

Globalization Partners provides employer of record services for customers that want to [hire employees](#) and [run payroll](#) without first [establishing a branch office or subsidiary in Bulgaria](#). Your candidate is hired via Globalization Partners' Bulgaria PEO in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our solution enables customers to run payroll in Bulgaria while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Bulgaria.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in 170 countries around the world, quickly and painlessly.

Bulgaria, in southeastern Europe, borders the Black Sea and has a population of 7.5 million people. Bulgarians are known for being friendly and helpful, and many speak multiple languages. They value face-to-face meetings, and it is unwise to rely solely on email and telephone for communication. When speaking in person with a Bulgarian, keep in mind that they nod their heads for “no” and shake them for “yes.” Bulgarians are very talkative, and they do not like being interrupted. Written contracts are necessary and organizations are very hierarchical.

When negotiating terms of an employment contract and offer letter with an employee in Bulgaria, it may be useful to keep the following standard benefits in Bulgaria in mind:

### **Basic Facts About Hiring in Bulgaria**

Work permits are required to hire a foreign national and evidence must be presented as to why a local person cannot be hired for the position. By law, a decision whether to issue the permit must be reached within a month.

The Bulgarian Labour Code governs the worker-employer relationship in Bulgaria, regardless of worker or corporate nationality. Written employment contracts are required under the code, and it has clear rules governing employee termination, including protection from unlawful dismissal. Employees may sue employers if they feel they have been unlawfully dismissed. Remedies include reinstatement, back wages, and modification of employment records.

When negotiating the terms of an employment contract and offer letter with an employee in Bulgaria, it may be useful to keep the following standard benefits in Bulgaria in mind:

### **Bulgaria Holidays**

Bulgaria celebrates 11 public holidays for which employees are given the day off, including:

- New Year’s Day

- Liberation Day
- Orthodox Good Friday
- Labor Day
- Orthodox Easter Monday
- Culture & Literacy Day
- Unification Day
- Independence Day
- Christmas Eve
- Christmas Day
- Second Day of Christmas

Public holidays that occur on the weekend are not carried over to the following Monday. When a public holiday takes place on a Tuesday, Wednesday or Thursday, the Monday, Tuesday or Friday is sometimes taken as an official holiday to make a long weekend; working Saturdays are imposed to make up for the extra day's holiday.

### **Bonus in Bulgaria**

The 13th-month bonus in Bulgaria is considered a gratuity and is not required by local law. An employer's internal rules regarding how bonuses are paid out should be followed and bonus policies should be communicated to employees to avoid possible labor law discrimination disputes.

### **Working Hours in Bulgaria**

The standard workweek in Bulgaria consists of a maximum of 8 hours per day, 5 days a week.

Overtime can be performed if agreed upon by both parties and is only permitted if the work performed is in relation to public security or if it relates to an emergency repair or ensures work safety.

The additional payment for overtime work is as follows (the compensation of overtime work

with additional leave is forbidden):

- 50% on weekdays
- 75% on holidays
- 100% on public holidays

### **Vacation in Bulgaria**

Employees in Bulgaria are entitled to a minimum of 20 business days off per year. The employees should use their annual leave entitlement during the year earned.

- If annual leave remains unused, the employee must be compensated monetarily for any unused leave for up to two years from the date the annual leave entitlement arose.

### **Sick Leave in Bulgaria**

The first day of sick leave is paid for by the employer based on the employee's average daily wages. Additional sick leave will be paid by the National Social Security Fund if the employee has requested a sickness certificate issued by their physician or relevant medical institution. The sick leave or injury indemnity payments amount to the following:

- 80% of an employee's daily gross salary
- 90% of an employee's daily gross salary in the case of a work-related accident or illness.

The maximum allowed sick leave on an uninterrupted basis is 18 months.

**Carers' Leave:** If an employee has a disabled child or ill child, or another disabled or ill family member, the employee is entitled to sick leave as if it were his/her own disability or illness.

### **Maternity/Paternity Leave in Bulgaria**

Pregnant employees are entitled to 410 days of paid maternity leave, 45 of which must be taken before giving birth. Employees on maternity leave receive indemnity payments from the National Social Security Fund which amount to 90% of the employees' gross salary.

The father is entitled to 15 days of paid paternity leave after the birth of a child. Once the child has reached at least 6 months, the father can use any unused maternity leave with the mother's consent.

Adoptive parents are entitled to the same rights mentioned above with the exception of the 45 days taken prior to giving birth until the child reaches one year of age.

Once the maternity leave has expired, an employee is entitled to paid parental leave until the child reaches two years of age amounting to the following:

- Two calendar years for the first, second and third child.
- 6 months for each additional child.

### **Termination/Severance in Bulgaria**

The employer can set a probationary period in the employment contract not to exceed 6 months.

Resignation or Termination Notice Period: Employment contracts may be terminated with or without notice depending on the circumstances or by mutual consent.

- If the employee or employer terminates an indefinite employment contract with notice, at least a 30-day notice is required.
- The notice period for a fixed contract is 3 months but not more than the remaining period of the contract.
- No notice is required if the employment contract is due to expire (as in the case of a fixed contract).

Severance Pay: There is no statutory requirement regarding severance pay, however, employees are entitled to redundancy pay equal to 1 month's salary in the case of individual or collective dismissal on economic grounds.

- If employment is terminated as a result of illness and the employee has been in service for at least 5 years, 2 months' severance pay applies.

- If employment is terminated because the employee has acquired the right to pension, 2 months' severance pay applies or 6 months' if the employee has been in service for at least 10 years.

## **Bulgaria Tax**

Employees receive indemnity payments from the National Social Security Fund; the amount is determined by the Social Security Budget Act.

Social security contributions are calculated as follows:

- Basic Social Security (unemployment, etc.): 17.3% of gross salary.
- Pension Insurance: 5% of gross salary.
- Health Insurance: 8% of gross salary.

Of the above, the employer pays 60% and the employee the remaining 40%. Furthermore, the employer has to contribute 0.4% to 1.1% of gross salary for accident insurance.

## **Health Insurance in Bulgaria**

Health insurance is provided by the National Health Insurance Fund and it is mandatory that all residents contribute to this fund.

## **Additional Benefits in Bulgaria**

Food Vouchers are common in Bulgaria and are tax-exempt up to BGN 60 per month.

Private health insurance is sometimes provided by employers.

## **Bottom Line on Benefits in Bulgaria**

Generally, we recommend budgeting 45% for benefits on top of the gross salary to calculate

the total employee cost including benefits in Bulgaria.

## Employment Contracts in Bulgaria

The general rule in Bulgaria is that employment contracts are executed for an indefinite duration. If the employment contract is executed for a fixed term, an explicit agreement between both parties is required and the contract cannot exceed three years. A fixed-term contract can be used under the following circumstances:

- If the employment period is less than 3 years.
- For a specific project.
- To replace an employee on legal leave such as maternity leave.

This information is provided as generally accepted information and is not intended as advisory services. We would be happy to discuss these options with you if you are interested in our employee leasing or PEO service in Bulgaria.

## Why Globalization Partners

[Establishing a branch office or subsidiary in Bulgaria](#) to engage a small team is time-consuming, expensive and complex. Bulgarian labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Bulgaria. We can help you [hire your candidate of choice](#), [handle HR matters](#) and [payroll](#), and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our Bulgaria PEO and [Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Bulgaria, please contact us.