

Introduction

The Republic of Bulgaria is a country in South-eastern Europe. It is bordered by Romania to the north, Serbia and North Macedonia to the west, Greece and Turkey to the south, and the Black Sea to the east. The capital and largest city is Sofia.

Bulgaria became an EU Member State on January 1, 2007. Consequently, the EU regulations (including those in the field of employment and social security), became directly applicable in Bulgaria.

Bulgaria is a parliamentary democracy where the prime minister is the head of government and the most powerful executive position. The political system has three separate branches —legislative, executive and judicial.

Bulgaria is a unitary state. Since the 1980s, the number of territorial management units has varied from seven to 28. Between 1987 and 1999 the administrative structure consisted of nine provinces. A new administrative structure was adopted in parallel with the decentralization of the economic system. It includes 27 provinces and a metropolitan capital province (Sofia-City). All areas take their names from their respective capital cities. The provinces are subdivided into 264 municipalities. Municipalities are run by mayors, who are elected to four-year terms, and by directly elected municipal councils. Bulgaria is a highly centralized state where the Council of Ministers directly appoints regional governors and all provinces and municipalities are heavily dependent on it for funding.

Form of Government

The Constitution provides for a parliamentary republic, with a President as head of state directly elected by universal suffrage for a five-year term. The Bulgarian legislature, the National Assembly, is a unicameral body consisting of 240 elected members. The National Assembly elects the Council of Ministers, the highest administrative body in the government.

Court system

The regional courts are the first level of the Bulgarian judicial system. On the next level in Bulgarian judicial system are the district courts. They act as second instance courts for appeals against decisions of regional courts or as first instance for some (usually more complicated. or with high claim value) cases.

Bulgarian courts of appeal act as second instance for cases heard in a district court as first instance.

The Supreme Court of Cassation seating in Sofia is the supreme judicial instance in criminal and civil cases. Its jurisdiction covers the entire territory of the Republic of Bulgaria. It exercises supreme

judicial review over the proper and uniform application of laws by all courts and as such the court cases subject to cassation are limited by law.

There are also military courts and the Military Appeal Court established in Bulgarian judicial system. Their special limited jurisdiction is regulated by law.

Administrative courts have jurisdiction over all actions seeking: the issue, amendment, repeal or annulment of administrative acts; a declaration that an agreement covered by the Administrative Procedure Code is null or void; redress against unwarranted actions and omissions by the administration; protection against unlawful coercive enforcement; compensation for injury resulting from unlawful administrative acts, actions or omissions by administrative authorities and officials; compensation for injury resulting from coercive enforcement; the annulment, invalidation or setting-aside of judgments rendered by administrative courts; a finding that an administrative act covered by the Administrative Procedure Code is not authentic, etc.

The Supreme Administrative Court exercises supreme judicial review over the proper and uniform application of laws by administrative courts.

The Supreme Administrative Court deals with complaints and objections against acts by the Council of Ministers, Prime Minister, Deputy Prime Minister, ministers, heads of other institutions directly subordinated to the Council of Ministers, acts of the Supreme Judicial Council, acts of the Bulgarian National Bank, acts of district governors and other acts established by statute. It adjudicates on challenges to the lawfulness of statutory instruments of secondary legislation and as a cassation instance, it examines judicial acts, adjudicates in administrative cases and examines applications for final judicial decisions in administrative cases to be set aside. In some cases before the Supreme Administrative Court, the prosecutor also participates ensuring compliance with the law.

The Bulgarian Constitutional Court interprets the Constitution and rules on (i) requests to decide the constitutionality of any law or legal act passed by the National Assembly or the President; ; (ii) the compatibility of international treaties concluded by the Republic of Bulgaria with the Constitution before their ratification, etc.

Labour Disputes:

Depending to the sources of the dispute the labour disputes are divided into two main types: (i) disputes arising out of an individual employment relationship and (ii) collective labour disputes.

The legal proceedings are conducted before the regional courts as a first instance and are free of charge for the employees (i.e. no state fees are due by the employees unlike the employers). However, attorney fees remain applicable for both parties.

I. Hiring

A. Basics of Entering into an Employment Relationship

Under Bulgarian labour law, the individual employment relationship commences with concluding a written employment contract with minimum required contents, such as parties' identification, place of work, job position and description, basic and additional monthly remunerations, etc. Additional mandatory contents are at place for specific types of employment contracts such as e.g. remote work employment contracts, temporary agency work employment contracts, etc.

For any other clauses different than the minimum required the main rule is that they should be at least the same or more favourable than the ones provided by law or a collective bargaining agreement.

The employment contract must be personally signed by the employee. If the employer is a legal entity, the employment contract is signed by its registered representative.

The execution and part of the major amendments of the employment contract (as exhaustively listed by law) must be reported by the employer to the Bulgarian National Revenue Agency (the "NRA") within 3 calendar days as of the date of the execution/amendment. Before filing this notification and its delivery to the employee along with a detailed job description for the respective job position, the employee may not effectively commence work.

The NRA has established a new Employment Register holding a Unified Electronic Employment Record for each employee, which became operational on 1 June 2025. The purpose of the register is to digitalize key aspects of employment relationships and to replace the traditional paper employment record books. The Employers should register newly executed employment contracts, terminations of employment, certain amendments thereto, exhaustively listed facts on each employment relation, etc. in the Employment Register. If the employer fails to make the required registrations within the statutory term, it is subject to fine of between EUR 766.94 to EUR 7,669.38.

B. Discrimination (in the Hiring Process) *

**Discrimination will be discussed in more detail in Heading IV below. In this section, please only include information about discrimination on the hiring process.*

Bulgarian law provides for limited documents and background information that an employer may request during the recruitment processes and for the purposes of execution of the employment contract. The employer may require/process additional documents/information in excess only if such are related to and absolutely necessary for the performance of the job (for example, a requirement to provide a criminal record certificate for the role of an administrative assistant would not be sustainable).

On the other hand, the employer must comply with all personal data protection and anti-discrimination requirements when obtaining personal information of a potential employee. For example, the employer violates the Protection of Discrimination Act and can be subject to sanctions if it requests information concerning the employee's racial or ethnic origin, political, religious or philosophical convictions, sex life, and so on, without a legitimate purpose. A third party cannot process the personal data of an employee or job applicant without their knowledge and prior consent, if needed, unless the data is publicly available.

C. Employment Applications

- Permissible Inquiries

Please refer to the previous Section 1-B.

D. Use of Employment Contracts

- Mandatory arbitration clauses

As per the Bulgarian Civil Procedural Code disputes with subject employment rights cannot be referred to arbitration.

- Non-Disclosure Agreements/Non-Competes

Please refer to Sections VII-A and VII-B below.

E. Advertising/Recruitment

Advertising opened job positions in Bulgaria is not explicitly regulated. Thus, it might be done, for example, by means of any kinds of adverts (incl. in social media, universities, colleges), using online job platforms, professional recruiters or the Bulgarian State Employment Agency (through its territorial employment bureaus, hereinafter jointly and severally referred to as the “Employment Agency”), participation in job forums, exhibitions, etc.

According to our legislation, the employer may use recruitment agencies for these processes as outside service providers. The activity of the recruitment agencies is regulated by law and the lists of all with valid certificate and right to provide such services are published on the website of the Employment Agency.

Grants and incentives for employing people

Grants and incentives for employing people are usually available and provided by the Employment Agency. The incentives are individualised, based on various criteria (for example, the employment of persons below 24 or over 50 years of age, permanently unemployed people, unemployed people with permanent disabilities, and so on) and take the form of state subsidies. Grants usually cover the remuneration and social security instalments due from the employer for a period of up to 12 months.

Each year the National Action Plan for Employment determines the funds and their amount under the individual programmes and measures to promote employment.

F. Background Checks/Employment References

Background checks are conducted by requiring the applicant to provide a number of documents which should be presented to the employer before entering into an employment relation. These documents consist of two main types:

Legally required.

