

# LAW FOR THE STRUCTURE OF THE STATE BUDGET

## (Organic Budget Law)

*Prom. SG. 67/6 Aug 1996, amend. SG. 46/10 Jun 1997, amend. SG. 154/28 Dec 1998, amend. SG. 74/30 Jul 2002, amend. SG. 87/1 Nov 2005, amend. SG. 89/8 Nov 2005, amend. SG. 105/2005*

### Chapter one.

#### GENERAL PROVISIONS

Art. 1. (1) This law settles the formulation, adoption, fulfilment and accounting of the state budget of the Republic of Bulgaria.

(2) This law settles, besides the budget process and the relations between the state budget and the budgets of the municipalities, the regime of the non-budget resources.

Art. 2. (1) The state budget comprises the income and expenses of the state.

(2) The income of the state is tax formed and non-tax formed and shall be raised from physical persons and corporate bodies, by an order, determined by a law.

(3) The tax income shall be determined by the acting tax laws by the date of enactment of the annual law for the state budget.

(4) Changes of the taxes in all elements of the tax structure, after the period under para 3, should not be introduced earlier than the amendment of the acting or the enactment of the law for the state budget for the next budget year.

(5) The provisions of laws, which stipulate an increase of the expenses or a reduction of the income, adopted after the adoption of the annual state budget law, shall be enacted not earlier than its amendment or before the enactment of the state budget law for the next year.

(6) The state budget shall include expenses for support of the state administration, the defence and security, the judiciary authority, the education, the health care, the culture, the science, the social welfare and other expenses, including for the economic sphere, as well as for payment of the home and foreign debt of the country.

(7) The income and expenses shall be grouped according to a unified budget classification, approved by the Minister of Finance.

(8) The income shall not be expedient and it shall serve for covering expenses.

Art. 3. (1) The budget balance shall be determined by not including in the income and expense the resources, which represent a change of the debt of the budget and of the volume of its monetary resources.

(2) The deficit of the republican budget shall be covered by resources from emission of state securities and other operations on the financial market.

(3) The excess of the state budget shall be used for redemption of debts or shall be remitted as a reserve for urgent expenses which have not been planned.

- (4) The deficit of the state budget can be covered by a bank loan, according to a law.
- (5) (revoked - SG 87/05)

Art. 4. (1) The state budget comprises the republican budget and the budget of the judiciary authority.

- (2) The republican budget consists of a central budget and budgets of the state bodies.

Art. 5. The central budget includes the republican income and expenses, incurred directly by the Council of Ministers or by rights delegated to the Minister of Finance.

Art. 6. (1) The bodies, administering the income to the state budget, are all state bodies and budget organisations, assigned by a law or an act of the Council of Ministers, the raising and the accounting of the budget receipts.

(2) The bodies, disposing with budget credits, shall be determined by the Council of Ministers and they shall be of first and second degree.

(3) The bodies, competent to dispose with budget credits, of a lower degree, shall be determined by the Minister of Finance, when it ensues from a law.

Art. 7. (1) The budgets of the state bodies and budget organisations include all income and expenses for their activities.

(2) The budgets of the state bodies and budget organisations consist of the own budgets of the first degree dispositors with budget credits and the budget accounts of the second degree and lower degree dispositors with budget credits.

(3) The Minister of Finance, at the proposal of the respective first degree dispositor, can permit to individual second degree dispositors, the formulation of a budget instead of a budget account.

Art. 8. (1) (New, SG 74/02) The bodies of the judiciary authority shall have an independent budget to be adopted by the National Assembly for bodies of the judiciary authority.

(2) (Prev. para 1, SG 74/02) The budget of the judiciary authority includes all income from the activity of the bodies of the judiciary authority and the expenses for their support.

(3) (Prev. para 2, SG 74/02) The budget of the judiciary authority consists of the own budget of the Supreme Judiciary Council and the budget accounts of the bodies of the judiciary authority.

Art. 9. The income and expenses of the budgets of the state bodies, the budget organisations and the judiciary authority and their relations with the central budget, subsidies or deposits, shall be determined by the annual state budget law.

Art. 10. (1) (amend. SG 87/05) The state budget shall determine the necessary pecuniary resources for fulfilment of the state functions and tasks observing the principles of lawfulness, economy, effectiveness, efficiency and publicity.

