

### Council of Ministers Decree

After a number of political and public discussions, the financial support package for businesses affected by the COVID-19 crisis was introduced recently by the Council of Ministers by a Decree<sup>1</sup> which was published in today's issue of the State Gazette.

This alert outlines the main eligibility criteria for receiving financial support under the Decree and the Emergency Measures Act.

### Eligible Employers

The following three categories of employers are eligible for financial support:

- (i) Employers who **had to suspend** their entire business operation or part thereof due to an order of the authorities. Such employers would have to be from specific industries, which are explicitly provided in the decree (hotels, restaurants, bars, cinemas, specific retail businesses, etc.).
- (ii) Employers who **suspended by their own initiative** their entire business operation, part thereof or only in relation to certain employees.
- (iii) Employers who **introduced part-time work**.

Employers falling within the second and third category, however, are not eligible for financial support if they are from particular industries, such as financial and insurance services, educational and health services and agriculture.

Further employers from the categories under items (ii) and (iii) above must have also experienced revenue decrease by at least 20% during the month preceding the month in which the application is filed. The decrease will be calculated based on comparison to the revenue for the same month of the preceding calendar year. Specific rules are provided for businesses which have been established after 1 March 2019.

Further eligible employers must not have pending tax or social security obligations, subject to some limited exceptions.

### Amount and scope of the state support

Eligible employers will receive financial support only in relation to employees who are actually affected by the respective suspension of operation or are put by the employer on part-time work, whilst the employer will continue be obliged to pay the full amount of the salaries of its employees.

Some employees are explicitly excluded from the eligibility scope of the financial assistance, such as:



- employees on maternity leave;
- employees who were employed at the respective employer after the date of declaring state of emergency (i.e. 13 March 2020).

The financial support would amount to 60% of the salaries based on the actual social security income for January 2020 (which is capped at BGN 3,000). The support will be provided for the entire duration of state of emergency, but not longer than 3 months.

For the employees working part-time, the respective amount of the financial support will be recalculated on a pro rata basis.

Employers who receive financial support would be subject to further obligations such as:

- *Maintaining employment:* The employer would have to maintain the employment of the employees for which financial support is provided for an additional period equal to the period of receiving the financial support.
- *No employment terminations:* No employment terminations for some specific causes, such as closing part of the company and staff

reduction are allowed during the period for which financial support is provided.

## Application procedure

Employers may file their applications, including by electronic means, in the respective Labour Bureau Directorate. The application must be accompanied by specific documents provided by the decree, some of which are based on templates endorsed by the Employment Agency. They have to be processed within 7 working days and the employer will be notified whether it meets the eligibility criteria for state support shortly after that.

In case of resuming the work or switch to full-time work during the period of receiving state support, the employer has to notify the Employment Agency within 3-day term.

If you wish to find out more on whether your business may be eligible to receiving financial support our **CERHA HEMPEL** Sofia team would be happy to assist you in this process, as well as in relation to any other matter in order to help you navigate your business successfully through these difficult times.

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<sup>i</sup> Decree No. 55/30 March 2020 on the Terms and Conditions for Payment of Compensations to Employers for the Purpose of Maintaining Employment under the Conditions of State of Emergency Announced by a Decision of the Parliament of 13 March