Bulgarian labour law provides for a list of legally required background documents which are to be asked only by the successful job applicant upon conclusion of the employment contract. Some of these apply to all employees and some depend on the type of the assigned work.

In most of the cases, the documents required by the successful job applicant include:

- medical certificate evidencing the applicant's general health status – needed for applicant's first employment or if he/she has more than 3 months gap in employment. This is obtained at the expense of the employee with limited exceptions;
- document evidencing a specific professional qualification or capacity;
- limited personal data for identification of and contact with the employee;
- for specific jobs as listed by law: criminal record.

Required by the employer.

Please refer to Section 1-B above.

II. Compensation

A. Minimum Wage

The minimum monthly wage for the country as of January 2026 is EUR 620.20 and the minimum hourly rate is EUR 3.74. These minimum rates apply to everyone irrespective of their age, industry and experience. The government regulates the minimum wage annually.

In addition, depending on the industry and the occupied position, the law provides for minimum social security thresholds. Therefore, even if the agreed salary is the minimum wage, the social security instalments are due on the applicable minimum threshold.

B. Wage Payments & Deductions

There are no salary caps. The salary is due on a monthly basis payable once or twice per month. The specific payment methods, dates of payment, due minimal levels of the monthly salaries per job positions and any other specifics with this regard are to be provided in the employer's internal salary regulations.

However, employers with 100 or more employees must pay salaries by bank transfer (subject to limited statutory exceptions, such as short-term seasonal agricultural workers). This rule also applies where the payment is of EUR 5,112.92 or more. The employers are obliged to deduct and pay on behalf of the employees all tax, health and social security instalments due to the state over the employment income.

Apart from this, there is a general prohibition for salary deductions made by the employer without the explicit consent of the employees for each case separately. Only deductions exhaustively listed by law might be done without consent or following an applicable statutory procedure.

As from 2024 a contractor to a service agreement is jointly liable for the salary payments of the employees of its direct subcontractor who are performing the work related to the service agreement between them. The contractor is released from liability in case it has no delay/breach of its contractual relations with the subcontractor.

C. Minimum Age/Child Labour

In Bulgaria, the general minimum age to enter into employment relationship is 16 years. This is mandatory required and any violations with this regard lead to the contract's invalidity. Only the exceptions exhaustively listed by law might apply (e.g., 13 years for boys and 14 years for girls willing to work in the circus, art activities without minimum age requirement, etc.).

Further, the minimum age for some job positions, involving difficult, dangerous or harmful work (e.g., harmful work is such related to biological, physical or chemical threats that may harm the person's physical condition or work ability) is increased to 18 years.

D. Overtime Requirements

Overtime in excess of the employee's scheduled working hours is generally prohibited. The only cases where overtime is permitted are regarding:

- work related to national security and defence;
- work to prevent and mitigate the effects of disasters;
- urgent work of significant public importance related to the restoration of water and/or electricity supply, heating, transport or communications, or the provision of medical care;
- emergency repairs to premises, machinery or other equipment;
- work to complete a task that has already been started but cannot be completed within standard working hours; or
- intensive seasonal work.

There are no limits on overtime work necessitated by national security or defence, disasters or work of significant public importance. With regard to the other reasons, overtime per employee must not exceed:

- 150 hours per calendar year. Longer continuance of up to 300 hours per calendar year might be agreed in a collective bargaining agreement on a branch or sectoral level;
- 30 hours day work or 20 hours night work (see below) per calendar month;
- six hours day work or four hours night work per calendar week; or
- three hours day work or two hours night work on two successive days.

Employers must pay increased amount of the due remuneration for overtime work. The minimum statutory rates of this are:

- 50% on top of the normal basic pay rate for overtime during week days;
- 75% on top of the normal basic pay rate for overtime during weekends; and
- 100% on top of the normal basic pay rate for overtime on public holidays.

Employees under the age of 18, pregnant employees and female employees at an advanced stage of IVF treatment must not perform overtime. Mother of a child under the age of six years, or a child with disabilities of any age, may perform overtime with her express prior written consent only. Such consent is also required for employees continuing their education and employees transferred to more appropriate job due to their health status (i.e., subject to vocational rehabilitation). On top of this, in case of vocational rehabilitation the employee may perform overtime only if this is not detrimental to his or her health.

Overtime work performed at the enterprise is subject to reporting by the employer internally and before the controlling authority – the Labour Inspectorate, complying with a specific procedure and statutory terms.

E. Workday/Workweek/Work hours

The standard working time in Bulgaria is eight hours per day over a 40-hour (five-day) week.

Some alternatives are:

- Extended working time of up to 48 hours per week but not exceeding 60 working days annually, 20 of which should not be consecutive.
- Reduced working time to six or seven hours per day for minors or employees working in specific conditions and under unavoidable life or health risks. The Council of Ministers determines at statutory level the positions to which a reduced working time applies.
- Open-ended working time for some job positions determined unilaterally by the employer.
- Shift work.
- Overtime (although in principle it is only allowed by law in exceptional circumstances).
- Part-time work. There is no general requirement for minimum duration of the working day in this case. For the purposes of length of service recognition, the part-time employee must work at least four hours per day. If the employer unilaterally reduces the working time, it should be done by not more than half of the working time of the respective employee. The employer must also follow the respective statutory procedure and should be able to prove that its decision is based on one of the exhaustively listed grounds to reduce the hours of work. Further, the employer must limit the duration of the reduced working time to the statutory minutes (for the general case - not more than three months per year).
- Flexible working time (working time with variable limits). This means that the employee must be at the employer's premises for a specific period of time during the working day (for

example, from 9am until 1pm). For the rest of the day the employee may decide where and how to work. The employee can work off this remaining part of the working day by allocating it to one or more other days of the respective working week. Due to these specifics, a method for time-reporting must be included in the internal labour rules by the employer.

An employee can opt out of the standard working time arrangements by entering into a specific agreement with the employer (for example, for part-time work or working time with variable limits, if the nature of the work allows this).

The combined working time (that is, standard working time and extended working time) of employees below 18 years of age cannot exceed 40 hours per calendar week.

The general minimum breaks that should be considered and provided to each employee in any type of working time arrangements (with limited exceptions provided by law) are uninterrupted 12-hour daily break and 48-hour weekly break.

The employee is not obliged to respond to a communication initiated by the employer outside of working hours (*i.e.* during the daily and weekly breaks). The right to an uninterrupted break can be overridden if specific conditions are agreed upon in the employment contract or a collective bargaining agreement.

F. Benefits/Health Insurance

The amount of the mandatory health contribution payable to the State is 8%. It is split between employer and employee in the ratio of 60:40 as follows: 3.2% at the expense of the employee and 4.8% at the expense of the employer.

Supplemental health insurance is often part of the so-called social packages provided by the employers in Bulgaria but is not mandatory.

There are no strict regulations regarding additional employment benefits provided by the employers on top of the monthly remuneration required by law. Usually these are subject to the employer's sole discretion, unless a special agreement (*e.g.*, collective bargaining agreement) or law applies. The tax implications and allowances are to be considered and assessed in case of establishing specific benefit case-by-case.

III. Time Off/Leaves of Absence

A. Paid Time Off

- Sick Leave Pay

For the first three working days of absence, the employer pays the employee 70% of their average daily gross wage. The National Social Security Institute pays for the remaining time of sick leave prescribed under the respective sickness medical certificate (indemnity payments). The amount paid by the employer is not recoverable from the state.

An employee must have at least six months working experience recognized for social security purposes (*i.e.*, six months social security insurance history) to be eligible for these payments. This period of experience is not required, if the pay is related to:

- sick leave due to an accident at work or a professional illness.
- employees under the age of 18.

The maximum allowed sick leave on an uninterrupted basis is 18 months.

Recovery of sick pay from the state

The employer is not entitled to recover from the state the costs of providing sick pay to the employee for their first three working days of absence due to sickness.

