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Judicial auctions

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Bulgaria

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1. Publicising and pricing regarding the sale of seized assets

National law provides for different procedures that are applied in the framework of enforcement proceedings, depending on the subject of enforcement.

Sale of movable property:

The attachment of movable property requires the asset to be listed in an inventory compiled by a bailiff. The movable property of a debtor may also be attached upon receipt of an inventory or notice of attachment, if the latter specifies the asset subject to enforcement. The bailiff inventories an asset specified by the creditor only if it is in the debtor's possession, unless it is obvious from the circumstances that the asset belongs to another person.

The sale of an attached asset is conducted by the bailiff who has listed the asset in the inventory. The sale of movable property, sets of assets or groups of assets is carried out via stores or exchanges, by means of a public auction with oral bidding or in accordance with the rules governing the judicial sale of property.

The debtor may accept the sale of the asset at the private bailiff's store at a price set by the bailiff, or at a store designated by the private bailiff, by granting their written consent for the asset to be handed over to the store for sale.

If the asset can be sold on an exchange, the creditor or debtor may designate the exchange on which they wish the asset to be sold by submitting a dedicated written consent for the sale. The store or exchange, as applicable, receives a commission of 15% of the sale price for the transaction, which is deducted at the time of receipt of the amount paid.

Items with a valuation of more than BGN 5 000, motor vehicles, ships and aircraft are sold by the bailiff in accordance with the procedure for the judicial sale of immovable property.

The bailiff announces the sale of the asset by posting a notice at appropriate places on the premises of the district court (*rayonen sad*), in their office and on the premises of the local municipality or town hall. The report attesting to the placing of a notice is registered by the district court. Where the transfer of an asset to the store creates an inconvenience for its sale, the bailiff also posts a notice at a conspicuous place on the premises of the store and makes arrangements for those wishing to view the asset to do so at the place where it is located.

The bailiff sets the price at which the asset is to be sold at the store. The starting bid at a public auction with oral bidding or a judicial sale is 85% of the value of the asset. At the request of the party, an expert is appointed to determine the value of the asset. The expert is appointed *ex officio* where special knowledge in the field of science, art, crafts, etc. is required to determine the value. An opinion on the value of an asset may be given orally. Oral opinions are also recorded in the report.

In the case of assets with a valuation of more than BGN 5 000, motor vehicles, ships and aircraft, the bailiff is required to appoint an expert to determine the value. The sale price of movable property may not be lower than its insurance value, where applicable. This rule does not apply to subsequent sales of the same asset.

In the first notice of sale, either party may challenge the price of the asset at the time of its determination by the bailiff and request the appointment of an expert for the purpose of a new valuation. The bailiff sets a deadline for the payment of costs. When the party has paid the relevant costs within the specified deadline, the bailiff is required to appoint one or more experts for the purpose of a new expert valuation of the asset. The new value thus determined may not be contested.

If an item fails to sell within 3 months from the date of its transfer to the store or from the date of publishing a notice of sale, the item is sold by public auction with oral bidding at a price equal to 50% of the initial price set. The public auction takes place at the time fixed by the bailiff in front of the building in which the inventoried assets are kept in storage or at another place mutually agreed between the parties. Where an agreement cannot be reached, the sale takes place at a venue determined by the bailiff and is scheduled no earlier than 1 week and no later than 3 weeks after the date of the inventory. Where the creditor fails to pay the sale costs within 1 week of the inventory, no sale is scheduled, and the inventoried assets are released. On the day of the sale, the bailiff draws up a report indicating the day and the manner in which information is to be disclosed and the parties are to be notified. The auction commences at the time set in advance and ends after the last inventoried asset has been offered for sale. There is no requirement for the payment of a deposit in order to participate in an auction.

The judicial sale of real estate:

Where the subject of enforcement is immovable property, the bailiff sends an invitation for voluntary payment, specifying the property concerned, at the same time as sending a letter to the Registry Agency for the purpose of registering the foreclosure of the property.

The bailiff inventories the property specified by the creditor after verifying that the property was owned by the debtor on the day when foreclosure was imposed. Ownership is verified by conducting a check in the tax or deed registers or by other means, including by interviewing neighbours. Where there is no reliable evidence of ownership, possession of the property on the day on which foreclosure was imposed is taken into account.

