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2021-2024

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EUROMOD is the tax-benefit microsimulation model for the European Union (EU). It enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

EUROMOD covers the 27 Member States and is yearly updated to cover the most recent changes in countries' policy systems. It uses input databases which are also updated on a yearly basis, coming mainly from the European Union Statistics on Income and Living Conditions (EU-SILC) and Household Budget Surveys (HBS). The model yearly update is supported by the following Directorate-Generals of the European Commission: DG EMPL, DG ECFIN, DG TAXUD, DG REFORM, DG JRC, DG ESTAT.

Originally maintained, developed and managed by the Institute for Social and Economic Research (ISER), since 2021 these responsibilities are taken over by the Joint Research Centre (JRC) of the European Commission, in collaboration with Eurostat and 27 national teams from the EU countries.

The EUROMOD governance structure consists of a Steering Committee, allowing partner DGs to monitor the process of the EUROMOD update, and a Scientific Advisory Board to monitor and guide the scientific development of the model.

This report documents the work done in the most recent annual update for Bulgaria. This work was carried out by the EUROMOD core development team, based at the JRC in Seville, in collaboration with the national team.

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The results presented in this report are derived using EUROMOD version J1.0+. EUROMOD is continually being improved and the results presented here may not match those that would be obtained with earlier or later versions of EUROMOD.

EUROMOD documentation: <https://euromod-web.jrc.ec.europa.eu/resources/documentation>

Glossary of EUROMOD terms: <https://euromod-web.jrc.ec.europa.eu/resources/glossary>

Policy parameters used in EUROMOD: <https://euromod-web.jrc.ec.europa.eu/resources/parameters>

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1. Basic Information

1.1. Basic information about the tax-benefit system

- The Bulgarian tax-benefit system is largely a unified national system. The Consolidated National Budget has three major components: the budget of the central government (Republican Budget), the budget of the Social Insurance Funds (SIF), and the summary budget of the local governments (or Municipal Budgets). The parameters of the main taxes (VAT, corporate tax, personal income tax (PIT), and social insurance contributions (SIC)) are determined by legal acts of the National Parliament and the respective revenues are collected by the central government. Under some regulation, the local taxes are set by the local governments (Municipal Councils) but the revenues from these taxes have insignificant shares in the overall tax burden. Social transfers are set and administered by agencies of the central government and there are not any significant benefits that are provided by the local governments

- Social benefit system is governed at a central level and there are no regional differences in the application of the relevant legislative acts. The legislation is adopted by the National Assembly (laws) but some of the legislative acts (regulations, decrees, orders, etc.) are adopted by the Council of Ministers.

- The municipalities, at their own initiative, can also adopt and implement policies in that field. In principle, these initiatives envisage the provision of in-kind benefits (housing, social services, targeted support to the vulnerable groups of the population, transportation services for people with disabilities, etc.).

- The fiscal year for taxes and benefits runs from 1 January to 31 December. The start of the calendar year is usually the moment when changes in tax-benefit regimes apply

- According to Code on Social Insurance (*Кодекс за социално осигуряване*) the standard retirement age in 2024 is 62 years and 2 months for women and 64 years and 7 months for men. The right to an old-age pension arises if the following cumulative conditions are fulfilled: (1) the person has reached the statutory retirement age and (2) the person can prove the existence of a minimum period of a contributory service.

Table 1.1 Conditions for acquiring a right to an insurance and old-age pension (2021-2024)

Year	Women		Men	
	Standard retirement age	Minimum period of contributory service	Standard retirement age	Minimum period of contributory service
2020	61 y. 6 m.	35 y. 10 m.	64 y. 3 m.	38 y. 10 m.
2021	61 y. 8 m.	36 y.	64 y. 4 m.	39 y.
2022	61 y. 10 m.	36 y. 2 m.	64 y. 5 m.	39 y. 2 m.
2023	62 y.	36 y. 4 m.	64 y. 6 m.	39 y. 4 m.
2024	62 y. 2 m.	36 y. 6 m.	64 y. 7 m.	39 y. 6 m.

- In 2015, a pension reform regarding conditions for acquiring a right to an old-age pension was introduced. According to the reform, the retirement age for women should rise by 2 months per calendar year and by 3 months until reaching 65 years of age for both sexes. The retirement age for men should rise by 2 months per calendar year in 2017, and by 1 month per calendar year after that until reaching 65 years of age. In addition, from 2017 the length of required contributory service will rise by 2 months per calendar year until reaching 37 years for women and 40 years for men. In addition, as of 2016, people who have the required length of insurance can retire 1 year earlier than the standard retirement age with a reduced pension (0.4% per each month of earlier retirement).

- If the condition on the minimum period of contributory service is not fulfilled, as of 2023 both women and men can retire at the age of 67 years (65 years and 10 months in 2016) if they can prove that they have completed at least 15 years of contributory service.

- There are specific early retirement regimes for some categories of insured such as people working at hazardous and unhealthy working conditions, military servicemen, teachers, etc.

- Main definitions used in tax-benefit system in Bulgaria:

Family: The Bulgarian tax-benefit legislation contains different definitions of “family”:

Family Allowances Act (*Закон за семейни помощи за деца*): Family includes: (a) spouses (married couples) and their children up to 18 years of age and children aged 18-20 years if they are still in secondary education (born, fathered, adopted, stepchildren, except those who have marriage); (b) parents living together outside marriage (have the same current address) and their children up to 18 years of age and children aged 18-20 years if they are still in secondary education (born or fathered, except those who have marriage); (c) the parent and her/his children up to 18 years of age and children aged 18-20 years if they are still in secondary education (born, fathered or adopted, except those who have marriage). This definition entered into force in August 2015 as the points (b) and (c) were added to the existing definition.

Regulation on the Implementation of the Social Assistance Act (*Правилник за прилагане на Закона за социално подпомагане*): For the purposes of social assistance policy, “family” includes spouses (married couple) and their spouses (married couples) and their children up to 18 years of age and children aged 18-20 years if they are still in secondary education (born, fathered, adopted, stepchildren, except those who have marriage). However, the Social Assistance Law distinguishes the category “cohabiting people”, i.e. people, relatives or not, who live together, share the same dwelling and are registered at the same address.

Child: The Child Protection Act (*Закон за закрила на детето*) stipulates that “child” is any natural person, who has not reached the age of 18. However, for social protection purposes a broader definition for a “dependent child” is used. According to the FAA and Social Assistance Act (*Закон за социално подпомагане*) apply a “child” could be a person up to 20 years of age if he/she is still enrolled in the secondary school (see the definition of “family”). According to the Law on preschool and school education (*Закон за предучилищното и училищното образование*), schooling up to the age of 16 is compulsory.

Twins: The Family Allowance Act (*Закон за семейни помощи за деца*) stipulates that “twins” are two or more children born alive after multiple gestation pregnancy.

Single parent (lone parent): According to the Regulation on the Implementation of the Social Assistance Act (*Правилник за прилагане на Закона за социално подпомагане*), “single parent” is a person, who, due to widowhood, divorce or other reason, brings up alone children up to 18 years of age (20 years of age if the child is still enrolled in the secondary school).

Child with one living parent: The Family Allowance Act (*Закон за семейни помощи за деца*) stipulates that “child with one living parent” is a child who has not come of age, or a child of legal

age who continues his/her studies, until graduation from high school, but not after the age of 20, one of whose parents (adoptive parents) has died, and who is being brought up by his/her other parent (adoptive parent), where the latter has not been married before the registrar.

Child with permanent disability: As of 1 January 2017, according to the Family Allowance Act (*Закон за семейни помощи за деца*), “child with permanent disability” is a person up to 20 years of age with a type and degree of disability of 50% or more, or permanently reduced working capacity. This is a major change as far as until the end of 2016, the definition considered that “child with permanent disability” is a child who has not reached the age of 16 with a specific type and degree of disability of 50% or more and a person between 16 and 20 years of age with reduced working capacity of 50% or more.

Orphan child: According to the Regulation on the Implementation of the Social Assistance Act (*Правилник за прилагане на Закона за социално подпомагане*), “orphan child” is a child who has not reached age of 18 and whose parent (or both parents) has passed away.

Mothers of multiple children: The Family Allowance Act (*Закон за семейни помощи за деца*) stipulates that “mothers of multiple children” are mothers who have given birth, or have adopted, and brought up three or more children above the age of one.

People with disabilities: According to the People with Disabilities Act (*Закон за хората с увреждания*) which entered into force from 01.1.2019, people with disabilities are individuals with physical, mental, intellectual and sensory impairment who, in interaction with their surroundings, could impede their full and effective participation in public life.

People with permanent disabilities: According to the People with Disabilities Act (*Закон за хората с увреждания*) which entered into force from 1 January 2019, people with permanent disabilities are individuals with permanent physical, mental, intellectual and sensory impairment that, in interaction with the surrounding environment, could impede their full and effective participation in public life and to which the medical expertise has established a type and degree of disability 50 and over 50 per cent.

- Bulgarian PIT system is based on the taxation of the individual, with the spouses being assessed independently. After subtracting the tax exemptions from the annual tax base and applying all legal deductions, the PIT amount since 2008 has been calculated using a flat income tax rate of 10%.
- The incomes from different sources are taxed with the same tax rate of 10%, but the tax exemption from the annual tax base varies for different income sources
- The period of taxation with PIT covers one fiscal year. Each individual with taxable income is obliged to submit a Tax Declaration regulated by the Income Taxes on Natural Persons Act (*Закон за данъка върху доходите на физическите лица*) usually till the end of April the following year. There is an important exclusion for this duty – it applies to any individual that has received income **only** from employment relations on labour contract.
- The social insurance contribution rates are determined in the Code on Social Insurance (CSI) with the exception of the rates of the contributions to Employment Injury and Occupational Disease Fund (*Фонд „Трудова злополука и професионална болест“*) and to the Guaranteed Receivables of Workers and Employees Fund (*Фонд „Гарантирани вземания на работниците и служителите*) which are determined in the Law on the Budget of Public Social Insurance (*Закон за бюджета на държавното обществено осигуряване*). The health insurance contribution rate is determined in the Health Insurance Fund Budget Act (*Закон за бюджета на Националната здравно-осигурителна каса*).

- The Law on the Budget of Public Social Insurance (*Закон за бюджета на държавното обществено осигуряване*) determines: (1) the maximum monthly amount of the contributory income during the calendar year for all categories of insured people; (2) the minimum monthly amount of contributory income for the calendar year for self-employed persons; (3) the minimum monthly amount of the contributory income for employees, according to main economic activities and occupation groups.

- In Bulgarian tax-benefit system all social insurance and social assistance benefits *are not taxable*.

- There is no systematic statutory indexation of tax schedules and benefit levels to inflation in general in Bulgaria. There are no specific rules imposing an obligation to the public authorities to apply an automatic indexation of social benefits. The following table gives an overview of the indexation of pensions as they have the largest share in the total social protection expenditures:

Table 1.2 Pension indexation rules (2020-2023)

Year	Indexation rules	Ad-hoc increases and lump-sum supplements
2020	As of 1 July 2020, all pensions granted before 31 December 2019 were increased by 6.7%.	In April 2020, all pensioners the amount of whose pension was below BGN 363, received a lump-sum supplement of BGN 40. From August to December 2020, all pensioners, regardless of the amount of their pension, received a lump-sum supplement of BGN 50.
2021	As of 1 July 2021, all pensions granted before 31 December 2020 were increased by 5.0%.	From January to September 2021, all pensioners, regardless of the amount of their pension, received a lump-sum supplement of BGN 50, and BGN 120 from October to December 2021.
2022	As of July 2022, all earnings-related pensions granted before 31 December 2021 were increased by 10%. After that all supplements (with the exception of the Easter supplement) received in the period from January to June 2022 were added to the base pension amount (BGN 60 plus the so-called “individual compensation”) were added to the base pension amount.	From January to June 2022, all pensioners, regardless of the amount of their pensions, received a lump-sum supplement of BGN 60. In April 2022, all pensioners received a lump-sum supplement of BGN 70 (Easter bonus). From January to June 2022, all pensioners, regardless of the amount of their pensions, received a lump-sum supplement equal to the difference between their pension income in December 2021 and January 2022 (the so-called “individual compensation”). If their pension income in January 2022 was higher, the supplement was not paid. From January to June 2022, all pensioners, who got vaccinated against COVID-19, completed their vaccination series or got a booster dose of a COVID-

EUROMOD Note: As the supplements were added to the base pension amount, they should be taken into account in all subsequent indexations. Therefore, they should be added to the pension income until SILC with 2022 income data is used. The amount of the so-called “individual compensation” is unknown, so only BGN 60 (COVID-19 supplement) is added.

<p>2023 As of 1 July, all earning-related pensions granted before 31.12.2022 were increased by 12%. The same percentage is applied to non-contributory pension amounts.</p>	<p>19 vaccine, received a lump-sum pension supplement of BGN 75. The supplement was paid only once.</p> <p>As of 1 October, all earnings related pensions were recalculated according to the year when the entitlement arose. As a result, approximately 45.3% of the pensioners got their pensions increased by 15.2% on average.</p> <p>In December 2022, all pensioners received a lump-sum pension supplement of BGN 70.</p> <p>As of 1 April, all pensioners the amount of whose pension was below BGN 504 received a lump-sum pension supplement of BGN 70.</p>
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- According to the Code on Social Insurance (*Кодекс за социално осигуряване*), earnings-related pensions granted before 31 December of the previous year, should be increased as of 1 July by a percentage calculated as the sum equal to 50% of the harmonized consumer price index and 50% of the increase of the average contributory income for the country for the previous calendar year. The percentage will be set by the Supervisory Council of the National Social Security Institute (*Надзорен съвет на Националния осигурителен институт*). Sometimes this rule is not applied (for details see Table 1.2).

- The amount of the minimum old-age pension is determined in the Law on the Budget of Public Social Insurance (*Закон за бюджета на държавното обществено осигуряване*): from 1 January to 24 December 2021 – BGN 300; from 25 December 2021 to 30 June 2022 – BGN 370; from 1 July 2022 to 30 June 2023 – BGN 467; from 1 July 2023 to 30 July 2023 – BGN 523.04; as of 1 July 2024 – BGN 580.57.

