG 42/07, in force from 30.08.2007) “Initial investment”, “material and immaterial assets”, “investment project”, “admissible expenses”, “agricultural product”, “start of work in an investment project”, “job positions” shall be terms in the sense of Regulation (EC) No 1628/2006 of the European Commission on the application of Articles 87 and 88 of the Treaty to national regional investment aid.

§ 2. (new, SG 37/04, in force from August 8 2004; amend. – SG 42/07, in force from 30.08.2007) The investment projects of class A shall be considered investment projects of priority.

Transitional and concluding provisions

§ 3. (prev § 1 – SG 37/04) This law revokes the Law for promotion and protection of foreign investments (prom., SG, No 8 of 1992; amend. and suppl., No 92 and 102 of 1995, No 109 of 1996; corr., No 110 of 1996; amend., No 55 and 58 of 1997).

§ 4. (prev § 2 – SG 37/04) The following amendments are introduced in the Law for the statistics:

1. In Art. 21 the words "five hundred to one thousand" are replaced by "80 000 to 600 000".

2. In Art. 22 the words "one thousand to one thousand and five hundred" are replaced by "600 000 to 2 000 000".

3. In Art. 23 the words "one thousand to two thousands" are replaced by "1 000 000 to 2 000 000".

4. In Art. 24 the words "five thousand to ten thousand" are replaced by "1 000 000 to 3 000 000".

§ 5. (prev § 3 – SG 37/04) Within two months from the enactment of the law the National Institute of Statistics shall work out methodology according to which statistical information regarding foreign investments shall be produced, in compliance with the international standards.

§ 6. (prev § 4 – SG 37/04) The companies with foreign holding, which have carried out import under the conditions of Art. 15a of the Law for promotion and protection of foreign investments, under (1, shall present to the customs authorities court decision for inclusion of the non-monetary deposit to the capital of the company within 6 months from the enactment of the law.

§ 7. (New - SG 29/98; prev § 1 – SG 37/04) In cases other than the cases under the preceding paragraph, Art. 14, 15 and 17 of the law shall not apply for commodities which, by October 24, 1997 have been registered under the regime of temporary import."

§ 8. (prev § 5 – SG 37/04) In cases of using tax relief under other laws the provision of Art. 20 shall apply for the remainder of the 10-year period.

§ 9. (prev § 6 – SG 37/04) Within two months from the enactment of the law the Council of Ministers shall adopt regulations for the structure and activity of the Foreign Investments Agency.

§ 10. (prev § 7 – SG 37/04) Within one month from the enactment of the law the Council of Ministers shall publish a list according to Art. 18, item 3 which shall be updated annually.

§ 11. (prev § 8 – SG 37/04; amend. – SG 42/07, in force from 30.08.2007) The fulfilment of the law shall be assigned to the Council of Ministers.

§ 12. (prev § 9 – SG 37/04) The law shall be enacted on the day of its promulgation in the State Gazette.

The law was adopted by the 38th National Assembly on October 16, 1997 and was affixed with the state seal.

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Transitional and concluding provisions (SG 37/04)

.....
§ 26. (1) The Bulgarian Investment Agency is a legal successor of the Agency for foreign investments.

(2) Within one month from the enactment of this law the Minister of Economy shall put forward in the Council of Ministers a draft decree for amendment of the structural regulation of the Agency for foreign investments.

§ 27. (1) Within one month from the enactment of this law the heads of all administrations shall appoint or assign functions to one or more persons in the respective administration for carrying out interaction with the employees of the Agency and assistance to the investors or to their authorized representatives, having obtained certificate for class of investment, and shall inform the Bulgarian Investment Agency for the appointed persons.

(2) The executive director of the Bulgarian Investment Agency shall appoint employees of the Agency for carrying out individual administrative services to investors, and within two months from the enactment of this law, shall produce to the Minister of Economy a list of the names of the persons under para 1.

§ 28. Within up to three months from the promulgation of this law in the State Gazette the Council of Ministers shall adopt regulations for its implementation.