(2) (new – SG 87/05) The administrators with budget credits shall be responsible for the establishing, maintenance, functioning, updating and accounting of systems for financial management and control in compliance with the acting legislation.

(3) (new – SG 87/05) The function for internal audit in the administrators with budget credits shall be implemented in compliance with the acting legislation.

(4) (prev. (2) – SG 87/05) The Council of Ministers shall present at the National Assembly proposal for amendment of the state budget, when during the budget year unfavourable deviations occur for the income and expenses, increasing the budget deficit, provided by the state budget law.

Art. 11. (1) The republican budget and the budget of the judiciary authority provide a reserve for urgent expenses which are not planned.

(2) The amount of the reserve of the republican budget and of the budget of the judiciary authority shall be determined by the annual state budget law.

(3) The reserve of the republican budget shall be used by a decision of the Council of Ministers.

(4) The reserve of the budget of the judiciary authority shall be used by a decision of the Supreme Judiciary Council.

Art. 12. (1) The state budget shall be formulated and fulfilled for one budget year.

(2) The fulfilment of the state budget shall begin on January 1 and shall conclude on December 31.

Art. 13. The Council of Ministers shall determine the order and the way of formulation and presentation at the National Assembly for approval of war-time budget of the Republic of Bulgaria.

## Chapter two. FORMULATION OF THE STATE BUDGET

Art. 14. (1) The Ministry of Finance shall formulate a budget prognosis, in compliance with economic projects and analyses, carried out by it and by other institutions for the dynamics of the gross domestic product, the prices, the income, the credit and foreign exchange policy and for the main financial results from the activity of the state, municipal and private economic subjects.

(2) The budget prognosis is a preliminary assessment of the expected parameters of the state budget for the next three years, which shall be updated annually and shall be approved by the Council of Ministers.

(3) (new – SG 87/05) The Council of Ministers shall approve with the budget prognosis of para 2 expenditure ceilings for the following three years for the budgets of the primary administrators with budget credits.

Art. 15. (1) The Minister of Finance, on the grounds of the budget prognosis, shall work out and give budget directions to the state bodies for formulation of a draft of their annual budgets, and shall determine the deadline of their presentation.

(2) The Ministry of Finance, simultaneously with the preparation of the drafts of the annual budgets of the state bodies, independently from them, shall formulate a draft of the state budget.

Art. 16. (1) The Audit Office and the Supreme Judiciary Council shall make up drafts of budgets, to be presented at the Ministry of Finance, in order to be included as a part of the draft of the state budget.

(2) The Ministry of Finance shall consider the drafts, presented according to para 1, and shall inform in writing the state bodies about its comments on them.

Art. 17. (1) The National Assembly, the President, the Council of Ministers, the Constitutional Court, the ministries and the other administrative bodies, the regional administrations and the other budget organisations shall present to the Minister of Finance, within the period determined by him, the drafts of their budgets, accompanied by a report and calculations, specifying the amount of the individual income and expenses.

(2) The Ministry of Finance shall formulate the draft budgets of the state bodies under para 1 in the cases, when they have not presented their drafts within the determined period.

(3) The Ministry of Finance shall analyse the presented drafts, shall study the lawfulness of the expected income and expenses and their substantiation, and shall carry out a dialogue with the state bodies and budget organisations.

Art. 18. The disputes on the drafts for budgets between the Ministry of Finance and the first degree dispositors with budget credits shall be settled by the Council of Ministers.

Art. 19. The Minister of Finance shall formulate the final draft of the state budget and shall present it at the Council of Ministers, together with a motivated report.

Art. 20. (1) The Council of Ministers shall consider the draft and, if necessary, shall introduce changes in it.

(2) The Council of Ministers shall not have the right to introduce changes in the draft budgets of the Judiciary authority and of the Audit Office, and shall present them at the National Assembly in the form they have been presented.

(3) The Council of Ministers can assess the draft budgets of the state bodies under para 2 and to work out a statement on them, including it in the general parameters of the draft for state budget, which shall be presented at the National Assembly.

(4) (amend. SG 87/05) The draft of the state budget shall be accompanied by consolidated fiscal program.

(5) The Council of Ministers shall present the draft state budget at the National Assembly not later than two months before the end of the budget year.

