The Application Period for Compensations of Employers Affected by the State of Emergency is Now Open

In brief

On 31 March 2020, Decree No 55 of the Council of Ministers was promulgated in the State Gazette, introducing the applicable rules for compensation of employers, who have suspended wholly or partially operations or have introduced part-time working hours during the state of emergency (currently extended to 13 May 2020).

Eligible employers may now apply for compensations for the entire emergency period, starting from 13 March 2020. On 13 April 2020, the Unemployment Agency has officially repealed the filing deadline and will continue to consider applications after the initially announced deadline of 21 April 2020. Compensations will be granted and paid out after obtaining an approval from the EU Commission under the EU state aid rules.

I. Scope and amount of the compensation

On 9 April 2020, the amount of the compensation has been extended to include 60% of the social security base for January 2020 and the social security contributions due by the employer for the employees, who have been hired before 13 March 2020 and had to suspend wholly or partially their work during
the emergency period.

In the case of employees, which have been placed on part-time working hours, the compensation will be proportional to the lost working hours, but in any case not more than 4 hours per day.

For employees hired after January 2020, or those on unpaid or parental leave with children of up to 2 years of age, the compensation will be paid out on the basis of the national minimum wage.

Employers are eligible for the compensation during the entire period of state emergency, but in any case, not more than three months.

Employees will not be eligible for compensation, if they are on sick leave, pregnancy and childbirth leave or leave for adopting a child of up to 5 years of age or parental leave for children up to 2 years of age; as well as those employees whose remuneration is funded with public funds from the state budget or the European Structural and Investment Funds.

II. Eligibility requirements

Individuals, Bulgarian legal entities or foreign companies, carrying out business activities in Bulgaria may apply for compensations, if they fall in one of the following groups:

1) Employers, which suspended wholly or partially operations by an order, issued based on an act of a state agency

Employers, which have suspended operations due to mandatory emergency measures (such as those introduced by orders of the Minister of Healthcare until 13 May 2020), may file for compensations for the affected employees, hired in the following economic sectors according to the National Classification of Economic Activities (NCEA - 2008):
• retail trade (Code group 47) except for trade in cars, motorcycles, food, beverages, tobacco products, medical and pharma products, trading on open stands and markets or off-premises;
• land and air passenger transport (Codes 49.3 and 51.1);
• hotel, restaurants, and businesses engaged in tourist accommodation (Codes 55, 56.1, 56.3 and 79);
• organization of congresses and commercial exhibitions (Code 82.30);
• private kindergartens (Code 85.10);
• movie theaters and other cultural activities (Codes 59.14, 90 and 91); and
• sport and leisure activities (Codes 93 and 96.04).

2) Employers with at least 20% reduction of revenue who by an internal order have suspended wholly or partially operations or have introduced part-time working hours

Employers may also file for compensations, if they have experienced a loss of revenue of at least 20% in the month, preceding the filing of the compensation claim, compared to the same month of 2019 - or in the case of newly registered employers - compared to their average revenue for January and February 2020.

Employers in this group can apply, regardless of their industry, except for the following sectors:

• Sector A: Agriculture, forestry and fisheries;
• Sector K: Financial and insurance activities;
• Sector O: Government activities;
• Sector P: Education;
• Sector Q: Health- and welfare;
• Sector T: Activities of households, registered as employers; and
• Sector U: Activities of extraterritorial organizations and services.

3) General requirements applicable for both groups

To be granted the compensation, the employers of both groups listed above should meet the following general requirements:

• no overdue state or local tax obligations or mandatory social security contributions;
• not insolvent or not in the process of insolvency or liquidation proceedings at the time of filing;
• keep the employees, included in the compensation claim, during the period of compensations payments, and at least for the same period after the compensation period;
• do not terminate any employment contracts on the grounds of Art. 328, para. 1, items 2, 3 and 4 of the Labor Code during the period of compensation;
• have not been fined for violations of the labor or immigration law in the last 6 months.

**III. Applicable procedure and deadlines**

Interested employers may claim compensations by filing a sample form application to the territorial directorate of the Labor Bureau supported by the employer’s order introducing emergency measures, a list of the affected employees and evidence for any other eligibility criteria (e.g., the loss of revenue).

The Labour Bureau will review each application within 7 working days from their filing. After confirming the eligibility criteria, the Labor Bureau will issue a protocol for the granting or refusal of the aid and will inform the applicants of its decision within 2 working days from the issuing of the protocol.