

Bulgaria Legal Framework Analysis: Key Highlights

This one-pager aims to provide a brief overview of the most notable features of Bulgaria's national cooperative legal framework, based on the work of the national legal expert and the input of the contributing member organisation.

Cooperatives in Bulgaria are primarily regulated by the 1999 Cooperative Law. Significant amendments to the Law were made in 2007, affecting liabilities and obligations concerning the President and members of the Management and Supervisory Boards. The Cooperative Law stipulates the legal definition of a cooperative society, the constitution and membership relations, the bodies of the cooperative, the property, establishment of cooperative enterprises and cooperative unions, and the accounting, financial supervision and court control of cooperatives in Bulgaria.

The ICA principles are explicitly included in the statutes of most cooperative organisations, but nevertheless neither the statutes nor the law provide rules for their implementation, nor sanctions for non-compliance. This, in turn, makes them optional, and their implementation in practice depends only on the will of the cooperative members.

Cooperative Friendliness: The national expert concludes that under the present legal framework, there are no real impediments to the establishment, functioning and development of cooperatives in Bulgaria. At the same time, there are certain restrictions with respect to the activities that the cooperatives may be involved in (such as reinsurance), but these restrictions may be overcome through the establishment of a type of cooperative commercial entity whose legal form allows the exercise of the respective activity.

Key recommendations for improvement: In order to preserve the social function of cooperatives, the national expert recommends that certain financial relief and other support mechanisms should be provided. These include a reinstatement of tax reliefs for investing and financing social activities for cooperative members of national cooperative unions, simplified terms and conditions for public procurement applications, and exemption of cooperatives from the obligation to pay state fees. Among other recommendations, the national expert also considers it necessary to develop specific provisions guaranteeing cooperative property and restricting the possibility for disposal of such property without the consent of the General Assembly, as well as the regulation of the transfer of shares on liquidation.

Conclusions: The sustainable development of cooperatives in Bulgaria and elsewhere is irrevocably related to their legislative regulation – both at the level of regulatory acts, and at the level of cooperative statutes. While the updating of the statutes is the primary task of the cooperatives themselves, the national expert argues for amendments to cooperative legislation, both at the national and international levels.