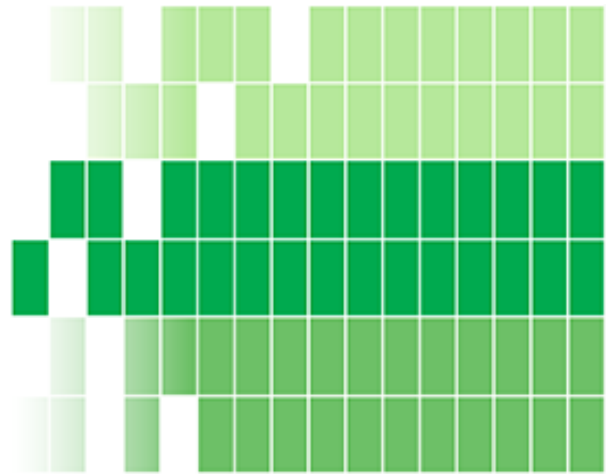




Legal News

KPMG in Bulgaria



Extension of the 60/40 mechanism and amendments to the conditions for its application

October 2021

The Council of Ministers adopted amendments to Decree No 151 dated 3 July 2020 on the conditions and procedure for payment of funds to employers for the purpose of maintaining employment. The amendments were published in the State Gazette, Issue No 85 dated 12 October 2021 and are effective as of 1 August 2021.

The funding of employers under the 60/40 mechanism will continue for the period from 1 August until 31 December 2021. The extension of the mechanism for December 2021 will apply provided that the European Commission resolves to extend the term of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak for the period following 31 December 2021.

Amendments to the conditions for application

The amount of the funds received for the period of extension of the mechanism, as well as the minimum amount of the remuneration which employers are obligated to pay to the employees for whom funding is received, will be determined on the basis of the insurance income of the employees for July 2021.

The scope of the personnel for whom employers may apply for funding is extended. As per the amendments funding may be received for employees hired prior to 1 May 2021. In contrast, prior to the amendments the employees had to be hired prior to 1 January 2021 in order to be considered eligible. This requirement does not apply to companies in the sectors of "Accommodation and food service activities" and "Other land passenger transport not elsewhere classified".

As has been the case so far, the amount of funds received under the mechanism will depend on the existence of decrease in sales revenue in the month for which employers apply for funding. Employers incorporated before 1 August 2019 shall use as a reference the respective month of 2019 while those incorporated after 1 August 2019 shall use as a reference the average monthly revenue for 2020.

Employers which have a decrease in sales revenue of no less than 30% may receive funds amounting to 50% of the insurance income of their employees and the social security contributions due on this income. For

employers having a decrease in revenue of no less than 40% the funding amounts to 60%.



Application terms

Employers which wish to receive funding under the mechanism have to submit the respective documents by the end of the month following the month for which they are applying. For receipt of funding for August and September 2021 the application deadline is 31 October 2021, whereas for receipt of funding for November the deadline is until 10 December 2021.



How can we help?

The team of KPMG remains at your disposal for any inquiries or need of assistance you may have related to the interpretation and application of the new amendments.



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