

Gugushev & Partners

L A W O F F I C E

THE STATE OF EMERGENCY IS OVER!

WHAT IS CHANGING FOR YOU,
YOUR FAMILY AND YOUR BUSINESS



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I. INTRODUCTION

The adopted amendments to the Health Act promulgated in the State Gazette, issue No. 44, dated 13.05.2020, regulate the measures for overcoming the consequences of the COVID-19 pandemic, which to be applied on the territory of the Republic of Bulgaria after the lifting of the State of Emergency. The transitional and final provisions of the Amendment Act (the "Act") also provide for a set of changes in other legal acts, which are the subject of this Bulletin.

The provisions of the Act shall enter into force as of 14.05.2020. It should be noted that on the day of entry into force the President of the Republic of Bulgaria challenged part of the introduced amendments before the Constitutional Court. However, the changes should be applied until they are declared unconstitutional.

Below we present to your attention a summary of the key changes introduced by the Act.

II. KEY AMENDMENTS REGARDING TERMS OF DIFFERENT NATURE

The terms, which stopped running during the State of Emergency under the Law on Measures and Actions During the State of Emergency, continue to run after the expiration of 7 days from the promulgation of the Law (21.05.2020).

1. Amendments regarding pending enforcement proceedings:

- During the State of Emergency and two months after its lifting, no preservations of bank accounts of natural persons, preservations of wages and pensions, as well as inventories of movable and immovable property owned by individuals are imposed, except for liabilities for maintenance, for damages from tort and for receivables for wages.
- Within two months after the lifting of the State of Emergency against natural persons, all announced public sales and entries into possession are suspended, after which they are rescheduled, without additional fees and expenses.

2. Amendments affecting the social sector:

- Requirements for receiving monthly social allowances bound by the obligation of community service laid by unemployed persons / regular attendance at school by a child, as well as monthly family allowances for a child up to secondary education / for raising a child up to one year in connection with compulsory immunizations and regular school attendance do not apply until September 30, 2020.
- For a period of up to 6 months after the lifting of the state of emergency, the National Employment Agency transfers compensations in the amount of BGN 290.00 for certain categories of persons subject to insurance under the Social Insurance Code.

3. Amendments affecting the energy sector:

To ensure energy security, the price / regulatory period ending on 30 June 2020 for the prices of companies in the electricity sector, may be extended by up to two months from the date of expiry of the period.

III. KEY AMENDMENTS RELATED TO PUBLIC AND PRIVATE FINANCING

Up to two months after the lifting of the State of Emergency in case of delay in payment of obligations under credit agreements and other forms of financing provided by financial institutions, no interest for delay and penalties shall be charged. The obligation cannot be declared pre-term due and the contract cannot be terminated due to non-performance.

During the State of Emergency and two months after its lifting, the Heads of the Managing Authorities of the European Structural and Investment Funds have the right to terminate the procedure for granting financial assistance with a motivated decision in order to provide funding in accordance with the need for measures to overcome the occurred consequences of the pandemic.

The funds in the municipal guarantee funds for small and medium enterprises should be used to cover part of the credit risk in the amount of up to 80 percent of the value of granted loans.

IV. KEY AMENDMENTS RELATED TO STATE / MUNICIPAL PROPERTY RENTING

During the State of Emergency and two months after its lifting, the ministers, district governors and municipal councils that have provided for rent or for use state / municipal property may reduce the amount of the rent instalments or exempt from payment in full or in part persons who have restricted or suspended their activities in the property as a result of the measures and restrictions imposed during the State of Emergency.

V. KEY AMENDMENTS RELATED TO EDUCATION

1. Amendments regarding the attendance at educational institutions:

- By the end of the second school term of the academic year 2019 - 2020 the education of students should be carried out in an electronic environment.
- After the lifting of the State of Emergency, the presence of children and students on the territory of educational institutions is allowed only for carrying out urgent activities related to the end of the school year and to the preparation of the school year 2020-2021.

2. Amendments regarding the end of the school year and the university application:

- No national assessment should be conducted at the end of grades IV and X in the current school year. By decision of the Minister of Education and Science, the establishment of the degree of Achievement of competencies for the respective stage may be carried out at the beginning of the next school year.
- The admission of students in XI grade for the academic year 2020 - 2021 is carried out only on the basis of the final grades in subjects from the certificate for completed first high school stage of secondary education.

VI. KEY AMENDMENTS RELATED TO PUBLIC PROCUREMENT

The effect of the initially adopted changes for the exemption of assignors of public procurement from the obligation of performing a procedure pursuant to the Public Procurement Act (PPA) is extended – for 2 months after the end of the State of Emergency.

Transportation services in the cases, specifically listed in the new legal act, are added to the list of exceptions where the provisions of the PPA need not apply.

The term in which public procurement contractor may request an amendment to the term of performance is also extended - for 2 months after the end of the State of Emergency.

