Local Version: Bulgaria
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1 Quick Facts

Here you find general information about Bulgaria.

Key Strengths

Local Version Bulgaria was established back in 2003 as part of R/3 AddOn 4.6C. It is maintained in all higher releases up to the latest ECC 6.0 enhancement package. So, the country version is more than 17 years old, and a matured and trusted solution.

It provides legal compliance features for various business transactions, enabling businesses to run better. In close cooperation with local SAP experts and consultants in Bulgaria, these features are developed by the highly skilled team located at Brno. This team is one of the most experienced research and development teams in the SAP Labs network throughout the world.

Local Version Bulgaria is now operational at most of the top business corporations in Bulgaria across many industries. These include global business giants with establishments in Bulgaria.

Challanges

There are two major localization areas:

One is FI/LO, which mainly covers the legal reporting requirements for VAT, and provides the formats for automated domestic or foreign payment transactions.

The other is the HCM solution: Here, the payroll part is localized to meet the requirements specific to Bulgaria.

Another challenge is that legal changes in Bulgaria are often announced at short notice.

Legal Compliance

<table>
<thead>
<tr>
<th></th>
<th>FI/Logistics</th>
<th>Human Capital Management</th>
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<tbody>
<tr>
<td>Law Complexity Ranking</td>
<td>Dynamic, over the year</td>
<td>Dynamic, mostly at year beginning</td>
</tr>
<tr>
<td>Frequency of Legal Changes</td>
<td>Bulgarian</td>
<td>Bulgarian</td>
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<tr>
<td>Official Local Language</td>
<td>Bulgarian</td>
<td>Bulgarian</td>
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Language

In the Local Version for Bulgaria, the UIs are translated and maintained for Finance and Logistics, as well as for Human Capital Management.
2  Supported Legal Requirements

2.1  Cross-Function Requirements

- Cash discount: The tax base has to be reduced by the amount of the cash discount.
- Reporting sales transactions in POS area by means of fiscal devices. It is not supported by SAP but by local partners.
- Differed VAT on imports: A recent change was introduced giving the possibility of postponing the VAT charged by an importer upon importation of goods into the territory of the country. The charging of the import tax under Art. 16 may be performed by the importer if he meets certain conditions (of Art. 167a). The import tax for which he has exercised his right shall be charged by him with a protocol for the tax period during which the tax event, on a tax base determined, such as:
  - the amount of the tax shall be included in determining the result for the respective tax period in the reference-declaration under Art. 125 for this tax period;
  - indicate the customs document of import and reflect the amount of the tax in the sales log for the respective tax period.

The differed tax on imports is now supported by the SAP localization package for Bulgaria

2.2  Financial Accounting (FI)

- The VAT report is part of the Bulgarian local version in Financials enabling the periodic listing of all purchase and sales documents. It is a mandatory report.
- The VAT protocol is mandatory for reporting the documents in the form required by the Bulgarian tax authorities.
- The VAT declaration, or VIES report, creates the VAT declaration forms for the Bulgarian tax authorities.
- Cash journal documents have to be printed, according to Bulgarian law.
- In the tax depreciation area of Asset Management, reporting is required by law that provides information about asset values.
- The trial balance is required under Bulgarian law for interim and annual closing of accounting ledgers.
- According to Bulgarian accountancy law, companies are obliged to prepare financial statement versions in the form of a balance sheet and profit & loss statement.
- Companies are obliged to submit an equity report, showing the changes in the capital structure of the company.
- Bulgarian accountancy law prescribes a cash flow report, created using either the direct or indirect method
2.3 Material Management (MM)

Goods movements between EU member states are declared in the Intrastat report. The report can be prepared in paper form, XML, or text file.
3 Human Capital Management Requirements and Payroll for Bulgaria

3.1 Reporting

- Annual report of employees’ labor contracts
- Quarterly civil contract reporting for all companies paying civil contract incomes to the employees
- Employees’ medical chart report
- Declaration 1: Monthly report of all employees with payroll data
- Declaration 6 collects all payments done by the employer related to a specific payroll period (month).
- Statistical quarterly report of companies’ headcounts, employees’ income, employer’s expenses related to the employees or vacant & occupied positions in a company
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3.2 Payroll

Payroll is an important part of Bulgarian Human Capital Management, with some local specifics.

- Employee absence is generally calculated on the basis of normative calendar principles. The employer has to pay a special contribution to the employee if the employee is made redundant and cannot find another job.
- According to the Bulgarian labor code, only negative time management is allowed for a payroll run.
- In Bulgaria, the payroll is based on planned and actual working hours.
- The calculation and payment of sick leave is country-specific following Bulgarian law.

Another specific area relates to Health and Pensions in Bulgarian Human Capital Management.

- Employers are obliged to register medical charts received from their employees.
- If an employee is a pensioner, but still in work, and has an ordinary labor contract, the maximum insurance basis has to be adjusted to take the pension amount in to account.

According to Bulgarian law, different declarations have to be made for income tax and social insurance.

- There are specific local rules for calculating income tax, and the declaration has to be made according to the rules that apply for Bulgaria.
- Employees’ social insurance must be declared in accordance with Bulgarian law.
4 Information Repositories

- SAP constantly provides legal changes to its country versions to support customers in complying with changing laws in their countries. In many cases, this information reflects legislation and regulations that have not yet been fully approved.

SAP provides a standard method for implementing legal changes in Financials, but two options for implementing legal changes in Human Capital Management: - Support Packages are released on a monthly basis to provide customers around the globe with the latest legal requirements and corrections. They include all updates for international functions and country versions. - Country Legal Change Packages (CLC) represent another way of delivering legal changes in HCM; they are offered in addition to HRSPs. CLC Packages include country-specific legal changes, with one CLC Package per country. They enable customers to decide when to implement legal changes for their country versions. As such, they significantly reduce the effort required for testing, as well as the risks. This delivery process is available for the following software components: SAP-HR, EA-HR, and HR-CEE.

You can find information about the planned legal changes that will take effect in SAP ERP Financials, SAP ERP Operations, and SAP ERP Human Capital Management, in the Legal Change Report. The Legal Change Report includes all the current legal changes. The legal change files include the following information: A short description of the planned legal change with information about the date at which it is assumed the planned legal changes will take effect, and whether the legal change is already available.

Here are some recommendations for those of you who are new to Country Version Bulgaria.

The country version for Bulgaria is not a “do it yourself” system. With the level of complexity involved, we recommend having the most experienced local experts on board from the very beginning.

As many global customers have observed, some expert knowledge of global templates is definitely required, to avoid any late and unwelcome surprises.

We strongly recommend that customers upgrade to the minimum Support Package level for Country Version Bulgaria, so that they receive the relevant legal changes in future.

Finally, user training is critical to the successful implementation of Country Version Bulgaria.
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