(6) If the state budget is not presented within the necessary term, in order to be adopted by the beginning of the budget year, the Council of Ministers shall present motives for the delay and shall request a decision of the National Assembly for extension of the term.

### Chapter three. ADOPTION OF THE STATE BUDGET

Art. 21. (1) The state budget bill shall be considered by the order, established by the Regulations for the organisation and activity of the National Assembly.

(2) The commission, in charge of the budget, during the consideration of the bill, shall summarise the statements of the standing commissions of the National Assembly and the proposals of the MPs and shall make a statement on them, preserving the proposed balance between the income and expenses.

(3) Upon request by the standing commissions of the National Assembly the ministries, the administrative bodies and the other state bodies shall submit additional information and explanations on the income and expenses.

Art. 22. (1) The National Assembly shall hear a report of the Council of Ministers, presented by the Minister of Finance, and a report of the commission in charge of the budget, upon which it shall discuss the draft of the annual law for the state budget.

(2) The state budget shall be adopted by a law on composite budgets, including their basic income and expenses, the budget balance of the republican budget and its financing, the total amounts of the income and expenses of the budgets of the state bodies and their relations with the central budget, the relations of the state budget with the budgets of the municipalities and the relations with the non-budget funds.

Art. 23. (1) The Council of Ministers shall adopt a decree for the fulfilment of the state budget within one month from the promulgation of the annual state budget law.

(2) The decree shall specify the value and natural indices of the budgets of the state bodies and budget organisations.

(3) The first degree dispositors with the budget credits shall distribute their budgets, approved by the National Assembly and specified by the Council of Ministers, according to full budget classification and in quarters, and shall approve the budget accounts of the second degree dispositors with budget credits.

(4) The Supreme Judiciary Council shall distribute its budget according to full budget classification and in quarters and shall approve the budget accounts of the judiciary bodies.

Art. 24. The first degree dispositors with budget credits shall present their budgets at the Ministry of Finance within one month from the promulgation of the decree for fulfilment of the state budget.

Art. 25. The Ministry of Finance shall judge the lawfulness and the quarterly distribution of the budgets, formulated by the state bodies and budget organisations and, in cases of violations, shall oblige them to eliminate them, within a period determined by it.

Art. 26. (1) In case that, by the beginning of the budget year, the state budget is not adopted by the National Assembly, the income of the budget shall be collected in compliance with the acting laws, and the expenses shall be made in amounts, not larger than the amounts of the expenses for the same period of the preceding year, accounting for the enacted normative acts of the National Assembly and of the Council of Ministers, which provide for additional or reduced budget resources.

(2) If the income does not cover the expenses, the Council of Ministers can use monthly a state credit, including through emission of state treasury bonds, amounting to no more than half of its average monthly amount for the preceding year.

(3) (revoked – SG 87/05)

(4) The provision under para 1 cannot be applied for more than three months.

(5) If the state budget is not adopted within the term under para 4, the National Assembly shall determine a new deadline for collecting income and for making expenses.

Art. 27. (1) The Council of Ministers can be authorised by the National Assembly to conclude contracts for carrying out definite activities, whose payment shall, in full or partially, be made in the next years, related to programmes approved by the Council of Ministers.

(2) Proposal to the National Assembly for authorisation shall be extended by the Council of Ministers with the draft annual budget.

(3) The annual state budget includes the part of the expenses related to contracts, concluded by the Council of Ministers, to be paid during the respective budget year.

(4) Undertaking obligations for future periods, which provide for increase of the state debt, can only be stipulated by a law.

## Chapter four. FULFILMENT OF THE STATE BUDGET

Art. 28. (1) The Council of Ministers shall organise the fulfilment of the republican budget through the Ministry of Finance and the state bodies - first degree dispositors with budget credits.

(2) The Supreme Judiciary Council shall organise the fulfilment of the budget of the judiciary authority through the Supreme Court of Cassation, the Supreme Administrative Court, the courts, the Chief Prosecutor and the National Investigation Office.

Art. 29. (1) The state budget shall be fulfilled on cash basis.

(2) The cash fulfilment of the state budget shall be organised by the Bulgarian National Bank, by an order determined by the Law for the Bulgarian National Bank.

(3) The cash fulfilment of the state budget, including the storage of monetary resources and valuables, shall be made free of charge, in compliance with the order of payments to the budget, established by a law.

