

**Bulgarian Center for
Not-for-Profit Law**

**Annual
Report**

2002



Sofia, 2003

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Not-for-Profit Law**

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MISSION

Our mission is to provide legal support for the
development of civil society in Bulgaria

BCNL IS THANKFUL TO ITS DONORS

International Center for Not-for-Profit Law

Open Society Foundation – Sofia

United States Agency
for International Development

“The Bulgarian Center for Not-for-Profit Law was founded in a dynamic for the NGO sector moment of legislative changes – a new NGO law was recently adopted, a Central Registry for public benefit organizations was created, there were uncertainties with regard to the implementation of the law. Since our creation we aimed our efforts towards creating a clear and transparent legal framework in which NGOs could work while at the same time we tried to prove the effectiveness usefulness of NGOs in Bulgaria and the need to support them. We tried to be accepted by both the NGO sector representatives and the state institutions.

For the past year the Bulgarian Center for Not-for-Profit Law improved both its own organizational structure and expert potential and the effectiveness of the results of its initiatives.

Our work was difficult but at the same time extremely interesting. We believe that thanks to our efforts and the good cooperation with our partners we managed to help the improvement of both the legislative framework as well as the practical implementation of the laws concerning the operation of NGOs. A number of legislative amendments in the legal framework of NGOs were made in 2002 that represent a significant step for modernizing and bringing closer our legislation to the good international practices. We hope that thanks to our efforts this tendency will continue in the coming years.”



Luben Panov
Director

OVERVIEW

The Bulgarian Center for Not-for-Profit Law (BCNL) was founded in 2001 as a not-for-profit legal entity with public benefit purposes. BCNL is registered in the Central Registry at the Ministry of Justice for public benefit NGOs.

BCNL was established with the assistance of the International Center for Not-for-Profit Law (ICNL). The two organizations work in close cooperation under an Affiliation Agreement.

BCNL has a team of initiative young lawyers thanks to which the organization has become a leading legal expert in the NGO field.

BCNL works with highly qualified consultants and maintains contacts with experts specialized in all spheres related to the legal framework of NGOs.

MISSION

Our mission is to provide legal support for the development of civil society in Bulgaria.

We believe that improving the legal framework for not-for-profit organizations in Bulgaria is fundamental to the creation of an independent and prosperous civil society.

MANAGEMENT STRUCTURE AND STAFF

BCNL has a two-tiered governance structure.
The supreme body is the Board of Trustees.
The Director is the managing body.
The BCNL office is located in Sofia, Bulgaria.

BOARD OF TRUSTEES

Stephan Klingelhofer – Chairman of the Board of Trustees, (President of ICNL)
Stefan Kyuchukov – Vice Chair, Attorney at Law
Vyara Mukova – Attorney at Law
Radost Toftisova – Legal Consultant (ICNL)
David Moore – Regional Director for Central and Eastern Europe (ICNL)
Luben Panov – Director of BCNL



STAFF

Luben Panov – Director
Marieta Dimitrova – Legal consultant
Ivo Hristov – Legal consultant
Monika Kopcheva – Legal consultant
Tony Dimov – Legal consultant
Nadya Shabani – Coordinator
Andriana Petrova – Coordinator
Eleni Dimitrova – Secretary

WHAT HAVE WE DONE IN 2002

I. Work for Improvement of the NGO Legislation

- **Tax Legislation**

In 2002 BCNL participated in a joint working group with the Ministry of Finance for drafting amendments to the tax laws related to NGOs. BCNL initiated an e-mail campaign for support of the draft amendments on the NGO taxation that were prepared by the working group. A great number of NGOs from the country supported in the campaign. These initiatives resulted in the adoption of new tax concessions for NGOs in December 2002.

- **Corporate Income Taxation Law** – The tax on donations, accounted as expenditure, was decreased from 25% to 15%. The rate is applicable if the donation is made in favor of public benefit NGOs registered in the Central Registry at the Ministry of Justice.

- **Law for Taxation of the Income of Physical Persons** – Individuals working under labor contract can deduct up to 10% of their taxable income for donations made in favor of certain organizations among which are public benefit NGOs registered in the Central Registry at the Ministry of Justice.

