



Commercial Law Digest

Guide to commercial law developments
across Central and Eastern Europe



CMS RRH is thrilled to present to you our latest initiative - a comprehensive and dynamic Commercial Law Digest carefully designed to keep you abreast of the ever-evolving landscape of commercial law across Central and Eastern Europe. In an era where businesses navigate a complex web of regulations, staying informed is not just an advantage but a necessity.

What sets us apart

Our Commercial Law Digest is not just another newsletter; it is your key to unlocking the intricacies of legal frameworks in both EU and non-EU countries across Central and Eastern Europe. Driven by our commitment to excellence, each edition offers a curated compilation of the most pertinent commercial law regulations shaping the business landscape in different European jurisdictions. Dive into commercial law and use our analyses to support your business decisions in line with the most relevant updates from various European jurisdictions.



What to expect

Country spotlights:

Explore the nuances of commercial law in different EU and non-EU countries through our informative country spotlights, offering practical insights for your cross-border operations. Unpack complex legal jargon with our in-depth analyses, providing you with a clear understanding of how regulatory changes impact your business.

Expert commentary:

Benefit from our legal experts' comments as they share their perspectives on emerging trends, potential challenges, risks and opportunities within the commercial law landscape.

Risk assessment:

Take advantage of the benefits of assessing the impact of regulatory changes and prepare your business for compliance. Our professional advice, based on decades of experience, will help you along the way.

Your Guide to commercial legal intelligence

Consider this digest your guide to legal intelligence, helping you navigate the intricacies of commercial law effortlessly. As your dedicated legal companion, we are committed to keeping you well-informed, empowered, and prepared for the legal challenges that lie ahead.



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Bulgaria



Development and date

Schengen area partial accession due end of March 2024



Description of development

The Commission first confirmed that Bulgaria was ready to become part of the Schengen area in 2011. Since then, Bulgaria has continued to demonstrate that it fulfils the conditions for becoming a full Schengen member and remained in negotiations with the EU on the subject. By Council Decision (EU) 2024/210 of 30 December 2023, the EU decided to accept Bulgaria as a member of the Schengen area as of 31 March 2024, though partially at first, lifting all air and maritime controls. Land border controls remain in place.



Impact and risk

It is estimated that non-participation in the Schengen area has had a negative impact on the Bulgarian economy amounting to between 0.5% and 1% of the country's GDP. Partial accession to the Schengen area has faced backlash from local businesses, as the land route remains the most important route for trade and free movement of people and goods. Checks and restrictions at internal land borders remain in force pending a final decision on the country's full participation in the Schengen area. It is expected that full accession to the Schengen area will have a positive impact on Bulgaria's economy, with transport and tourism cited as the sectors likely to benefit most from such a development.



Next steps and future actions

The Bulgarian government remains committed to continuing discussions and negotiations with the EU Member States to secure a firm date for Bulgaria's full accession to the Schengen area. Notable developments in the matter are expected for the second half of 2024, following the European Parliament elections in June 2024.



Bulgaria



Development and date

Eurozone accession expected in 2025



Description of development

Bulgaria was admitted to the ERM II, the euro area's "waiting room", in 2020. Since then, the country has been busy implementing various policy measures regarding the non-banking financial sector, AML, state-owned enterprises, the judicial system, and the fight against corruption and organised crime. On 13 November 2023, the government adopted a National Plan for the introduction of the euro in Bulgaria, and the latest information issued by the government suggests that Bulgaria is on track to join the eurozone in 2025. The Plan lists the exchange rate at EUR 1 = BGN 1.95583, a determination to be confirmed in the amendment to Regulation (EC) 2866/98 once the date of Bulgaria's accession to the euro area has been set.



Impact and risk

Adoption of the euro currency is expected to have a positive impact on the entire Bulgarian economy. Bulgarian businesses are hoping to benefit from eliminated currency risk, better access to financing opportunities and new markets. Euro adoption is expected to have positive effects in the tourism sector as well. In the public sector, the adoption of the euro should lead to lower expenses for servicing the public debt, which in turn would free up resources for capital expenditure and public spending by the government. From a different perspective, euro adoption might lead to an increase in inflation by 0.5% to 1% and fuel speculation by commercial players, mainly in the retail sector.