- The general rule is that the maximum pension amount should be determined as of 1 July as 40% of the maximum amount of the contributory income for the country for the respective calendar year. However, since 2020 the general rule has not been applied and the maximum pension amount has been determined through a political decision. In 2020 and 2021, the maximum pension amount remained BGN 1 200. It was increased to BGN 1500 as of 25 December 2021, to BGN 2000 as of 1 July 2022 and to BGN 3400 as of 1 October 2022.

- The minimum and maximum amounts of the unemployment benefit (UB) and the amount of the cash benefit for bringing up a child up to age of 2 are determined in the Law on the Budget of the Public Social Insurance (*Закон за бюджета на държавното обществено осигуряване*).

- The amount of the social old-age pension is determined in a decree adopted by the Council of the Ministers.

- The absolute amounts of the family allowances are determined annually in the State Budget of the Republic of Bulgaria Act (*Закон за държавния бюджет на Република България*) as that they should not be lower than the levels in the previous year.

- Regarding the social assistance benefits, until June 2023 the benefit amount was determined on the basis of the amount of the Guaranteed Minimum Income (*Гарантиран минимален доход – GMI*). The GMI amount was determined by the Council of Ministers. Since 1 June 2023, the right

to and the amount of the social assistance benefits depends on the so-called “social assistance base” (*основа за подпомагане*) equal to 30% of the official poverty line for the country for the given year. The official poverty line is determined by the Council of Ministers.

- The access to the targeted heating allowances is dependent upon the so-called “Differentiated Heating Income” (*Диференциран доход за отопление – DHI*). Since 9 June 2023, DHI is a percentage of the so-called “social assistance base” (*основа за подпомагане*). Before that DHI was determined according to the value of the so-called “Basic Heating Income” (*Базов доход за отопление*) equal to the 2-fold amount of GMI.

- There are **different rules** concerning the assessment of the means-tested benefits:

Allowances under the Family Allowances Act (Закон за семейни помощи за деца):

- The means-test includes all gross incomes of the family, taxable under the Income Taxes on Natural Persons Act (*Закон за данъците върху доходите на физическите лица*), as well as all received pensions, benefits and scholarships
- Scholarships of students until graduation from high school, but not after the age of 20, as well as allowances and funds received under the the Family Allowances Act (*Закон за семейни помощи за деца*) and under the Child Protection Act (*Закон за закрила на детето*) are not included in the means-test. Some allowances granted under the People with Disabilities Act (*Закон за хората с увреждания*) are not be included in the means-test as well.
- The supplement for care by assistant, which is granted under the Code on Social Insurance (*Кодекс за социално осигуряване*), and some other forms of assistance provided to families with children, are not included in the means-test (see 2.4.9 for details).
- The reference income is the income for the last 12 months.
- The assessment is done annually. However, the recipients are obliged to inform public authorities and to declare any changes which might have influence their eligibility.

Allowances under the Social Assistance Act (Закон за социално подпомагане):

- The means-test includes: wages and all other incomes from labour activities; incomes from economic activity in agriculture, forestry and fishing; income from sales of immovable or/and movable property; income from rents, leases, etc.; royalties; equity yields and other capital incomes; allowances and benefits; pensions; scholarships; monthly family allowances; alimonies; other incomes (not included in the list).
- The following incomes are not included in the means-test: allowances granted under the Social Assistance Act (*Закон за социално подпомагане*); the supplement for care by assistant; one-off pensions and ad-hoc compensations to the pensions; supplements to pensions of war veterans; the one-off benefit upon childbirth; targeted allowances for free railway and bus transport to mothers of multiple children; targeted allowances to schoolchildren; monthly allowances for social integration of people with disabilities; allowances granted by the Council of Ministers’ act.
- The reference income for determining the right to monthly social assistance allowance is the income for the last month. The income for the last 6 months is used for determining the right to targeted heating allowances.
- The recipients are obliged to inform public authorities and to declare any changes which might have influence their eligibility to social assistance benefits.

Allowances under the Child Protection Act (Закон за закрила на детето):

- The means-test includes: wages and all other incomes from labour activities; incomes from economic activity in agriculture, forestry and fishing; income from sales of immovable or/and movable property; income from rents, leases, etc.; royalties; equity yields and other capital incomes; allowances and benefits; pensions; scholarships; monthly family allowances; alimonies; other incomes (not included in the list).
- The following incomes are not included in the means-test: allowances granted under the Child Protection Act (*Закон за закрила на детето*); the supplement for care by assistant; one-off pensions and ad-hoc compensations to the pensions; supplements to pensions of war veterans; the one-off benefit upon childbirth; monthly allowances for social integration of people with disabilities; allowances granted by the Council of Ministers' act.
- The reference income for determining the right to monthly social assistance allowance is the income for the last month.
- The assessment is done once (for the one-off allowances) and annually (for the monthly allowances). The recipients are obliged to inform public authorities and to declare any changes which might have influence their eligibility.

Allowances under the People with Disabilities Act (Закон за хората с увреждания - entry into force from 01.1.2019):

- The means-test includes: gross income of the family from all sources which are subject to taxation under the Income Taxes on Natural Persons Act (*Закон за данъка върху доходите на физическите лица*) – wages, salaries, fees, rents, income from property, income from activities in agriculture, forestry and fisheries; income from pensions; benefits; allowances; scholarships; alimonies.
- The following incomes are not included in the means-test: financial support received under the People with Disabilities Act (*Закон за хората с увреждания*); supplement for care by assistant (*Добавка за чужда помощ*); one-off allowance upon childbirth under the Family Allowances Act (*Закон за семейни помощи за деца*); humanitarian aid; lump-sum pension payments; pension supplements received by war veterans; all benefits and allowances received under the Child Protection Act (*Закон за закрила на детето*).
- The reference income for determining the right to targeted lump-sum allowances is the income for the last 12 months.
- As means-tested allowances granted under the People with Disabilities Act (*Закон за хората с увреждания*) are one-offs, the assessment is done only once.

The policy parameters saved as constants in the model and their values for the most recent year are available at <https://euromod-web.jrc.ec.europa.eu/resources/parameters>.

1.2. Benefits

1.2.1. Unemployment benefits

Unemployment benefit (*Обезщетение за безработица*): it is a contributory benefit provided to the unemployed, only if the person became unemployed involuntarily and is actively searching for a job. The beneficiary should not be entitled to an old-age pension and should not undertake an economic activity requiring compulsory social insurance. Furthermore, since the benefit is contributory, it is granted if the unemployed person has been insured for *at least 12 months during the last 18 months* before the termination of the employment (9 months during the last 15 months before 2018). It is equal to 60% of the contributory income for the last 24 months (since 1 January

2012) and its daily amount should not be between a fixed minimum and maximum amount. The duration of the benefit is between 4 and 12 months depending on the length of the contribution history of the individual.

1.2.2. Sickness benefits

Cash benefit for sickness due to general disease (*Парично обезщетение за временна неработоспособност поради общо заболяване*): it is a contributory benefit granted upon a medical referral and under the condition that the person has been insured for at least 6 months. The requirement for 6 months of insured length of service shall not apply to those under the age of 18. The daily cash benefit for temporary disability through common disease is equal to 80 % of the contributory income for the last 18 months (18 months – since 1 January 2012).

Cash benefit for sickness due to an employment injury or occupational disease (*Парично обезщетение за временна неработоспособност поради трудова злополука или професионална болест*): it is a contributory benefit granted upon a medical referral. Notwithstanding that the benefit is contributory, no qualification period is required. The daily cash benefit for temporary disability through common disease is equal to 90 % of the contributory income for the last 18 months (18 months – since 1 January 2012).

1.2.3. Maternity benefits and family allowances

Cash benefit for pregnancy and childbirth (*Парично обезщетение при бременност и раждане*): it is a contributory non means-tested benefit granted to mothers upon a medical referral and under the condition that the mother has been insured at least for 12 months. The benefit is paid for a period of 410 days, 45 days of which – before the anticipated date of delivery. Fathers have a right to a benefit for a period of 15 days immediately after the childbirth. The same eligibility conditions apply. Moreover, the benefit can be received by the fathers (instead of mothers) from the 6th month until the 1st year of the child and upon the mother's approval. The benefit amounts 90% of the contributory income for the last 24 months (2013) and for the last 18 months (2014) and for the last 24 months (from 2015). The daily cash benefit may not be more than the average daily net remuneration for the period based on which the benefit has been calculated, or less than the minimum daily wage. As of 1 June 2017, mothers can receive 50% of the benefit if they do not use the rights that they are entitled to (if eligibility conditions are fulfilled), or if they interrupt the receipt of the benefit due returning to work. In some cases (in case of mother's death or if she has been denied paternity rights) this opportunity can be used by the father (if he fulfils the eligibility conditions). As of 1 June 2017, if some of the following events occur before the 42th day after the childbirth: (1) the child is born dead or deceases before; (2) the child is accommodated to a family of relatives or foster families as a child protection measure; (3) the child is included in the list of children available to be fostered, mothers can receive a maternity and family benefit until the 42th day following the childbirth. If her working capacity is not fully recovered, the duration of receipt can be prolonged upon a decision of competent medical authorities. If the mentioned events occur after the 42th day following the childbirth, the benefit receipt shall be terminated if mother's working capacity is fully recovered.

Cash benefit for bringing up a child up to age of 2 (*Парично обезщетение при оглеждане на дете до 2-годишна възраст*): it is a contributory non means-tested benefit granted upon a medical referral and under the condition that the person has been insured at least for 12 months. The mother can receive 50% of the benefit if she does not use the right which she is entitled to (in case that she fulfils all eligibility conditions), or if she interrupts the receipt of the benefit due to returning to work. In some cases, the benefit can be paid to the father or, since June 2017, to one of the mother's parents – if the following conditions are fulfilled: (1) the mother is severely diseased and father is either deceased or missing, and (2) the mother's parent should be employed on a labour contract. The person whom the benefit is paid to has to use the paid-leave for bringing up a child up to age 2

according to the regulations of Bulgarian Labour Code (*Кодекс на труда*). The amount of the benefit is determined by the Law on the Budget of Public Social Insurance (*Закон за бюджета на държавното обществено осигуряване*).

Cash benefit in case of adoption of a child up to age of 5 (*Парично обезщетение при осиновяване на дете до 5-годишна възраст*): it is a contributory non means-tested benefit which has been introduced since 1 January 2014. It is given to people who have been insured against the sickness and maternity risks for at least 12 months and who are in paid leave in case of adoption of child between 2 and 5 years, according to the Labour Code (*Кодекс на труда*). The duration of the benefit is 365 days, but cannot be received after the 5th year of the child. The benefit amount is equal to 90% of the contributory income for the last 24 months. The daily cash benefit may not be higher than the average daily net remuneration for the period used as a basis for determining the amount of the benefit, or lower than the minimum daily wage.

Monthly allowance for bringing up a child up to age of 1 (*Месечна помощ за отглеждане на дете до навършване на 1 година*): it is a non-contributory means-tested allowance paid to mothers of children up to one year of age. The benefit is means-tested and shall be paid to claimants living in families where the average monthly income per family member for the last 12 months is lower than a certain threshold. To receive the benefit, mothers should not be insured and should not be in receipt of contributory benefit for pregnancy and childbirth, benefit for bringing up a child up to age 2 and benefit in case of adoption of a child between 2 and 5 years 9. The threshold level and the amount of the allowance are determined by the State Budget of the Republic of Bulgaria Act.

Monthly allowances for a child until graduation from high school, but not after the age of 20 (*Месечна помощ за дете до завършване на средно образование, но не повече от 20-годишна възраст*): it is a non-contributory means-tested allowance paid to a parent bringing up a child until the completion of secondary education, but no longer than the moment when the child reaches 20 of age. The benefit is means-tested and shall be paid to claimants living in families where the average monthly income per family member for the last 12 months is lower than a certain threshold. The threshold level and the amount of the allowance are determined by the State Budget of the Republic of Bulgaria Act. As of 1 January 2017, this allowance cannot be received simultaneously with the monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age. This allowance should be terminated in case: (1) the child has been accommodated to other family as a child protection measure under the Child Protection Act; (2) when, within one month of the school year, a child attending a group for compulsory preschool education has more than three absence days and there are no valid reasons justifying the absence; (3) when, within one month of the school year, a child in school education has missed more than 5 school hours without valid reasons justifying the absence; (4) when the child receiving the allowance becomes a parent. The child who has become a parent is entitled to a lump-sum allowance which amount is equal to the amount of the suspended allowance for the period from the termination to the expiration of the period for which it was granted. In order to receive the lump-sum allowance, the child should continue to attend school and should not have missed, within a month, 5 school hours, for which there are no valid reasons.

Monthly allowance for a child without a right to a survivor's pension (*Месечна помощ за дете без право на наследствена пенсия от починал родител*): It is a non-contributory non-means tested benefit that has been introduced since the beginning of 2019. The main requirement regarding the right to this allowance is that the child should be entitled to a survivor's pensions granted under the Code on Social Insurance (*Кодекс за социално осигуряване*). Additional requirements are: (1) the child permanently lives in the country; (2) the child is not accommodated into a foster care or relatives as a child protection measure; (3) the child has all immunizations and has passed all preventive medical checkups required for the respective age and health condition; (4) the child attends the kindergarten or school on a regular basis. The benefit is paid until completion of secondary education but not after the child reaches 20 years of age. Its amount is determined by the State Budget of the Republic of Bulgaria Act.

Monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age (*Месечна помощ за отглеждане на дете с трайни увреждания до 18-годишна възраст и до завършване на средното образование, но не по-късно от 20-годишна възраст*): it is a non-contributory non-means tested allowance paid to a parent of a child with permanent disability up to 18 years of age and until completion of secondary education but not later than 20 years of age. The allowance is paid regardless of the family income and upon a medical referral. The amount of the allowance is determined by the State Budget of the Republic of Bulgaria Act. As of 1 January 2017, this allowance cannot be received simultaneously with the monthly allowances for a child until graduation from high school, but not after the age of 20, and (2) monthly allowances for social integration under the Integration of People with Disabilities Act (*Закон за интеграция на хората с увреждания*). The allowance amount depends on the severity of the permanent disability and in 2018 and on whether the child is placed in a family of relatives or foster care family (as a child protection measure). In 2020-2023 the amounts were (per each child):

Table 1.2.3. Monthly allowance for permanently disabled children per child (2020-2023) Type and degree of invalidity	Own family	Family of relatives or foster care family
90% +	BGN 930 per month	BGN 490 per month
70-90%	BGN 450 per month	BGN 420 per month
50-70%	BGN 350 per month	BGN 350 per month

As of 1 January 2024 the amounts are:

Table 1.2.4. Monthly allowance for permanently disabled children per child Type and degree of invalidity	Own family	Family of relatives or foster care family
90% +	BGN 1180 per month	BGN 620 per month
70-90%	BGN 570 per month	BGN 530 per month
50-70%	BGN 450 per month	BGN 450 per month

Lump sum pregnancy grant (*Еднократна парична помощ при бременност*): it is a non-contributory means-tested lump sum allowance paid to mothers who are not insured and do not receive a contributory maternity benefit. The allowance is means-tested and is paid to persons living in families where the average monthly income per family member for the last 12 months (preceding the period which starts from the 45th day prior to the anticipated date of delivery) is lower or equal to a certain threshold. If the parents are divorced, only the income of the parent who has received the right to take care for the child shall be taken into account. The threshold level and the amount of the allowance are determined by the State Budget of the Republic of Bulgaria Act.

One-off allowance upon childbirth (*Еднократна помощ при раждане на дете*): it is a non-contributory non-means-tested allowance paid to mothers upon childbirth regardless of the family income. The right to a benefit occurs since the date of the childbirth. The amount of the benefit depends upon the number of the born children. It is determined by the State Budget of the Republic of Bulgaria Act. In case of twins, the benefit for each child shall be paid in the amount for the second child. If the parents are divorced, only the income of the parent who has received the right to take care for the children shall be taken into account.

Targeted allowance for schoolchildren enrolled in 1st to 4th grade at a state or municipal school (*Еднократна помощ за ученици, записани в първи клас на държавно или общинско училище*):

it is a non-contributory non-means tested (until 2021 – means-tested) lump sum allowance paid to a family whose child is enrolled in 1st grade at state or municipal schools. Until the end of 2021 this benefit was means-tested and was paid to persons living in families where the average monthly income per family member for the last 12 months was lower or equal to a certain threshold. The threshold level was determined by the State Budget of the Republic of Bulgaria Act and the amount of the benefit – by an act of the Council of Ministers. As of 1 January 2021 the allowance is paid regardless of the family income. As of 1 July 2019, the allowance shall be paid on two instalments, as 50 per cent of its amount shall be paid after the entry into force of the order for its granting, and the remainder shall be paid at the beginning of the second school term, if the child continues to attend school. As of 1 January 2023, the coverage of the allowance is expanded and it is paid to families of schoolchildren enrolled in 1st, 2nd, 3rd and 4th grades at a state or municipal school.

Targeted allowance for schoolchildren enrolled in 8th grade at a state or municipal school (*Еднократна помощ за ученици, записани в осми клас на държавно или общинско училище*): it is a non-contributory non-means-tested lump sum allowance paid to a family whose child is enrolled in 8th grade at state or municipal schools. The allowance shall be paid on two instalments, as 50 per cent of its amount shall be paid after the entry into force of the order for its granting, and the remainder shall be paid at the beginning of the second school term, if the child continues to attend school. The benefit has been introduced since 1 January 2021.

Lump sum allowance for raising a child until 1 year of age for mothers who are regular tertiary students (*Еднократна помощ за отглеждане на дете до навършване на 1 година за майки студентки в редовна форма на обучение*): it is a non-contributory non-means-tested allowance introduced in 2009. Its amount is determined by the State Budget of the Republic of Bulgaria Act.

Lump sum allowance for raising twins until 1 year of age (*Еднократна помощ за отглеждане на близнаци до навършване на 1 година*): it is a non-contributory non-means tested allowance introduced in 2009. Its amount is determined by the State Budget of the Republic of Bulgaria Act.

Lump sum allowance in case of adoption (*Еднократна помощ при осиновяване на дете*): it is a non-contributory non-means tested benefit granted to adoptive parents if they and the adopted child/children reside in Bulgaria permanently, i.e. more than 183 days per year. The amount of the benefit is determined annually in the State Budget of the Republic of Bulgaria Act – it should not be lower than the amount for the previous year and not higher than the amount of the cash benefit for pregnancy and childbirth (*Парично обезщетение при бременност и раждане*). The allowance has been introduced since 1 January 2016.

1.2.4. Child Protection Allowances

Financial support for the prevention of the abandonment, bringing up of a child by relatives or foster family (*Помощ за превенция, отглеждане на детето при близки и роднини или в приемно семейство*): there are some non-contributory means tested allowances granted in order to support the bringing up of a child at risk. Allowances could be paid on a monthly basis or as a one-off payment. The total amount of the one-off allowance cannot be higher the 2-time amount of the official poverty line (up to 1 June 2023 – 5-time amount of GMI). The monthly amount of the allowance could be between 0.5 and 1.1 times the amount of the official poverty line (for children below 3 years of age), 0.5 times of or equal to the amount of the official poverty line (for children aged 3-14) and between 0.5 and 1.1 times the amount of the official poverty line (for children above 14 years of age, if studying – up to 20 years of age, but not later than the completion of secondary education). Before this change the monthly amount of the allowance was determined as follows: 1) up to 3.0 times the amount of GMI (for children up to 7 years of age), up to 3.5 times the amount of the GMI (for children between 7 and 14 years of age) or up to 4 times the amount of the GMI (for children between 14 and 20 years of age). For children with disabilities, a supplement of 75%

of the GMI should be paid to the monthly allowances. Social workers assess the income of the family and the necessity the financial support to be provided.

1.2.5. Pensions

Pension for insurance and old age (*Пенсия за осигурителен стаж и възраст*): it is a contributory benefit granted to persons who have reached the standard retirement age and who meet the minimum required length of service (see Table 1.1). Persons having insufficient period of insurance can retire at age of 67 years if they have at least 15 years of insurance. The amount of the pension depends on: (1) the amount of the average contributory income for the country for the last 12 months preceding the date of retirement; (2) the monthly ratios between the past earnings of the claimant and the average contributory income for the country for the assessment period; (3) the duration of the pension insurance (number of years). Since 1 January 2016 individuals who have the necessary length of contributory service can get an insurance and old-age pension maximum 12 months prior reaching the statutory retirement age, i.e. to retire up to one year earlier. In that case the amount of their pension shall be reduced by 0.4% per each insufficient month. The minimum amount of the insurance and old-age pension is determined by the Public Social Insurance Budget Act. The maximum amount of the pension is equal to 40% of the maximum amount of the contributory income for the country (35% - before 1 July 2019), however, since 2020 the maximum pension amount has been determined through political decision.

Pension for invalidity due to general sickness (*Пенсия за инвалидност поради общо заболяване*): it is a contributory benefit granted to persons with permanent disabilities upon a medical referral. The minimum required period of insurance varies according to the age of the claimant – it is between 0 for persons up to age 20 and 5 years for persons of age 30 or above. The calculation formula is the same as for the pension for insurance and old age. However, the number of years of insurance is corrected with a coefficient based on the percentage of reduced working capacity. The calculation formula is the same as for the pension for insurance and old age but it cannot be lower than a certain minimum (which varies according to the degree of reduced working capacity) and higher than the maximum pension amount (see bullet “Pension for insurance and old age”).

Pension for invalidity due to employment injury or occupational disease (*Пенсия за инвалидност поради трудова злополука или професионална болест*): it is a contributory benefit granted to persons with permanent disabilities upon a medical referral. A minimum qualifying period is not required. The calculation formula is the same as for the pension for insurance and old age. However, the number of years of insurance is corrected with a coefficient based on the percentage of reduced working capacity. The calculation formula is the same as for the pension for insurance and old age but it cannot be lower than a certain minimum (which varies according to the degree of reduced working capacity) and higher than the maximum pension amount (see bullet “Pension for insurance and old age”).

Social Old-Age Pension (*Социална пенсия за старост*): it is a non-contributory benefit granted to persons who are over 70 years of age. In order to receive that benefit, the person should live in a family where the annual income per family member by the date after reaching the age is less than the sum of the so-called „social assistance base” (*основа за подпомагане*) for the last 12 months. The social assistance base is equal to 30% of the official poverty line determined by the Council of Ministers. Before July 2023, the income threshold was the sum of the so-called “Guaranteed Minimum Income” (*Гарантиран минимален доход*) for the last 12 months. Furthermore, the claimant shall not be granted any other type of pension.

Social Invalidity Pension (*Социална пенсия за инвалидност*): it is a non-contributory and non-means tested benefit granted to persons who have reached 16 years of age with reduced working capacity of over 71%. The amount of the social invalidity pension varies according to the degree of reduced working capacity and should be determined as a percentage of the social old-age pension.

Survivor's pension (*Наследствена пенсия*): it is a contributory benefit and can be received by the surviving spouse, children (not older than 18 years of age; 26 years of age for students) and parents. Divorced and non-married partners are not entitled to that benefit. The survivor's pension is calculated as a percentage of the pension of the deceased person (one survivor – 50%; two survivors – 75%; three or more survivors – 100%). It is granted to all entitled persons and is divided equally between them. The amount of the survivor's pension (provided to all the survivors) cannot be lower than the 75% of the minimum amount of the insurance and old age pension and cannot be higher than the maximum pension amount (see bullet "Pension for insurance and old age"). As of 1 July 2017, the survivor's pension for insurance and old age or survivor's pension for disability due to general disease cannot be received together with a survivor's pension of the same kind.

Pension supplement in case of deceased spouse (*Добавка от пенсията на починал съпруг*): it is a non-contributory benefit granted to a pensioner whose spouse has deceased. As of 1 July 2024 it is 30% of the pension (or the sum of pensions) of the deceased spouse (20% - up to 31 August 2011; 26.5% - from 1 September 2011 to 30 June 2023). It is granted for life but should be terminated in case of re-marriage. The supplement cannot be combined with a survivor's pension, but full accumulation with other pensions is possible.

Pension from supplementary mandatory pension insurance (*Пенсия от фонд за допълнително задължително пенсионно осигуряване*): it is a contributory benefit paid to persons having been insured in a private fund for supplementary mandatory pension insurance. Pension contributions are accumulated in the so-called "individual accounts". There are two types of such funds: (1) Universal Pension Funds (*Универсални пенсионни фондове*) – the insurance is mandatory only for people born after 31 December 1959 and (2) Professional Pension Funds (*Професионални пенсионни фондове*) – the insurance is mandatory for persons working under the 1st and 2nd category of labour, i.e. in arduous and hazardous jobs. The insurance in the Universal Pension Funds (*Универсални пенсионни фондове*) entitle the insured person to: (1) a supplementary lifelong old-age pension after acquisition of an insurance and old age pension; (2) a lump-sum payment of up to 50 % of the resources accrued on the individual account in case of lifelong, permanently reduced working capacity exceeding 89.99% (70.99% until 31 December 2015); (3) a lump-sum payment or payment by instalments of amounts to the survivors of a deceased person or of a pensioner. The insurance in the Professional Pension Funds (*Професионални пенсионни фондове*) entitle the insured person to: (1) fixed-period early-retirement occupational pension; (2) lump-sum payment of up to 50 % of the resources accrued on the individual account in case of lifelong, permanently reduced working capacity exceeding 89.99% (70.99% until 31 December 2015); (3) lump-sum payment or payment by instalments of amounts to the survivors of a deceased insured person or of a pensioner. Since 1 January 2016, people insured in both Universal Pension Funds (*Универсални пенсионни фондове*) and Professional Pension Funds (*Професионални пенсионни фондове*) have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance (*Държавно обществено осигуряване*) with an increased pension contribution. Under certain conditions, individuals who have decided to be insured only in State Public Social Insurance (*Държавно обществено осигуряване*) can restore their insurance in the Universal Pension Funds (*Универсални пенсионни фондове*). Individuals previously insured in Professional Pension Funds (*Професионални пенсионни фондове*) who have decided to be insured only in the State Public Social Insurance (*Държавно обществено осигуряване*) cannot reverse their choice.

Pension from voluntary pension insurance (*Пенсия от фонд за допълнително доброволно пенсионно осигуряване*): it is a contributory benefit paid to persons having been insured in a private fund for supplementary voluntary pension insurance. Pension contributions are accumulated in the so-called "individual retirement accounts". There are two types of pensions – old-age pension (paid if the person has gained a right to a pension from public pension fund) and invalidity pension (paid upon a medical referral). The pension can be paid as a periodic or lump-sum benefit depending on the choice of the insured person.

1.2.6. Social Assistance, Heating and Housing Allowances

As of 1 June 2023, the eligibility to social assistance allowances and their amounts are determined based on the concept of the so-called “social assistance base” equal to 30% of the official poverty line. The decision on the amount of the official poverty line is made on annual basis by the Council of Ministers. In 2024 the poverty line is BGN 526 per month (BGN 504 per month in 2023).

Until 31 May 2023 the Bulgarian system of social assistance allowances was based upon another concept –the so-called “Guaranteed Minimum Income” (*Гарантиран минимален доход – GMI*). The amount of the GMI was determined by the Council of Ministers (BGN 65 for the period 2009-2017; BGN 75 for the period 2018-2023).

