

REGISTRATION OF NON-PROFIT ORGANISATIONS: LEGAL FRAMEWORK AND RECOMMENDATIONS FOR REFORM

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Improvement of registration of non-profit organisations (NPOs) – associations and foundations, is a necessary precondition for strengthening the civil society and increasing its transparency and accountability. An easy and simple registration procedure, with no duplication of information and functioning automatic exchange of data, is an important stage in the establishment of a modern registration system. It also guarantees the availability of reliable and up-to-date information on all registered entities.

Legal framework and current situation

In Bulgaria, the legal framework of NPOs' registration consists of a number of laws and regulations, often not aligned with each other. A significant part of the information is duplicated and applicants are often required to present the same information and documents several times in a row.

According to the *Law on Non-profit Legal Entities*, all NPOs are **obliged to register** at the **district court where the location of their headquarters is**. However, many organisations are also registered in other, additional registers. Among these additional registers, the biggest ones are the **BULSTAT Register** and the **Central Register of Public Benefit Non-profit Legal Entities** with the Ministry of Justice. Many NPOs are also registered in specialised registers due to the specific type of activities they perform (e.g. the

KEY POINTS

- There is no uniform legal framework of all registers of non-profit organisations. There are different legal acts, which are not aligned and their provisions often contradict each other.
- There are many registers where procedures are unnecessarily complicated. The registration in each of them has different legal relevance for the registered organisations.
- The administrative and financial burden on applicants is often significant, yet unnecessary. Requested documents are often the same and there is no obligation for public authorities to collect the information *ex officio*.
- Individual registers are not linked and there are no rules governing the communication among them.
- In many registers the information is unreliable, because it is not comprehensive and up to date or sometimes is completely missing. The different formats and difficult access hinder the necessary transparency and publicity. By way of comparison, the Commercial Register, kept by the Registry Agency, ensures unrestricted and free of charge access to all public data of commercial companies.
- The existing system is ineffective and a set of measures is needed to improve its operation.

register of community centres and the register of cultural organisations with the Ministry of Culture, the registers of sport clubs and sport organisations with the Ministry of Youth and Sport, the register of social service providers with the Social Assistance Agency, and many others). Most registers, except for the court register, are centralised and run by public administration authorities.

I. Registration at the district court

Registration at the district court is the **primary** registration of each NPO. It is **'constitutive'**, which means that an NPO obtains the status of legal entity as a result of this registration. The registration at the district court precedes any other registration.

The existing legal framework of the court register creates certain difficulties both for the applicants and for the data users. It also reveals a number of shortcomings.

There are **28 separate court registers of NPOs**. They are not connected into a common database and there is no aggregated information about the number of registered NPOs throughout the country. The timely and correct processing of the information, the content of entries and the accuracy of data are all difficult to follow.

Court registers are kept on **paper**, which is a serious obstacle to their effective operation and maintenance. A paper-based register also increases the risk of information being lost or destroyed as well as of mistakes and omissions in the issued certificates. Access to the information is possible only on site, at the premises of the court.

Court registers **do not sufficiently guarantee the publicity and accountability** of registered organisations. Access to case files requires time and money. In practice, one has to travel to the respective court and sometimes use the services of an attorney to make sure access is not denied.¹

¹ Journalists interviewed by the experts of the Center for the Study of Democracy assessed the court registers as very difficult to access. Those who needed information from these registers often asked attorneys to accompany them to the court and to ask for access to the case files using their attorney credentials.

There are no rules preventing the duplication of names when organisations are registered by different courts. As a result, organisations using the same name have been established in different districts of the country (this is particularly widespread among community centres, which traditionally use similar names).

Registration procedures are **unnecessarily and unreasonably complex**, burdening courts and applicants alike.²

Different courts do not handle **similar cases** in the same way, which creates legal uncertainty. Procedures are often slow and cases remain 'pending' for a long time. This situation creates prerequisites for violations of the constitutional right of association. It also facilitates the circumvention of the law by allowing applicants to move their organisation's headquarters to another city and thus 'forum shop' a court where procedures go more smoothly.

