

LABOR CONTRACTS

According to the Labor Code the employment contract may be concluded for an indefinite period of time or, alternatively, as an employment contract for a fixed term. An employment contract is considered to be concluded for an indefinite period unless explicitly agreed and stated otherwise. An employment contract concluded for an indefinite period may not be changed to a fixed-term contract unless explicitly requested by the employee, and stated so in writing.

Employment contract for a fixed term

This contract may be concluded for a definite period no longer than 3 years – upon request in writing by the employee or for execution of temporary, seasonal or short-term work and activities until completion of some specified work for substitution for an employee who is absent from work.

Employment contract for a trial period

In cases when the work requires the ability of the employee who will perform it to be tested, his final appointment may be preceded by a contract providing for a trial period of up to 6 months. Such a contract may also be concluded in the case when the employee wants to make sure the job is suitable for him. This contract indicates to whose benefit has been agreed the trial period. Prior of the expiration of the trial period, the party to whose benefit it has been agreed may terminate the contract without notice.

Terminating contracts

Employees other than senior management cannot be dismissed without sufficient justification. The employee has the right to sue for damages for unfair dismissal. Certain people cannot be dismissed during absence (e.g. on sick leave, pregnant, nursing mothers, military assignment).

The maximum terms of the advance notice are specified in the Labor Code: 1 month for non-fixed term contracts unless anything else is specified in the contract, but in any event not more than 3 months, and 3 months for fixed term contracts, but not more than the remainder to the expiry of the contract.

If the employee, working under an indefinite-period contract, is dismissed without a notification and there is a sufficient justification by the employer, the employee is compensated by 1 monthly salary.

If the relation is based on a term contract, the compensation is equal to the amount of the gross salaries to be paid for the rest of the contract time.

The employer, acting on his own initiative, may offer the factory or office worker termination of the employment contract in consideration of compensation. In this case he has to compensate the employee with at least 4 monthly gross salaries.

Upon dismissal due to closing down of the enterprise or part of it, staff reduction, reduction of the volume of work and work stoppage for more than 15 working days, the employee is entitled to compensation from the employer. The compensation is in the amount of his gross labour remuneration for the period of unemployment but not for more than one month. A compensation for longer periods may be stipulated by a collective contract or by the labour contract.

Upon termination of the employment relationship after the employee has acquired the right to a pension for insured service and age, irrespective of the grounds for the termination, he is entitled to compensation by the employer in the amount of his gross labour remuneration for a period of two months; where the employee has worked with the same employer for the last ten years of the length of service, the compensation is equal to his gross labour remuneration for a period of six months.

Employment of foreign persons

All foreign persons that have a permanent residence permit or are granted the right of sanctuary or refugee status can be employed in the same way as Bulgarian citizens. Temporary work permits are issued by the National Office of Employment of the Ministry of Labour and Social Policy. The work permits are issued for a specified time, job and employer. The permit is issued after a request by the employer and is valid for the time of the employment contract but not more than one year. The permission can be prolonged several times but within a three year period.

Foreign persons that have an employment contract and a valid work permit can acquire a permit for stay in the country for the time of the contract but for no more than one year. The permission for continuous residence can be prolonged if the work permission is 9 prolonged but the maximum period for prolongation of the work permission cannot exceed three years.

The number of employees who are foreign citizens cannot be over 10% of the total work force. This restriction is not applicable to citizen of the EU member states, EAA (Norway, Iceland and Liechtenstein) and Switzerland. Moreover, the citizens of these countries and the members of their families can work in Bulgaria without the issue of a work permit.

As of 01.01.2007 integral parts of the Bulgarian legislation are also all labor related Regulations and Directives of the European Union. In case of controversy between any internal law and any of EU regulations, Bulgarian courts are obliged to apply directly the provisions of the latter.

FIRING AND HIRING – FAQ

- 1. Is there a mandatory minimum wage?**
Yes.
- 2. If yes, what was the minimum wage in local currency in 2009?**
The minimum monthly gross salary is EUR 123 (2010).
- 3. What is the average monthly salary in Bulgaria?**
The average monthly gross salary is EUR 328 (Q2 2010)
- 4. What amount of the gross monthly salary for Social security (retirement, health and unemployment risks and obligations) is to the account of the employer?**
Side costs to the amount of 18.10% of the gross monthly salary are to the account of the employer.
- 5. Is there a maximum duration of fixed-term contracts (including renewals)?**
Yes, it is 36 months.
- 6. What is the notice period for redundancy dismissal after 20 years of continuous employment?**
4.3 weeks of salary.
- 7. What is the severance pay for redundancy dismissal after 20 years of employment?**
4.3 weeks of salary.
- 8. What is the mandatory minimum daily rest?**
12 hours. Limits may be defined either as mandatory minimum continuous rest hours between two working days, or 24 hours minus mandatory maximum regular and overtime working hours per day.
- 9. What is the maximum number of working hours allowed in a day?**
12 hours. This is the sum of normal working hours plus maximum overtime hours allowed in a single day.
- 10. What is the maximum number of hours in an normal work week?**
40 hours. This variable measures the maximum duration of the regular workweek (excluding overtime).
- 11. Are there paid mandatory holidays?**
Yes if workers are granted paid time-off for national or local holidays by law or mandatory collective agreement
- 12. What is the number of paid mandatory holidays in a year?**
For 2010 the official holidays were a total of 11 days.

FIRING AND HIRING: YES/NO guide

Question	YES/NO
Are fixed-term contracts prohibited for permanent tasks?	NO
	YES
Are there restrictions on "weekly holiday" work and do these apply when continuous operations are economically necessary?	NO
Are there restrictions on night work and do these apply when continuous operations are economically necessary?	YES
Can the work week extend to 50 hours (including overtime) for 2 months per year to respond to a seasonal increase in production?	YES
Are there priority rules applying to redundancies?	NO
Are there priority rules applying to re-employment?	NO
Does the employer need the approval of a third party to terminate a group of 9 redundant workers?	NO
Does the employer need the approval of a third party to terminate one redundant worker?	NO
Is the termination of workers due to redundancy legally authorized?	YES
Is there a retraining or reassignment obligation before an employer can make a worker redundant?	NO
Must the employer notify a third party before terminating a group of 9 redundant workers?	NO
Must the employer notify a third party before terminating one redundant worker?	NO