- **Holiday Pay**

The general minimum annual paid leave in Bulgaria is 20 working days. Certain categories of employees benefit from a higher minimum allowance. For example, minors and employees with permanently reduced working capacity of at least 50% are entitled to a minimum of 26 working days of annual paid leave, employees working on open-ended working hours work time regime are entitled to 25 working days of annual paid leave.

To be eligible to annual paid leave, the employee must have at least four months of length of service (irrespective of the employer).

The employee must use their annual paid leave (at once or in parts) within the relevant calendar year. Where annual leave remains unused, the right to either use the leave or be compensated for it is limited to two years from the date the annual leave entitlement arose. The law allows monetary compensation of unused paid leave only in the case of termination of the employment relationship.

The law provides for different types unpaid holiday entitlements. Usually, this entitlement depends on the employer's consent and only 30 working days in one calendar year of the general unpaid holiday entitlement are recognized by the state as length of service. This general rule does not apply to some special types of unpaid leave, such as parental and sabbatical leave, which are explicitly provided for by law.

- **Other**

There are few different paid and non-paid leave allowances provided to the employees by law related to their social activities (in trade unions and other special organizations, blood donation, etc.), personal matters (marriage, decease of close relatives), education, job seeking (during notice period for employment termination due to some specific clauses), etc.

B. Family and Other Medical Leaves

Carers' rights

If an employee has a disabled or ill child, or another disabled or ill member of the family, he/she is entitled to sick leave as if it was his/her own disability or illness. The same applies in cases of prescribed quarantine or for medical examination of a family member.

Carers are also entitled to indemnity payments from the National Social Security Institute for a limited period of time.

C. Disability Leave

The employee is entitled to temporary disability leave due to general illness or occupational disease, occupational accident, spa treatment and urgent medical examination or examination, quarantine.

The leave referred to in the preceding paragraph is with duration as authorized and prescribed by the competent medical authorities.

D. Pregnancy Leave/Parental Leave

Maternity rights

The employer must ensure appropriate working conditions to pregnant or breastfeeding women or women in an advanced stage of in vitro fertilization (IVF) process.

Pregnant employees and mothers of a new-born child are entitled to 410 calendar days from which 45 calendar days' paid leave due before delivery. This entitlement applies only if the child is not given for adoption or to a specialized institution for care provided by the state.

Employees on maternity leave receive indemnity payments from the National Social Security Institute, if they have acquired 12 months working experience recognized for social security purposes and have paid social security contributions covering this social security risk. Maternity leave payments amount to 90% of the employee's average wage on which social security contributions have been calculated and paid for the period of 24 months preceding the maternity leave (the daily indemnity payment cannot exceed the average daily net remuneration of the employee for the period for which it is calculated, nor the maximum social security base on which the indemnity payments are calculated). The minimum amount of the payment is the minimum daily wage for Bulgaria.

Pregnant women, women on maternity leave and women with children of up to three years of age enjoy specific protection in relation to dismissal under the Labour Code.

If the employee ceases any of the periods of her maternity leave above and goes back to work, she is entitled to half of the due state compensation allowance.

Paternity rights

If the father is married to the mother or shares her household, he is entitled to a paid leave of 15 calendar days after the discharge of the child from the hospital, if he has acquired 6 months' length of service. The paid leave is indemnified by the National Social Security Institute in an amount determined in the same manner as applicable for indemnification for maternity leave.

Once the child has reached six months of age, the father can use the remaining maternity leave, with the mother's consent. The maternity leave can also be used by either of the child's grandparents.

If the leave per the above paragraph is not used, fathers are entitled to two-month paid leave for each child. This can be used until the child reaches 8 years of age and the compensation for it (which is usually amended on an annual basis) is in the amount of EUR 398.81 monthly paid from the state social security system.

Surrogacy

Surrogacy is not permitted under Bulgarian law.

Adoption rights

The adoptive mother of a child of up to 5 years of age is entitled to a maternity leave for a period of 365 days as from the day the child was handed over for adoption but no later than reaching the age of five years.

The law also provides for the right to additional parental leave for raising a child of up to 2 years of age equal to the right of the birth mothers. The adoptive employee is entitled to this leave, if, after

the expiry of the 365-day leave, the child is less than 2 years of age. For this additional leave, the amount of the compensation is determined by the Social Security Budget Act for the respective year.

Adoptive fathers are entitled to the same 15 calendar days' allowance as natural fathers (under the same conditions), if the adopted child is under five years of age (see above, Paternity rights).

They are also entitled to the same leave as natural fathers once the child has reached six months of age (see above, Paternity rights). The adoptive father of a child who is older than two years of age at the time of adoption is entitled to the same 365 days' leave as the adoptive mother (but only one parent can use it). This leave must also be taken no later than the child's fifth birthday (see above, Paternity rights).

A foster parent (that is, an individual caring for a child without adoption, under the terms of the Child Protection Act) is entitled to parental leave until the child reaches two years of age.

Parental rights

After the expiry of maternity leave, an employee who is a mother, father, adoptive mother or adoptive father is entitled to a paid parental leave until the child reaches the age of two. The mother or father of either of the parents can use the parental leave instead of the mother with the latter's consent.

During parental leave, the employee receives paternity benefits from the National Social Security Institute. The amount is determined annually under the Social Security Budget Act. For the year 2026 the amount of the compensation is EUR 398,81. If the entitled parent goes back to work, he/she is entitled to receive the half of the due benefit.

Each parent (including adoptive parents) is entitled to six-month unpaid leave (in total) until the child reaches eight years of age. Each parent can use five of the allowed six months' unpaid leave of the other parent, as long as the other parent consents. A single non-married parent is entitled to a 12-month unpaid leave, if the other parent is deceased or has been deprived of their parental rights.

IV. Discrimination & Harassment

A. Discrimination

The Protection from Discrimination Act (PADA):

- prohibits all forms of discrimination, and defines direct and indirect discrimination;
- regulates the prevention of discrimination;
- introduces sanctions for discrimination related violations.

The PADA sets up a specialized state body, the Commission for Protection from Discrimination (Commission), which supervises employers and monitors compliance with the PADA.

The PADA covers any direct or indirect discrimination on the following grounds:

- gender;
- race;
- nationality;
- ethnicity;
- human genome;
- citizenship;

- origin;
- religion or belief;
- education;
- convictions;
- political affiliation;
- personal or social status;
- disability;
- age;
- sexual orientation;
- marital status;
- property status;
- any other grounds established by law or an international treaty to which Bulgaria is a party.

Irrespective of whether the employee has used their right to complain to the employer or not, the latter is entitled to complain before the Commission no later than three years after the occurrence of the discriminatory act. If a violation is found the Commission would impose sanction on the employer. Compensations for violations can only be awarded by the court.

No state fees are charged for proceedings before the Commission.

If the three-year period has lapsed, the employee can still start civil proceedings before the regional civil court and sue the employer. The statutory limitation period for exercising this right is five years from the commencement of discriminatory treatment.

The employee can bring the following three types of claims before the court:

- for establishment of the fact of violation;
- request to order the employer to discontinue the violation and to restore the situation to what it was before the violation, and to refrain in the future from committing this kind of violation;
- claim compensation for the damages suffered. There are no statutory thresholds for the amount of the compensation – it is determined by the court on a case-by-case basis.

The right to bring a civil claim before the court is also granted to trade unions and non-governmental organisations, which can sue the employer on behalf of the employee and in certain circumstances on their own behalf.

B. Harassment and Bullying

Protection from harassment

Harassment is any behaviour based on discrimination and manifested physically, verbally or otherwise, aiming at or resulting in either:

- harm to the individual's dignity;
- a hostile, insulting or threatening environment.

An employer who received a complaint by an employee for harassment in the workplace must immediately undertake measures to:

- perform an investigation;
- stop the harassment;
- impose disciplinary measures on the harassing party (if the investigations prove the harassment), including disciplinary dismissal, if needed.