Thus, court registration of NPOs is **slower and more expensive than the registration of a commercial company** in the Commercial Register, which is operated by the Registry Agency.

II. BULSTAT Register

The BULSTAT Register is kept by the Registry Agency with the Minister of Justice and is governed by the *Law on the BULSTAT Register*. Registration in this register is **mandatory** for all NPOs.

In the absence of another central register, the BULSTAT Register is the only one presenting a relatively comprehensive and up-to-date information about NPOs. At the same time, some **inappropriate solutions** have created additional burden for NPOs and have limited the non-profit sector's publicity and transparency.

The **information**, which NPOs are obliged to present to the BULSTAT Register, is to a great extent **the**

² The results of a survey among NPOs, published by the Center for the Study of Democracy in the beginning of 2016, showed that more than two thirds of respondents assessed the procedures as complex or very complex.

same as the one entered in the court register. Such duplication is unnecessary and increases the risk of inaccuracies.

The BULSTAT Register imposes **serious sanctions**. For example, the failure to submit an application within the statutory deadline entails a fine of up to BGN 1,000 (approximately EUR 500) for the first violation and up to BGN 3,000 (approximately EUR 1,500) for any subsequent violation.

Fees are paid not only for the initial registration but also for registering subsequent changes and for obtaining certificates, identification cards and certified copies of documents. These fees have turned into a **burden**, both **administratively and financially**, adding to the cost of maintaining the court registration.

The fees due for obtaining a certificate or for getting access to the otherwise public information about the registered organisations are a barrier to publicity and transparency of NPOs.

The publicly available summarised data about registered NPOs are **not up-to-date**.

III. Central Register of Public Benefit NPOs

All **NPOs operating in public benefit** are registered in the so-called Central Register of Public Benefit NPOs (hereinafter referred to as the central register). The legal framework of this register is divided between the *Law on Non-profit Legal Entities* and secondary legislation.

There are no sanctions for public benefit NPOs, which do not apply for registration in the central register. The only negative consequences for such organisations are: (a) disqualification from any preferential treatment, if such a treatment is provided for in the law; and (b) ban to present themselves as public benefit organisations.

The information entered in the central register includes identification data and the **court registration data**. Some of the documents, which must be enclosed to the application for registration, are the

same as the ones presented in the court registration procedure.

All NPOs registered in the central register are subject to **annual and ad hoc supervision**. Each year they must present information about their activities during the preceding year. In the course of the year, the Minister of Justice can also request information concerning the registered data. Systematic failure to present such information on time and the failure to present, for two years in a row, the regular report about the preceding year are grounds for deletion from the register by the Minister of Justice or another official authorised by the Minister of Justice. Deletions can be appealed before the Supreme Administrative Court within 14 days of receiving the respective notification. Deleted organisations can reapply for registration, but this can be done not earlier than one year after the reason for deletion has ceased to exist. Moreover, reapplication is permitted only once.

The most important **advantages** of this register are its organisation, its format, the unlimited access, the services it provides and the safeguards for transparency.

Forms and templates are available for all applications and accompanying declarations. All of them are **accessible** in electronic format through the website of the Ministry of Justice.

There are **no fees** for registration, entering of data or appeals against rejected applications.

The register is **electronic**. It consists of a **central electronic database**, which includes information in text format and electronic images of all documents linked to the entries.

The register is **public**. Anyone can request information or excerpts of data entered in the register.³

The information in the register is accessible through the **internet**. The **search engine** enables browsing

³ Information is provided orally or in writing, on paper or on electronic carrier. Requests for issuing a certificate can be done orally or in writing. Rejected requests can be appealed.

by different criteria such as organisation's name, legal status, headquarters, court of registration, unique identification number or BULSTAT code. Search by key words within the organisations' scope of activities, objectives and resources is also possible.

The central register issues a **monthly bulletin**, which is published both on paper and in electronic format. Each issue of the bulletin includes information about the newly registered organisations, the rejected applications and the deletions during the respective period. The electronic version of the bulletin is available through the internet.

This register gives a good snapshot of the number and types of registered NPOs. As of 28 March 2016, it included data about 13,466 registered public benefit NPOs.