Next steps and future actions

The next steps are outlined in detail in the National Plan adopted by the Bulgarian government in November 2023. It provides for a wide range of policy measures and communication campaigns. The beginning dates of all phases described in the Plan depend on the date yet to be specified by the European Commission as the actual accession date. The policy measures concern amendments to existing legislation, from regulatory acts such as the Law on Credit Institutions and the Law on Payment Services and Payment Systems to commercial and civil legislation, as well as subsidiary legislative acts.

Bulgaria



Development and date

Transposition of the Corporate Sustainability Reporting Directive (CSRD) into national legislation expected for this year



Description of development

Following the introduction of Directive (EU) 2022/2464 as regards corporate sustainability reporting and the obligation of the EU Member States to transpose it into national law, the Bulgarian Ministry of Finance initiated a working group tasked with preparing the draft national legislation. At time of writing of this newsletter, it is expected that changes will be introduced to the Accounting Act, the Public Offering of Securities Act and the Independent Audit Act. The first phase of reporting under the CSRD rules and requirements will concern reporting in 2025, covering activities in 2024.



Impact and risk

It is expected that the new rules to be introduced into Bulgarian legislation will impose additional non-financial reporting requirements on over 500 companies in the market. Non-financial reporting is much more complex, and domestic businesses falling within the scope of the CSRD are unfamiliar with the reporting requirements. In the absence of clear legislative provisions and official guidelines on its scope, timeline and technical standards, reporting under the CSRD can be expected to lead to a significant increase in the time, money, human resources and audit fees needed by Bulgarian companies to comply with the new standards.



Next steps and future actions

The Accounting Act will be revised to implement the CSRD requirements and to specify that the required non-financial information must be presented in accordance with the European Sustainability Reporting Standards (ESRS). The information must represent a separate part of a company's annual report and must be verified by auditors. The Act will also include new thresholds for defining undertakings subject to the CSRD, with the aim of reducing the directive's initial scope. However, the Ministry of Finance has indicated that the new rules will not deviate significantly from the provisions of the CSRD. The amendments to the Independent Audit Act will set the rules under which auditors will be able to provide the limited assurance required by the CSRD. It is expected that the Institute of Certified Public Accountants will be responsible for training and will maintain the central register of sustainability auditors entitled to carry out the audit required under the CSRD.

Croatia



Development and date

Dual currency price display is no longer an obligation in Croatia as of 1 January 2024.



Description of development

In accordance with the Act on Adoption of the Euro as the Official Currency in the Republic of Croatia, the obligation of displaying prices in both EUR and HRK ceased on 1 January 2024.



Impact and risk

Although there is no explicit deadline to stop showing prices in both currencies, in line with the recommendation of the Croatian Chamber of Commerce, such pricing displays should be abandoned as soon as possible after 1 January 2024.



Next steps and future actions

Retailers must make sure to display the prices of goods and services only in the euro currency.

Croatia



Development and date

Proposals for assessment of constitutionality of amended Trade Act rejected: Following the introduction of the restriction of retailers' work on Sundays, several proposals were filed for assessment of its constitutionality by the Croatian Constitutional Court. On 6 February 2024, the Croatian Constitutional Court rejected the proposals for assessment of the constitutionality of the amended Trade Act, without entering into the merits.



Description of development

The amended Trade Act stipulates that work on Sundays is generally forbidden, but retailers can independently designate 16 Sundays of the year as working Sundays. These restrictions apply as of 1 July 2023.



Impact and risk

In case of breach, a retailer can be fined an amount of up to EUR 39,810, with the responsible individual in the legal entity being liable for a fine of up to EUR 9,290. Although the amended Trade Act is quite disputed in the Croatian public, it remains fully in force following the decision of the Constitutional Court.



Next steps and future actions

To avoid sanctions, retailers are obliged to comply with the restrictions stipulated. At the moment, the amended Trade Act is mostly detrimental to small retailers. Due to increased demand during the tourist season, retailers are mostly planning to designate the working Sundays during the summer season, and to remain in discussions with the government and trade unions in hopes of finding a more favourable solution.



Slovenia



Development and date

New requirements for the protection of the Slovenian language in the digital environment proposed with the amendment to the Public Use of the Slovene Language Act of 23 November 2023.



Description of development

The proposed amendment to the Public Use of the Slovene Language Act aims to ensure adequate protection of the Slovenian language in the digital environment, which has been inadequately regulated thus far. The main aim of the proposal is to extend the protection of the Slovenian language in the context of operating systems as well as graphical and voice user interfaces in cars, computers, smartphones and other electronic devices.