Monthly social assistance allowance (*Месечна социална помощ*): it is a non-contributory means-tested allowance granted to persons living alone or to families whose income for the previous month is below the so-called “Differentiated Minimum Income” (DMI). Except the income-test, the beneficiaries should fulfil other eligibility criteria. As of June 2023, DMI is determined for each person that falls in a particular beneficiary category as a percentage of the so-called “social assistance base” (*основа за подпомагане*) and before that – as a percentage of GMI. The social assistance base is 30% of the official poverty line which amount is determined by the Council of Ministers. DMI shall be calculated at individual (when a person lives alone) or at family/household level. The DMI at family level is calculated as a sum of the DMIs of all family members. DMI varies between 100% of the social assistance base for a person living with other people and 165% for a person living alone. The amount of the monthly social assistance allowance is equal to the difference of the DMI for the individual/family and their actual income.

Targeted Heating Allowance (*Целева помощ за отопление*): it is a non-contributory means-tested allowance granted to persons living alone or families whose income is below the so-called “Differentiated Heating Income” (DHI) and who also fulfil other eligibility criteria. As of 9 June 2023 DHI is calculated based on the so-called “social assistance base” (*основа за подпомагане*) and before that – as a percentage of the so-called “Basic Heating Income” (*базов доход за отопление*). The social assistance base is 30% of the official poverty line which amount is determined by the Council of Ministers. As of June 2023 there are five main DHIs varying from 100% to 165% of the social assistance base but reductions apply if the children living in the family/household do not attend school. The amount of the allowance is determined by the Minister of Labour and Social Policy. It is granted for a period of 5 months – from November to March – because this period is considered as the heating season in the country.

Lump-sum social assistance allowance (*Еднократна социална помощ*): it is a non-contributory means-tested allowance. Its amount is up to 3 times the official poverty line amount. It can be granted only once per year to cover unexpected health, educational, living and other emergencies. The allowance can be received by all citizens regardless of their income or material status but upon the result of the so-called “social assessment” by the social workers.

Targeted allowance for issuing a personal ID card (*Целева помощ за издаване на лична карта*): it is a non-contributory means-tested allowance. It is granted upon an assessment of needs made by social workers and its amount is determined by the social workers. It could not be higher than the so-called “social assistance base” (see “*Monthly social assistance allowances*”).

Targeted allowance for medical treatment abroad (*Целева помощ за лечение в чужбина*): it is a non-contributory means-tested allowance. It is granted upon an assessment of needs made by the social workers only to persons having received permission for medical treatment abroad from the Ministry of Health, at the expense of its budget. The financial support shall be granted as a lump-sum allowance to cover the personal expenses of the beneficiary and her/his relatives.

Targeted allowance for free traveling (*Целева помощ за безплатно пътуване*): it is a non-contributory non-means tested allowance. It is granted to mothers of many children, persons with

reduced working capacity over 71%, and children up to age 16 with permanent disabilities. Mothers of many children are entitled to free travel once per year – 1 return ticket by the railway or bus transport anywhere within the country. To facilitate the social adaptation individuals with reduced working capacity over 71%, children up to age 16 with a specific type and degree of disability of 50% or more, and war-disabled individuals have the right to free travel twice a year – 2 return tickets by rail or bus transport anywhere within the country.

Targeted allowance for paying rent for a municipal lodging (*Целева помощ за наем на общински жилища*): it is a non-contributory means-tested allowance paid to persons accommodated in municipal lodgings whose income for the previous month are below the official poverty line (see “*Monthly social assistance allowances*”). Only the following groups are entitled to such allowance: (1) people living alone, and (2) lone parents. The amount of the benefit depends on the actual expenditures made by the beneficiaries.

Targeted monthly allowance to adults leaving resident-type social service centers (*Месечна целева помощ за покриване на първоначалните нужди на пълнолетните лица, напуснали за първи път резидентен тип услуга*): it is a non-contributory non-means-tested allowance paid to adults leaving resident-type social service centers. It is paid for a period of three months and its amount is equal to the amount of the official poverty line. The allowance is introduced as of 1 June 2023.

Targeted monthly allowance during an officially declared state of emergency or extraordinary epidemiological situation (*Месечна целева помощ при обявено извънредно положение или обявена извънредна епидемична обстановка*): it is a non-contributory means-tested social assistance allowance introduced in 2020. It is part of the social assistance system and is provided to families with children and children not attending creche, kindergarten or school due to limitations imposed by public authorities in relation to officially declared state of emergency or extraordinary epidemiological situation. It is paid on a monthly basis during the period of an officially declared state of emergency or extraordinary epidemiological situation. The amount of the allowance is equal to the minimum wage for families with one child and 150% of the minimum wage for families with two or more children; however, the amount is determined each month on the basis of the number of days during which limitations to attending creches, kindergartens and schools. In order to receive the allowance, one or both parents cannot work from home (if self-employed – being unable to perform economic activity due to the imposed restrictions in relation to the declared state of emergency/ extraordinary epidemiological situation), do not have right to a paid leave from work or do not receive an unemployment benefit, sickness benefit or maternity benefits.

1.2.7. Non-contributory allowances for the integration of people with disabilities

Monthly financial support (*Месечна финансова подкрепа*): it is a non-contributory non-means tested allowance granted to people with permanent disabilities. The allowance has been introduced since 1 January 2019 with the adoption of the People with Disabilities Act (*Закон за хората с увреждания*). It is paid to individual aged 18 or more. Individuals aged from 18 to 20 are entitled to this form of support if they don't receive monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age (*Месечна добавка за деца с трайни увреждания до 18-годишна възраст и до завършване на средното образование, но не по-късно от 20-годишна възраст*). The amount of the allowance is determined as a percentage of the official poverty line for the respective calendar year (between 7 and 57%). The exact percentage depends on the combination of the following factors: (1) the degree of disability; (2) whether the individual receives a pension; (3) whether the individual receives supplement for care by assistant (*Добавка за чужда помощ*).

Targeted support for people with disabilities (*Целеви помощи*): it is a non-contributory in-kind allowance provided to people with permanent disability. There are five types of targeted support

(for supporting means, devices, equipment and medical products; purchase of personal vehicle; adjustment of dwelling; balneotherapy and/or rehabilitation services; rent of a municipal lodging):

- the Minister of Labour and Social Policy and the Minister of Finance determine the maximum amount of the allowance for the supporting means, devices, equipment and medical products;
- the amount of allowance for purchasing a personal vehicle is granted to people with disabilities who have mobility limitations and live in families whose average monthly income per family member for the last 12 months does not exceed the amount of the official poverty line (it is adopted by the Council of Ministers on annual basis and in 2024 its amount is BGN 526 per month). The amount of the allowance is up to the 4-fold amount of the official poverty line;
- people with permanent disabilities (90% reduced working capacity or more) who travel by wheelchair are entitled to targeted support up to twice the amount of the official poverty line for the country for the adjustment of dwelling if the average monthly income per family member for the past 12 months is equal to or less than the official poverty line;
- people with permanent disabilities (90% reduced working capacity or more) are entitled to targeted support for using balneotherapy and/or rehabilitation services which amount is up to 80% of the amount of the official poverty line for the country, but not more than the actual costs incurred;
- people with disabilities are entitled to a targeted support for paying the rent of a municipal lodging if they are single or single parents with a child with permanent disability and the rent contract are concluded with them.

Monthly allowance for social integration (*Месечна добавка за социална интеграция*): it is a non-contributory non-means tested allowance granted to people with permanent disabilities. There are 7 types of social integration allowances (for transport services; for ICT services; for education; for medical bath treatment and rehabilitation; for dietary purposes and medicines; for accessible information; for paying the rent of a municipal dwelling). Their amounts are calculated as a percentage of GMI and vary from 15%, for example - monthly allowance for transport services, to 300% of GMI, for example the allowance for medical bath treatment and rehabilitation. As of 1 January 2017, only permanently disabled people above 18 years of age are entitled to this allowance. The allowance was paid until 31 December 2018 as the Integration of People with Disabilities Act (*Закон за интеграция на хората с увреждания*) has been repealed as of 1 January 2019.

Targeted financial support for buying and repairing supportive means, devices, equipment and medical products (*Целева помощ за покупка и ремонт на помощни средства, приспособления, съоръжения и медицински изделия*): it is a non-contributory in-kind benefit provided to persons with permanent disabilities. The support is granted upon a medical referral and without means-test. The support is provided in form of reimbursement of the expenses actually made by the beneficiary, but not more than a fixed maximum level. The maximum level of the possible financial support is determined per each item (mean, device, equipment, or other product) by an Ordinance of the Minister of Labour and Social Policy. The allowance was paid until 31 December 2018 as the Integration of People with Disabilities Act (*Закон за интеграция на хората с увреждания*) has been repealed as of 1 January 2019.

Supplement for care by assistant (*Добавка за чужда помощ*): it is non-contributory benefit paid to pensioners with disability over 90% who need permanent assistance of an attendant. The amount of the supplement is determined as 75% of the social-old age pension amount.

1.2.8. Education related allowances

Scholarship for pupils (*Стипендия за ученици*): it is a non-contributory means-tested benefit provided to pupils enrolled in state and municipal schools depending on their marks achieved during

the last school year. The scholarship is paid for the period from 1 October to 30 June (or paid 12 months for pupils with special educational needs and orphans). There are three types of scholarships which amount depends on whether the pupil has special educational needs or not; what is the average mark of the pupil; what is the family income of the pupil.

Scholarship for students, PhD students and post-graduate students (*Стипендия за студенти, докторанти и специализанти*): it is a non-contributory and means-tested benefit. Scholarships for students are paid for a period of 5 months (per each semester). The eligibility rules and scholarship amounts are determined by each university. While determining the eligibility rules the state universities shall take into account two criteria: average grade per semester and average monthly income per family member for the last 6 months. PhD students studying in Bulgaria at state-supported organizations (universities, institutes at the Bulgarian Academy of Sciences, or other scientific organizations) and whose studies are financed by the state budget can receive a scholarship amounting to BGN 1000 per month (2020 – BGN 450; from 1 January 2021 to 31 March 2022 – 500; from 1 April 2022 to 30 June 2022 – BGN 750; from 1 July 2022 – BGN 1000). The scholarship is paid for a period of 3 years. The rector of a state university can grant students lump-sum awards and allowances in case of severe financial difficulties experienced by the students.

1.2.9. Other incomes – not part of the benefit system

Cash benefit for the first three days of the temporary incapacity (*Парично обезщетение за временна неработоспособност поради общо заболяване*): The insurer (employer) shall pay out to the insured person, for the first two (until 31 December 2023 – the first three) business days of the temporary incapacity to work – the amount of the benefit is 70% of the contributory income.

Loans for students and doctoral candidates (*Кредити за студенти и докторанти*): Eligibility to apply for a loan is limited to students and doctoral candidates who meet simultaneously the following requirements have not attained the age of 35 and are studying full-time. The State guarantees shall guarantee the principal and the interest (interest agreed and interest for delay) on the amount payable under the loan.

1.3. Social insurance contributions

The statutory contributions in the social insurance system in Bulgaria are compulsory for all individuals having earnings from at least one source of taxable income. SIC are to be split between the employer and employee. There are three different classes of insured (Labour categories) according to the level of professional risk. The vast majority of hired employment in Bulgaria work under the so-called “3rd category of labour”. For this category the proportion of SIC is 56.657% for the employer and 44.343% for the employee (pension insurance) and 60% to 40% (other risks). In addition, the State provides additional transfers (to cover financial shortages) which amount is determined by the State Public Social Insurance Budget Act (*Закон за бюджета на държавното обществено осигуряване*). Until 1 January 2016, except for transfers to cover the financial shortages, the State had been providing an additional contribution in amount of 12% for each person insured in Pensions Fund. The insurance against employment injury and occupational disease is for the sake of the employer. In the same time, for the public employee (civil servants, soldiers and other military personnel, policemen, firemen, investigators both within the system of the Ministry of Interior, personnel within the judicial system) the total amount of compulsory SIC is covered by the State.

Bulgarian pension insurance is built on the so called “three pillar” system. The first pillar is the public Pay-as-you-go (PAYG) pension insurance and it is a part of State Public Social Insurance (*Държавно обществено осигуряване*). The second pillar is the so called “Supplementary

Mandatory Pension Insurance” (*Допълнително задължително пенсионно осигуряване*). It operates on a funding principle and is managed by private pension funds. In the second pillar there are two types of pension funds – “Universal Pension Funds” (*Универсални пенсионни фондове*) for people born after 31 December 1959 and “Professional Pension Funds” (*Професионални пенсионни фондове*) for people working under the 1st and 2nd category of labour (risky and hazardous working conditions). SIC on this pillar are allocated to an individual retirement account /IRA/ at a private fund selected by each individual. It entitles the employee to a second pension upon retirement. Since 1 January 2016, people insured in Universal and Professional Pension Funds have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance (first pillar) or to participate simultaneously in the first and second pillar. The third pillar is the “Supplementary Voluntary Pension Insurance” (*Допълнително доброволно пенсионно осигуряване*) which is managed also by private funds and the respective SIC are also allocated to IRAs at these private funds.

As a general rule, all insured are obliged to contribute to the State Public Social Insurance. The risks covered and contribution amount depend on the occupation, the category of labour and the economic status of the respective person. The main principle is that persons employed on a labour contract are insured against all social risks and are obliged to contribute to the State Public Social Insurance. The coverage of insurance is lower for self-employed, free-lancers, craftsmen, registered farmers and tobacco producers, people performing work on a so-called “civil contracts” (see below).

All residents are obliged to pay health insurance contributions regardless of their status. The State pays the health insurance contributions for some categories among which are pensioners, UB recipients, people under 18 years of age, students up to the age of 26 and PhD candidates – state funded education, people performing military service, people receiving social assistance benefits, etc. The others who are not covered by the health system not insured on any other grounds are obliged to pay health insurance contributions at their own expense – for example unemployed people not receiving cash UB and people above 18 years of age who are neither students nor employees.

1.3.1. Pensions Fund (Фонд „Пенсии“)

People contributing to Pensions Fund are insured against the old-age, invalidity and survivors’ risks. Insurance in the Pensions Fund is mandatory for all categories of insured regardless of their income, occupation or economic status.

