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CHANGES IN THE SOCIAL SECURITY LEGISLATION IN 2016

As of 1 January 2016 some important changes in the social security area come into force. The main changes concern the increase in the minimum salary and the minimum social security income for employees, the procedure and the deadlines for presenting by the insurers of documents for payment of social security benefits, as well as the enforcement of new rules for old-age and social security periods benefits eligibility.

SOCIAL SECURITY CONTRIBUTIONS AND SOCIAL SECURITY INCOME IN 2016

- **The social security contributions rates remain unchanged**

In 2016 the social security and healthcare contributions rates remain unchanged and are as follows:

Persons born before 1.01.1960 - Illrd category labour - insured for all insurable social risks - 2016

	general rates	at the insurer's expense (60%)	at the insured person's expense (40%)	
"Pensions" fund	17.8	9.9	7.9	
"General sickness and maternity" fund	3.5	2.1	1.4	
"Unemployment" fund	1	0.6	0.4	
"Labour accident and occupational disease" fund*	0.4	0.4		
"Workers and employees' guaranteed claims" fund**	0	0		
Health insurance	8	4.8	3.2	
	30.7	17.8	12.9	

Persons born after 31.12.1959 - Illrd category labour - insured for all insurable social risks - 2016

	general rates (%)	at employer's expense	at employee's expense	
"Pensions" fund	12.8	7.1	5.7	
Supplementary compulsory pension insurance	5	2.8	2.2	
"General sickness and maternity" fund	3.5	2.1	1.4	
"Unemployment" fund	1	0.6	0.4	
"Labour accident and occupational disease" fund*	0.4	0.4		
"Workers and employees' guaranteed claims" fund**	0	0		
Health insurance	8	4.8	3.2	
	30.7	17.8	12.9	

* The contributions for the "Labour Accident and occupational disease" fund vary between 0.4% and 1.1% depending on the economic activity of the employer.

** No contributions to the "Workers and employees' guaranteed claims" fund shall be due in 2016.

- **The minimum employment salary increases**

As of 1-st January 2016 the minimum monthly employment salary is increased from BGN 380 to BGN 420.

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- **The minimum social security thresholds per profession increase**

The increased minimum social security income on which contributions are paid per profession can be found in Attachment No. 1 to the State Social Security Budget Act for 2016. The minimum social security income applies to persons working under employment and management agreements.

The minimum social security thresholds for self-employed persons remain unchanged.

- **The maximum social security income remains unchanged**

In 2016 the maximum social security income would remain BGN 2 600.

- **No contributions for the Workers and Employees' Guaranteed Claims fund**

In 2016 no contributions for the Workers and Employees' Guaranteed Claims fund shall be due.

CHANGES IN THE SOCIAL SECURITY LEGISLATION

As of 1-st January 2016 the following legislative amendments enter into force:

- **Changes concerning filing of documents for payment of social security benefits by insurers and self-employed persons**

Shorter deadline for presenting the documents

Insurers and self-employed persons are provided with shorter deadlines for presenting documents and data with the competent National Social Security Institute office for payment of the following social security benefits:

- i. sickness benefits or vocational rehabilitation benefits
- ii. maternity benefits
- iii. child care benefits

In view of the above, as of 2016 insurers need to provide the necessary documents and data until 10-th of the month following the month, when the insured person presented the documents for the benefits to the insurer (before the changes the deadline was the 15-th of the following month).

On the other hand, the deadline for self-employed persons would be the 10-th of the month following the month, when the documents for the benefit were issued or as of which the benefit is claimed (before the changes the deadline was the 15-th of the following month).

Format of presenting the documents

In addition to the above, there are also new rules concerning the format of presenting the documents and data for social security benefits payment. The new rules stipulate that:

- i. Up to two documents can be filed on paper, on an electronic carrier or by electronic means using a qualified electronic signature;
- ii. Documents exceeding two shall be presented only on an electronic carrier or by electronic means using a qualified electronic signature;
- iii. When the documents are more than ten, they shall be filed only by electronic means using a qualified electronic signature;

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- iv. The social security funds would provide documents by electronic means using a qualified electronic signature.

The electronic filing of the documents is carried out using a web application accessible on the website of the National Social Security Institute, or by using software distributed free of charge by the National Social Security Institute, by means of a qualified electronic signature.

It should be also borne in mind that following the adoption of the new Regulation on the social security benefits and aids, which enters into force on 1-st January 2016, the declarations presented by the insured persons to the insurers with regard to payment of sickness and maternity benefits should be drafted in the new template forms set forth in the Regulation.

- **Increase of the old-age and social security periods required for obtaining old age benefits**

On 1-st January 2016 new rules on old-age and social security periods pension eligibility enter into force. In 2016 women will be entitled to retire at the age of 60 years and 10 months if they have at least 35 years and 2 months of social security periods, while men would be eligible to pension when they reach the age of 63 years and 10 months provided they have at least 38 years and 2 months of social security periods.

As of 31-st December 2016 the retirement age and social security periods would gradually increase each year until the age of 65 both for men and women and social security periods of 37 years for women and 40 years for men. Following 31-st December 2037 the retirement age would be tied to the increase in the average life expectancy.

- **Reduced old-age and social security periods pension**

As of 2016 persons who have the required social security periods for pension but have not reached the retirement age shall be entitled, at their discretion, to retire up to one year earlier than the required age by virtue of Art. 68a of the Social Security Code. In this case, however, their pension would be paid in a reduced amount for life.

CHANGES IN THE LABOUR CODE

With regard to the introduction of the new reduced old-age and social security periods pension, the Labour Code has been amended in order to provide for new grounds for termination of the employment agreement by the employer with a termination notice in the following cases:

- when the employee is granted a reduced old-age and social security periods pension pursuant to Art. 68a of the Social Security Code;
- when the employment agreement has been signed after the employee has been granted a reduced old-age and social security periods pension pursuant to Art. 68a of the Social Security Code.

The dismissal grounds correspond to the termination grounds in cases, where employees become entitled to the general old-age and social security periods pension.

Further, in order to guarantee equal treatment of retired employees regardless of whether they are entitled to the general old-age pension or to the reduced one, the employees who at the time of the termination of their employment agreement are eligible for a reduced old-age pension pursuant to Art. 68a of the Social Security Code would be entitled to a severance payment for the dismissal in the amounts stipulated in Art. 222 of the Labour Code – the two-

fold amount of the gross salary in the general case and the six-fold amount of the gross salary if the employee has been working for the same employer for the last 10 years.

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