

Social security review

Bulgaria – 2009 law changes – The main amendments in the social security and health insurance legislation



Amendments in the social security and health insurance legislation were introduced by the Law on the Budget of the State Social Security for 2009, the Law on the Budget of the National Health Insurance Fund for 2009 and the Law on the State Budget of the Republic of Bulgaria for 2009. The first two laws were promulgated in the State Gazette issue 109 of 23 December 2008 and the third one – in issue 110 of 30 December 2008. Some of the most important amendments effective as of 1 January 2009 are summarized below.

Rates of the statutory insurance contributions

As of 1 January 2009 the statutory insurance contributions are split between the employer and the employee as follows:

Type of contribution	Overall rate	Employer	Employee
Pension Fund Contribution*	13.00%	7.20%	5.80%
Universal Pension Fund*	5.00%	2.80%	2.20%
Labour Accident and Occupational Diseases Fund**	0.40%-1.10%	0.40%-1.10%	
Common Illness and Maternity Fund	3.50%	2.10%	1.40%
Unemployment Fund	1.00%	0.60%	0.40%
Health Insurance	8.00%	4.80%	3.20%
Total	31.00%-31.70%	18.00%-18.70%	13.00%

*For employees born before 1960 the overall Pension Fund Contribution is 18% (10% for the employer and 8% for the employee) and the contribution for the Universal Pension Fund is not due.

**The rate for Labour Accident and Occupational Diseases Fund varies between 0.4% – 1.10% depending on the type of the economic activity performed by the employer.

The above rates are applicable for the most common 3rd labour category, i.e. nonhazardous working conditions.

The overall rate for the Pension Fund Contribution is decreased from 17% to 13%, respectively the employer's rate - from 10.20% to 7.20%, and the employee's rate – from 6.80% to 5.80%. Additionally, as of 1 January 2009 the state starts contributing to the Pension Fund at a rate of 12%.

The overall rate for the Universal Pension Fund contribution remains the same in 2009, i.e. 5%. However, the employer's part decreases from 3% to 2.8%, whereas the employee's part increases from 2.00% to 2.20%.

The overall rate of the health insurance contribution rises from 6% to 8%, respectively the employer's part – from 3.60% to 4.80%, and the employee's part from 2.40% to 3.20%.

The rate for the Employees Receivables Guarantee Fund is reduced from 0.5% to 0.1%.

These amendments lead to a decrease in the total rate of the statutory insurance contributions from the range of 33.40%-34.10% to the range of 31.00%-31.70%, which is an absolute reduction of 2.4%. The latter reduction is fully for the employer as its part of the contributions is reduced from the range of 20.40%-21.10% to the range of 18.00%-18.70%. The employee's part remains the same as the one in 2008, i.e. 13.00%. The self-employed will benefit from the amendments as the total rate of their statutory insurance contributions reduces with 2.00% from 28.00% to 26.00%. This is due to the fact that the rate of the Pension Fund Contribution drops down with 4.00%, whereas the rate of the health insurance contribution rises with 2.00%.

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Furthermore, as of 1 January 2009 the state starts contributing to the Pension Fund for the self-employed at a rate of 12%, similarly to the implemented amendment concerning the employed individuals (see above).

Maximum and minimum Insurable income

In 2009 the maximum monthly cap for payment of the statutory insurance contributions remains the same as the one in 2008, i.e. BGN 2,000. However, the minimum monthly insurable income is increased compared to 2008 as follows:

- for the self-employed – from BGN 240 to BGN 260;
- for the employed – the average increase is 26.6% (the specific minimums vary depending on the employer's economic activity and the employee's profession).

New filing obligation for the self-employed

In case a self-employed individual declares in his/her annual personal income tax return income received during the tax year which relates to work/services performed in prior tax years, he/she will be obliged to attach to the tax return not only the regular statement for final determination of the monthly insurable income but also corrective statements for the respective prior tax years. The self-employed shall consider this amendment even for their 2008 personal income tax returns.

Maternity and childbirth benefit

The period for receiving the cash benefit for maternity and childbirth is raised from 315 to 410 calendar days (of which 45 days before the childbirth). However, the entitlement to this cash benefit arises if the mother has 12 months length of service as insured for the risk "common illness and maternity" (previously it was 6 months only). As before, the daily cash benefit amounts to 90% of the daily average gross remuneration/insurable income but up to the daily average net remuneration and the amount from which the benefit is calculated may not exceed the monthly maximum insurable income (i.e. BGN 2,000). The calculation of the benefit will be made based on the 12-month period preceding the month of occurrence of the temporary disability due to maternity and childbirth (previously it was 6 months only). Mothers for whom the 410-day period has not elapsed as at 1 January 2009 are still entitled to the abovementioned benefit till the end of this period.

Additionally, a father under certain conditions will be entitled to the above cash benefit for a period of 15 days after the discharge of his newly born child from the hospital in case he takes a childbirth leave. Furthermore, the father has the right to use the leave for maternity and childbirth instead of the mother with her consent and respectively receive the abovementioned cash benefit instead of her when the child becomes 6 months old till the end of the 410-day period. The entitlement to such cash benefit arises if the father has 12 months length of service as insured for the risk "common illness and maternity".

Other amendments

The cash benefit for raising a child until attainment of the age of 2 years is increased from BGN 220 to BGN 240. Nevertheless, the entitlement to this cash benefit arises if the insured person has 12 months length of service as insured for the risk "common illness and maternity" (previously it was 6 months only).

As of 1 April 2009 the maximum monthly pension rises from BGN 490 to BGN 700.

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