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§ 34. This law shall enter into force within three months from the day of its promulgation in the State Gazette with exception of § 20, 27 and 28 which shall enter into force on the day of promulgation of the law in the State Gazette.

Transitional and concluding provisions TO THE LAW OF THE COMMERCIAL REGISTER

(PROM. – SG 34/06, IN FORCE FROM 01.10.2006)

§ 56. This law enters in force from 1st of October 2006, except § 2 and § 3, which enter in force from the date of promulgation of the law in the State Gazette.

Transitional and concluding provisions TO THE LAW FOR THE

CREDIT INSTITUTIONS

(PROM. – SG 59/06)

§ 36. The law shall enter into force from the date of entry into effect of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, except for § 35, item 2, which shall enter into force from the date of promulgation of the law in State Gazette.

Transitional and concluding provisions TO THE LAW FOR THE WATERS

(PROM. – SG 65/06, IN FORCE FROM 11.08.2006)

§ 145. The law shall enter into force from the date of its promulgation State Gazette, except for the following provisions:

1. paragraph 18, item 3, which shall enter into force one year after the entry into force of this law;
2. paragraph 48 – in the part concerning the provision of Art. 118, para 1, item 1, which shall enter into force from 22nd of December 2013;
3. paragraph 60, item 5, which shall enter into force from the 1st of March 2007;
4. paragraph 73 - in the part concerning the provision of Art. 155a, para 1, item 1, which shall enter into force one year after the entry into force of this law.

Transitional and concluding provisions TO THE STATE AID LAW

(PROM. – SG 86/06, IN FORCE FROM 01.01.2007)

§ 11. The law shall enter into force from the date of entry into effect of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union

Transitional and concluding provisions TO THE LAW ON AMENDMENT AND SUPPLEMENTATION OF THE LAW FOR ENCOURAGEMENT OF INVESTMENTS

(PROM. – SG 42/07, IN FORCE FROM 30.08.2007)

§ 34. Everywhere in the Law the phrase “and energy” shall be added after the words “the Minister of Economy” and “Minister of Economy”.

§ 35. (1) The investment projects which have received a class of investment certificate under the hitherto existing order shall be encouraged until realization of the investment for a period not longer than three years, commencing on the date of granting a certificate.

(2) The investment plans under Para 1 of first class may be encouraged under the hitherto existing order of Art. 20 amended by this Law, if meeting all following conditions:

1. an application by the investor to be submitted before the Minister of Economy and Energy for use of the measure within three months from entry into force of this Law;

2. the conditions of European Commission Regulation (EC) No 1628/2006 of 24 October 2006 on the application of Articles 87 and 88 of the Treaty to national regional investment aid for granting individual aid for construction of technical infrastructure components with funds of the republican budget to be met;

3. an approval by the European Commission for conformity of the planned state aid by the order of the State Aid Law.

(3) The first class investment plans referred to in Para 1 shall be encouraged by the hitherto existing order of Art. 18 amended by this Law according to the legislation in the field of the state aid in force.

§ 36. The scope of the economic activities under Art. 12, Para 2, Item 2 and the products manufactured as a result of the investments in these activities shall be determined in the regulations on implementation of the Law according to the classification of the National Statistical Institute in compliance with the Law for the Statistics.

§ 37. The applications for granting a class of investment certificate submitted before entry into force of this Law shall be considered under the hitherto existing order.

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§ 39. This Law shall enter into force after three months from its promulgation in the State Gazette.

COUNCIL DIRECTIVE 86/653/EEC of 18 December 1986 on the coordination of the laws of the Member States relating to self-employed commercial agents.

COUNCIL DIRECTIVE 73/148/EEC of 21 May 1973 on the abolition of restrictions on movement and residence within the Community for nationals of Member States with regard to establishment and the provision of services.

COUNCIL DIRECTIVE of 30 July 1963 liberalising transfers in respect of invisible transactions not connected with the movement of goods, services, capital or persons.