



Industrial relations and social dialogue
**Bulgaria: Institutions, policies and
practices for enforcing minimum
wage compliance**

*Minimum wages: Non-compliance and
enforcement across EU Member States
Comparative report*

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1. Legal framework and minimum wage enforcement institutions

Regulation of minimum wage enforcement

LEGAL/REGULATORY FRAMEWORK	<p>Enforcement is regulated by the Labour Code, which stipulates that the minimum wage is determined by the Council of Ministers and must be applied in all enterprises and institutions in Bulgaria, regardless of the kind of ownership (private or public sector enterprises/ institutions).</p> <p>In 2002 amendments to the Labour Code introduced the obligation to register to the National Revenue Agency any new labour contract as well as the termination of a contract and the conclusion of supplementary agreement to existing contracts.</p> <p>In 2012 a reform introduced heavier sanctions for non-compliant employers.</p>
SPECIFIC REGULATIONS	No specific regulations.
DISPUTE RESOLUTION MECHANISMS	<p>Labour disputes are resolved through direct negotiations between workers and employers or between their representatives. If no agreement is reached, methods for peaceful settlement of the dispute are applied. These may include assistance from the National Institute for Conciliation and Arbitration or assistance of the company trade union organization, which can negotiate on behalf of the workers in order to resolve the existing dispute with the employer.</p> <p>Workers can also file a lawsuit against the employer.</p> <p>There is however no legislative text on protection of workers against adverse treatment resulting from lodging a complaint.</p>

Enforcement institutions and coordination system in place

ENFORCEMENT INSTITUTIONS	<p>Overall control on labour legislation compliance in all sectors and activities is carried out by the Executive Agency General Labour Inspectorate (GLI). It is a generalist institution dealing with every aspect of labour relations.</p> <p>Courts deal with all employees' alerts on breach of collective agreement clauses, including alerts on non-compliance with the minimum wages.</p>
INTERNAL ORGANISATION	GLI is structured in a Central Office and 28 territorial offices. The local offices perform control activities on the territory of the respective district.
COORDINATION	The GLI is the only institution dealing with minimum wage enforcement.
MONITORING AND DATA COLLECTION SYSTEM	No specific monitoring and data collection system on minimum wage is in place.

Resources and capacity of control/enforcement institutions in charge of MW compliance

FINANCIAL RESOURCES	N/A
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HUMAN RESOURCES	<p>As of 31.12.2021: 320 employees in the General Labour Inspectorate (GLI) engaged in monitoring activities.</p> <p>No staff member deals solely with minimum wage enforcement.</p> <p>Performance of sufficient and frequent inspections is limited due to the number of available employees. The Inspectorate's tasks have been expanded in recent years despite lack of staff increase.</p> <p>Considered partially adequate.</p>
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2. Enforcement measures

BALANCE BETWEEN DETERRENCE AND PREVENTIVE MEASURES	<p>The approach is balance, with an even distribution of both preventive and deterrence measures.</p> <p>Deterrence measures proved to be very effective. The control over minimum wage compliance is being strengthened by the existing legislative provision allowing trade union organisations to alert the GLI of any violations of labour legislation. However, since unions are not covering all companies, at the moment the use of the alert function is limited.</p> <p>Preventive measures are quite effective. Their effectiveness depends on the degree of presence of social partners in each sectors/company.</p>
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Deterrence measures

TYPE OF MEASURE AND CHANGE IN USE IN THE LAST DECADE	Routine and targeted inspections, spot checks, inspections by request, follow up of previous offenders, data matching and sharing, peer-to-peer surveillance, sanctions.
INSPECTIONS AND VIOLATIONS	<p>In 2021 GLI conducted 40,788 inspections.</p> <p>No info available on number of minimum wage violations registered during the year.</p>
SANCTIONS	<p>Any employer who violates labour legislation provisions is liable to a pecuniary penalty or a fine starting from BGN 1,500 (EUR 750) up to BGN 15,000 (EUR 7,500). The amount of the sanction is determined by the type of violation and its degree.</p> <p>GLI may apply a mandatory prescription to employers, which defines the compulsory actions to be taken by the employer within a certain time period. When a mandatory prescription is satisfied, no sanctions are imposed.</p> <p>Trade union and GLI rank the sanction as very effective in terms of minimum wage enforcement.</p>