The inventory also indicates the day of submission of the property valuation, where the valuation is conducted after the inventory. In this case, the parties are deemed to have been notified that a valuation has been presented, regardless of whether they were present at the time when the inventory was taken. The inventory also indicates the place and time of the sale of the property, if so requested by the creditor. In this case, the debtor is deemed to have been notified of the sale, regardless of whether they were present at the time when the inventory was taken.

The bailiff appoints an expert to determine the value of the property. The expert must be entered in the register of independent valuers provided for in the Independent Valuers Act (*Zakon za nezavisimite otseniteli*) or in the list of professionals approved as experts under the Judiciary Act (*Zakon za sadebnata vlast*). The opinion of the expert is communicated to the parties, who may challenge it within 7 days. Where the expert opinion is challenged, the party designates an expert who satisfies the requirements set out above for the purpose of having a second valuation report drawn up, and pays the associated costs. A second valuation is not performed if no challenge is mounted against the original valuation. In the case of two or more valuations, the value of the property is determined as the arithmetic average of the values indicated in all valuation reports. The opening bid price of the property is 80% of its value. The opening bid at the first judicial sale may not be lower than the value indicated in the tax assessment, where one is available.

The bailiff is required to draw up a notice of sale within 1 week of the date of the inventory, including a description of the property, its owner, an indication of whether it is mortgaged, and any limited rights *in rem*, registered claims, attachments and leases established in respect of the property at the time of foreclosure, as well as the opening bid and the venue and date on which the sale will take place. The notice is posted at appropriate places on the premises of the office of the private bailiff, the district court, the municipality or town hall for the location in which the property is situated, and on the property itself. The notice is also published on the website of the provincial court (*okrazhen sad*) for the place of enforcement at least 1 day before the day on which the sale will commence as specified in the notice. The bailiff draws up a report indicating the date on which the notice is published. The report is registered with the district court. The bailiff sets the times when the immovable property may be viewed by prospective buyers.

The sale takes place on the premises of the district court. It lasts 1 month and ends on the day specified in the

notice. The sale documentation is kept by the registry of the district court and is made available to all parties interested in the property. A deposit of 10% of the opening bid is paid into the bailiff's account in order to participate in the auction. The creditor does not pay a deposit if their claim exceeds the amount of the deposit. If there are no bidders or no valid bids are placed, or if the buyer fails to pay the price and the property is not awarded to the bidder declared buyer, the creditor has the right to request, within 1 week of the date of notification, that a new sale be scheduled.

The new sale is conducted according to the rules for the first sale. The earliest start date is at least 1 month after the end of the first sale and the starting bid is 90% of the starting bid in the first sale. If the property fails to sell at the second sale and no requests to determine a new starting bid are received within 1 week of the notice of sale, the property is excluded from the estate subject to enforcement and the foreclosure is lifted at the request of the bailiff.

2. Third parties that may conduct the sales operation

In the framework of the enforcement proceedings, the property seized and attached is sold by bailiffs by the methods described in points 1 and 6. The only exception to the rule is the sale of movable property at a store or on an exchange.

The debtor may accept the sale of the asset at the private bailiff's store at a price set by the bailiff, or at a store designated by the private bailiff, by granting their written consent for the asset to be handed over to the store for sale.

If the asset can be sold on an exchange, the creditor or debtor may designate the exchange on which they wish the asset to be sold by submitting a dedicated written consent for the sale.

The handover of the asset is certified by a report signed by the bailiff and the manager of the exchange or store. The store or exchange, as applicable, receives a commission of 15% of the sale price for the transaction, which is deducted at the time of receipt of the amount paid.

All sums received in the enforcement proceedings from the debtor, a third party subject to attachment, the bidders and purchasers at the sale, and from the stores or exchanges that conducted the sale of moveable assets, are paid into the bailiff's account.

3. Auction types for which the rules might not fully apply

There are no types of judicial auction in enforcement and bankruptcy proceedings under Bulgarian law to which the rules do not fully apply. However, certain differences in the terms and conditions for conducting judicial auctions may arise from specific acts of law.