- **Value Added Tax Law** – The VAT exemption for import of donated goods (except for excise goods) by public benefit NGOs was retained.

- **Social Assistance Act**

The amendments of the Social Assistance Act envisage that municipalities have to assign the supply of social services and the management of social establishments after a competition in which NGOs could also take part. The existing licensing regime for organizations providing social services is replaced by a registration. The discriminating regulations with regard to NGOs were revoked. These regulations stated that social establishments, founded as NGOs, have to return to the state “Social Assistance” fund the

positive surplus between revenues and expenses from social services according to their annual accountancy report.

- **Law on Healthcare Institutions**

Under the Law on Healthcare Institutions hospitals and other healthcare institutions can be set up in the form of commercial companies or co-operatives. Following the legislative experience in a range of European countries, BCNL prepared draft amendments, which will enable public benefit NGOs to become healthcare institutions. It is expected that the proposals will be introduced on the floor of Parliament.

- **Public Procurement Law**

BCNL supported the preparation of the amendments to the Public Procurement Law, which enabled NGOs to participate for the first time in a procedure for assignment and execution of a public procurement.

II. Implementation

• **Consultations and Technical Legal Assistance**

During 2002 BCNL experts have consulted over 140 organizations. The consultations were on the implementation of the basic NGO Law, labor legislation, taxation and other issues relevant to the NGO legal environment. Consultations by telephone and e-mail have been provided for NGOs from all around the country. BCNL works with specialized NGOs such as branch associations, chitalishta, sports clubs and others.

BCNL signed a partnership agreement with the American Red Cross to provide legal assistance to the Bulgarian Red Cross.

BCNL has an agreement for legal assistance with Counterpart International – Bulgaria, working on the Bulgaria Pilot Community Fund and Social Enterprise Program. BCNL has supported the foundation of three Community Funds in Chepelare, Gabrovo and Blagoevgrad. Several trainings were organized for the social enterprises selected within the program.

• **Central Registry**

A seminar for NGOs with public benefit purposes was held in Sofia in October. The seminar's target was to clarify the benefits of the registration in the Central Registry for public benefit NGOs and to discuss the opportunities for solving the practical problems related to that. In November BCNL in cooperation with the Ministry of Justice began a campaign for registration in the Central Registry of public benefit NGOs. During the campaign, which will continue in 2003, NGOs are given free legal assistance from the BCNL experts for filling out the application form and preparing it in electronic form which is necessary for the registration. Thanks to BCNL's assistance about 30 organizations have been registered until the end of 2002.

• **Seminars**

For 2002 BCNL has organized 21 meetings in the form of seminars and discussions throughout Bulgaria. 824 NGO representatives and practicing lawyers attended those.

9 seminars on the NGO legal framework and taxation were held in different Bulgarian cities: Plovdiv, Burgas, Veliko Tarnovo, Smolian, Sofia, Blagoevgrad, Kardjali, Stara Zagora and Russe.



A discussion was held in Vidin at the second half of June where experts from BCNL presented the NGO legal framework in front of members of Parliament.

In November BCNL in cooperation with the Ministry of Justice organized the annual meeting of judges from all courts in Bulgaria registering NGOs, as well as for representatives of the Constitutional Court and the Supreme Court of Cassation. There were discussions at the meeting of the practical problems in the implementation of the NGO Law. The discussions aimed at creating a unified judicial practice in the whole of Bulgaria.

BCNL experts were invited to seminars, organized by the Bulgarian Tourist Union, the Bulgarian Red Cross, the Foundation for Local Government Reform and the Bulgarian Charities Aid Foundation, where they presented the NGO legal framework and other relevant issues.

BCNL participated in two meetings of chitalishta from Northern and Southern Bulgaria in Plovdiv and Pleven where the opportunity for performing economic activity by NGOs was discussed.