Regardless of its advantages, the central register has revealed certain flaws as well. According to users, the registered information is **not always full, reliable and up-to-date**, access to the data is sometimes **unavailable** or unreasonably difficult, and comparable requests for information are accepted in some cases and rejected in others.

IV. Other registers

Registrations in other registers can be done only after the mandatory registration at the district court and the one in the BULSTAT Register. Such registrations are necessary only if NPOs want to perform specific activities or obtain certain preferences requiring additional registration or licensing.

To register in a specialised register, the applicant organisation has to present certain documents. Many of these documents are the same as the ones presented in the court registration procedure. The same applies when registering changes. The information entered in the applications also repeats some the information already submitted to the court register.

Specialised registers reveal a great variety of specificities.

The registration in some registers has specific **legal relevance**, usually linked to the right to lawfully perform certain activities.

In some registers, registration is preceded by obtaining a **license or another type of permit**.

One of the biggest specialised registers is the **Register of community centres and community centres' associations** at the Ministry of Culture. Only community centres, which are registered in this register, can receive state and municipal funding (subsidies) and use state or municipal property. This right is granted one year after registration. Only registered community centres can become members of the Union of Public Community Centres, which is the national umbrella organisation of community centres.

There are also registers that serve only for **information purposes**. Registration in such registers is not linked to any additional rights or obligations for the registered organisations.

In many registers, the registration is **free of charge**. However, there are some registers collecting, directly or indirectly, **fees**, which are sometimes relatively high.

Some registers apply **sanctions** for the failure to comply with the obligations for maintaining the registration. Thus, for example, the chairperson of a community centre, who fails to apply for registration in the register of community centres within the statutory deadline, is sanctioned by a fine of between BGN 150 and BGN 300 (approximately between EUR 75 and EUR 150). In other registers fines are much higher and sometimes deletion from the register is envisaged as the heaviest penalty.

The legal framework of some registers provides for **control**, usually administrative supervision, over the decisions issued in the registration procedure, including the rejection and deletion decisions.

Most registers are kept on paper and, simultaneously, in some electronic form. However, in the majority of cases, when the data on paper differ from the data in the electronic version, the

information on paper is the one considered authentic.

There is a great variety when it comes to the format of and access to the registers. Some registers are structured as databases, while others are simple lists. Those organised as a database allow for searching the information using predefined criteria. The rest make the entire information available as a whole with limited options for browsing the content.

The regularity of updating the information is also different. The data in some registers is regularly updated, but in others the information is obviously very old. Most registers accessible through the internet do not indicate the date of the most recent update, which compromises the reliability of the information.

Towards an improved registration system

I. Necessary measures

The analysis of the registers of NPOs and the assessment of their operation lead to the conclusion that a set of measures is needed for improving their effectiveness.

- **Transformation of primary registration from court procedure to administrative procedure**

Registration of NPOs within a court procedure unnecessarily complicates the process, increases formalism, and engages resources of the judiciary for performing non-judicial activities.⁴ Unlike some specific categories of organisations, such as political parties and religious denominations, NPOs are not subject to a regulation so strict as to require compliance assessment by court. Existing mechanisms for subsequent supervision over the activities of NPOs are a sufficient guarantee that the state will intervene on time if a certain organisation violates the rules.

⁴ The transformation of the primary registration of commercial companies from a court procedure to an administrative procedure and the effective operation of the Commercial Register has already proved that the lawful establishment of legal entities can be duly safeguarded without involving the judiciary in the registration process.

Registration of NPOs is by nature an **administrative service** and as such it must follow the general rules for the provision of administrative services, including the rules on appeals. This will put an end to the existing situation of cases 'pending' for unknown periods of time. This is a widespread practice in many courts but since a pending case does not mean that the application is rejected the applicant has no right of appeal.

Like the procedures laid down in the *Law on the Commercial Register*, registration of NPOs must be transformed into a non-contentious administrative procedure, in which, upon request by the applicant, the competent authority enters, modifies or deletes certain information.

