

1 Covid-19 impact on civil proceedings

1.1 Time limits in civil proceedings

Specific legislation:

- Law on the measures and actions during the state of emergency declared by a decision of the National Assembly of 13 March 2020 and on overcoming the consequences. – referred below as “*State of Emergency Law*”

Two periods according to the measures and actions are distinguished as follows: the period of the state of emergency (13.03-13.05.2020) and the period of two months after the lifting of the state of emergency (as from 14.05.2020):

A/ Measures and actions for the period of the state of emergency: 13 March – 13 May 2020

(Initially, the period of the state of emergency was fixed from March 13th till April 13th, 2020. This period has been prolonged till May 13th, 2020).

Procedural deadlines:

- *Suspension of deadlines:*

A II procedural deadlines in civil judicial, arbitration and enforcement proceedings are suspended except in the following civil and commercial litigation cases:

Cases for exercising parental rights only in respect of provisional measures;

Cases under the Domestic Violence Protection Act only concerning an order for immediate protection or amendment thereof, as well as in cases where the request for protection is rejected;

Permits for withdrawal of funds from children's deposits;

Interim proceedings;

Evidence preservation cases;

Requests under the Electronic Communications Act and in connection with termination of registry proceedings on the basis of an act of the court under the Law on the Commercial Register and the Register of Non-Profit Legal Entities;

The cases under Art. 62, para. 3 of the Credit Institutions Act. concerning signing a declaration pledging to safeguard bank secrecy;

The prescription periods upon the lapse whereof rights are extinguished or acquired for private entities are suspended.

B/ Measures and actions for the period of two months after the lifting of the State of emergency (as from 14.05.2020):

- *Suspension of deadlines:*

Within two months after the lifting of the state of emergency, all announced public sales and coercive seizures of possession, announced against individuals by public and private enforcement agents, shall be suspended and rescheduled, without fees nor expenses. At the request of the individual, made before the expiration of the term under sentence one, the public sales, respectively the coercive seizures of possession shall be rescheduled, without fees and expenses being due.

- *Extension of deadlines:*

Deadlines established by law (**except in the cases mentioned above**), expiring during the times of the state of emergency and which are related to the exercise of rights and obligations of private persons and entities, are extended by 1 month as of the end of the state of emergency.

- *Specific cases:*

During the state of emergency and for up to two months thereafter, bank accounts of individuals and medical establishments, salaries and pensions, medical apparatus and equipment shall be exempted from preservation/ protective measures. No inventory of movable property and real estate owned by individuals shall be made, except for liabilities for maintenance, for damage caused by tort/delict and for claims for maintenance, for damage caused by tort/delict and for claims for salaries. No seizures of bank accounts of municipalities are imposed for two months after the lifting of the state of emergency.

Up to two months after the lifting of the state of emergency, no interest and penalties are charged in case of delay in payment of obligations of private entities, debtors under credit agreements and other forms of financing provided by financial institutions under Art. 3 of the Credit Institutions Act, with the exception of the subsidiaries of the banks, including when the receivables are acquired by banks, financial institutions or third parties. The obligation cannot be declared earlier due/payable on demand and the contract cannot be terminated for default.

1.2 Judicial organization and Judiciary

Court hearings

Until the state of emergency is lifted, court hearings, may be held remotely, ensuring direct and virtual participation of the parties and participants in the proceedings. Minutes shall be drawn up for the meetings held and shall be published without delay and the minutes of the meeting shall be kept until the deadline for amendment and completion of the minutes. The court shall inform the parties when the hearing will be held at a distance.

The Supreme Judicial Council has issued orders for the provision of the necessary precautionary measures to prevent the spread of the virus in court buildings, for filing documents to courts by mail or electronically, as well as for consultation on the phone or electronically. For the mentioned hearings, summons is served by telephone or electronically.

Registry proceedings

The services provided by the Commercial Register and Register of non-profit legal entities and other registers are accessible online.

Notarial procedures

Notarial procedures are limited only to the emergency ones. Notarial proceedings shall be limited to urgent matters while complying with the hygiene requirements. The Notary Chamber shall provide notaries on duty in a proportion of at least one notary per 50,000 residents for the area of practice concerned.

1.3 EU Judicial Cooperation

International legal assistance is still provided by the Ministry of Justice and by the courts but might be delayed.

2 Insolvency related measures adopted or planned for adoption in member states after the outbreak of the pandemic

2.1 Substantive insolvency measures and related contracts affecting measure

2.1.1 Insolvency suspension

2.1.1.1 Suspension of duty to file for insolvency (debtors)

The Bulgarian national legislation provides for an obligation to file for insolvency by the debtor (its management) within 30 days of the occurrence of the insolvency/over-indebtedness (Art. 626 (1) of the Commercial Act).

The state of emergency had been terminated on 13th of May, 2020 for the whole territory of the Republic of Bulgaria. The deadlines for the implementation of all specific measures taken with the State of Emergency Law had expired. Respectively, the specific measures are no longer applicable.

2.1.1.2 Protection of debtors about insolvency filing from creditors

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2.1.2 Claim enforcement suspension and contract termination suspension

2.1.2.1 General / specific moratoria on claims enforcement / certain types of claims enforcement

The state of emergency had been terminated on 13th of May, 2020 for the whole territory of the Republic of Bulgaria. The deadlines for the implementation of all specific measures taken with the State of Emergency Law had expired. Respectively, the specific measures are no longer applicable.

2.1.2.2 Suspension of contract termination (general / specific contracts)

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2.2 Civil, including insolvency courts suspension and procedural suspensions

The state of emergency had been terminated on 13 May 2020 for the whole territory of the Republic of Bulgaria. The deadlines for the implementation of all specific measures taken with the State of Emergency Law had expired. Respectively, the specific measures are no longer applicable.

2.3 Other insolvency measures (those relating to avoidance actions, reorganization plans, informal agreements, and others if appropriate)

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2.4 Related non-insolvency measures (payment deferrals, bank loans, social security, health insurance, business subsidies)

In case of default on payment of obligations under bank loans and other forms of financing (factoring, forfeiting, etc.) provided by banks and financial institutions, as well as under lease contracts, interest and penalties shall not be imposed until the lifting of the state of emergency. Moreover, an obligation /payment cannot be required earlier and the contract cannot be terminated due to default (Art. 6 of the State of Emergency Law as amended and supplemented on 6th of April 2020).

The above measure has been revised with amendments to the State of Emergency Law as follows:

Within two months after the lifting of the state of emergency, in case of delay in payment of obligations of private entities, debtors under credit agreements and other forms of financing provided by financial institutions, with the exception of the subsidiaries of the banks, including when the receivables are acquired by banks, financial institutions or third parties, no interest and penalties shall be imposed, the obligation cannot be declared prematurely due and the contract cannot be annulled for non-compliance.

According to a new provision under the State of Emergency Law, entered into force on 17 of February 2021, precautionary measures shall not be imposed and enforcement actions shall not be carried out within two months after the cancellation of the emergency epidemic situation on funds paid to employees as compensations on the basis of an act of the Council of Ministers in connection with overcoming the occurred consequences of COVID-19; Distraint orders on the claims of employees under the first sentence, including those received on their bank or other payment accounts shall not be subject to execution (Art. 5, para 5 under the State of Emergency Law as amended and supplemented on 17 of February 2021).

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