The key changes proposed are the following:

- Providers of information society services, online platforms and hosting services established in Slovenia must offer their content and services to users in Slovenia in Slovenian.
- Operating systems and voice user interfaces in electronic devices sold or offered to consumers in Slovenia must support the Slovenian language and use of the Slovenian keyboard.



Impact and risk

When the amendment is adopted, providers of information society services, online platforms and hosting services established in Slovenia will be required to offer their content and services to Slovenian users in the Slovenian language, unless they conduct their business exclusively with foreign users. Operating systems and user interfaces of electronic devices, including computers, smartphones, cars, household appliances, etc., sold or offered in Slovenia will have to support the Slovenian language. This requirement applies to both sellers and distributors of electronic devices, though it applies only to electronic devices placed on the market after the end of the transition period.

Failure to comply may result in fines of up to EUR 40,000, and distribution and sales of non-compliant electronic devices may be halted.

The providers of streaming VOD platforms not established in Slovenia are exempt from the obligation to provide their user interface and subtitles in Slovenian.



Next steps and future actions

This amendment is currently at the proposal stage and the final version will be decided through the legislative procedure.

It is currently envisaged that the obligation to support the Slovenian language in operating systems and graphical user interfaces of electronic devices will take effect 18 months after the adoption of the amendment and the obligation for voice user interfaces in electronic devices 30 months after adoption. Nevertheless, we advise providers of goods and services to which the amendment would apply to closely monitor the legislative procedure and any developments, and to prepare in advance to ensure that electronic devices are adapted to support the Slovenian language in time.

Slovenia



Development and date

The Slovenian Advertising Tribunal ruled for the first time on advertising in the context of influencer marketing on 12 December 2023, specifically addressing the recognition and labelling of advertising (sponsored and paid content) and indication of the client or advertiser.



Description of development

For the first time, the Slovenian Advertising Tribunal ruled on compliance of advertising in the context of influencer marketing with the Slovenian Advertising Code. The rulings pertained to social media posts promoting the purchase of goods. The main findings of the Tribunal were the following:

- The advertisement must be clearly and unambiguously labelled (e.g. #ad, sponsored content, etc.) in accordance with the principle of transparency and identification of content that is sponsored or paid for (in cash or in any other way, such as free use of goods or services, or other types of benefits).
- The advertisement must identify the client/advertiser and provide their contact address (so that the consumer can contact the advertiser or complain).



Impact and risk

The Slovenian Advertising Tribunal assesses the compliance of advertisements with the Slovenian Advertising Code, a self-regulatory tool in the advertising industry, and the Recommendations on Influencer Marketing, also issued by the Slovenian Advertising Chamber, which are not legally binding. However, in case of non-compliance with the Code, the Tribunal may request the advertiser to correct or withdraw the disputed advertisement or file a motion or report with the Slovenian Market Inspectorate. In the latter case, the Market Inspectorate may, for example, impose a fine ranging from EUR 1,000 to 5,000 for breaching the provisions of the Consumer Protection Act, which stipulate that advertisements which are part of an information society service must be clearly identifiable as advertisements and must indicate the client/advertiser who ordered such advertisement.



Next steps and future actions

In recent months, the Ministry of Economics and the Market Inspectorate have intensified their activities regarding the compliance of influencer marketing with advertising rules set out in consumer protection regulations and other special regulations. In addition, special attention is being paid to whether influencers have registered their businesses (as sole proprietors or legal entities).

While the requirement that advertisements must be clearly identifiable as such and that the client/advertiser must be indicated already exists in the Consumer Protection Act, the recent ruling of the Slovenian Advertising Tribunal suggests that compliance of influencer marketing will also be more closely monitored by the Market Inspectorate.

Türkiye



Development and date

Certain major limitations of the new E-Commerce Regulation published on 29 December 2022 entered into force on 1 January 2024 (while other limitations stipulated by the regulation previously entered into force on 1 January 2023).



Description of development

The new regulation introduces brand new obligations on e-commerce intermediary service providers and e-commerce service providers that tighten the relevant platforms' operating field, enabling them to provide a more competitive and accessible environment for both sellers and end customers using such platforms. Some major points of the relevant obligations are as follows: limiting the sale of e-commerce services providers' own branded products on the same e-commerce platform; establishing a liaison point for communication with public authorities; e-commerce intermediary service providers whose net transaction volume in a calendar year is over TRY 10 billion are required to obtain an electronic commerce licence; and advertising and discounts provided to e-commerce intermediary service providers are now subject to certain limitations if such service providers' net transaction volume in a calendar year is over TRY 30 billion.