The procedures in relation to complaint and civil action are the same as for discrimination (see above, Protection from discrimination).

V. Termination/Dismissal Issues

A. Overview

Notice periods

Notice periods depend on the type of contract:

- Indefinite term contract – mandatory minimum of 30-day termination notice period applies, unless otherwise agreed by the parties, but in all cases, it cannot exceed three months. Notice period must be equal for both parties.
- Fixed-term contract – mandatory termination notice period is fixed to three months, but cannot exceed the rest of the term of the contract.

Each of the parties can terminate the employment contract without observing the notice period and pay to the other party in lieu of the non-observed notice period. Compensation for non-observed notice period could be paid by each party regardless who is initiating the termination.

In certain circumstances, no prior notice must be served by the employer (for example, in case a disciplinary dismissal).

The law provides for two options for termination by mutual consent where none of the above causes are presented and evidenced by the employer:

- general mutual consent termination without compensation;
- agreement on termination against compensation amounting to not less than four months' wages (based on the employee's wages for the last month).

Procedural requirements for dismissal

If an employer initiates the termination of an employment contract, there must be strong and indisputable documentary evidence to support the termination on one of the grounds exhaustively listed by law (see below, Justification for Dismissal).

For most of the available grounds the termination initiated by the employer require a formal written notice to be delivered to the employee. On expiry of the notice period or occurrence of the specific cause for termination, the employer documents the termination by a formal order.

Regardless of the cause for termination, the employer must notify the territorial direction of the National Revenue Agency within seven days of the effective termination date. The notification is made by filing a standard form containing specific information about the end of the employment. If the employer fails to submit the required notification within the statutory term, it will be subject to a fine of between EUR 766.94 and EUR 7,669.38.

Effective from 1 June 2025 for the private sector and 1 June 2026 for the public sector, the employers will have to register information on termination of employment contracts in the Employment Register (please also see Section I-A, above). Among the new requirements is the obligation to register the number of leave days taken by the employee. If the employer fails to register new circumstances due for registering within the statutory term, prescribed fines are in the same range between EUR 766.94 and EUR 7,669.38.

Furthermore, by 1 June 2026, or by the date of termination of the employment contract if it occurs before that date, the employer must complete the employee's employment record book by recording, in both figures and words, the length of service accumulated with the employer as of 1 June 2025. Once completed, the employment record book must be returned to the employee without undue delay.

B. Justification for Dismissal

An employee can end the employment contract without a cause at any time, by giving the applicable notice. On the contrary, the employer cannot terminate the employment contract without a cause. The Bulgarian labour law establishes specific causes for dismissal with prior notice by the employer, such as:

- complete or partial closure of the employer's enterprise;
- staff reduction based on changes in the employment grid;
- decreased volume of work;
- suspension of the employer's business activity for more than 15 working days;
- the employee's lack of ability to effectively perform the work;
- the employee's lack of educational background or professional qualification required for the respective job position;
- changes in a job position's requirements (provided that the employee does not meet the new requirements);
- the employee acquired right of pension for age and length of service.

The law also provides for limited causes for termination by the employer without notice such as disciplinary dismissal, termination of an additional employment contract, expiry of the term of the contract, etc.

C. Mandatory Severance Pay

The statutory compensation for termination of the employment agreement varies depending on:

- The ground on which the agreement is terminated.
- The observance of the notice period.
- In some cases, the duration of the employment.

Severance payment also always includes a separate payment for due (unused) annual paid leave (where the two-year limitation period has not yet expired).

The parties can contractually agree to exceed these minimum statutory requirements.

D. Use of Severance Agreements and Releases

- Releases/Waivers

According to the Bulgarian Labour Code waiver and transfer of labour rights are invalid.

E. Legal Challenges to Dismissal

- Constructive Discharge
- Dispute Resolution Process/Forums

If the procedural requirements for termination of the contract applicable to the chosen cause are not met, the employee can file a court claim for unlawful dismissal. If the court finds the dismissal unlawful, the employee might be awarded with a decision for reinstatement (if requested) and payment of compensation for the period of unemployment or the difference for lower pay (both capped at six months).

In addition, if the employee notifies the Labour Inspectorate for potential unlawful dismissal and the Labour Inspectorate finds this grounded, it may impose monetary sanction to the employer.

F. Employment References

The employee may request from the employer an objective and fair characteristic (reference) of his/her professional qualities and the results of his/her employment or an objective and fair recommendation when applying for new job. However, for ensuring data protection compliance, the employer may not give/receive reference directly to another employer upon its own initiative.

VI. Layoffs/Work Force Reductions/Redundancies/Collective Dismissals

A. Overview

Redundancy/layoff is defined as a decrease or closure of separate units of the approved total number of employees at the enterprise where the respective labour function is effectively removed.

The employer can carry out redundancies in cases of:

- closure of enterprise or a part of it;
- reduction of staff;
- reduction of volume of work;
- suspension of the employer's business activity for more than 15 working days.

B. Procedure

Procedural requirements

The process is strictly regulated and, if it leads to collective redundancies as defined by law, it also includes prior consultations with employees' representatives and a formal notification to the Employment Agency.

The employer selects which employees to make redundant or which positions to close down. It is possible to dismiss employees whose positions are not made redundant to retain employees with better qualifications or work performance. The employer must conduct a formal selection procedure if it is choosing between more than one employee to lay off.

• Mandatory Notice Periods

Notice periods depend on the type of contract:

- Indefinite term contract: A 30-day termination notice period applies, unless otherwise agreed by the parties, but in all cases, it must not exceed three months.
- Fixed term contract: The term of notice for termination of a fixed-term employment contract is three months, but not more than the rest of the term of the contract.
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- Transfer of Undertakings/TUPE

By law, employees are transferred automatically along with the business by operation of law in any of the following cases:

- corporate reorganizations (e.g., M&A transaction, allocation of activities, and the transfer of a separate specified part of an enterprise);
- legal transformations (e.g., change of the legal form of a legal entity, change of the owner of the enterprise or of a separate specified part of it);
- the transfer or assignment of an activity, along with the transfer of tangible assets from one enterprise to another;
- lease, tenancy or concession of an enterprise or a separate specified part of it.

Generally, no significant changes are to be done to the employment terms and conditions as a result of TUPE. If there are such, the employees have certain rights and protection such as protection for dismissal and right to resign without notice.

Statutory notification and consultation procedures are also required to be conducted prior to the effective date of the transfer.

- Severance Pay

Redundancy/layoff pay

The implications for redundancy are the same as those for dismissals.

Employees who are made redundant are entitled to compensation from the employer amounting to the employee's gross remuneration for the period the employee remains unemployed, but for not more than one month. An act of the Council of Ministers, a collective bargaining agreement or an individual employment contract can provide for greater compensation. In any case, if the employee starts working for a lower pay within the first month after termination, the compensation due will be the difference between the old and new remuneration, for up to one month.

- Benefits

There are no mandatory due benefits for the employees in case of redundancy or layoff but in general upon termination of an employment contract the employer may always decide to provide the employee with an additional benefit, e.g., as a sign of gratitude for the employee's loyalty.

- Severance Packages/Separation Agreements

- Not mandatory required, unless the termination cause is mutual consent against compensation.

Separation agreements are not explicitly regulated by law so no minimum contents are required. However, it is standard practice of the reputable employers to enter into separation agreements at least with their managerial personnel, regardless of the formal cause for termination as well as to provide severance packages on top of the minimums required by law.

VII. Unfair Competition/Covenants Not to Compete

Restriction of activities

An employee can enter into another employment relationship during the course of employment, unless the employment contract provides otherwise.

Post-employment restrictive covenants

Restrictions imposed on an employee's future employment are generally invalid and unenforceable.

