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European Monitoring Centre on Change

Bulgaria: Employment protection in relation to business transfers

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Bulgaria

Phase:

Management

Type: **Employment protection in relation to business transfers**

Last modified: 17 June, 2019

Native name: **Кодекс на труда**

English name: **Labour Code**

Article

Articles 123a, 130b

Description

According to Article 123 of the Labour Code, the employment relationship is protected from termination in the event of a business transfer or merger. The following is defined by this law as business transfer or merger:

- merging one enterprise into another,
- allocation of the business of one enterprise between two or more companies,
- transfer of a separate part from one enterprise to another,
- change of the legal form of the enterprise,
- change of the owner of the enterprise or a separate part of it,
- assignment or transfer of business from one enterprise to another, including the transfer of tangible assets.

The employment relationship with the employee shall also not be terminated upon the change of the employer in the case of the letting of the enterprise or of a separate part of it for rent, lease or concession. After the expiry of the term of the lease, lease or the concession contract, the employment relations with the employees will not be terminated, but pass on to their old employer (Article 123a of the Labour Code).

Article 123 explicitly specifies that in case of a company change, this does not warrant a termination of the employment relationship. Instead, the employment relationship is to be transferred to the new owner. In addition, Article 123 defines what consequences a restructuring has for any obligations towards employees (with any type of employment contract) that are a direct result of the employment relationship, given that the employment relationship was established before the restructuring.

In the event of a merger of two companies, the new company will take over such obligations. In the event of a partial business transfer, where one part of a business is transferred to another, both companies will be responsible for their own part of the business. In the event that the operations of one company are distributed amongst several other companies, the companies who take over the operations become responsible for the obligations towards the employees.

Comments

No information available.

Cost covered by

Not applicable

Involved actors other than national government

National government only

Thresholds

No, applicable in all circumstances

Sources

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