1.3.2. General Diseases and Maternity Fund (Фонд „Общо заболяване и майчинство“)

This SIC is used to provide eligibility of the employee to benefits in cases of general sickness or maternity. The following categories of insured are not obliged to pay contributions to this fund: (1) free-lancers and craftsmen; (2) persons performing work as sole traders, owners or partners in commercial corporations and natural persons who are members of unincorporated associations; (3) PhD candidates unless insured on other grounds; (4) registered farmers and tobacco producers; (5) people who perform work without entering into an employment relationships (so-called “civil contracts”) and who receive a monthly remuneration equal to or exceeding one minimum wage less the expenses for the activity for standard deduction – unless insured on other grounds during the respective month; (6) people who perform work without entering into an employment relationship (so-called “civil contracts”) and who are insured on other grounds – regardless of the amount of the remuneration received. Insured mentioned in points (1), (2) and (4) can pay contributions to the Fund on a voluntary basis.

1.3.3. Unemployment Fund (Фонд „Безработица“)

The contribution to the Unemployment Fund is used to provide eligibility of the employee to cash benefits in cases of unemployment spells. The categories of insured listed under 1.3.2 and insured people registered as seafarers are not obliged to contribute to this fund.

1.3.4. Employment Injury and Occupational Disease Fund (Фонд „Трудова злополука и професионална болест“)

The contribution to this fund is between 0.4 and 1.1% and is paid solely by the employer. The contribution rate is determined by economic sector in the Public Social Insurance Budget Act (*Закон за бюджета на държавното обществено осигуряване*).

1.3.5. Teachers' Pension Fund (Учителски пенсионен фонд)

The teachers insure themselves for old age in the Teachers' Pensions Fund with a separate insurance contribution. The contribution is 4.3% and is paid solely by the employer.

1.3.6. Fund “Pensions for the individuals under art. 69” (Фонд „Пенсии за лицата по чл. 69“)

The fund has been established since 1 January 2016. The insurance in that fund is obligatory for military servicemen and several categories of civil servants performing their duties within the systems of Ministry of Interior, Ministry of Defence and Ministry of Justice. The contribution rate to the Fund depends on whether the insured have decided not to insure themselves in the Professional Pension Funds.

1.3.7. Fund “Guaranteed claims of workers and employees”

The insurance to this fund provides protection to workers and employees in case of insolvency of their employer. The contribution is paid by employers only. Since 2011 the contribution rate to this Fund has been fixed at 0.0% as the accumulated funds are sufficient to cover all arising expenditures on benefits.

1.3.8. Health insurance (Здравно осигуряване)

The compulsory health insurance is the main source of funding for the public health system. Only the recognized contributors are eligible to use the services of the state health system. The state budget contributes to the health fund for the pensioners, registered unemployed, individuals under 18 years, students in the tertiary education and public employees.

1.4. Taxes

1.4.1. Personal Income Tax (данък върху доходите на физическите лица)

PIT is levied on the earnings of the individual defined in the system as “physical” (or “natural”) person. The period of taxation with PIT is one fiscal year and every individual with taxable income is obliged to submit a Tax Declaration about her income. There is an important *exclusion* for this duty – in case that the individual has received income *only from* employment relations under a Labour Contract or as a kind of public servant – in this case it is assumed that the employer has calculated, withheld, and transferred the due PIT liability on behalf of the employee and submission of a Declaration is not necessary.

The Tax Declaration consists of several consecutive sections each of which is to be filled out if earnings from the respective source have been received by the individual. Specific preliminary treatment of the income from some sources is applied (for example, in respect of the standard rates for exempting parts of the gross taxable income). After deriving the amounts of tax bases in each section, the total annual tax base is obtained as a sum of the tax bases from the sections. All contributory and non-contributory (social assistance) benefits are exempted from income taxation, the main of which are. Since the beginning of 2013 incomes from interest on deposits have been included in the annual tax base. In the tax base are included also incomes from sole entrepreneurship and the tax base from this source is obtained as an annual financial result of the business activity. It can be assumed that the net income from this source has been utilized by the family budget and is plausibly recorded in the survey data.

1.4.2. Property (real estate) tax (данък сгради)

Property tax is a local tax levied on the so called “tax estimate” of the value of any real estate object (building, land spot, etc.). Its revenues are allocated directly to the respective local (or municipal) budget. The tax on buildings is determined along with the sewage fee using differentiated rates on the basis of the tax estimate. The local governments (Municipal Councils) are allowed to set the local tax rates by their own legal act in established by the National Parliament limits (minimum and maximum thresholds).

1.4.3. Inheritance tax (данък наследство)

Inheritance tax is also a local tax and is a version of a tax on capital transfer. It is a liability of both the heritor and heritage-giver and emerges as payable at the time of enacting the inheritance. Any kind of assets (both non-financial and financial) can be objects of the tax and its rate is determined differentially for each inheritor depending on her relation to the heritage-giver and the legal evaluation of the amount inherited. If the recipients are the partner and/or/ the children there is no liability for inheritance tax. In other cases the rates vary between 0.4% and 6.6% for amounts higher than BGN 250,000.

1.4.4. Motor vehicle tax (данък превозни средства)

Motor vehicle tax is also a local tax and is determined by the Municipal Councils. The local government can set the unit tax as much as three times its minimum threshold. The tax is due to the owners of motor vehicles and is determined according to the power of the engine corrected by a coefficient depending on the year of its first registration.

1.4.5. Corporate profit tax (корпоративен данък)

Corporate tax is due by all resident companies – Bulgarian or foreign controlled – that are registered as legal entities under the Commercial Law. Also, non-profit organizations or public bodies that have own divisions operating as business units are also subject to the corporate tax. For the period 2011-2024 the tax rate is 10% and is levied on the corporate profit value specifically assessed by a financial accounting procedure under the regulations of the Accounting Law and the Law on Corporate Taxation.

1.4.6. Value added tax (consumption tax)

Supplies of goods and services are subject to value added taxation. Standard and reduced value added tax rates apply in Bulgaria. Nevertheless, tax exempt are limited number of supplies of goods and services.

1.4.6.1. Standard Value added tax rate

Standard and reduced Value added tax (VAT) rates apply in Bulgaria. According to Bulgaria Value Added Tax Law a standard Value Added Tax (VAT) rate of 20% applies for taxable supplies with a place of performance on the territory of the country (for reference see Art. 66. of the Value Added Tax Law, effective from 1 July 2007 and amended as of 1 December 2023). The standard rate applies both, to the import of goods into the territory of the country and to taxable intra-Community acquisitions in the territory of the country. For explicitly stated supplies of specific goods and services a reduced VAT rate of 9% or zero tax rate applies.

1.4.6.2. Reduced Value added tax rate

According to Art. 66a (in force as of 1 July 2022, last amendment, in force as of 1 January 2023) from the Value Added Tax Law The reduced tax rate of 9% applies for the supply of following goods and services:

1. Supplies of an accommodation service provided in hotels and similar establishments, including the provision of holiday accommodation and renting out places for camping sites or caravans, with a place of supply/performance of the service on the territory of the country;
2. Supplies of books on physical media or carried out electronically, or both (including textbooks, educational books and educational kits, children's books with illustrations, for drawing or coloring, printed or handwritten music editions), periodical printed works - newspapers and magazines, on physical media or carried out electronically or both, other than publications which are wholly or mainly intended for advertising and other than publications which consist wholly or mainly of video content or audio-musical content;
3. Supplies of food suitable for babies or small children, baby diapers and similar according to application No. 4 of the VAT law.

Table 1.4.6a. Items with reduced tax rate of 9%

coicop	label
01193	01 Food and nonalcoholic beverages - 1 Food - 9 Food products n.e.c. - 3 Baby food
09411	09 Recreation and culture - 4 Recreational and cultural services - 1 Recreational and sporting services - 1 Recreational and sporting services
09511	09 Recreation and culture - 5 Newspapers
09521	09 Recreation and culture - 5 Newspapers
09531	09 Recreation and culture - 5 Newspapers
09611	09 Recreation and culture - 6 Package holidays - - Package holidays
11111	11 Restaurants and hotels - 1 Catering services - 1 Restaurants
11112	11 Restaurants and hotels - 1 Catering services - 1 Restaurants
11121	11 Restaurants and hotels - 1 Catering services - 2 Canteens - 1 Canteens
11211	11 Restaurants and hotels - 2 Accommodation services - 1 Accommodation services - 1 Accommodation services

Source: EUROSTAT

Until 31 December 2024, the tax rate of 0% applies to the supply of bread and flour with a place of supply on the territory of the country, upon importation of goods into the territory of the country and upon taxable intra-Community acquisitions of goods (see art. § 15e (in force from 1 July 2022) (1) (Amended - in force from 1 January 2023, amended - in force as of 1 January 2024, amended - SG No. 42 of 2024, in force from 1 July 2024) from the VAT law).

Table 1.4.6b. Items with reduced tax rate of 0%

coicop	label
01112	01 Food and nonalcoholic beverages - 1 Food - 1 Bread and cereals - 2 Bread

Source: EUROSTAT

1.4.6.3. VAT exempt supplies of goods and services

Following specific goods and services supplies are VAT exempt:

- related to Healthcare (see art. 39 of the VAT Law);
- related to social care and social insurance (see art. 40 of the VAT Law);
- related to education, sports or physical education (see art. 41 of the VAT Law);
- related to culture (see art. 42 of the VAT Law);
- religion related (see art. 43 of the VAT Law);
- related to activities performed by Non-profit organizations (see art. 44 of the VAT Law);
- related transferring ownership right of land and buildings, as well as the letting and leasing them to individuals (see art. 45 of the VAT Law);
- related to financial services (see art. 46 of the VAT Law);
- related to insurance services (see art. 47 of the VAT Law);
- related to gambling (see art. 48 of the VAT Law);
- related to postage stamps and postal services (see art. 49 of the VAT Law);

Table 1.4.6c. VAT exempt items

coicop	coicop_label
04111	04 Housing, water, electricity, gas and other fuels - 1 Actual rentals for housing - 1 Actual rentals paid by tenants - 1 Actual rentals paid by tenants
04121	04 Housing, water, electricity, gas and other fuels - 1 Actual rentals for housing - 2 Other actual rentals - 1 Other actual rentals
06211	06 Health - 2 Out-patient services - 1 Medical Services - 1 Medical Services
06221	06 Health - 2 Out-patient services - 2 Dental services - 1 Dental services
06231	06 Health - 2 Out-patient services - 3 Paramedical services - 1 Services of medical analysis laboratories and X-ray centres
06232	06 Health - 2 Out-patient services - 3 Paramedical services - 2 Services of medical auxiliaries
06233	06 Health - 2 Out-patient services - 3 Paramedical services - 3 Other nonhospital services
06311	06 Health - 3 Hospital services - - Hospital services
07331	07 Transport - 3 Transport services - 3 Passenger transport by air - 1 Passenger transport by air
08111	08 Communication - 1 Postal services - 1 Postal services - Postal services

09421	09 Recreation and culture - 4 Recreational and cultural services - 2 Cultural services - 1 Cinemas, theatres, concerts
09422	09 Recreation and culture - 4 Recreational and cultural services - 2 Cultural services - 2 Museums, zoological gardens and the like
10111	10 Education - 1 Pre primary and primary education - 1 Pre primary and primary education
10211	10 Education - 2 Secondary education - 1 Secondary education - 1 Secondary education
10311	10 Education - 3 Post-secondary non-tertiary education - 1 Post-secondary non-tertiary education - 1 Post-secondary non-tertiary education
10411	10 Education - 4 Tertiary education - 1 Tertiary education - 1 Tertiary education
10511	10 Education - 5 Education not definable by level - 1 Education not definable by level - 1 Education not definable by level
12411	12 Miscellaneous goods and services - 4 Social protection - 1 Social protection services - 1 Social protection services
12412	12 Miscellaneous goods and services - 4 Social protection - 1 Social protection services - 2 Crèches, nurseries
12521	12 Miscellaneous goods and services - 5 Insurance - 2 Insurance connected with the dwelling - 1 Insurance connected with the dwelling
12531	12 Miscellaneous goods and services - 5 Insurance - 3 Insurance connected with health - 1 Insurance connected with health
12541	12 Miscellaneous goods and services - 5 Insurance - 4 Insurance connected with transport - 1 Insurance connected with transport
12551	12 Miscellaneous goods and services - 5 Insurance - 5 Other insurance - 1 Other insurance
12621	12 Miscellaneous goods and services - 6 Financial services n.e.c. - 2 Financial services n.e.c. - 1 Financial services n.e.c.

Source: EUROSTAT

1.4.6.4. Discontinued VAT rate policies

The reduced tax rate of 9% applied to the following supplies with a place of delivery/performance on the territory of the country was revoked of 1 July 2023 onwards.

Table 1.4.6d. Discontinued reduced VAT rates

coicop	label
04521	04 Housing, water, electricity, gas and other fuels - 5 Electricity, gas and other fuels - 2 Gas - 1 Town gas and natural gas
04551	04 Housing, water, electricity, gas and other fuels - 5 Electricity, gas and other fuels - 5 Heat energy - 1 Hot water, steam and ice

Source: EUROSTAT

VAT was raised from 9% to 20% for specific supplies as follows:

The reduced VAT rate of 9% applied to goods and services with COICOP of 04521 and 04551 is discontinued of 1 July 2023 onwards, including 2024, hence the standard VAT rate of 20% applies.

The reduced VAT rate of 9% applied to goods and services with COICOP of 04521 and 04551 applied is discontinued of 1 July 2023 onwards, including 2024, hence the standard VAT rate of 20% applies.

1.4.7. Excise duties (акцизи)

Excise duties are indirect taxes usually imposed on per volume basis (specific tax) and rarely imposed on per monetary amount (ad valorem tax). Excise duties are levied on various products (so called “excise goods”), e.g. alcohol and alcohol beverages, cigarettes, cigars, other tobacco, fuels and energy products (Lead and Unlead Petrol, Natural Gas, LPG, Gas Oil, Heavy fuel oil, Kerosene, Coal and Coke, etc.), electricity. Usually, the amount of each excise duty is determined as a specific tax, on a per unit basis of the naturally measured quantity of the respective excise good (e.g. per kilogram, litre, cubic meter, gigajoule, MWh, GJ etc.). An exception is the ad valorem tax of 22% for 2024 (23.5% for 2023) levied on Cigarettes.