- **Centralisation of the primary register and no registration in the BULSTAT Register**

The decentralised court register of NPOs has caused a number of problems for the registered organisations and external users. In practice, under the current legal framework, if one does not know where a certain organisation is located, the search for information about it would require a visit to each of the 28 separate registers kept by the district courts.

At the same time, there is the BULSTAT Register – a central electronic register, where all the information is gathered in one place and access is easier, but there is no guarantee that this information is up-to-date, because it is registered after it has been filed in the court.

To overcome these flaws, the register of NPOs needs to be **centralised**, which, in turn, will make registration in the BULSTAT Register unnecessary.

- **Digitalisation of the register**

Transforming the primary register of NPOs from a paper-based register into an electronic one will create new possibilities for remote access, including through the internet. Following the increased use of electronic signatures as alternative to handwritten signatures, the digitalisation of the register must enable electronic communication with the register,

including submission of applications, by using an electronic signature.

The register of NPOs can be digitalised following the same approach applied on the Commercial Register. Thus the register will become a central electronic database, containing all the information and documents about NPOs and their branches, which, according to the law, is subject to registration. Like the Commercial Register, the register of NPOs must be kept by the Registry Agency, which has both capacity and experience in administering centralised electronic registers.

- **Forms and templates**

One of the most serious shortcomings of the existing system, particularly of the court registers, is the lack of standard forms and templates for applications and supporting documents presented in the course of the registration procedure. This situation creates many problems in practice, allowing courts not to accept applications on the grounds of missing information and leading to cases where identical applications are accepted by some courts but rejected by others.

The introduction of standard forms and templates would solve these problems and facilitate the work of applicants and the future registration officers. Forms, together with guidelines on how to complete them, must be made available, including through the internet. Applicants must be able to get acquainted with these forms in advance and have enough time to fill them in. This practice has been successfully introduced by the Commercial Register and by some of the specialised registers of NPOs, including the Central Register of Public Benefit NPOs.

In the long run, parallel to the digitalisation of the register, the introduction of electronic forms and templates must also be considered. There are two alternative options for doing that: (a) the applicant can download the template from the internet, fill it in and send it back by e-mail (with or without electronic signature depending on the applicable rules) with scanned copies of supporting documents attached to the message; or (b) the applicant can complete the template online through a special interface and upload the scanned copies of supporting documents.

- **Common standards for the legal framework of different registers**

Common standards are needed to align the legal framework of different registers of NPOs. Once such standards are in place, all laws and regulations dealing with registration of NPOs must be brought in line with these standards. Thus, the differences between the legal frameworks of individual registers (now varying from a couple of general rules to very detailed sets of provisions) will be eliminated.

These standards must also specify when a new register can be introduced, which rules and procedures for its operation must be included in the law and what can be left to secondary legislation. It would also be appropriate not to allow the authorities in charge of keeping the registers to impose additional requirements on the registered organisations, which are not present in the law.

The standards must also suggest common rules for operation of and access to the different registers, including obligation to maintain an up-to-date electronic version of the register accessible through the internet (through the website of the competent authority or through the register's own website). The right to appeal against rejected applications must also be part of such common standards.

One option for introducing such common standards is the *Law on Restricting the Administrative Regulation and Administrative Control over Commercial Activities*. This law lays down a set of fundamental principles, which have to be observed when introducing new registration regime for commercial activities.

- **Widening the scope of the *ex officio* principle**

With the centralisation and digitalisation of the primary register, other registers will no longer need to request information from the applicants, which has already been entered in the main register. Because of that, the application of the *ex officio* principle must be broadened and authorities in charge of keeping the registers must be obliged to

retrieve information from the primary register rather than asking applicants to present it. Thus, applicants will have to present only the information, which is not entered in the primary register. Thus, the risks of mistakes and inaccuracies will also be mitigated, because each subsequent register will use the information directly from the primary source rather than indirectly through an intermediary (the applicant).

- **Reduction of fees**

Parallel to broadening the scope of the *ex officio* principle, another issue that must be reconsidered is the amount of fees. For registers, in which the volume of registered data is not that big and most of the information is the same as the one in the primary register, the fees must be removed or decreased to a minimum. Reconsideration of the amount of fees is also necessary as regards the primary register. This can be done following the model of the Commercial Register taking into account the fact that NPOs are not commercial companies and their activities are predominately non-profit, therefore the fees must be lower. In general, **fees** collected by the different registers **must not exceed the costs** of the operations they are collected for.