(4) The Minister of Finance and the governor of the Bulgarian National Bank shall issue an ordinance for the cash fulfilment of the state budget, the budgets of the municipalities and the funds of the non-budget accounts.

Art. 30. The regime of the bank secret shall not apply for the operations and the cash in the bank accounts of the dispositors with budget credits, when the Minister of Finance requires information on them.

Art. 31. (1) The Ministry of Finance shall periodically distribute and direct the receipts in compliance with the quarterly distribution of the expenses.

(2) The expenses shall be made up to the amount of the receipts in the bank accounts of the republican budget and of the dispositors of budget credits.

Art. 32. (Revoked, SG 46/97)

Art. 33. (1) In cases of temporary cash disruptions of the republican budget or of the budgets of the first degree dispositors with budget credits the Ministry of Finance can grant or use interest free credits for the account of free budget or non-budget resources.

(2) The loans under para 1 shall be for a period of three months, which cannot expire after the end of the budget year.

Art. 34. (1) The Minister of Finance can, in fulfilment of a normative act, transfer credits from one budget to another, if the balance of the state budget is not affected.

(2) The Minister of Finance, according to a joint proposal by the first degree dispositors with budget credits, can transfer credits from one budget to another, without changing their amount and purpose.

(3) The Minister of Finance, at the proposal of the first degree dispositors with budget credits, can give consent for internal compensated changes of the credits between the elements of the budget classification of their budgets.

(4) The first degree dispositors with budget credits shall introduce the respective corrections of the budget accounts of the second degree dispositors with budget credits, within the frames of the changes under para 1 - 3.

(5) The first degree dispositor with budget credits shall introduce changes in the credits between the budget accounts of the second degree dispositors with budget credits, which do not change the parameters of the approved budgets.

Art. 35. (1) The Council of Ministers can approve additional budget credits from the reserve, in cases of urgent expenses which have not been expected.

(2) (amend. SG 87/05) The Council of Ministers upon the Minister of Finance may approve additional budget credits in extent up to 1.5 percent of the estimate of the incomes in the consolidated fiscal program for the respective year when they are covered by overfulfilment of own incomes and/or by finding new sources of income.

(3) (new – SG 87/05) Para 2 shall be applied without worsening the balance of the consolidated fiscal program of art. 20, para 4.



(4) (new – SG 87/05, corr. SG 89/05) Additional budget credits over the extent of para 2 shall be approved by the National Assembly upon proposal by the Council of Ministers when they are covered by fulfillment of own incomes and/or finding of new sources of income without worsening the balance of the consolidated fiscal program.

(5) (new – SG 87/05) The Minister of Finance may approve additional budget credits for the resources of grants, support and other gratuitously received sums.

(6) (prev. (3) – SG 87/05) The Supreme Judiciary Council can approve additional budget credits from the reserve of the budget of the judiciary authority for urgent unexpected expenses.

Art. 36. (1) It shall not be permitted to make expenses or to undertake liabilities which affect the budget balance, except in cases when, at the proposal of the Council of Ministers, the National Assembly adopts respective changes in the annual state budget law.

(2) It shall not be permitted to start programmes or projects, requiring budget credits, which are not included in the annual state budget law, except in cases, when the conditions of Art. 27 are present.

(3) The Council of Ministers shall not consider proposals for additional budget credits, if there is no written statement on them by the Minister of Finance.

Art. 37. (1) The National Audit Office shall exercise control over the fulfilment of the state budget according to the Law for the Audit Office.

(2) (Amend SG 105/2005) The National Assembly, the Council of Ministers, the Minister of Finance, the heads of ministries and of the other administrative bodies and the bodies of the tax and customs administration shall exercise control over the execution of the state budget within the frames of their competence.

Art. 38. The Minister of Finance can discontinue the transfer of subsidies, determined by the annual state budget law, as well as freeze the accounts of budget organisations in case of failure to fulfil the provisions of the acting legislature or in cases of established violations

## Chapter five.

### ACCEPTANCE OF THE REPORT ON THE STATE BUDGET

Art. 39. (1) The fulfilment of the state budget shall conclude on December 31.