1.5. Temporary support measures

1.5.1. Wage subsidies (“60/40 measure”)

In March 2020, as a part of the policies to counteract the economic consequences of COVID-19 pandemics, the Bulgarian government launched a wage subsidy scheme to support the jobs of workers from sectors hit particularly hard by the confinement measures (the so-called “60/40 measure”). Wage subsidies should be paid directly to employers and cover 60% of the individual contributory income plus statutory employer’s social and health insurance contributions on that sum. The employer pays the remaining 40% of the individual contributory income. Since its adoption, the measure has been modified several times:

This measure has been adopted under point 3.10 “*Aid in form of wage subsidies for employees to avoid lay-offs during the COVID-19 outbreak*” of the Temporary Framework for State Aid Measures to Support the Economy in the current COVID-19 Outbreak. Considering the current Temporary Framework arrangements, the maximum period for which an individual employer can receive support is from March 2020 to June 2022.

Initially, the support to employers should be provided for a maximum three months between March and June 2020 based on the individual contributory income of the employee for January 2020. There were two target groups:

(1) employers which activity was restricted as a result of the confinement measures - economic sectors 47 (except for 47.11, 47.2, 47.73, 47.74, 47.8, 47.9), 49.3, 51.1, 55, 56.1, 56.3, 59.14, 79, 82.30, 85.10, 85.53, 88.91, 90, 91, 93, 96.04 (NACE, rev. 2008);

(2) employers, except for those operating in the economic sectors A, K, O, P, Q, T and U (NACE, rev. 2008), that can provide a proof of 20% drop in their revenues compared to a year ago.

First modification: In July 2020, the measure was extended to include additional period of three months (July, August and September) for which employers can receive state support. The eligibility conditions were eased. Target group are all employers, with the exception of those operating in the economic sectors A, K, O, P, Q, T and U (NACE, rev. 2008), that can prove a drop of their revenues compared to a year ago. The support was provided for:

1. workers and employees whose work had been suspended during the period of the state of emergency or the declared emergency epidemic situation with an order under Art. 120c of the Labour Code (*Кодекс на труда*);

2. workers and employees who during the period of the state of emergency or the declared emergency epidemic situation had worked part-time on the grounds of Art. 138a, para. 2 of the Labour Code (*Кодекс на труда*);

3. workers and employees who during the period of the state of emergency or the extraordinary epidemic situation had used unpaid leave on the grounds of art. 173a of the Labour Code (*Кодекс на труда*);

4. workers and employees whose employment had been retained after a notification of mass dismissals has been submitted pursuant to Art. 130a of the Labour Code (*Кодекс на труда*) and Art. 24 of the Employment Promotion Act (*Закон за насърчаване на заетостта*) during the period from 13 March to 30 June 2020;

5. workers and employees, other than those specified in items 1 - 4, employed in sector I - “Hotels and restaurants” (NACE, rev. 2008).

The period of support remains three months. The amount of the wage subsidy was equal to 60% of the monthly contributory income of the employee for May 2020, plus 60% of the statutory social and health insurance contributions to be paid by the employer.

Second modification: In October 2020, this measure was additionally extended to cover the period until the end of the year. All conditions remained the same with two exceptions: (1) employers operating in road passenger transport had been included in the group of employers whose employees must not have worked part-time or temporary suspended from work during the period of emergency; (2) the reference income had been changed to the contributory income for August 2020.

Third modification: In December 2020, the measure was extended to cover the period from January to March 2021. Wage subsidy was based on the individual contributory income of the employee for October 2020. No other changes in the measure design were introduced compared to October 2020.

Fourth modification: In March 2021 the duration of the measure was extended to May 2021. All other features of the measure design were preserved.

Fifth modification: In July 2021, the duration of the measure was extended to June and July 2021 and some important amendments have been introduced regarding the eligibility criteria and amount of the subsidy. The subsidy equals 50% of the individual contributory income of each employee for April 2021 in case of an annual revenue drop for the employer of at least 30% and 60% of the individual contributory income in case of an annual revenue drop for the employer of at least 40%.

The duration of the measure has been extended to the end of 2021 (sixth modification), to February 2022 (seventh modification) and to June 2022 (eight modification). The main features of the design remained unchanged with the only exception the monthly reference income (July 2021 – sixth modification; October 2021 – seventh and eight modifications).

Wage compensations are paid from the budget of the State Public Social Insurance (*Държавно обществено осигуряване*).

1.5.2. Support measures for self-employed and freelancers in the field of culture

Between 1 March 2020 and 31 May 2021, the Ministry of Culture is providing a monthly grant of BGN 720 for a period of three months to self-employed and freelancers working in the field of culture whose average monthly income for 2019 is below BGN 1,000. Grants are paid by the Culture Fund (фонд “Култура”). This measure is not simulated in the EUROMOD, as we cannot identify in the data who is potentially eligible to the support.

1.5.3. A compensation of BGN290 for employees and self-employed in tourism, hotels and restaurants and transport

In June 2020, the Bulgarian Government introduced a scheme to support employers and self-employed (freelancers, craftsmen, sole traders) operating in the tourism (hotels and restaurants) and transport sectors. The support amounts to BGN 290 per month per employee/ self-employed, starting from 1 July 2020 but no later than 31 May 2021 (initially – for a period of maximum 6 months). The amount of BGN 290 includes BGN 189 for the employee and the other part consists of the mandatory social and health insurance contributions on behalf of the employer and the employee. Self-employed persons receive the whole amount and are obliged to pay all mandatory social and health insurance contributions.

In order to receive the support, employed and self-employed are required to prove a drop in their revenues at least by 20% compared to a year ago. Eligible sectors, according to NACE, rev. 2008, are as follows: 49.31, 49.39, 49.41, 50, 51.10, 51.21, 52.23, 55, 56, 79.

Employers operating in these sectors are eligible to receive support both under this and the “60/40 measure” for the same employee. The total amount of the support cannot exceed 80% of the wage of the employee, plus the statutory employer’s social and health insurance contributions.

The measure ended in June 2021.

1.5.4. Wage subsidies paid to employees insured in economic sectors for which public authorities have introduced temporary suspensions in relation to existing state of emergency or extraordinary epidemiological situation

In November 2020, the Bulgarian Government introduced a measure to support employees and self-employed working in economic sectors for which temporary suspensions have been introduced by the public authorities in relation to officially announced state of emergency or extraordinary epidemiological situation. The measure has been opened to self-employed since September 2021.

Employees become eligible if they have gone on unpaid leave from work as a result of the imposed limitations. Self-employed must have temporarily suspended their activity.

Subsidies are paid by the Employment Agency (*Агенция по заетостта*) directly to the employee/ self-employed.

Initially, the subsidy amount was fixed at BGN 24 per day for people working full-time. For employees working part-time, the amount of the subsidy should be reduced proportionally. As of 1 January 2021, the amount of the subsidy is 75% of the individual monthly contributory income for October 2020 for employees working full-time (self-employed – for a full month).

The subsidy should be paid for maximum 60 days of unpaid leave in 2020 and for maximum 90 days of unpaid leave in 2021 during the period from 29 October 2020 to 30 June 2021. Since September 2021, the limitation of the maximum number of days for which a subsidy is to be paid has been abolished. The duration of the measure has been extended to 30 June 2022.

The list of economic sectors is determined in the order issued by the Minister of Labour and Social Policy. Since the introduction of the measure, the list of economic sectors has been modified 11 times. Economic sectors are determined at national level and for particular regions as regional authorities also have powers to introduce specific restrictions in relation to the epidemiological situation in addition to the decisions made by national authorities. Some sectors have been added in the list of eligible sectors at different points of time and coverage of the measure varies during the period of its implementation.

1.5.5. Lump-sum payments to all pensioners

The Bulgarian government has decided that all pensioners, regardless of the amount of their pension, should receive a lump-sum payment of BGN 50 in August, September, October, November and December 2020, and from January to September 2021. For October to December the amount of the lump sum payment is BGN 120 per month.

In 2022, all pensioners are entitled to a lump-sum supplement of BGN 60 for a period of six months (from January to June). In addition, all pensioners received BGN 75 in December 2022.

1.5.6. Lump-sum payments to vaccinated pensioners

All pensioners who: (i) have completed their vaccination series against COVID-19; or (ii) become vaccinated; or (iii) get a booster dose of a COVID-19 vaccine, are entitled to a one-off lump-sum supplement of BGN 75. The supplement is paid from January to June 2022.

Due to data limitations, this benefit is not simulated in EUROMOD.

1.5.7. Extended scope of the lump-sum social assistance allowance

In response to the COVID-19 outbreak, in mid-2020 a discretionary form of support was introduced as a temporary measure. The scope of the lump-sum social assistance allowance (*Еднократна целева помощ*) was extended and social workers were given powers to apply a form of a means-test to determine entitlement. The main eligibility condition is that parents are not able to work from home and to go on a paid leave. In more detail, parents of children up to 7th grade who have reached the age of 14, as well as families in which one or both parents have lost their job but are not entitled to UB, can receive a one-time benefit of BGN 375. The scope of the target groups for which support is given as a matter of priority is extended in order to reduce the negative effects on families with children experiencing financial difficulties during the state of emergency. The priority groups are parents who fulfil the following cumulative conditions: (1) are single parents or jobless parents without other incomes; (2) are not entitled to an UB; (3) has used a paid leave of at least 20 days and had to go on an unpaid leave; (4) income per a family member not exceeding BGN 610 for the period before going on an unpaid leave; (5) haven't received another lump-sum social assistance allowance in 2020; (6) have paid all social and health insurance contributions for the last 6 months except in the case they have lost their job and incomes due to COVID-19 containment measures; (7) their jobs are not protected under wage compensation schemes; (8) their children attended a creche, kindergarten or school before 13 March 2020.

Due to data limitations, this benefit is not simulated in EUROMOD.

1.5.8. Changes in the UB scheme

As a temporary measure, the duration of the UB for a small category of UB recipients was extended from 4 to 7 months. The requirements are: 1) payment of the UB should be done/ have first started between 1 October 2020 and 31 December 2020; 2) the period between the current and previous entitlement to the UB should be less than 3 years.

1.5.9. Lump-sum heating allowance

As a temporary measure to address the rising electricity prices, public authorities introduced a lump-sum heating allowance.

Eligible beneficiaries comprised of the following three groups:

- A lump-sum allowance of BGN 100 was paid to beneficiaries of the heating allowance. It was paid on a monthly basis as a supplement to the already granted heating allowance.
- A lump-sum allowance of BGN 400 was paid to: 1) beneficiaries who applied for heating allowance for 2022/2023 heating seasons but whose applications were not approved because of one or a combination of the following reasons: a) their average income for the preceding 6 months was higher than the threshold by not more than BGN 40 per month; b) the duration of their registration as jobseekers at the local employment offices was less than 6 months. The allowance was paid in December 2022.
- A lump-sum allowance of BGN 300 was paid to: 1) recipients of the monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age; 2) recipients of the monthly allowance for a child without a right to a survivor's pension; 3) recipients of monthly social assistance allowances for children included in protective measures under the Child Protection Act (*Закон за закрила на детето*); 4) people with permanent disability of 90% or more with a need of other person's assistance receiving monthly financial assistance under the People with Disabilities Act (*Закон за хората с увреждания*); 5) recipients of the lump-sum social assistance allowance victims of fires, floods and other natural disasters happened in 2022; 6) war veterans; 7) war invalids. The allowance was paid in December 2022.

2. Simulation of taxes and benefits in EUROMOD

2.1. Scope of simulation

The scope of taxes and benefits in Bulgarian tax-benefit system 2021-2024 simulated by EUROMOD covers only those instruments that have been identified as feasible for simulation in the framework of EU-SILC 2022 survey data coverage. Tables 2.1 and 2.2 present the status of simulation feasibility about social benefits and taxes covered by this country report along with brief comments on the main reasons for each instrument not simulated.

- Other items available in SILC were, however, found to be infeasible to simulate due to lack of data which would allow for simulating eligibility conditions and/or conditions for the assessment of tax or benefit amount (e.g. information on contributory history necessary to simulate IOA pension, or on rights necessary for “patent” income tax, etc.).
- In fact, most of the contributory benefits are not simulated by EUROMOD due to lack of data essential for the simulation of entitlement rights (e.g. contribution and/or former employment history /including earnings received/, occurrence of disability or work accident, deceased spouse contribution history, etc.). There are several exclusions from this rule (marked as “partially simulated”). For these cases, some necessary conditions have been plausibly assumed in order to identify eligible individuals and simulate their entitlements.
- As a rule, the major direct income taxes and SIC are simulated (as far as they are assessed on the basis of the gross employment and self-employment available in the EU-SILC database). However, application of some income tax or SIC legal rules in detail is not practically possible due to lack of information about some economic activity type, specific income sources or other elements that are not recorded by the EU-SILC survey. A particular case is the social insurance of the self-employed where the minimum wage is used as a simulation basis for SIC. In reality, the minimum contributory base differs depending on the occupation (type of profession and type of the industry).
- For some of the contributory and for most of the non-contributory means-tested benefits the assessment unit is the family. Family shall mean parents (married or cohabiting) and their dependent children till the age of 18 or till the age of 20 but only if they are enrolled in school (see page 6).

