

Amendments in the social security and health insurance legislation, in force as of 1 January 2006

1. Thresholds of the income for social security purposes and rates of the statutory social security contributions

In the State Gazette, issue 104 of 27 December 2005, a Law on the Budget of the State Social Security (LBSSS) for 2006 was published. It provides for **the rates of the social security contributions and the thresholds of the income for social security purposes for 2006**. They are as follows:

- Maximum monthly limit of the income for social security purposes – BGN 1,400.
- Minimum monthly limit of the income for social security purposes for 2006 – BGN 220 (the same as the one in 2005).
- A new table was adopted – Appendix No 1 under Art. 8, i. 1 LBSSS for the minimum monthly limits of the income for social security purposes by major economic activities and qualification groups of professions for the individuals insured on income under employment relations, individuals working under contracts for management and control of companies and individuals on elective positions receiving income thereby.

When determining the minimum income for social security purposes per major economic activities and qualification groups of professions for 2006, the National Classification of Professions, adopted by Order No 54 of the Minister of Labour and Social Policy of 1996, continues to be applicable.

- We would like to offer to your attention the following comparative table for the rates of the statutory social security contributions for 2006 and 2005, applicable in the case of third labour category for the individuals insured for all social security risks and their allocation by State Social Security Funds and ASP, and between the employees and the employers respectively:

<i>Social security contributions – third labour category</i>						
Social security contributions	Year 2006			Year 2005		
	Employee's share	Employer's share	Total	Employee's share	Employer's share	Total
<i>For individuals, born before 1 January 1960:</i>						
Pension Fund	8.050%	14.950%	23.00%	8.70%	20.30%	29.00%
<i>For individuals, born after 31 December 1959:</i>						
Pension Fund	6.650%	12.350%	19.00%	7.80%	18.20%	26.00%
ASP in a universal pension fund	1.400%	2.600%	4.00%	0.90%	2.10%	3.00%
Common Disease and Maternity Fund	1.225%	2.275%	3.50%	0.90%	2.10%	3.00%
Unemployment Fund	1.050%	1.950%	3.00%	1.05%	2.45%	3.50%
Labour Accident and Professional Disease Fund	-	0.400% - 1.100%	0.40% - 1.10%	-	0.40% - 1.10%	0.40% - 1.10%

Total	10.325%	19.575% - 20.275%	29.90% - 30.60%	10.65%	25.25% - 25.95%	35.90% - 36.60%
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- The contribution rate for Employees' Guaranteed Receivables Fund, which is solely on the employers' account, is 0.5% (the same as the rate in 2005).

2. Rate of the statutory health insurance contribution

In the State Gazette, issue 102 of 20 December .2005, a Law on the Budget of the National Health Insurance Fund for 2006 was published. It provides for the rate of the statutory health insurance contribution for 2006, which is the same as compared to the prior years – 6%.

3. Other amendments in the Social Security Code and the Health Insurance Act (HIA):

- Possibilities for acquiring length of service for social security purposes under a special contribution-making procedure. In the State Gazette, issue 102 as of 20 December 2005, a Law on Amendment of SSC (LASSC) was published, in force as of 20 December 2005, which amended § 9 of the Transitional and Conclusive Provisions (TCP) of SSC. The cited provision provides for special possibilities for acquiring length of service for social security purposes, which are substantially broadened:
 - it is provided for a possibility for acquisition of length of service by a specific category of individuals, who have reached retirement age in accordance with the provisions of SSC (Art. 68, para 1 and 2), but who lack up to 5 years of length of service for obtaining the right of pension for length of service and age (para 3 of § 9);
 - a limitation is implemented that if an individual has paid contributions for the whole period of his/her education in a university, than he/she does not have the right to acquire length of service under § 9, para 3;
 - the deadline for exercising the right to acquire length of service under the above discussed procedure is 31 December 2015;
 - the base for calculation of the contributions has been increased. It is the minimum income for social security purposes of the self-securing individuals prescribed by LBSSS as at the date of payment of the contributions.

With respect to the changes in § 9 of TCP of SSC and the resolving of specific cases concerning the application of this provision, NSSI issued a letter, ref. No 91-01-6/10-Jan-2006.

- Changes made by § 10 and § 19 of the TCP of the Tax and Social Security Proceedings Code (the State Gazette, issue 105 of 29 December 2005), respectively in SSC and HIA. The amendments are related to the adoption of the new Tax and Social Security Proceedings Code and the establishment of the National Revenue Agency, and they can be summarized as follows:
 - As from 1 January 2006, employers, contribution payment centers and the self-securing individuals shall provide data about the individuals, who are subject to social

security and health insurance, in the competent territorial directorate of NRA and pay the social security and health insurance contributions due in the bank account of this directorate;

- A new Regulation No N-8 of 29 December 2005 was adopted - for the contents, the terms and procedure for filing and keeping of data by employers and the self-securing individuals. The new Regulation replaced Instruction No 1 of NSSI as of 11 February 2000 for Data Collection from the Employers about their Employees and from the Self-Securing Individuals;
- As from the beginning of the year, the registration of employers and the self-securing individuals in NSSI is made ex officio on the basis of information provided by NRA;
- As from 1 January 2006, the obligation for declaration of bank accounts when opened or closed is abolished – NRA provides this information ex officio to NSSI.

The information provided in this letter presents just a summary of some of the amendments and supplementations to the social security and health insurance legislation and it is not complete. Should any questions arise with regard to the application of the new provisions, please, do not hesitate to contact us on tel. 943 37 00, fax 943 37 07, e-mail: office@afa.bg, or postal address: 38, Oborishte Str., Sofia 1504.