Registers, which cannot be funded from the fees they collect (particularly registers collecting fees while serving only information purposes) must transfer the registered information to the future central register of NPOs and cease to exist.

- **Reform of control and sanctions**

Control and sanctions must correspond to the type of NPOs. Public benefit NPOs must continue to be subject to stricter requirements and heavier sanctions for non-compliance. At the same time, administrative control procedures, including appeals, must be introduced for all registers.

- **Increased transparency and improved access to information**

Registers must be kept in electronic format and must be organised as electronic databases offering remote access to the registered information, including an option for browsing the content by pre-defined

criteria. The process of **digitalising** the registers and centralising the registration system must be accelerated to make the system an authentic source of reliable, accessible and up-to-date information. The digitalisation of the registration process would relieve the non-profit sector from a significant financial burden and the resources (in terms of both time and staff) used for maintaining the different registrations could be redirected to the organisations' substantive activities.

- **Regulation of the exchange of information between registers**

The regulation of the exchange of information between the different registers and the interaction between the authorities in charge of their maintenance is a prerequisite for broadening the *ex officio* collection of data and decreasing the administrative burden on registered organisations. The elimination of the requirement to present information and documents, which have already been entered in another register, makes it necessary to adopt rules and procedures enabling the authorities in charge of keeping the different registers to *ex officio* request and obtain this information. This is particularly valid for the communication between the primary register and all other registers, which are supposed to use information from it.

The regulation of the exchange of information and the interaction between the competent authorities must encompass not only the initial registration, but also any subsequent registration of changes and the deletion of registration. In all of these cases, the primary register must have the leading role, while all other registers must be enabled to use this information *ex officio*. Thus, the future central register of NPOs will become the main source of information and all other registers will align their content with it, including any subsequent changes in the registered information.

Any change of information registered in the primary register must **automatically** lead to a change in the same information in any other register. This will relieve registered organisations from the obligation to file a separate application in each register, where

the modified information has been registered, and will improve reliability and accuracy of the data provided by different registers.

- **Introduction of common standards for updating the registered information**

Some registers are updated regularly while in others the information is obviously out of date. This problem has to be addressed. Each register must be obliged to clearly indicate the date and time of its most recent update. This will inform users about the time when the information was last updated.

II. Urgent legislative changes

- **Amendments to the Law on Non-Profit Legal Entities**

The main purpose of the reform – transition from court registration to administrative registration and creation of central electronic register – can be achieved by the adoption of the *Draft Law on Amending and Supplementing the Law on Non-Profit Legal Entities*. The draft, which the government submitted to parliament in October 2015, was developed by a working group of the Ministry of Justice with the active involvement of NPOs. The bill embodies, to a great extent, the vision of civil society organisations as regards the reform’s general framework. The draft was adopted by two parliamentary committees (the Legal Affairs Committee and the Interaction with Non-Governmental Organisations and Citizens’ Complaints Committee) and was voted on first reading in plenary session.

The most important changes suggested by the bill are:

- **Transfer of registration of NPOs from the district courts to the Registry Agency** and closing down of the Central Register of Public Benefit NPOs with the Ministry of Justice.⁵

⁵ The draft submitted to parliament does not envisage the consequences for the Central Register of Public Benefit NPOs after its closure. There is only a procedure for sending the information to the Registry Agency for adding it to the file of the respective NPO after its registration in the new register.