A. Trade Secrets

As per the Protection of Trade Secrets Act, the infringer is obliged to indemnify the proprietor of a trade secret for all damages and lost profits that are a direct and immediate consequence of the unlawful acquisition, use or disclosure of the trade secret. Compensation is due when the offender knew or should have known in the circumstances that he/she was engaging in the unlawful acquisition, use or disclosure of the trade secret. Employees shall be liable for damages resulting from the unlawful acquisition, use or disclosure of a trade secret of their employer for up to three times the amount of the agreed remuneration when they acted unintentionally.

B. Covenants Not to Compete

By law the employers may impose certain non-compete obligations to the employees for the duration of their employment.

However, post-employment non-compete obligations are not explicitly regulated by law and as per the recent court practice a clause stipulating such obligations violates the constitutional right of the citizens to freely choose their profession and place of work.

Solicitation of Customers & Employees

The same as for non-compete post-employment covenants applies for solicitation of employees. For customers' solicitation the general customers and competition protection rules apply.

C. Breach of Duty of Loyalty/Breach of Fiduciary Responsibility

Bulgarian law provides for a general disciplinary obligation of each employee to be loyal, not to abuse the employer's trust by disclosing confidential information and/or not protecting the reputation of the enterprise. The failure of the employee to observe these obligations is defined as material violation of the labour discipline giving grounds for disciplinary dismissal.

VIII. Personnel Administration

A. Payroll Requirements

- Method of Payment
(Ref. Section II-B above)

- Payment Frequency

The employment remuneration is to be agreed and paid on a monthly basis where advance payment and final payment might be done. The employer and the employee may agree shorter period of payment – for example – weekly payment.

- Special Record-Keeping Requirements

Record-keeping requirements are applicable for a personal employment file of each employee. This also includes the payroll related documentation which is to be kept by the employers for a period of 50 years after the year of the termination of the employment.

B. Required Postings

Posting refers to changing an employee's place of work without changing the work's nature.

Unilateral posting by the employer. If business needs require, the employer is entitled to send the employee to a business trip to another location. This can be done unilaterally by the employer for a period of up to 30 consecutive calendar days.

Posting by mutual consent. The employee's consent is required for:

- business trips exceeding 30 consecutive days;
- posting to EU-member state for the provision of services, namely: (i) performance of services under a service contract between the employer and its client; or (ii) an intra-group secondment;
- posting of a pregnant woman, an employee in an advanced stage of IVF process or a mother of a child up to three years of age, regardless of the length of the posting.

Each type of posting requires different documentation, allowances and information to be attached to the employment contract of the respective employee.

Business trips that do not fall within the criteria of posting employees *for provision of services in EU*, include the following general allowances:

- travel expenses;
- *per diem* allowances (which usually include food allowances);
- accommodation expenses;
- food allowance (if agreed to be paid separately from *per diem* allowances).

Posting and Sending Workers for Provision of Services

Bulgarian law implementing the EU Posting of Workers Directive requires the employer and the employee to enter into an additional written agreement with mandatory minimum contents for each separate posting in advance. This agreement amends the existing employment relationship for the period of the posting.

For posting employees the law does not provide for obligatory payment of *per diem* and accommodation allowances. Only traveling allowances to and from the host country as well as such for travel expenses in order to use the employee's annual paid leave are mandatorily due.

C. Required Training

There are several types of mandatory instructions and trainings which are to be provided to all employees for ensuring health and safety working conditions and personal data protection.

On the other hand, the employer has the general obligation to support the employees to increase their professional qualification and knowledge. However, no specific requirements or sanctions are provided with this regard.

D. Meal and Rest Periods

Rest breaks

Employees are entitled to the following general breaks:

Daily break(s): not less than 30 minutes per day for nutrition. A break between consecutive working days: not less than 12 hours. A week break of two consecutive days: at least 48 hours, or

minimum: 36 hours in the case of summed calculation of the working time; or 24 hours for summed calculation of the working time in case of shift work.

In addition to the above, the employees are entitled to physiological breaks for health and safety at the working place. Their frequency and duration are to be determined by the employer (along with its labour medicine service provider) case by case depending on the respective working conditions and the specific health condition of the employee.

Unlike the minimum 30-minutes nutrition break for, the physiological breaks are included in the working time.

The remotely working employees determine their own breaks in accordance with applicable provisions of employment contract and law. Their breaks correspond as duration to the ones of the employees working from the employer's premises.

E. Payment Upon Discharge or Resignation

Discharge:

(ref. Section V item (C) – Termination/Dismissal issues - Mandatory Severance Pay)

Resignation:

When the employee resigns from work, the employer is obliged only to compensate unused annual paid leave and unobserved notice period, if the non-observance is performed by the employer.

F. Personnel Records

- Right of Access

The employer is obliged to give the employees access/copies to their personal files or any document/information therein upon their request.

- Retention Requirements

Bulgarian law explicitly provides for one strict storage limitation related to payroll related documents (as explicitly listed by law) certifying employees' length of service and income history with the employer. The storage limitation period for these documents is 50 years after the year of termination of each respective employment relation. For any other employment related documentation employers must define retention periods which comply with the data protection and other general labour law and civil law regulations and reflect both employer's legitimate rights (e.g. to protect employer's interests in court in case of potential disputes) and employee's privacy rights. Usually, employers apply three to five years retention periods on different types of employment related documentation. These periods are *inter alia* related to the applicable statute of limitations.

IX. Privacy

Employees' data protection rights

Employees' personal data can only be collected and processed after the employer, acting as data controller, provides full information about the processing to the individuals concerned.

This information should comply with all requirements of the Regulation 2016/679 of the European Parliament and the Council on the Protection of Natural Persons with regard to the Processing of Personal Data and on the Free Movement of Such Data ("GDPR"), and specifically with its Art. 13 and 14 thereto.

Employees are entitled to:

- access his/her own personal data;
- confirm the accuracy of the personal data, irrespective of the phase or level of its processing or obtain rectification of inaccurate data;
- bring a lawsuit for damages that occurred as a result of unlawful data processing, transfer, use, etc., and/or file a complaint with the Bulgarian competent authority – the Personal Data Protection Commission;
- demand deletion, transfer into anonymous data or restriction of the processing of the personal data when either: the processing violates the law; or the volume of personal data collected exceeds the needs or purposes for which it is collected or processed, the term/purpose/legal basis for the processing is no longer available;
- object against the processing of the personal data based on the legitimate interest of the employer;
- be informed before disclosure of his/her personal data to third parties for the first time or use on his/her behalf for direct marketing purposes, and object against such disclosure or use;
- right to data portability.

Employers' data protection obligations

Employers must:

- ensure lawfulness of the data processing, transparency of its business processes involving data processing of its employees, data minimization (e.g., limitation of data processed via monitoring at the working place), accuracy, storage limitation and adequate level of protection of the processed personal data providing integrity and confidentiality;
- protect the processed personal data from unlawful access, distribution, use and destruction;
- comply with the statutory procedures that may apply in case of data transfer outside the European Union;
- adopt and implement internal procedures for personal data processing and personal data protection against unlawful access as well as keep records of its activities involving processing of personal data.

A. Drug and Alcohol Testing

The Labour Code requires explicitly that the employees are at work in a condition enabling them to perform the assigned tasks and are banned from consuming alcohol or other intoxicating substances during or before working hours.

Drug and alcohol testing at work is not explicitly regulated by law but it is a possible way for the employer to monitor the compliance of its employees with the alcohol and intoxicating substances ban. However, as part of the monitoring of the employment process, drug and alcohol testing is to be performed transparently, should be properly introduced and in compliance with the data protection rules and good practices.

B. Off-Duty Conduct

Off-duty conduct may be a ground for disciplinary actions if it undermines the prestige and the good name of the Employer or represents disloyalty towards the latter.

Employers may introduce their own codes of ethics/conduct prescribing the required conduct, including not only during working hours but also off-duty conduct of employees.