4. Information on national registers of assets

The following registers of assets are kept in Bulgaria:

Property Register:

The register, which is kept by the Registry Agency (Agentsiya po vpisvaniyata), is a database of the real estate in Bulgaria and comprises individual properties in lots. It is a record of the title deeds and other acts by which ownership or other rights *in rem* in immovable property are recognised, transferred, modified or terminated. Foreclosures and mortgages on immovable property are entered in the Property Register. The register documents the latest entries relating to the above circumstances and enables the changes in those circumstances and in the deeds on record to be traced chronologically. The Property Register can be consulted to verify the ownership and owners of real estate, and the rights *in rem* and other restrictions established in respect of immovable properties. The register can be consulted on the premises of the offices of the Registry Agency in Bulgaria or online against user registration and a fee set out in a dedicated price list.

National Register of Road Vehicles:

The register is kept by the Ministry of the Interior (Ministerstvo na vatreshnite raboti). It contains data on the registration of road vehicles, changes in the ownership of registered road vehicles (including data on concluded contracts), as well as data on attachments or other restrictions imposed.

Official access to information from the register is provided to notaries, and private and state bailiffs.

Certificates for the registration or deregistration of vehicles are issued to the owners of vehicles upon payment of a fee collected by the Ministry of the Interior in accordance with the State Fees Act (*Zakon za darzhavnite taksi*).

No fee is charged when information about registered vehicles is provided to the Ministry of the Interior, judicial authorities, the bodies responsible for national security and public order, and the bodies of the National Revenue Agency (Natsionalna agentsiya za prihodite) upon receipt of an *ex officio* request.

Information about registered vehicles is provided to third parties on an order of the judicial authorities upon payment of a fee collected by the Ministry of the Interior in accordance with the State Fees Act.

Civil Aircraft Register of the Republic of Bulgaria:

The register is kept by the Directorate-General for Civil Aviation Administration (Glavna Direktsiya 'Grazhdanska vasduhoplavitelna administratsiya') of the Ministry of Transport and Communications (Ministerstvo na transporta i saobshcheniyata).

All circumstances relating to the establishment of title to a civil aircraft and all changes relating to the transfer of title, the establishment and transfer of property or bond rights and the establishment of encumbrances are entered in the Civil Aircraft Register of the Republic of Bulgaria.

Transactions become effective against third parties following their entry in the register. The entries in the register constitute an act of disclosure vis-à-vis third parties acting in good faith.

The Civil Aircraft Register is publicly accessible on the website of the Directorate-General for Civil Aviation Administration, except for the details of the owner, possessor or holder of the registered civil aircraft. The Directorate-General for Civil Aviation Administration issues certificates of registration to the owners, holders or possessors of civil aircraft or their representatives against payment of a fee set by the Council of Ministers (Ministerski savet). Certificates verifying the identity of the owners, possessors or holders of civil aircraft are issued only to public or judicial authorities, court or public bailiffs exercising the powers vested in them by law or the owners of civil aircraft or their agents.

Ship Register of the Republic of Bulgaria:

The registers for the different categories of ships subject to registration constitute a single register of ships sailing under the Bulgarian flag. They are kept by the regional units of the Maritime Administration Executive Agency (Izpalnitelna agentsiya 'Morska administratsiya') under the jurisdiction of the Minister for Transport and Communications. Registers are kept in respect of:

1. small vessels up to and including 20 metres in length, for river vessels; and up to and including 40 gross tonnes in size, for seagoing vessels;
2. large vessels of more than 20 metres in length, for river vessels; and of more than 40 gross tonnes in size, for seagoing vessels;
3. vessels chartered under bareboat charters;
4. ships under construction of more than 12 metres in length.

The Ship Register of the Republic of Bulgaria enables the exercise of jurisdiction and control over the identification, ownership, property and financial encumbrances, restrictions on the right of disposal and the responsibilities of shipowners and bareboat charterers of ships sailing under the Bulgarian flag.

The registers are kept on paper and in electronic form.

Although the registers are public in principle, access to the information entered in them is effectively limited and regulated. Public access to the registers has been restricted with a view to ensuring proper protection of

ownership. Interested parties may request certified extracts from the register against a fee. The competent directorates issue extracts from the register to persons with a legitimate interest in obtaining information about the vessels. General statistical information on the number and types of ships etc. may also be provided.