(2) The Minister of Finance and the Governor of the Bulgarian National Bank, or persons authorised by them, shall determine the order of striking the bank accounts, including their balance at hand, of the dispositors with budget credits.

(3) The deadline for striking the state budget is January 31 of the next budget year.

(4) The liabilities, due within the frames of the budget year, shall be paid by the respective dispositors of budget credits by December 31.

(5) Liabilities under enacted court decisions, not planned in the respective budget for the current year, shall obligatorily be paid by the next budget.



Art. 40. (1) The first degree dispositors with budget credits shall work out periodic and annual reports on the cash fulfilment of their budgets, according to full budget classification, including the reports of the second degree dispositors with bank credits.

(2) The Ministry of Finance shall work out a report on the fulfilment of the state budget, according to full budget classification, on the grounds of the reports on the central budget, the judiciary authority and the reports of the first degree dispositors with budget credits, endorsed by the Audit Office.

(3) The Ministry of Finance, in co-ordination with the Audit Office, shall determine the order and the deadlines for working out and presentation of the reports under para 1 and 2.

Art. 41. (1) The annual report on the fulfilment of the state budget shall be considered by the Council of Ministers and shall be presented at the National Assembly, on the indices of which it has been adopted for the respective year.

(2) The commission, in charge of the budget, in co-ordination with the other standing commissions of the National Assembly, shall consider the report on the fulfilment of the state budget and shall make conclusion on it.

(3) The Audit Office shall present at the National Assembly a report on the report on the fulfilment of the state budget.

(4) The National Assembly shall accept by a decision the report on the fulfilment of the state budget not later than the end of the next budget year.

## Chapter six. STATE BUDGET AND MUNICIPAL BUDGETS

Art. 42. (1) The republican budget shall provide resources for financial support to the municipalities.

(2) The resources under para 1 shall be submitted in the form of general subsidies, on the grounds of objective criteria, as in the concrete cases expedient subsidies or subventions can be used.

(3) The state can assist the municipalities also through cession of state income.

(4) The amount of resources for providing the financial support of the municipalities, the form of their granting and the order of ceding state income shall be determined by the annual state budget law.

Art. 43. (1) In case of a temporary shortage of the budgets of the municipalities interest free loans can be granted by the state budget, which shall be redeemed not later than the end of the budget year, by an order and within a period, determined by the Minister of Finance.

(2) The loans under para 1, granted by the state budget to the municipalities, cannot exceed the amount of the receipts of their own income for the month, preceding the month of granting.

(3) On unredeemed, within the set period, loans from the state budget, the municipalities shall pay interest according to the Law for the taxes, duties and other similar state takings.

(4) (new – SG 87/05) Upon deficit of resources in the budgets of the municipalities interest free loans may be released for financing of expenses, in this number also for value added tax, up to their restoration under approved projects and programs co-financed by the European Union.

(5) (new – SG 87/05) The interest free loans of para 4 shall be released and restored under conditions, by order and in terms determined with act of the Council of Ministers.

Art. 44. (1) The municipalities shall make deposits from their budgets to the state budget, by an order, established by a law.

(2) The municipalities shall redeem to the state budget the unused resources of expedient state subsidies or subventions.

(3) Subject to depositing to the state budget shall not be additionally found income and realised economies in the process of fulfilment of the budgets of the municipalities.

(4) The resources under para 3 shall be used by a decision of the municipal councils.

## Chapter seven. NON-BUDGET RESOURCES

Art. 45. (1) Non-budget are all resources, which are raised and spent by virtue of a law, by the state bodies and budget organisations, without being included in the state budget.

(2) The received donations, aid, as well as the resources under international programmes and agreements, shall be spent and accounted by the order for the non-budget resources, when it is stipulated that they shall not be deposited to the state budget.

(3) The traditional budget resources are not non-budget resources, unless stipulated otherwise by a law.

Art. 46. (Revoked, SG 154/98)

Art. 47. (1) The non-budget resources shall be raised and spent through funds and non-budget accounts with income and expense parts, which shall be formulated in compliance with the unified budget classification.

(2) The funds shall be approved by the Council of Ministers, at the proposal of the respective first degree dispositor with budget credits, in co-ordination with the Minister of Finance, unless the law for their establishment stipulates otherwise.