III. Educational Initiatives

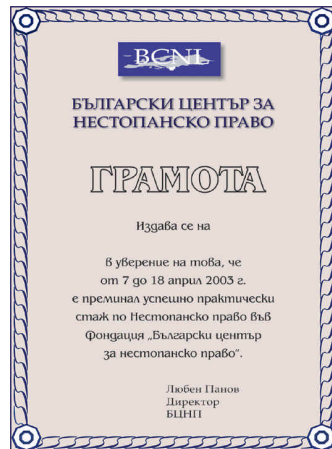
- **Legal Clinics**

BCNL supports the NGO law clinic at the Sofia University. Regular classes with the clinic members were held during the whole school year in BCNL's office. The classes included theoretical and practical preparation on NGO legal issues.

In May in Varna BCNL organized an annual meeting for the legal clinics and university courses in not-for-profit law. At the meeting the clinics presented the results of their activities. There was a possibility for exchange of ideas and expertise among students. The need of not-for-profit component in the curricula of the law faculties was discussed. About 40 students and university teachers from the four law faculties in Sofia, Plovdiv, Veliko Tarnovo and Russe participated in the meeting.

- **Internship Program**

BCNL has set up a training program on basic NGO legal issues for law students from the universities in Sofia, Plovdiv, Veliko Tarnovo and Russe. The program lasts two weeks and is held in BCNL's office, situated in Sofia. During 2002, five interns from the Sofia, Plovdiv, Veliko Tarnovo and Russe universities have successfully finished the program.



- **NGO Law Textbook**

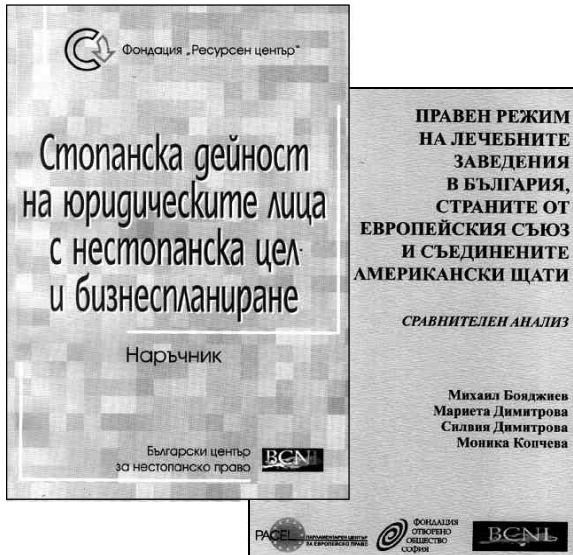
BCNL initiated the preparation of a NGO Law Textbook, which was published in 2003. The Textbook presents an in-depth analysis on the NGO legal framework in Bulgaria. Examples from CEE countries are included as well. The textbook will facilitate the incorporation of the not-for-profit legal component in the law faculties' curricula.

IV. Publications & Analyses

BCNL managed to add some new analyses and surveys to its library of NGO papers. A number of legal opinions related to the activities of NGOs were prepared as well.

• Publications

- Legal Arrangements on Healthcare Institutions in Bulgaria, the European Union and the United States - comparative analysis;
- Economic Activity of NGOs and business planning.
- A procedure for NGO registration in the Central Registry at the Ministry of Justice for Publishing House "CIELA".



- **Analyses**

- Study of the Economic Impact of NGO Activities in Bulgaria for 1991-2001
- Comparative Analysis on Education Institutions in EU and Bulgaria;
- Legal Framework of Social Services Delivery in United Kingdom, Germany, France and Belgium. European standards – comparative analysis;
- Different Legal Forms of NGOs in Bulgaria – a survey of NGOs set up under the provisions of laws other than the NGO law;
- Possibilities for Municipal Funding of NGOs;
- Analysis on the Legislative Framework for Development of Social Enterprises in Bulgaria;
- Self-regulatory Rules of the Not-for-Profit Organizations;
- Legal Framework of the Volunteerism and Volunteers;

V. Internet Services

Since 2002 the BCNL website is accessible in English. The website has a database with the latest Bulgarian NGO related legislation. The on-line library provides extensive information for NGOs. The latest news from the not-for-profit sector in Bulgaria is regularly published. It has useful links to important Bulgarian institutions and international organizations.

The BCNL website was included in the network of the European Foundation Center as part of the legal websites' project, with websites containing basic information on the legal framework related to the work of NGOs.