C. Medical Information

According to the GDPR and the local legislation processing of data concerning the health of the individuals is generally forbidden. The employer may collect and process medical information about its employees only if and to the extent that the processing is necessary for the purposes of performing its legal obligations. Bulgarian labour law provides for several cases where such processing is required.

D. Searches

Any processing of employees' personal data should have a valid legal basis, if possible different than the consent of the employee. The latter is presumed corrupted due to the employees' dependent status. Thus, any searches and other data processing that is not expected by the employees and/or is not required by law might be regarded as a GDPR violation or a specific consent to be needed.

E. Lie Detector Tests

Generally, no valid legal ground for such testing (data processing) is available in the applicable legislation regulating employment relations.

F. Fingerprints

Fingerprints are special category personal data (biometric).

The general opinion of the local Personal Data Protection Commission on this matter is that the Employer has no legitimate interest (legal basis) to collect and process such biometric data and this serious impact on the employees' privacy is not proportional to the purposes for collection and processing of fingerprints of the employer. However, for very limited and specific cases such legal basis might be sustained but should be assessed and analyzed in advance.

G. Social Security Numbers

N/A

H. Surveillance and Monitoring

Monitoring of employees should be carefully assessed and implemented only if there are valid legal grounds on which the chosen type of processing (e.g., video surveillance) is based on. The employer should ensure that the monitoring means are proportional to the purposes pursued and employees' privacy rights are carefully considered. The monitoring should be transparent, properly introduced and documented and in compliance with the data protection rules and good practices.

I. Cannabis (medical and recreational use)

Cultivation and use of cannabis for medical purposes are currently not regulated at EU level. The legal status of cannabis in Bulgaria is regulated by the Narcotic Substances and Precursors Control Act as a forbidden substance. It should be noted that the regulation on cannabis is as strict as it is regarding other high-risk substances – like opium poppy, coca bush, etc.

J. Social Media

Internet and Social Media monitoring by employer at work:

It is not explicitly regulated by the law, so it is up to the company's business decision if employees are allowed to use the Internet at the working place for personal reasons and to what an extent it is

permissible. The interest of the employer is better served in preventing internet misuse through its own technical means rather than in expending resources in detecting misuse. To the extent reasonably possible, Internet policy should rely on technical means to restrict access rather than on monitoring behaviour, i.e., by having some sites blocked or installing automatic access warnings.

This principle of proportionality requires that personal data including those involved in monitoring must be adequate, relevant and not excessive with regard to achieving the purpose specified. The company policy in this area should be tailor made according to the type and the degree of risk, which the particular company faces.

The employer must set out clearly to employees the conditions on which private use of the internet is permitted as well as specifying material, which cannot be viewed or copied. These conditions and limitations have to be explained to the employees. The latter must be informed about the systems implemented both to prevent access to certain sites and to detect misuse. The extent of such monitoring should be specified, for instance, whether such monitoring may relate to individuals or particular sections of the company or whether the content of the sites visited is viewed or recorded by the employer in particular circumstances.

Social media monitoring should be generally avoided as representing serious invasion to employees' personal lives. However, for each case separately exceptions may apply. The employer should perform a prior careful analysis on whether a legitimate legal ground for such personal data processing activity could be sustained.

K. Weapons/Workplace Violence Policy

The Employer has an obligation to ensure the health and safety conditions at work and may include in its internal labour rules weapons/workplace violence policy. No specific regulations with this regard are available.

X. Employee Injuries and Workers Compensation

A. Work Related Injuries

Two types of work-related injuries are recognized by Bulgarian law: accident at work and occupational disease.

- Accident at work is any sudden damage to health which occurred during work or is related to performed work. This also includes any work performed in the interest of employer's enterprise (no matter whether related to the employee's job functions or not and regardless work was performed in work hours or not), when it caused temporary disability, permanent disability or death. An accident which occurred (i) on employee's normal route to or back from work; (ii) to or back to the place where the employee usually eats (iii) to or back from the place the employee usually receives salary is also deemed an accident at work.
- Occupational disease is a disease that has occurred exclusively or mainly under the influence of the harmful factors of the working environment or the work process on employee's health and is included in the List of Occupational Diseases issued by the Council of Ministers on a proposal by the Minister of Health.

In the case of a labour accident or professional decease the indemnity payments due by the state are amounting to 90% of an employee's average daily gross wage but not more than 90% of the

maximum social security base currently capped at EUR 2,300. Further, employees suffering from work related injuries might be also entitled to rehabilitations, pensions for disability, if applicable etc.

B. Non-work-related injuries

Sickness benefits amount to 80% of an employee's average daily gross wage, but not more than 80% of the maximum social security base currently capped at EUR 2,300.

XI. Unemployment Compensation

A. Eligibility

The right to unemployment compensation payable by the state have employees with social security insurance at the Unemployment Fund for a period of at least 12 months in the last 18 months prior to termination of the insurance and who:

- are registered as unemployed person, and
- do not have acquired the right to a retirement pension for length of service in Bulgaria or an old-age pension in another country or does not receive a retirement pension for length of service and age in a reduced amount;
- do not exercise any work activity for which they are subject to mandatory social insurance under the Social Security Code or under the legislation of another state, except for employees under employment contract for short-term seasonal agricultural work for one day.

To acquire the right to unemployment benefit, of the following periods are also taken into consideration:

- paid and unpaid parental leave;
- paid and unpaid leaves for temporary incapacity for work and for pregnancy and childbirth as well as the adoption leave for a child up to the age of 5;
- unpaid leave up to 30 working days in one calendar year;
- a period of insurable length of service under the legislation of another country on the basis of an international treaty to which the Republic of Bulgaria is a party or of the European regulations for the coordination of social security systems.

B. Procedure

The eligible individuals file for registration as unemployed persons with the respective territorial bureau of the Employment Agency. Then they file a standard form of application for obtaining the due unemployment benefit either with the Employment Agency or the National Social Security Institute. These services are available both electronically and on paper. The application for unemployment benefit should be accompanied with supporting documentation evidencing termination of the employment.

The unemployment benefit amounts to 60 per cent of the average daily wage or average daily social security income on which social security contributions have been paid or payable to the Unemployment Fund for the last 24 calendar months preceding the month of termination of the social security and cannot be less than the minimum and bigger than the maximum daily amount of the unemployment benefit.

The monthly amount of the state unemployment benefit is calculated by multiplying the number of working days in the respective month by the above daily rate.

The minimum and maximum daily amounts of the unemployment benefit are determined annually by the State Social Security Budget Act. The daily minimum amount is EUR 9,21 and the maximum daily amount is EUR 54.78. In certain cases (e.g., when the cause for termination is the applicant's misconduct or consent) only the minimum daily amount above applies.

XII. Health and Safety

A. Overview

Employers are statutorily required to procure health and safety conditions at work. Their main obligations in this regard are:

- mandatory preliminary health check (in most cases at the employee's expense) before commencement of the employment;
- adopting and complying with internal health and safety rules;
- organizing initial and periodic health and safety training and instruction for employees;
- ensuring that all employees are instructed and trained on safe working methods before starting work;
- free provision of special work clothing, personal protection items, preventive meals and anti-toxins and other measures neutralizing the harmful effects of the work environment;
- concluding health and safety medicine contracts with specialized occupational health services;
- participating in the joint employer/employees' bodies on health and safety matters within the enterprises, namely, the working conditions committees or working conditions groups;
- taking measures to ensure that remote workplaces satisfy the minimum requirements for health and safety conditions at work as set out in law.

B. Regulatory Requirements

- Social Elections
- Works Councils
- Health and Safety Committee.

Joint working conditions committees should be set up in employer's enterprises with more than 50 employees. In smaller enterprises with between five and 50 employees, a joint working conditions group should be set up. Both of those units are comprised of representatives of the employer and the employees and their tasks include:

- discussing issues related to health and safety at work and passing improvement measures.
- examining the results of occupational risk assessments, studies on the health of employees, reports from occupational health services and other health and safety topics;
- discussing planned changes in technology, work organization and job content and proposing solutions that protect the health and safety of employees;
- monitoring the extent to which health and safety measures are implemented;

- monitoring accidents at work and levels of occupational disease in the company or enterprise; and
- participating in the development of health and safety information and training programs.