- **Better definition of the scope of registered information.** The now existing unclear requirement for registering the “mandatory content of the act of establishment or the statute” is replaced by exhaustive enumeration of concrete circumstances. This change will prevent the registration authority from interpreting the meaning of “mandatory content of the act of establishment or the statute” and will make the practical implementation of the law more consistent, particularly as regards the scope of registered information. The list of registered circumstances is expanded to include the scope of economic activity, if such is performed by the NPO.
- **Improvement of the rules on registration of branches.** Under the current framework, branches are registered only by the court where their location is. Information about the branch is not entered in the register, in which the main NPO is registered. The draft suggests that branches must no longer be registered separately and all the information about them must be entered in the same file as the information about the main NPO.
- **Exhaustive enumeration of documents subject to registration.** These include: the decision for establishing the NPO; the statute (for associations) or the act of establishment (for foundations); all decisions for adopting changes related to the registered information; the financial reports; and the activity reports (for the public benefit NPOs only). The suggested rules define the difference between registering information and registering documents and follows the approach applied by the Commercial Register.
- **Introduction of deadlines for filing applications.** Under the current rules, there is no deadline, by which NPOs must submit an application for registering new information or a new document. The lack of such a deadline undermines the reliability

of the register because there is no guarantee that the information is up-to-date.

- Improvement of the **rules on duplication of names**. The draft introduces a ban on registering an organisation when another organisation with the same name has already been registered. The ban will apply only for the future and will not affect existing organisations with identical names.
- Improvement of the legal framework of public benefit NPOs: better definition of objectives; public benefit status granted from the moment of registration; closing down and no further obligations towards the central register with the Ministry of Justice; substitution of the obligation to annually report to the Ministry of Justice with an obligation to present for registration in the new register an annual activity report and an annual financial report; introduction of **temporary suspension of public benefit status** (and the corresponding recovery of status) in case of failure to present, for two years in a row, annual activity and financial reports; etc.
- **Simplified procedure for transfer to the new register**. The draft allows all NPOs to keep their legal personality, including their status in public or private benefit. A relatively long term of three years is provided for moving to the new register.⁶ To move to the new register, NPOs will have to submit an application together with a legal status certificate issued by the court and a certified copy of their statute or act of establishment. The entire procedure, including the court certificate, will be **free of charge**. The transfer to the new register will replace the NPOs' registration in the BULSTAT Register and their

BULSTAT code will automatically become their new unique identification code.

After the first reading in plenary session and before the expected second reading, a number of changes to the draft were submitted. Many of them deviate from the original idea of transforming the court registration into administrative registration and are not supported by the majority of non-governmental organisations. One such change concerns the idea of establishing a Civil Society Development Council with the Council of Ministers. The creation of a body consisting of representatives of public benefit NPOs and government institutions, chaired by a deputy prime minister and reporting annually to the government opens the door for interference in and control over the operation of NPOs on the part of the state. Furthermore, the council is vested with serious powers, including the right "to adopt rules for the eligible activities with relevant social impact to receive funding, ..., rules and procedure for submission, evaluation and selection of project proposals, ..., rules and procedures for supervising project implementation...". Such a proposal needs further elaboration and improvement and should be left for the next round of legislative amendments.

- **Amendments to the Law on the Commercial Register**

The suggested amendments to the *Law on the Commercial Register*, necessary for the transfer of registration of NPOs from the courts to the Registry Agency, are included in the transitional and concluding provisions of the *Draft Law on Amending and Supplementing the Law on Non-profit Legal Entities*. These amendments will transform the register of NPOs into an electronic public register with free of charge access to the registered information. The draft envisages that the register of NPOs will share a common database with the Commercial Register.

The suggested new rules for registration of NPOs are similar to the ones for commercial companies. These are the rules on registration of information and documents, deletion, rejection, appeal, correction of mistakes, fees, publicity, access, etc.

⁶ The draft envisages the transfer of registrations to be completed by 31 December 2018. This deadline was calculated assuming that the law would enter into force on 1 January 2016. Since the adoption of the draft was delayed, the deadline should also be changed.

The procedures, now applied on commercial companies, will become applicable to NPOs as well. These include the procedures for correcting mistakes in the documents accompanying the application for registration or deletion and those certifying to the payment of fees. The sending of notifications will also be done electronically. The guidelines for applicants, issued by the Registry Agency, will be posted in the electronic file of the respective NPO or, in case of initial registration, directly on the Agency's website. The right to appeal against rejected applications before the district court, now applicable to commercial companies, will apply also to the NPOs. The option to reserve a name, available to commercial companies, will be introduced also for NPOs.