Bulgarian center for not-for-profit law : www.bcnl.org - Microsoft Internet Explorer

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Address http://www.bcnl.org/index_en_1.htm

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The Bulgarian Center for Not-For-Profit Law (BCNL) was founded in 2001 as not-for-profit legal entity with public benefit purposes. BCNL is registered in the [Central Registry for Public Benefit Organizations](#).

The mission of the Bulgarian Center for Not-for-Profit Law is *to provide legal support for the development of civil society in Bulgaria*.

BCNL pursues its mission with the strong belief that developing the legal framework for not-for-profit organizations is fundamental to the creation of an independent and prosperous civil society.

BCNL works in close partnership with the [International Center for Not-for-Profit Law \(ICNL\)](#) under an Affiliation Agreement.

We work with highly qualified consultants and maintain contacts with experts specialized in all spheres related to NGOs.

BCNL spreads its activities over the territory of the whole country, providing expertise and legal assistance to [NGOs in Bulgaria \(NGO Catalogue of Resource Center Foundation\)](#).

BCNL gratefully acknowledges the following institutions for their support:
[The International Center for Not-for-Profit Law \(ICNL\)](#)
[The United States Agency for International Development](#)
[The Open Society Foundation](#)

News

23.05.2003
THE EXPERT GROUP ON ISSUES RELATED TO NGO TAXATION, ESTABLISHED AT THE MINISTRY OF FINANCE CONTINUES FUNCTIONING [more]

20.05.2003
SEMINAR-DISCUSSION ON THE OPPORTUNITIES FOR NGOs TO DELIVER HEALTH SERVICES [more]

19.05.2003
SEMINAR-DISCUSSION ON "EMBOWMENTS AND THE PRACTICE IN THE CEE COUNTRIES AID USA" [more]

27.02.2003
NEW LAW ON THE MEASURES AGAINST FUNDING OF TERRORISM HAS BEEN ADOPTED [more]

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VI. Financial Report

- **Ballance**

	ASSETS	
	Current year Amount in BGN	Previous year Amount in BGN
Long-term Assets		
1. Long-term tangible assets	16872,05	10477,26
2. Long-term intangible assets	4086,16	2916,42
Total Long-term Assets	20958,21	13393,68
Short-term Assets		
1. Cash funds	204,21	881,72
2. Funds in bank accounts	53070,6	69624,56
3. Deposits granted	156	156
4. Receivables	7,79	0
Total Short-term Assets	53438,6	70662,28
Total Assets	74396,81	84055,96
LIABILITIES		
1. Debts to the budget	1317,14	866,46
2. Debts to social security	67,98	736,75
3. Debts to personnel	0	1224,71
4. Debts to suppliers	14,12	693,32
5. Other short-term debts	100	2000
6. Financing	31526,41	63840,81
Total debts	33025,65	69362,05
Incomes for future periods	0	200,00
Total Liabilities	33025,65	69562,05
Assets Net Value	41371,16	14493,91
including		
Capital in Long-term Assets	20958,21	13202,4
Reserves	20412,95	1291,51
Total	41371,16	14493,91

• Profit and Loss

INCOMES

	Current year Amount in BGN	Previous year Amount in BGN
1. Incomes from incorporation	0	100,00
2. Incomes from financing	167771,31	135948,83
3. Incomes from donations	200	0
4. Incomes from for-profit activity	14688,27	1311
5. Incomes from currency transactions	32818,1	2549,98
6. Incomes from interests	120,52	30,65
7. Incomes for future periods	0	200
Total Incomes	215598,2	140140,46

EXPENSES

1. Expenses on incorporation	0	191,28
2. Expenses on financed activity	166866	71769,46
3. Expenses on for-profit activity	8437,22	574,62
4. Expenses on currency transactions	18799,23	1924,5
5. Other financial expenses	905,31	373,56
Total Expenses	195007,76	74833,42

REMAINDER FOR NEXT PERIOD 20590,44 65307,04

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NOT-FOR-PROFIT LAW**

Contacts:

**Bulgaria
1000, Sofia
Dobrudja Str. 6**

**tel./ fax (+359 2) 988 81 66
(+359 2) 981 66 17**

e-mail: info@bcnl.org

**website:
www.bcnl.org**

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