



Tax&Legal Highlights

Bulgaria

New Concessions Act

The new Concessions Act came into effect on 1 January 2018 and repealed the old Concessions Act and the Public-Private Partnerships Act

The new Concessions Act seeks to harmonize Bulgarian concessions legislation with corresponding EU laws and to transpose Directive 2014/23/EU, Directive 2014/24/EU and Directive 2014/14. The new law grants concession granting authority to the Council of Ministers, municipal councils and mayors. There are three types of concessions – for construction, for services and for utilization of state and municipal property. The law imposes a maximum term of 25 years for concessions for utilization of state and municipal properties, while concessions for construction and services are not subject to any term limits.

Amendment and supplementation to the Credit Institutions Act

The changes aim to improve the regulatory framework of banking supervision by implementation of the recommendations of the report by the Financial Sector Assessment Program

The changes introduce improvements to the risk management regime, applicable to related party expositions. They also introduce a new obligation on banks to notify the Bulgarian National Bank (the BNB) when they are made aware of circumstances, which could have a negative impact on entities, which own over 50% of the capital of the respective bank.

The amendment creates a mechanism for introduction of guidance, recommendations and other measures of the European Banking Authority into Bulgarian law, as well as a mechanism for the BNB to enact new requirements, criteria and other conditions with the force of law.

Amendment and supplementation to the Labour Code

The amendment aims to provide employees with additional protections in cases where their employers do not pay due salaries and compensations

The changes reinforce the control functions of the General Labour Inspectorate Executive Agency by providing the authority with the right to carry out audits with respect to non-payment of salaries even after termination of employment and to issue binding prescriptions in this respect. In these cases, the authority will impose a term for execution of issued prescriptions. Non-compliance with the term will carry the legal interest. On the basis prescriptions, which have entered into force, employees will have the right to request that the Agency issue an order for immediate execution. This mechanism allows employees to bypass the slow and expensive court procedures and recover unpaid salaries in a much swifter manner.

Employers that owe due remunerations and compensations to their employees are no longer able to participate in public procurement procedures as contracting or sub-contracting parties.

The amendment also facilitates changes in the Commercial Act, which qualify the transfer of a company's going concern to a third party with the lack of unpaid due remunerations, compensations or mandatory social contributions to employees within said going concern. This qualification includes employees, who have had their employment terminated within the last three years prior to the transfer.

Contacts Details

**Reneta Petkova
Managing Partner**

Tel: +359 (2) 8023 118

Email: rpetkova@deloittece.com

Kaloyan Yordanov

Managing Associate

Tel: +359 (2) 8023 234

Email: kyordanov@deloittece.com

Miglena Micheva

Managing Associate

Tel: +359 (2) 8023 240

Email: mmicheva@deloittece.com

Pavlin Stoyanoff

Managing Associate

Tel: +359 (2) 8023 388

Email: pstoyanoff@deloittece.com

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