XIII. Trade Unions – Industrial Relations

A. Overview

The trade union of employees is a non-profit legal entity. It is an independent, non-political organization whose main purpose is to defend the employment and social security rights of citizens.

- Their most important functions as defined in the Labour Code, and specified in their statutes are outlined below.
- Collective Bargaining: In order to provide employees with better working conditions, a trade union negotiates and may conclude a collective bargaining agreement with an employer organization on an industry or a branch level.
- participation in the Tripartite Cooperation Process (the so-called "tripartite"): together with representatives of employers' organizations and state representatives, the trade union can protect the interests of the employees in the National Council for Tripartite Cooperation (NCTC). Only trade union organizations with a recognized quality of national representative ones can participate in this process (such are CL "Podkrepa" and The Confederation of Independent Trade Unions of Bulgaria (CITUB) at the time being).
- participation in discussions of state bodies and ministries on labour and social security issues.
- organizing lawful strikes and protest defending the employees' best interests.
- assistance in reaching an agreement on the settlement of a collective labour dispute.
- assistance in holding public meetings, rallies or demonstrations in order to influence and protect the interests of the employees before my state or employer.

- Favoured/Disfavoured by Government

Trade unions are favoured by Government and the Council of Ministers following specific procedures for their establishment.

The Council of Ministers has recognized two workers' organizations as national representative organizations. Per the Labour Code, workers' organizations are recognized at their request for representation at national level by the Council of Ministers for a 4-year term.

- Prevalence of Trade Unions
- Special Requirements

Requirements for being a member of a trade union, include:

- employment capacity.
- professionally engagement - *i.e.*, being employed in a relevant field where the respective trade union acts;
- lack of membership with another trade union at the time the application;
- written application for trade union membership.

In addition, some organizations have additional requirement to pay the so-called entry fee, which, however, is less than the monthly fee that the employee is required to pay as a member.

- Works Council

The employees' representatives for consultation and information procedures, participation in the general meetings of shareholders and any other way of representation required by law, are chosen by the general assembly of the employees. If such does not exist all procedures requiring participation of employees' representatives should be performed with all employees.

- Challenges for a Unionized Business

If collective agreements are reached at industry level, the unionized business usually need to comply with them (depending on the specific case).

B. Right to Organize/Process of Unionization

The Constitution of the Republic of Bulgaria enshrines the freedom of association; thus, employees are be free to form trade union organizations and alliances in defence of their work and social security related interests.

C. Managing a Unionized Workforce

- Collective Bargaining

A collective employment agreement (collective bargaining agreement (CBA)) can be concluded between employers and employees on four levels:

- The enterprise (for example, a specific factory or business).
- Sub-industry.
- Industry.
- Municipality.

The employer and the trade union organization of employees are parties to the CBA. If the CBA is executed at sub-industry, industry or municipality level, the organization of employers operating in the specific sub-industry, industry or municipality is a party to the agreement.

The CBA is applicable to employees who accepted it explicitly (*i.e.*, through a trade union or personally, on execution of the CBA or afterwards).

If a CBA is executed at industry or sub-industry level by all the representative organizations of employers and employees operating in the specific industry or sub-industry. The Minister of Labour and Social Policy can extend the applicability of the CBA or of specific clauses of the CBA to the entire respective industry or sub-industry on common request of the parties executed the CBA and upon explicit written consent of all organizations of the workers and employees and of the employers acknowledged as representative at national level.

CBAs regulate certain terms of employment relations and employees' social protection that are not explicitly regulated by the law for a maximum period of two years, such as:

- Social expenses.
- Minimum employment remuneration.
- Higher amount of annual paid leave allowance.
- Additional social benefits.

The parties may agree shorter term of validity of individual clauses.

A CBA cannot stipulate terms and conditions of employment that are less favourable for the employees than the mandatory legal requirements.

XIV. Immigration / Labour Migration

A. Overview Business Immigration Policy

The Labour Migration and Labour Mobility Act maintains the general procedure applicable to foreign nationals (that is, citizens from countries outside the EU, European Economic Area and Swiss Confederation) who want to work in Bulgaria. The Act also sets out a number of exceptions, which provide for a less complicated and time-consuming process for the establishment of an employment relationship with certain categories of foreign nationals. Through the years the Bulgarian legislator prioritises that these rules are drafted more elaborately and effectively.

General procedure: visas

Under the general procedure, a foreign national must obtain a work permit to work in Bulgaria. On the grounds of the obtained work permit, foreign nationals must apply for a long-term residence visa (that is, Visa D) and subsequently for a residence permit.

The application for a residence permit must be filed before the expiration of Visa D's validity. If Visa D expires and no residence permit is obtained, the employee must physically leave the country to file for a new Visa D in the respective diplomatic or consular representative agency.

Procedure for obtaining approval. Visa D is a multiple-entry visa and can be issued with a term of validity of six months or one year and the right to stay in Bulgaria for up to 180 days or 360 days, depending on the grounds for issuance (a one-year visa D is granted on very limited grounds).

The application for issuance of a Visa D is filed by the candidate before entry into Bulgaria and the start of employment before the Bulgarian diplomatic or consular representative agencies in the candidate's country of residence. The visa application is filed together with the issued work permit along with certain required documents.

Cost. The cost for obtaining Visa D, depending on the term of validity, is EUR 100 or EUR 250.

Time frame. The statutory term for issuance of Visa D is 35 working days. This term is indicative only, and does not bind the authorities. Therefore, the procedure may take more time than required under statute. Usually, it takes at about 60 days.

Please note that the authorities may deny visa issuance, if:

- it is suspected that the applicant may spread severe infectious disease;
- he/she is suffering from a disease representing danger for the public health the society by the Ministry of Health or the WHO;
- does not owe certificate for vaccination;
- is coming from a country with worsen epidemiologic situation.

Bulgarian law does not provide for quotas. There are no preferences given to nationals from certain other jurisdictions. However, on issuance of residence permits and visas, the Bulgarian authorities always check the applicants in view of the national security and can deny the application on this ground only.

General procedure: permits

Foreign nationals may work in the Republic of Bulgaria only if they reside legally on the territory of the country which has to be certified by way of relevant residence permit issued by the Ministry of Interior and/or after relevant permit has been granted by the Executive Director of the Employment Agency for access to the Bulgarian labour market ("Access Permit").

Bulgarian legislation provides for different regimes and procedures for access to the labour market depending on the employment that the foreign nationals wish to exercise in Bulgaria. In certain cases, a work permit is also required. The most commonly used procedures require a permit for access to the labour market to be issued by the Executive Director of the Employment Agency and based on it the Ministry of Interior issues the relevant residence permit. In other cases, the permit is issued by the Ministry of the Interior, which includes also the permit by the Employment Agency (e.g., the Single Residence and Work Permit ("SRWP"), the European Union Blue Card ("EUBC"), etc.).

Procedure for obtaining approval for access to the labour market

The employer must submit the application for access to the labour market accompanied by comprehensive supporting documentation. *Inter alia* the employer should:

- Motivate its refusal to hire a Bulgarian citizen or another citizen of the EU, the EEA or Switzerland who basically have a right to access the labour market like the Bulgarian citizens.
- The employment terms and conditions are not less favourable than the conditions for the Bulgarian citizens for the respective category of work.

The application must be submitted to the respective territorial bureau of the Employment Agency.

For some types of employment assignments of foreign nationals, a work permit is also required. It is issued by the Executive Director of the Employment Agency upon request of the local employer.

Cost. The state fee for issuance or extension of permit for access to the labour market/work permit varies between EUR 51,13 – EUR 204.52, depending on the relevant regime/procedure applicable for certain type of employment.