Table 2.1a Simulation of benefits in EUROMOD

Benefit	Variable name(s)	Policy years				Why not fully simulated?
		2020	2021	2022	2023	
Unemployment benefit	<i>bunct_s</i>	PS	PS	PS	PS	No data on contribution history; eligibility partially simulated based on observed receipt of the benefit
Benefit for long-term unemployment						The benefit was abolished
Cash benefit for sickness due to general disease		IA	IA	IA	IA	No data on contribution history and sickness duration
Cash benefit for sickness due to employment injury or occupational disease		IA	IA	IA	IA	No data on contribution history and events occurrence
Cash benefit for the quarantine		E	E	E	E	
Cash benefit for sanatorium treatment		E	E	E	E	
Cash benefit for caring for a sick family member		E	E	E	E	
Cash benefit for reassignment		E	E	E	E	
Cash benefit for pregnancy and childbirth	<i>bmapret_s</i>	PS	PS	PS	PS	No data on contribution history; eligibility partially simulated based on observed receipt of the benefit
Cash benefit for bringing up child up to age of 2	<i>bmaycct_s</i>	PS	PS	PS	PS	No data on contribution history; eligibility partially simulated based on observed receipt of the benefit
Cash benefit in case of adoption of child up to age of 5 years						No data on whether the children in the household are adopted or not; No data on contribution history
Monthly allowance for bringing up child up to age of 1	<i>bmaprnc_s</i>	S	S	S	S	
Monthly child allowance for bringing up a child until completion of secondary education but not longer than 20 years of age	<i>bchmt00_s</i>	S	S	S	S	

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Monthly child allowance for bringing up a permanently disabled child up to 18 years of age and until completion of secondary education but not longer than 20 years of age	IA	IA	IA	IA	No data on individual disability level
Monthly allowance for a child without a right to a survivor's pension	I	I	I	I	No data on entitlement to a survivor's pension.
Lump sum pregnancy grant	IA	IA	IA	IA	
Lump sum allowance upon childbirth	<i>bchbals_s</i>	S	S	S	
Targeted allowance for pupils	<i>bchedyc_s</i>	S	S	S	
Lump sum allowance for raising a child until 1 year of age for mothers who are regular tertiary students	<i>bchmm01_s</i>	S	S	S	
Lump sum allowance for raising twins until 1 year of age	<i>bchmm02_s</i>	S	S	S	
Lump sum allowance in case of adoption					No data on whether the children in the household are adopted or not
Pension for insurance and old age /IOA/	IA	IA	IA	IA	No data on contribution history
Pension for invalidity due to general sickness	IA	IA	IA	IA	No data on contribution history and incapacity occurrence
Pension for invalidity due to employment injury or occupational disease	IA	IA	IA	IA	No data on contribution history and incapacity occurrence
Social old-age pension	<i>poamt_s</i>	S	S	S	
Social invalidity pension	IA	IA	IA	IA	No data on individual disability level
Survivor's pension	IA	IA	IA	IA	No data on the loss of family members, their contribution history, and benefit split among the relatives
Pension supplement in case of deceased spouse	IA	IA	IA	IA	No data on the loss of family members and their contribution history
Pension from voluntary pension insurance	I	I	I	I	No data on contribution history
Monthly social assistance allowance	<i>bsa00_s</i>	S	S	S	
Targeted allowance for heating	<i>bsaht_s</i>	S	S	S	
Monthly allowance for social integration	IA	IA	IA	IA	No information on special purchases or other relevant conditions
Supplement for care by assistant	<i>pdicanc_s</i>	S	S	S	Simulated only with SILC 2020 data.
Monthly financial support under the Law on People with Disabilities Act	<i>pdimmtu_s</i>	S	S	S	Note: experimental simulations

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Targeted financial support for buying and repairing of supportive means, devices, equipment and medical products	IA	IA	IA	IA	No information on special purchases or other relevant conditions
Supplement for care by assistant	S	S	S	S	Note: experimental simulations
Scholarships	IA	IA	IA	IA	No information on school achievements and grades

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “IA”: *included* in the microdata in an aggregated variable but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

Table 2.1b Simulation of taxes and social contributions in EUROMOD

Tax/SIC	Policy years				Why not fully simulated?
	2020	2021	2022	2023	
Employers SIC	S	S	S	S	Only IIIrd category employees; no data necessary to identify the three different categories
Employees SIC	S	S	S	S	Only IIIrd category employees; no data necessary to identify the three different categories
Self-employed SIC	S	S	S	S	Note: minimum compulsory insurance assumed
Health insurance contributions	S	S	S	S	
PIT	S	S	S	S	Note: “patent” tax on small businesses excluded
Motor vehicle tax	E	E	E	E	No relevant characteristics of the vehicles owned
Real estate tax	E	E	E	E	No relevant characteristics of the real estate assets owned
Value added tax	E	E	E	E	Out of scope of the model; no data on consumption
Excise taxes	E	E	E	E	Out of scope of the model; no data on consumption

Notes: “-” policy did not exist in that year; “E” policy is *excluded* from the model’s scope as it is neither included in the microdata nor simulated by EUROMOD; “PS” policy is *partially simulated* as some of its relevant rules are not simulated; “S” policy is *simulated* although some minor or very specific rules may not be simulated.

Table 2.1c Means-testing and legal provisions of the social benefits covered by the Country Report for Bulgaria, 2021-2024

Benefit	Means test	Provided under the regulation of:
1. Unemployment benefit	No	CSI
2. Cash benefit for sickness due to general disease	No	CSI
3. Cash benefit for sickness due to employment injury or occupational disease	No	CSI
4. Cash benefit for the quarantine	No	CSI
5. Cash benefit for sanatorium treatment	No	CSI
6. Cash benefit for caring for a sick family member	No	CSI
7. Cash benefit for reassignment	No	CSI
8. Cash benefit for pregnancy and childbirth	No	CSI
9. Cash benefit for bringing up child up to age of 2	No	CSI
10. Cash benefit in case of adoption of child up to age of 5	No	CSI
11. Monthly allowance for bringing up child up to age of 1	Yes	FACA
12. Monthly child allowance for bringing up a child until completion of secondary education but not longer than 20 years of age	Yes	FACA
13. Monthly child allowance for bringing up a permanently disabled child up to 18 years of age and until completion of secondary education but not longer than 20 years of age	No	FACA
14. Monthly allowance for a child without a right to a survivor's pension	No	FACA
15. Lump sum pregnancy grant	Yes	FACA
16. Lump sum allowance upon childbirth	No	FACA
17. Targeted allowance for pupils	Yes	FACA
18. Lump sum allowance for raising a child until 1 year of age for mothers who are regular tertiary students	No	FACA
19. Lump sum allowance for raising twins until 1 year of age	No	FACA
20. Lump sum allowance in case of adoption	No	FACA
21. Pension for insurance and old age	No	CSI
22. Pension for invalidity due to general sickness	No	CSI
23. Pension for invalidity due to employment injury or occupational disease	No	CSI
24. Social old-age pension	Yes	CSI
25. Social invalidity pension	No	CSI
26. Survivor's pension	No	CSI
27. Pension supplement in case of deceased spouse	No	CSI
28. Pension from voluntary pension insurance	No	CSI
29. Monthly social assistance allowance	Yes	SAA
30. Targeted allowance for heating	Yes	SAA
31. Monthly allowance for social integration (by 31.12.2018)	No	IPDA
32. Monthly financial assistance (from 01.01.2019)	No	PDA
33. Targeted financial support for buying and repairing of supportive means, devices, equipment and medical products	No	IPDA/ PDA
34. Supplement for care by assistant	No	CSI
35. Scholarships	No/Yes	Reg.№ 90 & 207*
36. Targeted monthly allowance during an officially declared state of emergency or extraordinary epidemiological situation	Yes	SAA
37. Targeted monthly allowance to adults leaving resident-type social service centers	No	SAA

Abbreviations:

CSI – Code on Social Insurance (*Кодекс за социално осигуряване*)

FACA – Family Allowances for Children Act (*Закон за семейни помощи за деца*)

SAA – Social Assistance Act (*Закон за социално подпомагане*)

IPDA – Integration of Persons with Disabilities Act (*Закон за интеграция на хората с увреждания*) – repealed as of 1 January 2019.

PDA – People with Disabilities Act (*Закон за хората с увреждания*) – in force as of 1 January 2019

Regulation № 207 of the Council of Ministers: On the conditions for receiving scholarships by pupils after completion of basic education/ Regulation № 90 of the Council of Ministers: On the conditions and procedure for granting scholarships to students, PhD and other post-graduate students at the state tertiary schools and scientific organizations.

Table 2.3 summarizes the sources of legal regulations of the tax-benefit instruments covered by this Country Report. Regarding the means tested benefits, four of them are child-related allowances which are simulated according to the Family Allowances for Children Act /FACA/. As a general rule, for each such benefit the scope of income test excludes any benefit received under the same law. The other three benefits (social old age pension, targeted heating allowance and monthly social assistance allowance) are simulated according to different regulations: the first one under the CSI and the next two under the Social Assistance Act /SAA/. The benefits provided under SAA are subjected to the same rule as those under FACA, i.e. the scope of the income tests excludes any benefit received under SAA.

Benefits which entitlement is granted after a submission of a medical evidence for a type/level of disability or pregnancy/childbirth are assumed to have fulfilled this condition. Such benefits are the social invalidity pension, supplement for care by assistant, cash benefit for pregnancy and childbirth, monthly child allowance for bringing up a permanently disabled child up to 18 years of age and until completion of secondary education.

Following the logic of the social protection system, the last benefit in the order of simulation should be the social assistance for low income – if the family unit does not have any other sources of income (which otherwise can be received due to various circumstances, e.g. retirement and/or old age, large multi-child families, health problems and/or disability, etc.) or the income is at a very low level, the system evaluates the necessity of income support at a level related to GMI.

2.1.1. Part-simulated tax-benefit components

The UB (bunct_s), contributory maternity benefit for pregnancy and child birth (bmaprct_s) and the contributory maternity benefit for bringing up a child up to the age of 2 (bmaycct_s) are partially simulated. This is for the following reason: as previous earnings are not observed in the SILC data, they are imputed using information on the reported receipt of the respective benefit in the SILC data. Therefore, the benefit simulation is conditional on the reported benefit receipt in the micro-data.

The standard deduction for permanently disabled persons is also partially simulated with SILC waves prior to 2019. As entitlement for this deduction depends on whether the person has a disability, with a measured level of 50% or more, with SILC 2019 we use directly the variable for disability level (*ddilv*). But this variable is not available with previous SILC waves and so, with those data we use information on self-reported disability (*ddi*) as well as on receipt of disability pensions (*pdi*). Individuals with a disability (of 50% or more) would be generally entitled to disability benefits which are recorded in the variable for disability pensions. Using information on self-reported disability, we ensure that the disability benefits are not just received on behalf of other persons in the household (e.g. a child). As a result, the tax deduction simulation is conditional on the reported receipt of disability pensions in the micro-data.

2.2. Main policy changes

Bulgarian tax-benefit system has not undergone any substantial structural changes for the period covered, so the spine sequence is identical for all five years. The 2023 reform of the social assistance system does not change its logic but only the parameters on which it is based. For this reason we present only one table with the suggested order of simulation (table 2.4).

The order of simulation is dependent on some interactions between particular tax and benefit policies. For example, the entitlement for the “lump sum pregnancy grant” (a non-contributory benefit) is granted only for those mothers who have not received “cash benefit for pregnancy and childbirth” (a contributory benefit). Hence, the contributory cash benefit is simulated before the non-contributory one.

The order of simulation is established as a sequence of the social transfers that can facilitate an accurate – as much as possible – application of the income tests. These tests are conducted on the basis of the gross income of the assessment units. In principle, no social transfer is subjected to SIC and PIT so income taxation could be positioned at the start of the policy spine. However, in 2014 a tax exemption for employees was introduced (abolished again in 2015) which interacts with the income received from family and social assistance benefits. Therefore, the PIT policy is placed at the end of the policy spine. Employee’s SIC are simulated before PIT since they are deductible from the taxable income assessed for PIT.

Table 2.2. Main policy changes

Policies	2021→2022	2022→2023	2023→2024
Benefits	Generous pension increases entered into force as of 25 December 2021. As of 1 April 2022, minimum and maximum unemployment benefit amounts and the amount of the maternity benefit for taking care of a child up to 2 years of age are increased.	The entitlement to monthly social assistance benefits and their amounts were based on the so-called “social assistance base” determined as a percentage of the official poverty line. The social assistance system was simplified by reducing the number of beneficiary categories. Lump-sum benefits to address the spike in electricity prices were paid in the end of 2022.	Pensions are increased by 12% as of 1 July 2023. The pension supplement in case of deceased spouse is increased. The maximum unemployment benefit amount is increased. The lump-sum birth grant amount is increased. The income threshold for means-tested family allowances is increased.
SIC	As of 1 April 2022, the maximum contributory income is increased.	The monthly amount of the minimum contributory income for self-employed was increased.	The monthly amounts of the minimum contributory income for self-employed and the maximum contributory income is increased.
Direct taxes			
Other			

