

## LEGAL REVIEW

PRACTICAL APPLICATION FOR YOUR BUSINESS  
OF THE ADOPTED ECONOMIC STATE AID



A NEW ERA OF EXCELLENCE



### I. INTRODUCTION

With the current legal review, we will provide you with information on important, for your business matters in relation to the compensatory measures, introduced in the decree adopted on March 30<sup>th</sup>, 2020 by the Council of Ministers - Decree on the Conditions and Procedure for Payment of Compensation to the Employers /"The Decree"/. The new by-law is aimed as a financial relief for the Bulgarian business which was considerably affected by the consequences of the state of emergency declared on March 13<sup>th</sup>, 2020 and more precisely, the anti-epidemic measures introduced by the Ministry of Health. The latter provides for economic stimulus for the employers, which should preserve the employment of the workers and employees in the country. The finances for payment of the compensations will be provided by fund "Unemployment" of the State Public Insurance.

The present analysis is up-to-date as of March 31<sup>st</sup>, 2020. The analysis is developed by the legal specialists of Gugushev & Partners Law Office and it has informative purposes only. No part of this document represents legal advice/statement and it should not be treated as legally binding for Gugushev & Partners Law Office.

For further information and answers to specific questions related to the present information, you can contact us by e-mail: [office@gugushev.com](mailto:office@gugushev.com) or telephone 00359 2 815 75 10 as well as on our profiles on [Facebook](#) and [LinkedIn](#).

### II. WHAT ARE THE KEY FINANCIAL MEASURES WHICH THE COUNCIL OF MINISTERS PROVIDES FOR YOUR BUSINESS?

For the period of the declared state of emergency, but not for more than three months, it is provided for compensations, which are percentage of the remunerations, for employers who, based on state organ's order or based on their own order within their powers as provided by the Labour Code, have

stopped the work of their enterprise, parts of it or specific employees, as well as in case of part-time work introduced in the whole enterprise or any of its units.

The condition for receiving compensatory sums is that the working place of the employee in your enterprise, for whom the compensation is paid, should be kept for a period, following the end of the period of compensations payment, but not shorter than it.

The employees for whom part-time work is determined by an order will be compensated in proportion only for the time they did not work, but not more than 4 hours per day.

### III. WHAT KIND OF COMPENSATIONS YOUR BUSINESS MAY BENEFIT FROM?

In case your enterprise is economically affected by the measures during the period of the state of emergency, the most stringent of which are cease of work or part-time work and it meets the criteria presented below in the current legal review, you are eligible to receive financial aid, aimed to keep the working places of your team of employees. It is provided for payment of sums for remunerations at the amount of 60% of the social security income for January 2020 for the period of the state of emergency.

### IV. DOES YOUR BUSINESS FALL WITHIN THE SCOPE OF THE NEW COMPENSATORY MEASURES?

Employers operating on the territory of the Republic of Bulgaria, who have no pending tax and social security obligations, who have not declared bankruptcy / are not under bankruptcy proceedings, and in respect of which no penal order or court decision has been entered into force in the period of 6 (six) months before the termination of the company's activity resulting from a violation of the conclusion or the amendment of labor contracts, payment of salaries and compensations, recruitment of minors and illegal immigrants, may apply for payment of compensation related to the termination of the activity of a company on the basis of an order of a state body.

In the event that your business falls within the scope of the following economic sectors, the reduced revenue of the company is legally presumed and the provision of evidence of its occurrence is not needed:

- Retail;
- Passenger land and air transport;
- Accommodation activities;
- Activities of restaurants, drinking and mobile food service activities;
- Projection of films;
- Travel agency and operator activity;
- Organization of congresses and trade fairs;
- Pre-school education (private sector);

- Cultural activities;
- Sporting and recreational activities;
- Other economic activities which, by order of a state body, have introduced anti-epidemic measures;
- In the event that the activity of the company is terminated at the discretion of the employer or part-time is introduced, a statement of reduction of sales should be submitted in the application for compensation.

Sectors where payment of compensations is not provided:

- Agriculture, forestry and fishing;
- Financial and insurance activities;
- State government;
- Education;
- Human health and social works;
- Activities of households as employers;
- Activities of extraterritorial organizations and bodies.

## V. WHAT SHOULD YOU DO TO BENEFIT FROM THE OPPORTUNITY PROVIDED?

An employer whose business is covered by the compensation regime shall submit to the Labor Office Directorate an application for payment of compensation in an approved form, as the filing may also be done electronically.

The entire procedure for applying, approval, payment and control regarding the granting of compensations can be found in detail in the provisions of the Council of Ministers Decree.

*Sincerely Yours,*

*Gugushev & Partners Law Office Team*

*Victor Gugushev - Partner*

*Elitsa Toleva – Legal Assistant*

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