A very important change is the one making the rules on unique identification codes of commercial companies applicable also to NPOs. According to the draft, if an NPO provides its unique identification code, no public institution, local authority, entity performing public functions or organisation providing public services, including the banks, will be allowed to request evidence about the registered information or ask for copies of registered documents. This rule will contribute to a substantial decrease of the administrative burden on NPOs and should have an impact on the registration procedures applied by all other registers. The practical implementation of this provision must lead to changes in the registration rules of most of the other registers and the requirement for presenting documents that have already been registered elsewhere must be replaced by a requirement for providing the unique identification code.

- **Amendments to the Organisational Rules of the Registry Agency and adoption of new regulation on operation of the register**

The adoption of the amendments to the *Law on the Non-Profit Legal Entities* and the transferring of the registration of NPOs from the district courts to the Registry Agency requires the introduction of corresponding changes in the respective secondary legislation. The government must amend the *Organisational Rules of the Registry Agency* and modify the Agency's structure and organisation in line

with its new function of keeping the central register of NPOs.

Legal rules on the operation of the new central register of NPOs also need to be adopted. This can be done in two ways: (a) by expanding the scope of application of the regulations applicable to the Commercial Register, or (b) by adopting a separate regulation governing only the operation (maintenance, keeping and provision of access) of the central register of NPOs. In both cases the institution in charge of adopting the rules is the Ministry of Justice.

The secondary legislation must include rules on the registration procedure (types and content of applications, forms and templates, correction of mistakes, reservation of names, etc.) and on the operation of the register (content of electronic files by sections, subsections and fields, submission of applications, complaints and requests, etc.).

Finally, the *Tariff of Fees Collected by the Registry Agency* must also be amended to determine the amount of fees for registration of information and documents, reservation of names and issuance of certificates. The institution in charge for amending the tariff is the Council of Ministers.

- **Amendments to other laws**

Amendments to the laws governing the other registers must be directed at removing the unnecessary registers, expanding the *ex officio* principle (*ex officio* notification of initial registration, registration of changes and deletion), and abolition of the requirements for presenting information and copies of documents already registered in the central register, including the requirement for presenting legal status certificates.

The scope of application of the *Law on Restricting the Administrative Regulation and Administrative Control over Commercial Activities* must be expanded to cover non-profit activities. NPOs must be able to benefit from the law's general principles such as:

- introduction of new registers only when there is a risk to national security, public

order, rights of individuals and legal entities or the environment and only as regards information, which can be verified by examination of documents or visits on site;

- ban on discretion on the part of registration authorities;
- publicity of registers and mandatory issuance of certificates;
- unlimited validity of registration or, in exceptional cases, limited validity for a minimum of three years;
- free of charge electronic access;
- exhaustive enumeration in the law of all requirements for registration, grounds for rejection and rules for registration, deletion and issuance/invalidation of certificates.

III. Expected positive impact

The transfer of registration of NPOs to the Registry Agency is expected to result in faster procedures, electronic submission of documents, electronic services, lower fees and decreased administrative burden on NPOs.

The establishment of central electronic register of NPOs will make the registration of NPOs in the BULSTAT register no longer necessary. The same will apply for the registration of public benefit NPOs in the Central Register of Public Benefit NPOs at the Ministry

of Justice. This will put an end to the existing dualism in the registration regime and the cases of organisations being registered as public benefit NPOs by the court but not registered in the central register and thus not obliged to observe the transparency and accountability rules. The registration of NPOs in some of the other registers, particularly in those serving only information purposes, will also become unnecessary.

The new registration system will increase transparency and accountability of all NPOs. The information about their activities, management, funding and expenditures will become publicly accessible.

At the same time, courts will be relieved from dealing with cases that are not complex, which will allow them to invest more resources on their main task to administer justice.

The creation and operation of the Commercial Register and the experience and technical resources of the Registry Agency will facilitate the smooth introduction of the central register of NPOs.

Interaction between registers and synchronisation of data will decrease the burden on NPOs to register the same information in several registers and will ensure the provision of reliable and accurate information. The improvement of the legal framework will therefore benefit not only the users of the information but also the registered organisations and the society as whole.