Persuasion/preventive measures

TYPE OF MEASURE, INSTITUTION IN CHARGE, CHANGE IN THE LAST DECADE	Provision of advice/counselling and training to workers and employers carried out by trade unions and employers' organisations.
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ROLE OF DIGITAL TOOLS	GLI allows submission of complaints through its website. No acceleration in the use of the on-line complaint system is registered since the start of the Covid pandemic.
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3. Role of social partners and other stakeholders

Social partners

ROLE + FOCUS ON SPECIFIC SECTORS/TERRITORIES/WORKERS	<p>Employers' organizations promote minimum wage compliance through provision of advice and guidance to member companies. Individual employers receive expert information on both compliance benefits and sanctions in case of infringement.</p> <p>Trade union organisations have the power to alert the GLI of any violations of labour legislation, as well as to demand administrative sanctions against the offenders.</p> <p>The engagement of social partners varies according to the degree of their presence in different sectors.</p>
CHANGE IN LAST DECADE	Increased
COORDINATION	<p>There is no specific cooperation mechanism between GLI and the social partners.</p> <p>Joint activities on compliance with labour law carried out by employers' organisations and the GLI are often well organised. A partnership agreement between two confederations of trade unions and the GLI was signed in 2018.</p>
STRENGTH/WEAKNESSES	Strong social dialogue provides the basis for uniform approach on minimum wage enforcement within companies. Employers' organization act as partners to their member companies and often engage in information campaigns and consultation activities aimed at guaranteeing minimum wage compliance.

Role of other institutions/stakeholders

OTHER INSTITUTIONS/STAKEHOLDERS	<p>The National Revenue Agency collects social security contributions and payroll taxes and maintains a register of the employment contracts. The Agency provides access to its database to GLI.</p> <p>The Employment Agency, the National Statistical Institute and the National Social Security Institute maintain their own databases on wages and can inform GLI in case a minimum wage infringement is detected.</p> <p>Role of these other institutions increased following the legislative amendments of 2008 which allowed the GLI to access data from the National Revenue Agency</p>
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EU cooperation

EXAMPLES OF EU COOPERATION	GLI is part of the SLIC and takes part in investigation activities initiated by the European Labour Authority. Through its bi-lateral cooperation with other European inspectorates, GLI safeguards Bulgarian (mobile) workers against adverse treatment and control over the enforcement of applicable national minimum pay rates.
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CHANGE IN LAST DECADE	Stable
STRENGTH/ WEAKNESSES	The existence of cooperation mechanisms themselves are considered as strengths since more effective control over labour rights of mobile workers is applied. However, the diversity in terms of appointed control bodies on minimum wage compliance in the European Union makes it difficult for GLI to easily identify the respective national authority in case of detected pay level breach.

4. Enforcement challenges, strengths and weaknesses

MAIN ENFORCEMENT CHALLENGES	The level of the minimum wage is defined by the Government following an analysis of the state budget, the overall economy performance, GDP growth rate projections etc. However, certain employers find it difficult to pay the minimum wage and when a minimum wage increase is introduced at national level they find it difficult to sustain the wage ratio between low and high qualified workers.
STRENGTHS AND WEAKNESSES	<p>Although the existence of a statutory MW is considered a strength, there are some gaps in legislation for certain categories of workers (mostly low skilled workers).</p> <p>The organisation of the General Labour Inspectorate is good as well as investments in staff qualification; cooperation with other institutions is effective.</p> <p>The balance between deterrence and supporting/preventive measures is considered appropriate to achieving minimum wage compliance.</p> <p>Deterrence measures are considered very effective and controls over minimum wage compliance is being strengthened by the existing legislative provision allowing trade union organisations to alert the GLI of any violations of labour legislation. However, since unions are not covering all companies, the use of the alert function is limited and this is the main weakness encountered. The number of inspectors should also be increased.</p> <p>Preventive measures are considered quite effective, depending on the degree of presence of social partners in each sectors/company.</p>

Source: National Eurofound Correspondent for Bulgaria

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