



BULGARIA PAYROLL GUIDE 2025

1. Applicable Law on Payroll Fees

The general provisions regarding the Bulgarian payroll system are settled in accordance with the Bulgarian Labour Code, Bulgarian Social Insurance Code and Personal Income Tax Act.

2. Social Insurance Foundation

Social insurance contributions are paid on a monthly basis. The percentage of social insurances depends on the activity of the employer. The scenario is as follows:

| | | |
|----------|----------------------------|--------|
| Employer | 18.92% minimum; maximum | 19.62% |
| Employee | 13.78% | |
| Total | 32.70% minimum; maximum | 33.40% |

The employer is obligated to pay the social insurance contributions each month by transferring the relevant amount to the bank accounts of the National Revenue Agency. When the payments are completed, the employer submits the necessary declarations for the accrued social insurances and the paid social contributions to the relevant authorities.

3. Tax Deductions

The personal income of individuals is taxed at a flat rate of 10% of the tax base. Income tax is payable by the employer on behalf of the employee together with the payment of social insurances.

Every additional payment (including bonuses) is subject to social insurance and taxes.

At the end of the year, every employer provides to employees a certificate for the total amount that has been paid on their behalf including social insurance contributions and income tax.

Depending on the employer's trade activities and the position held by the employee, there are set minimum social insurance bases. The maximum Social Insurance base for 2025 is at BGN 3,750.00.

4. Employment Procedure

The employer has the obligation to register employment contracts within three calendar days after the date of signing the contract, but not later than the starting date of the employee. In case of termination of the employment contract, the employer should register the termination within 7 calendar days as of the date of termination. The statutory number of working hours per week is 40 hours. There is a separate procedure that needs to be followed in cases when a company is hiring a specialist from a non-EU country.

5. Protection of Employment

Holidays: According to the Bulgarian Labor Code, every employee is entitled to not less than 20 working days of paid annual leave. If there is an additional agreement between the employer and the employee this period can be longer, but not shorter. There are some categories (such as students at the university) which have additional paid days off. If the employment contract is terminated and the employee has unused days off, these days should be paid by the employer as a compensation.

In addition to the 20 paid leave days, every employee is entitled to approximately 14 official holidays.

Illness: The compensation is payable by the National Social Security Institute, except for the first two days, which are paid by the employer. The amount of the compensation for the first three days is 70% of the gross salary of the employee. For the days after that, the employee is receiving 80% of the average income in the past 18 (eighteen) months, which is payable by the NSSI. In case of a work accident this percentage is 90%. The employee should have not less than 6 (six) months working experience, so to have the right for receiving compensation from the NSSI. The doctor has the obligation to submit the sick-leave list of the employees to the authorities electronically and the employer is submitting the other relevant documents. Compensations are paid by the Government within 10 working days of its presentation.

Maternity: The compensation is payable by the NSSI and it is set at 90% of the income of the person for the last 24 (twenty-four) months of employment. It is payable for a duration of 410 days. The only obligation of the employer in such cases is to submit the maternity-leave list to the State authorities (National Social Security Institute).

6. Payroll Calculation Procedure

The monthly payroll calculation procedure consists of the following steps: Employees' monthly working days and days of absence are calculated and compared in case there are additional leave applications and contracts. Bonuses or any other benefits are added to the gross salary. After the necessary calculations and deductions are made, the necessary print outs are generated. The payroll file, social insurance payment orders as well as salary payment orders (if necessary) are sent to the employer. When the payroll calculations are completed, two payroll reporting declarations (Declaration 1 and Declaration 6) are prepared and submitted to the National Revenue Agency. In case of illness and after the payroll reporting declarations have been submitted, the sick leave lists must be submitted to the National Social Security Institute not later than the 10th of the following month.

7. Termination of Employment

Employment termination may occur with a notice of one up to three months based on the employment contract. After the termination of the contract, the employer is obliged to provide to the employee all the relevant documents including certificate for paid social insurances and income tax and filled in labor book.

8. Contact details

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