(3) (Suppl., SG 154/98) The non-budget accounts of the republican budget, with exception of those opened by the order of Art. 45, para 2 shall be approved by the Minister of Finance, at the proposal of the respective first degree dispositor.

Art. 47a. (New, SG 154/98) The changes of the non-budget accounts and funds shall be made by the order of Art. 34 and 35.

Art. 48. The operations on the cash fulfilment of the funds and non-budget accounts shall be carried out by the order of Art. 29.

Art. 49. (1) The reports on the non-budget accounts and funds shall be worked out and presented together with the reports on the fulfilment of the respective budgets and budget accounts.

(2) The reports on the non-budget accounts and funds shall be subject to endorsement by the Audit Office, by the order of endorsing the reports on the fulfilment of the budgets of the state bodies.

(3) The reports under para 1 shall be presented by the Minister of Finance at the Council of Ministers, who shall consider them and present them at the National Assembly together with the report on the state budget.

Art. 50. The raising, the spending and accounting of the external resources by the state bodies and budget organisations shall be carried out by an order, determined by the Minister of Finance and the Governor of the Bulgarian National Bank.

Art. 51. The control over the non-budget resources shall be exercised by the bodies and by the order, established for the state budget.

## Additional provisions

§ 1. In the context of this law:

1. "State bodies" are the National Assembly, the President, the Council of Ministers, the ministries and the other administrative bodies, the regional administrations, the Constitutional Court and other budget organisations, determined by a law.

2. "Budget income" is the expected and the received monetary resources in the state budget, on the grounds of normative acts.

3. "Administering of income" is an activity on the raising and accounting of the income in the state budget.

4. "Budget expenses" are the planned and spent monetary resources of the state budget according to the laws of the country.

5. "Budget credit" is the amount, co-ordinated within the frames of the budget, giving right to spending.

6. "Budget subsidy" is the sum, granted gratuitously by the state budget, with general or expedient purposes.

7. "Budget subvention" is the sum granted gratuitously by the state budget under a definite condition.

8. "Budget account" is the financial and legal form, through which are stipulated the expenses, which a given budget unit can make during the respective budget year.

9. "Change of the liability of the budget" is the receipt and the redemption of loans from external and home sources.

10. "Change of the volume of monetary resources of the budget" is the increase or the reduction of the availability of the state in the bank.

11. "Fund" is a financial and legal form, through which are stipulated the non-budget income and expenses of the state bodies and budget organisations and their relations with the state budget, in connection with tasks of national nature.

12. "Non-budget account" is a financially legal form, through which are stipulated non-budget income and expenses, which can be disposed with by state bodies and budget organisations during the respective budget year, within the frames of their competence.

13. "External resources" are the court guarantees, the guarantees for securing temporary import, the deposits for participation in tenders and other similar resources, temporarily kept by the state body or by a budget organisation for the account of other persons.

14. (new – SG 87/05) "Consolidated fiscal program" includes the state budget, the budget of the State public insurance, the budget of the National Health Insurance Fund, the budgets of the municipalities, the budgets of the Bulgarian national television, the Bulgarian national radio, the state higher schools, the Bulgarian Academy of Science, the off budget accounts and funds and the other enterprises in the sense of § 1, item 1 of the Law of accounting.

§ 2. The provisions of the law can be amended, supplemented or revoked solely by a new law for the structure of the state budget or by a special law for amendment and rider of this law.

### Transitional and concluding provisions

§ 3. The Law for formulation and fulfilment of the state budget (prom., Izvestiya No 91 of 1960; amend. and rider SG, No 99 of 1963, No 36 of 1979, No 27 of 1992 and No 104 of 1995) is revoked.

§ 4. The formulation, the adoption and the fulfilment of the state budget of the Republic of Bulgaria and the non-budget funds and accounts for 1996 and the accounting of the state budgets for the period 1992-1996 shall be made by the order of the Law for formulation and fulfilment of the state budget.

§ 5. Until the adoption of a law, settling the organisation of the budget of the Council for mutual insurance of the members of the production cooperations, it shall be included in the state budget and shall represent an independent part of it.

§ 6. The structure of the budgets of the municipalities shall be determined by a separate law.

§ 7. (amend. SG 87/05) The fulfilment of the law is assigned to the Council of Ministers.

The Law was adopted by the 37th National Assembly on July 25, 1996 and was affixed with the state seal.