VII. KEY AMENDMENTS RELATED TO THE LABOR AND SOCIAL SECURITY LEGISLATION

1. Amendments related to workers and employees:

- The possibility of entering into a labor contract pursuant to art. 114a of the Labor Code (LC) for short-term seasonal agricultural work for more than one day is extended until 31.10.2020r.
- A new right for work-able persons, who are receiving monthly social assistance benefits pursuant to the Social Assistance Act (SAA) and are not enrolled in employment programs pursuant to the SAA, is introduced allowing them to enter into a contract for short-term seasonal agricultural work for no more than 120 days. It is important to note that this period shall not be considered for employment service. Standard form versions of these contracts are to be drawn up and published on the web page of the General Labor Inspectorate Executive Agency. The persons will keep the right to receive monthly social assistance benefits pursuant to art. 12, par. 1, item 1 of the SAA for the term of the contract.
- The unpaid leave pursuant to art. 160, par. 1 of the LC for 60 days shall be considered for the length of employment service for 2020. Along with that unpaid vacation time for 2020 shall also be considered for contributory service pursuant to art. 9, par. 2, item 3 of the Social Insurance Code.

2. Amendments related to employers:

- The term for the payment of compensation based on the "60/40" measures is now determined to be from 13.03.2020 г. – 30.06.2020 г. but still for no longer than 3 months.
- The right for the employers without the agreement of the worker and employees to assign work from a distance or home office and present half of the paid annual leave is extended for two months after the end of the State of Emergency.

Along with these, all other rights granted to the employers for the time of the State of Emergency, shall continue to hold value for the term of a declared state of pandemic by the Council of Ministers or namely:

- ✓ The right to cease the activity of the enterprise, part of the enterprise or of specific workers and employees;
- ✓ The right to establish part-time work;

VIII. OTHER KEY AMENDMENTS

- Until 31.10.2020 the economic activity "Crop production" – harvesting shall be considered as an "Activity in the public interest" or a "socially useful activity" pursuant to par. 1, item 5 of the Supplementary Provision of the Employment Promotion Act.
- The already adopted measures in relation to the overtime and reduced working time of persons, who provide medical service as well as for the secondment of health inspectors and employees of the Regional Health Insurance Fund are extended for 2 months after the end of the State of Emergency.

IX. KEY AMENDMENTS RELATED TO FOREIGNERS ON THE TERRITORY OF THE REPUBLIC OF BULGARIA

The term in which foreigners with a soon to expire prolonged residence permit for the Republic of Bulgaria can send in an application for its renewal is extended. Now if the permit is set to expire within 3 months after the end of the State of Emergency then the respective person may file an application within this same 3-month term.

In addition to this, a foreigner with a prolonged residence permit, which is set to expire in the 3 months after the end of the State of Emergency may enter the Republic of Bulgaria without a visa for the same 3 months.

X. KEY AMENDMENTS, IMPORTANT FOR TOURISM

1. Amendments affecting the tourism sector:

- The validity of the certificates for categorization of accommodation establishments, restaurants and entertainment establishments, as well as tourist huts, whose categorization expires after September 1, 2019, is extended until December 31, 2020.

- The validity of the documents for certification of balneotherapy, SPA and wellness centers, whose certification expires after September 1, 2019, is extended until December 31, 2020.
 - In 2020, the ban on construction and installation works in the national resorts on the Black Sea coast should be in the period from June 15 to October 1.
- 2. Amendments related to tour operators:**
- The term for the refund of received sums from travelers due to canceled trips is extended to 12 months from the date of the end of the State of Emergency.
 - A new opportunity for tour operators, who use the services of air carriers with Bulgarian or foreign license, has been introduced – to receive state subsidy. The procedure for the provision of the subsidy will be determined with an act of the Minister of Tourism.
- 3. Amendments related to the concessions of the sea beaches:**
- For the 2020 summer season (from 01.06.2020) concessionaires and renters of concession contracts of sea beaches are to provide parasols and sunbeds for visitors of the beach at no more than half of the prices from the season of 2019 or from the allowed maximum of the respective contract. Sanctions in the amount of BGN 50,000 and in case of recurrence - BGN 100,000 for the breach of this obligation are introduced.
 - Concessionaires and renters are obliged to notify the Minister of Tourism for the prices of the beach belongings not later than 25.05.2020. The Minister, on the other hand, has to notify for the respective reduction of due compensation for the concession or rental fee no later than 30.05.2020. The reduction is to be determined in relation to a methodology, which is to be adopted by the Council of Ministers no later than 23.05.2020 based on the recommendation of the Minister of Tourism.
 - An opportunity for the extension of the concession or rental term for no more than one year, regardless of whether the maximum legal term is exceeded, has been introduced. The extension is also determined with the methodology, mentioned above.
 - An opportunity for the use of an additional commercial area on the beach for commercial sites for sports and entertainment activities and fast food restaurants for the 2020 summer season is provided. The total area, however, shall not exceed more than 4% of the area of the beach. Fines and sanctions are once again provided for the breach of this provision.
 - An opportunity for the control of visitor influx by the concessionaires and renters via specialized zones is provided. For this purpose, the approval of the respective plans by the Minister of Tourism is required.
 - For 2020 it is permitted to reduce the number of lifeguard personnel on the secured beaches to one per every post.

We are looking forward to assisting you further, including for statements with the described topics.

*Faithfully Yours,
Gugushev & Partners Law Office Team*

*20 May 2020
Sofia, Bulgaria*