Time frame. The Employment Agency processes the application and issues the permit for access within 30 days of receipt. This term is indicative only, and does not bind the authorities. Therefore, the procedure may take more time than required under statute.

The law also provides for specific rules in case of early termination of the concerned employment.

Continuous residence permit

On obtaining Visa D, the foreign national is allowed to enter into Bulgaria and apply for a permit for continuous habitation (continuous residence permit).

Procedure for obtaining approval.

The residence permit is issued by the Migration Directorate with the Ministry of Interior on the grounds of obtaining a permit for access/work permit.

The continuous residence permit is valid for one year and can be extended on re-issuance of a permit for access/work permit.

Once the residence permit is issued, Visa D is annulled.

Cost. The applicant owes state fees for:

Review of the permit request, which is EUR 5,11.

Issuance of a one-year residence permit, which is EUR 255,65.

Time frame: The residence permit application is processed within 14 days from the date of submission. However, this term can be extended by one month where applications are complex.

Simplified procedure

The simplified procedure only applies to the following categories of employees:

Seasonal employees. A foreign national can obtain a permit for access to the labour market under a simplified procedure for a period of between 90 days and nine months per calendar year to perform a seasonal activity. The activity must be included in a special list of the economic sectors comprising activities that depend on the change of seasons.

Employees in an inter-group transfer. The receiving company must be part of the corporate group to which the original employer belongs.

Employees sent to business trips or appointed for the provision of services. They must evidence the required competency for the respective job position by presenting specific documents.

Employees with an EU blue card for highly qualified employment. The simplified procedure for EU blue card holders only applies if the following two requirements are met:

- the highly qualified foreign national employee possesses the necessary competence for the job concerned - acquired higher education attested by a diploma, certificate or other document issued by a competent authority after training of at least three years' duration, carried out by an educational institution recognized as a higher education institution from the country concerned; As per recent legislative amendments the high qualifications of foreign nationals as employees could be proven not only by a university degree diploma but also by documents proving previous professional experience in certain cases.
- the gross salary specified in the employment contract of the foreign national is at least 1.5 times higher than the average salary in the Republic of Bulgaria, according to the available data for the last 12 months before the conclusion of the employment contract.

The European Union Blue Card residence and work permit is granted for the duration of the employment contract, which is not shorter than 6 months.

The employer or the employee could apply for a residence permit from the above-mentioned types by submitting all necessary documents to Migration Directorate. If the employee is filing the application, it must be signed also by the employer. Migration Directorate sends electronically the

received application to the Employment Agency and issues the residence permit after positive opinion received by the latter.

Although the procedure for issuing the above-mentioned permits shall not exceed two months, it should be noted that in practice such procedures usually take longer.

Procedure for freelancers

To obtain a freelance activity permit in Bulgaria, a foreign national must present to the Bulgarian Employment Agency a detailed plan of their activities for the entire term of the permit. The permit is issued for a period of up to one year. The scope of the freelance activities cannot be changed during the term of the initial permit.

Specific procedures

The Labour Migration and Labour Mobility Act also contains special provisions applicable to specific categories of foreign nationals, including:

- Scientists.
- Undergraduates.
- Trainees.
- Employees sent to a short-term business trip (for a period not exceeding three months).

On compliance with all the applicable statutory requirements, these individuals can work in Bulgaria without a work permit, based on registration with the Employment Agency only.

Sanctions

An employer employing a foreign national who does not have the necessary permission to work is subject to a monetary sanction from between EUR 255.65 and EUR 2,556.46 (for natural persons) or EUR 1022.58 and EUR 10,225.84 (for legal entities). The foreign national will be subject to a monetary sanction from between EUR 255.65 and EUR 2,556.46.

B. Protocol for business visitors to obtain temporary entry for non-employment purposes

A short-stay visa (Visa C) for the purpose of a planned stay is issued to a foreigner who enters the country once, twice or repeatedly for a total period of residence of up to 90 days within every period of 6 months from the date of first entry.

C. Visa options for the temporary employment of professional/management foreign nationals

Residence permit and work permit "EU Blue Card" can be obtained by highly skilled employees within the meaning of the Labour Migration and Labour Mobility Act. Alternatively, visa D and work permit are required even for short-term assignments.

D. Visa options for the temporary employment of non-professional employees

Under the general procedure, a foreign national must obtain a work permit to work in Bulgaria. On the grounds of the work permit obtained, foreign nationals must apply for a long-term residence visa (that is, Visa D) and subsequently for a residence permit.

E. Visa options for foreign entrepreneurs and/or business investors

For foreign business investors the options for obtaining visa are the same as for the other foreigners.

The law also provides for a new short-term (continuous) residence permit with term of validity up to 1 (one) year based on a certificate for high – technological and/or innovative project called the “Start-up visa”. The applicant must also have a visa for long-term residence and to be a shareholder in a Bulgarian company with more than 50% of the capital upon applying on this legal ground.

F. Permanent residency based on employment

A long-stay visa with a validity of up to 6 months and with a right of residence of up to 180 days may be issued to a foreigner who wishes to obtain a permit for short-term, long-term or permanent residence in the Republic of Bulgaria. To obtain a permanent or long-term residence permit, the foreigner submits an application in person to the Migration Directorate or to sectors/groups of Migration with the Regional directorates of the Ministry of the Interior.

Permanent residence in Bulgaria may be obtained a foreigner who resided legally and without interruption on the territory of the Republic of Bulgaria within the last 5 years prior to the submission of the application for permanent residence and have not been absent for more than 30 months during this period;

G. Citizenship for foreign nationals

The most important requirement is that applicant had been granted permit for long-term or permanent residence in the Republic of Bulgaria at least 5 years prior to the submission of the application.

Other essential legislative requirements relate to the fact, that the applicant had not been convicted for intentional crime of general nature by the Bulgarian official court authorities and no criminal prosecution for such crime had been initiated against the applicant, unless the latter has been rehabilitated. The applicant shall also possess an income or occupation, which will enable his life in the Republic of Bulgaria, and shall also understand and speak Bulgarian language. Last, but not least, the applicant shall be released from his present citizenship or will be released from it by the moment of acquiring of Bulgarian citizenship.

The requirement, which presents the most significant obstacle for most of the foreigners to acquire Bulgarian citizenship, is the command of Bulgarian language. It has to be certified through an official certificate, attesting the successful completion of the examination at the Centre for Quality Control and Assessment of the School Education. Persons, who have studied at a Bulgarian school in the country or abroad, certify the good command of Bulgarian language through a copy of their diploma issued by the relevant educating body.

The requirement for a residence of at least 5 years in Bulgaria with a proper permit for long-term or permanent residence is reduced to 3 years for the cases, where the foreigner:

- has married and maintains a legally concluded marriage with a Bulgarian citizen for a period no less than 3 years;

- was born in the Republic of Bulgaria but has acquired another citizenship on the basis of origin;
- has obtained a permit for long-term or permanent residence before reaching the age of majority.

The candidates who meet the above requirements should also command Bulgarian language.

More favourable requirements are at place for foreigners who:

- possess Bulgarian origin. Such is proved through a certificate issued by the State Agency for Bulgarian Citizens Abroad. This certificate is obtained in case relevant evidence is presented before the authority proving Bulgarian origin (birth certificate, passport or another private/public document) of the applicant. The certificate is issued after an examination period, which lasts 2 months;
- who have been adopted by a Bulgarian citizen under the conditions of full adoption;
- whose parent is a Bulgarian citizen or has deceased as a Bulgarian citizen.

H. Compliance concerns for employers of foreign nationals

Common problem for employers is to duly justify the need to employ a foreign national citizen of third countries by providing reasons not to hire a Bulgarian citizen, citizen of the EU, the EEA or Switzerland, whose professional experience and education correspond of the requirements for the position.

XV. Additional Information

Contact information

For more information about labour and employment law in Bulgaria, please contact:

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