Access to the database has been granted to the Commission for Combating Corruption and Confiscation of Illegally Acquired Property (Komisiya za protivodeystvie na koruptsiyata i za otnemane na nezakonno pridobitoto imushtestvo), the National Revenue Agency, the State Agency for National Security (Darzhavna agentsiya 'Natsionalna sigurnost') and the Border Police (Granichna politsiya) under bilateral agreements concluded between the institutions concerned and the Maritime Administration Executive Agency. A possibility has been provided for granting access to other institutions as well as to court and public bailiffs. Access is granted with a unique password. Access is provided from an external IP address and through a firewall. For security reasons, a functionality exists to track each login to the system. External users may conduct searches in the database using the shipowner's unique ID number (if the shipowner is a Bulgarian national) or unique foreigner number (where the owner is a foreign national) and obtain redacted data from the register. In practice, the data concerned, i.e. whether the individual owns a vessel, the type of vessel and the port registration number, is the data relevant to the functions of the institutions to which access to the register has been granted.

Circumstances subject to entry in the register become effective vis-à-vis third parties only following their entry.

5. Information on databases for creditors to identify debtors' assets or claims

Most of the information in the national registers listed above is either wholly or partly public. In some cases, a fee may apply to certain searches.

Government and judicial authorities, and court and public bailiffs have full access to the data entered in the various registers.

6. Information on online judicial sales

Movable and immovable property, securities in paper form, distinct parts of undertakings, as well as industrial property rights subject to enforcement, may be sold under the rules of an electronic judicial auction. At the written request of a party to the enforcement proceedings, the bailiff conducts an electronic judicial auction.

The electronic judicial auction is conducted via the dedicated online platform of the Ministry of Justice (Ministerstvo na pravosadieto).

In order to participate in the auction, each bidder pays a deposit equal to 10% of the opening bid. The bidders are registered in the electronic environment with an electronic signature, or at the bailiff's office. The registration of bidders for the electronic auction lasts 1 month and ends at 17:00 on the day specified in the notice.

The electronic judicial auction is open for bidding for 7 days. The auction ends at 17:00 on the last day of this period, if no new bids are placed in the last 10 minutes of the auction. Where a new bid is placed in the last 10 minutes of the auction, the auction is automatically extended by a further 10 minutes, but for no more than 48 hours. The auction ends when no bid has been placed in the last 10 minutes.

Bids are made in single increments. The last bid placed by a bidder is published on the online platform for electronic judicial auctions.

After the electronic judicial auction has ended, the platform automatically sends a message to all authorised bidders about the last bid placed in respect of the property.

On the first working day after bidding has ended, the bailiff verifies all circumstances relating to the auction and draws up a report detailing all applications for participation received, including the authorised and unauthorised bidders, along with the reason, the bids received and a description of any technical problems encountered during the bidding, and declares the highest bidder as purchaser. The electronic auction is deemed to have ended once the bailiff signs the report. The report is published on the single online platform immediately to

ensure that all bidders have access to it.

The Ministry of Justice establishes and maintains a single online platform for electronic judicial auctions, which incorporates a register of judicial auctions and a system for conducting judicial auctions, and issues a regulation on the organisation, rules and operation of the online platform for electronic judicial auctions.

The online platform for electronic judicial auctions and the single entry point for attachments will operate on the basis of a common information system. This approach ensures automated data flow from the single entry point for attachments to the sales module and vice versa.

The information system acting as single entry point for attachments is a centralised database of all attachments imposed on movable property that are subject to registration by law.

The Ministry of Justice, the Ministry of the Interior, the Ministry of Transport and Communications and the Ministry of Agriculture (Ministerstvo na zemedeliето) exchange data electronically on movable property subject to registration in the registers kept by each institution, using the information system acting as single entry point for attachments.

The information system acting as single entry point for attachments in Bulgaria will ensure that data on movable property subject to a requirement for registration, on which attachments have been imposed in enforcement proceedings, is kept in a single central database. Access to the system is available to all competent bodies and persons in and outside Bulgaria.

On the basis of the data contained in the information system acting as a single entry point for attachments, the Ministry of Justice sends notifications of imposed attachments by way of an electronic administrative service. The system also enables inquiries to be made about attachments imposed on any person, subject to the requirements stipulated in the Electronic Government Act (*Zakon za elektronnoto upravlenie*). The services are requested through the electronic portal of the Ministry of Justice.

The Ministry of Justice collects fees for its services in amounts determined by a tariff adopted by the Council of Ministers.

Central and local government bodies, local administrations and the officials performing public functions have official access to the information system free of charge.

Note:

The information system, including the information system acting as single entry point for attachments in the Republic of Bulgaria and the online platform for electronic judicial auctions, has been in operation since 20 July 2023.

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