Impact and risk

While the aim of the limitations set forth in the regulation is to increase competition, security and consumer welfare in e-commerce, large and medium-sized e-commerce intermediaries and service providers may be forced to innovate their business models and find alternative commercial channels to preserve their financial stability. Especially e-commerce service providers whose net transaction volume is mostly earned from sales of their own products may suffer serious losses if they fail to introduce a promising commercial road map.



Next steps and future actions

It would be reasonable to expect that large and medium-sized electronic commerce intermediary service providers will move towards using their platforms merely for e-commerce intermediary activities and not use them for competitive purposes (i.e. not sell their own branded products).

Türkiye



Development and date

Monetary limits for applications to consumer courts increased, amended by the Communiqué on the Increase of the Monetary Limits in Article 68 of Law No. 6502 on the Protection of Consumers and Article 6 of the Regulation on Consumer Arbitration Committees, dated 20 December 2023 (entered into force on 1 January 2024).



Description of development

These limits have been redefined for 2024 with an increase by 58.46%. Disputes with a value of less than TRY 104,000 will be handled by consumer arbitration committees, while disputes above this value will be heard by consumer courts.



Impact and risk

The monetary limits have been adjusted in line with inflation and market conditions in order to reduce the workload of the courts, thereby guaranteeing the right to a fair trial, and to allow consumers' small claims to be dealt with in a time-efficient manner without the burden of litigation.



Next steps and future actions

Although this increase in the monetary limit may appear to limit the scope of recourse to arbitrators due to current inflation, it is a reasonable increase and will allow arbitrators and courts to work to the same extent and with similar resources.



Türkiye



Development and date

Communiqué on the Overdue Interest Rate Applicable to Late Payments in the Supply of Goods and Services and the Minimum Expense Amount to be Claimed for the Collection Costs of Receivables, dated 2 January 2024.



Description of development

This Communiqué sets the interest rate at 48.00% per annum for cases where the default interest rate for late payment to the creditor for the supply of goods and services is not stipulated in the contract or the relevant provisions are invalid.



Impact and risk

The fact that this interest rate, which was 11.5% last year, is now at 48% will have a significant impact on commercial life and contracts. In commercial transactions and in high-value transactions in particular, the default provisions will lead to stricter negotiations and more careful drafting of contractual clauses, and perhaps to increased awareness on the part of merchants of the need to avoid default.



Next steps and future actions

The sharp increase in interest rates could have far-reaching consequences for commercial life, impacting everything from the cost of capital to contractual agreements and negotiation dynamics. Businesses will likely need to adapt to the new financial landscape, emphasising careful planning, risk mitigation, and proactive management of contractual relationships.



Ukraine



Development and date

Changes in advertising regulations: On 2 October 2023, amendments were introduced to the law on advertising in Ukraine. The new law harmonises national advertising legislation with EU standards and introduces updates in accordance with modern technological realities.



Description of development

The amendments served to align Ukrainian law with EU Directives 2010/13/EU and 2018/1808. In particular, the new law introduces regulation of advertising distributed through OTT platforms and other electronic means, such as websites, emails, chatbots, etc., as well as product placement and user-generated content advertising. The previous advertising laws had not specifically regulated online advertising. The new law also provides criteria for advertising to fall under the jurisdiction of Ukraine.



Impact and risk

All changes introduced by the new law are aimed at creating a fair and ethical advertising market in Ukraine. Various stakeholders involved in advertising activities must comply with new, transparent and detailed advertising rules to avoid strict liability for violation of advertising law.



Next steps and future actions

Under the new law, it has become possible for the media industry to adopt advertising self-regulation or co-regulation, including codes on advertising rules for alcoholic beverages, gambling, unhealthy foods high in fat, trans-fatty acids, salt, soda, sugar, etc. In addition, advertising market players may adopt self-regulation guidelines on producing and distributing advertisements. Development and implementation of such codes and guidelines and compliance with them is advisable.

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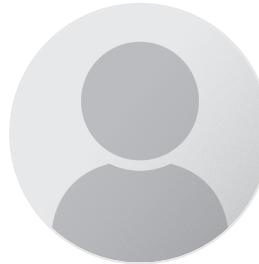
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