

Commentary

on issues regulated by the Ordinance for the Structure and Organization of the Remuneration

In State Gazette, issue 9 from 26 January 2007 the Ordinance for the Structure and Organization of the Remuneration (the ORDINANCE) has been promulgated, which has replaced the Ordinance for the Additional and Other Remunerations (OAOR) and has come into force on **1 July 2007**.

The ORDINANCE shall apply to the **employees working under employment relation in all enterprises where wage labour is performed** regardless of the form of ownership (private, state or municipal) and regardless of sources of financing the activity in the enterprise.

The ORDINANCE has been passed in execution of engagements undertaken before the International Monetary Fund and for creation of more flexible conditions on the labour market and for **abolition of the transferability of the additional remuneration for length of service**.

The ORDINANCE gives new regulation to some institutes, others amends in comparison to their regulation in the OAOR, and the regulation of others is retained in its essence.

In the ORDINANCE are listed the elements of the gross remuneration which shall be contained in the Individual Employment Contract of each employee. For the first time a legal definition of the basic remuneration (BR) is given. Criteria are envisaged to support the employer when determining the BR for a working place and a position. The minimal amounts of the additional remunerations for night work, for the time of availability, as well as for the possession of educational or doctoral degree have been increased. The principle of calculation of the additional remuneration for presence of length of service has been changed. As of 1 July 2007 additional remuneration for acquired length of service and professional experience is due for the time during which the employee has actually performed work on the same, similar or with the same character work, position or profession.

The ORDINANCE establishes an obligation for the employer to approve Internal rules for the organization of the remuneration in which to determine the minimal amounts or scopes of BR according to position levels.

The information presented in this commentary gives only general review of the ORDINANCE and is not exhaustive. For access to our detailed commentary and in case any questions on the application of the new ORDINANCE arise, please do not hesitate to contact us at tel.: 943 37 00, fax: 943 37 07, e-mail: office@afa.bg, or post address: 38 Oborishte Str., Sofia 1504.