2.3. Order of simulation and interdependencies

2.3.1. EUROMOD Spine: Order of simulation

Table 2.3.1 EUROMOD Spine: order of simulation, 2021-2024

Policy	Description	Main output
SetDefault_bg	DEF: DEFAULT VALUES	
Uprate_bg	DEF: UPDATING FACTORS (includes option for alternative updating of pensions based on the growth in the average pension amounts)	
Uprate_bands_bg	DEF: UPDATING PENSIONS IN BANDS (policy switched off with alternative full-year adjustment)	
random_bg	DEF: create random variables to identify workers on Covid-19 wage compensation schemes	
TransLMA_bg	LMA transitions	
ConstDef_bg	DEF: CONSTANTS	
FYA_bg	SWITCH: Full Year Adjustments, i.e. model annual policies instead of 30th June (switch on/off to apply)	
IlsDef_bg	DEF: STANDARD INCOME CONCEPTS	
IlsUDBDef_bg	DEF: STANDARD UDB INCOME CONCEPTS	
IIDef_bg	DEF: NON-STANDARD INCOME CONCEPTS	
random_bg	DEF: Random variables to model labour market transitions	
TransLMA_bg	DEF: Modelling labour market transitions (DO NOT SWITCH ON; ONLY WORKS WITH LMA ADD-ON)	
TUDef_bg	DEF: ASSESSMENT UNITS	
TCA_bg	SWITCH: correction for tax evasion: 1) UDB SILC - comparing gross and net income from employment; 2) UDB SILC+ national SILC variables - using information on base for calculating SIC	
yem_bg	DEF: minimum wage (минимална заплата)	yem
neg_bg	DEF: recode negative self-employment income to zero yse (отрицателен доход от самостоятелна заетост да е равен на нула)	
yemcomp_bg	BEN: 60/40 and BGN290 compensation schemes for bwkmcee_s, yemmc_s employees in response to Covid-19 (ONLY WORKING WITH LMA ADD-ON)	
ysecomp_bg	BEN: BGN290 compensation scheme for self-employed bwkmcse_s in response to Covid-19 (ONLY WORKING WITH LMA ADD-ON)	
InitVars_bg	DEF: initialise variables (for multiple births and quarter of birth)	
tscer_bg	SIC: social insurance contributions employer (вноски за социално осигуряване платени от работодателите)	tscerpi_s, tscersi_s, tscerui_s, tscerac_s, tscerhl_s, tscctpi_s, tscctsi_s, tscctui_s, tscctac_s, tsccthl_s
tscee_bg	SIC: social insurance contributions employee (вноски за социално осигуряване на работниците и служителите)	tsceepi_s, tsceesi_s, tsceeu_s, tsceehl_s
tsce_bg	SIC: social insurance contributions self-employed (вноски за социално осигуряване на самостоятелно заети)	tsceepi_s, tscehl_s
bunct_bg	BEN: unemployment benefit (обезщетение за безработица) (PART SIMULATED)	bunct_s

bmaycct_bg	BEN: contributory maternity benefit for bringing up a child up to age of 2 (обезщетение за отглеждане на дете до 2 годишна възраст)	bmaycct_s
bmaprct_bg	BEN: contributory maternity benefit for pregnancy and childbirth (обезщетение за бременност и майчинство)	bmaprct_s
pdicanc_bg	BEN: Supplement for care by assistant (Добавка за чужда помощ)	pdicanc_s
pdimmtu_bg	BEN: Monthly financial support under the Law on People with Disabilities Act (Месечна финансова подкрепа по Закона за хората с увреждания) - EXPERIMENTAL SIMULATIONS	pdimmtu_s
bsa00_bg	BEN: guaranteed minimum income (помощ за социално подпомагане - гарантиран минимален доход) (<i>1st run</i>)	bsa00_s
bsaht_bg	BEN: heating benefit (целева помощ за отопление) (<i>1st run</i>)	bsaht_s
bchmt00_bg	BEN: means-tested child benefit (месечна помощ за отглеждане на дете до завършване на средното образование, но не по-късно от 20 годишна възраст)	bchmt00_s
bchedyc_bg	BEN: child benefit for education (целева помощ за ученици)	bchedyc_s
bchednm_bg	BEN: benefit for students in 8th grade (целева помощ за ученици, записани в осми клас) (from 2021 on)	bchednm_s
bchbals_bg	BEN: birth grant (also for adoption) (еднократна помощ при раждане)	bchbals_s
bmaprnc_bg	BEN: non-contributory benefit for raising a child under the age of 1 (месечна помощ за отглеждане на дете до 1 годишна възраст)	bmaprnc_s
bchnm01_bg	BEN: non-means-tested child benefit for mothers in tertiary education (from 2009 on)	bchnm01_s
bchnm02_bg	BEN: non-means-tested child benefit for twins (from 2009 on)	bchnm02_s
poamt_bg	BEN: Social old-age pension (Социална пенсия за старост) - AMOUNT IS SIMULATED ONLY IF SILC MICRO-DATA FOR 2016 OR LATER ARE USED (Note: amount is always simulated if hypothetical data are used)	poamt_s
bsa00_bg	BEN: guaranteed minimum income (помощ за социално подпомагане - гарантиран минимален доход) (<i>2nd run</i>)	bsa00_s
bsaht_bg	BEN: heating benefit (целева помощ за отопление) (<i>2nd run</i>)	bsaht_s
tin_bg	TAX: income tax (данък общ доход)	tin_s

2.4. Policy extensions

There are several so-called policy *extensions* in EUROMOD. More than one policy as well as functions from different policies can belong to a single extension. Furthermore, the same policy or function can belong to more than one extension. Extensions can be by default “switched on”, i.e. calculations are carried out, or “off”. Noteworthy, users can select whether to run the tax-benefit simulations with the extension being on or off.

The extension *Tax Compliance Adjustment (TCA)* adjusts the results from the policy simulations for tax compliance. In the baseline, the extension is switched on in all policy years;

hence, the results are adjusted for tax compliance. For detailed explanation on how the adjustment is carried out, see section 3.3.4.

The extension *Uprating by Average Amounts (UAA)* adjusts the uprating of public pensions. In the baseline simulations, the extension is off and public pensions are uprated over time by taking into account the indexation rules, coded in the policy `Uprate_bands_bg` (see section 3.4 for more details on uprating). However, for certain research purposes e.g. nowcasting poverty figures, it might be more useful to adjust pensions by the growth in their average amounts, to account for structural changes in the pension system and population compositional changes. This adjustment can be enabled by switching on the extension UAA, which in turn disables the uprating by indexation rules (policy `Uprate_bands_bg`).

Baseline simulations in EUROMOD refer to the policy rules on 30th of June of the respective year. The extension *Full Year Adjustment (FYA)* – which is switched off in the baseline but can be switched on by the user – accounts for policy changes that occurred throughout the whole year by averaging, where relevant, benefit/ tax amounts and duration over the whole calendar year. In more detail, the following policy changes that occurred throughout the respective year are taken into account with FYA:

- In October 2020:
 - o In October, an increase to the minimum UB BGN 9 to BGN 12 per day and to the minimum benefit duration from 4 to 7 months (see section 2.4.1)
 - o An increase to the Covid-19 pension supplement (see section 3.4.1)
- In 2021:
 - o In October, an increase to the monthly amount for the contributory maternity benefit for bringing up a child up to age of 2, from BGN650 to BGN710 per month (see section 2.4.4)
 - o An increase to the Covid-19 pension supplement (see section 3.4.1)
- In 2022:
 - o An increase in April to the upper threshold applied on earnings in the calculation of employee and self-employed SIC, from BGN 3000 from January to March to BGN 3400 from April to December (see section 2.5)
 - o An increase in April to the minimum wage, e.g. used in the calculation of SIC, from BGN 650 from January to March to BGN 710 from April to December (see section 2.7)
 - o An increase to the minimum and maximum amount paid for the unemployment insurance benefit (see section 2.4.1)
 - o Increase to the amounts in the calculation of the means-tested child benefit (see section 2.4.10)

Benefit Calibration Adjustments (BCA), allowing the user to calibrate the receipt of benefits to match the simulated total number of beneficiaries of a benefit to real expenditure from external statistics. The extension is implemented for the simulation of the social assistance benefit (`bsa00_s`). The default for the baseline is off. When the extension is on, a subset of eligible observations is selected randomly as beneficiaries so that the real number of beneficiaries is reached, removing the benefit from the rest of the eligible observations; when off, all eligible observations are kept as beneficiaries. This extension shares most of its functions with the BTA extension; as a general rule, only one of the extensions should be on, but if both are, the lowest rate between the take-up rate and the calibration rate will be applied. More details on the specific implementation of BCA and BTA extensions are provided in the subsections describing the corresponding benefit.

Benefit Take-up Adjustments (BTA), allowing the user to apply non-take-up corrections. The extension is used for the simulation of material need benefits (`bsa00_s`). The default for the baseline is off. When the extension is on, a share of (weighted) eligible

observations equal to the take-up rate is selected randomly as beneficiaries, removing the benefit from the rest of the eligible observations; when off, all eligible observations are kept as beneficiaries. This extension shares most of its functions with the BCA extension; as a general rule, only one of the extensions should be on, but if both are, the lowest rate between the take-up rate and the calibration rate will be applied. More details on the specific implementation of BCA and BTA extensions are provided in the subsections describing the corresponding benefit(s).

2.4.1. Minimum Wage (yem)

The minimum wage (per month) in Bulgaria was BGN 610 in 2020, BGN 650 in 2021, BGN 650 for 1 January to 31 March 2022, BGN 710 from 1 April to 31 December 2022, BGN 780 as of 1 January 2023. As of 1 January 2024 the monthly minimum wage is BGN 933.

EUROMOD modelling: Monthly income from employment, accounting for the number of months in work, is set equal to the minimum wage (proportional to hours worked) if the income from employment is less than the minimum wage. We do not apply the minimum wage correction when a person earns more than the monthly minimum wage, but its hourly wage is still less than a minimum wage.

The minimum wage adjustment is not applied in the baseline simulations. The extension *Minimum Wage Adjustments (MWA)* allows for the simulation of the Minimum Wage. The extension is off by default. But if switched on, people's earnings are modified, so everyone earns at least at the level of the minimum wage.

2.5. Benefits

2.5.1. Unemployment benefit (обезщетение за безработица) (bunct_s)

- **Definition**

The unit of analysis is the individual (*tu_individual_bg*).

- **Eligibility conditions**

This is a contributory benefit. It is granted to a resident person who:

- is currently not entitled to an old-age pension;
- is not undertaking an economic activity requiring compulsory social insurance (i.e. employed or self-employed; registered agricultural producer) became unemployed involuntarily;
- has been insured for *at least 12 months* amid the last 18 months before the termination of the employment;
- is registered at the local public employment office as an unemployed person and is ready to accept a proposed job.

- **Income test**

Not applicable

- **Benefit amount**

The amount of the benefit is equal to 60% of the average gross contributory income calculated for the assessment period which is the last 24 months (since 1 January 2012). The amount of

the benefit shall not be lower than a certain amount (BGN 7.20 per day or approximately 151.20 per month for the period from 2012 to 2017, BGN 9.00 per day until 31 August 2020, BGN 12.00 for the period from 1 October 2020 to 31 March 2022, and BGN 18.00 thereafter). Since 1 January 2018, a maximum daily amount of the unemployment benefit has been introduced (BGN 74.29 per day until 31 March 2022, BGN 85.71 from 1 April to 31 December 2023, and BGN 107.14 thereafter):

Table 2.5.1a Monthly thresholds for the unemployment benefit, 2019-2022

Minimum and maximum unemployment benefit amounts:	2021	2022	2023	2024
Minimum (BGN)	252.00	252.00 (from 1 January to 31 March 2020) 378.00 (from 1 April to 31 December 2022)	378.00	378.00
Maximum (BGN)	1 560.00	1560.00 (from 1 January to 31 March 2020) 1800.00 (from 1 April to 31 December 2022)	1800.00	2250.00

As of 1 January 2018, the periods are determined according to the duration of the contributory history acquired after 31 December 2001, as follows:

Table 2.5.1b Contributory periods and payment periods , 2020-2023

Contribution period (years and days, after 31.12.2001)	0 to 3 years	3 years and 1 day to 7	7 years and 1 day to 11	11 years and 1 day to 15	Over 15 years
Payment period (months)	4	6	8	10	12

In response to Covid-19, from October 2020 the minimum benefit amount was increased from BGN 9.00 to BGN 12.00 per day (i.e. from BGN 189 to BGN 252 per month). The simulation of this benefit increase can be activated via the Full Year Adjustment (FYA) extension (see section 2.3). From April 2022 the minimum benefit amount was increased from BGN 12 to BGN 18.

EUROMOD modelling: The estimation of contributory history is based on the variable for time spent in work (*liwwh*). Previous earnings for those who are observed to receive the UB in SILC survey are imputed based on the amount of the benefit (using the inverse function).

The table below provides a summary of the benefit characteristics (those simulated in EUROMOD):

Table 2.5.1c Benefit features (simulated in EUROMOD), 2021-2024

		2020-2023
Eligibility	Contribution period	Last 2 years
	Other conditions	No receipt of old-age pension, aged 16+ and not above retirement age
	Eligibility of self-employed	n/a
Payment	Contribution base	Gross earnings
	Basic amount	60% of previous gross earnings

	Additional amount	n/a
	Floor	See “Benefit amount”
	Ceiling	See “Benefit amount”
Duration	Standard (in months)	Between 4 and 12 months
	Special cases (in month)	n/a
Subject to	Taxes	No
	SIC	No

2.5.2. Contributory maternity benefit for pregnancy and childbirth (обезщетение за бременност и майчинство) (bmaprct_s)

- **Definition**

The unit of analysis is the family (*tu_bmaprct_bg*).

- **Eligibility conditions**

This is a contributory benefit provided to mothers who have been insured for a certain period before the childbirth. There is a minimum contributory period at the time the benefit is claimed:

Table 2.5.2a Maternity benefit eligibility condition, 2021-2024

Years	2021-2024
Contributory period	12 months

- **Income test**

Not applicable

- **Benefit amount**

The amount of the benefit is 90% of the average gross contributory income for the last 24 calendar months (24 months – since 1 January 2015). The amount of the benefit should not be lower than the statutory minimum wage and not higher than the person’s net wage:

Table 2.5.2b Benefit amount thresholds

Thresholds	2021-2024
Minimum (BGN)	Minimum monthly wage
Maximum (BGN)	Person’s net wage

The benefit is paid for a particular period linked to the birth date. It is split into two parts: (1) 45 days – before the anticipated date of birth delivery; (2) the rest of the days – after the birth.

Table 2.5.2c Benefit duration

Years	2021-2024
Payment period	410 days (45/365)

- **Subject to taxes/SIC**

Not applicable.

- **Take up**

It is assumed to be 100% (no evidence for incomplete take-up).

EUROMOD modelling: The estimation of contributory history is based on the variable for time spent in work (*liwwh*). Previous earnings for those who are observed to receive the cash benefit for pregnancy and childbirth in SILC are imputed based on the amount of the benefit (using the inverse function).

Benefit duration is adjusted for the quarter of birth of the child. If the child is aged 0 at the end of the income reference period and was born in the first quarter of the year, the benefit is paid out for the full duration. If the child is aged 0 (1) and is born in the second (last) quarter of the year, the benefit is paid out for $\frac{3}{4}$ of the duration. If the child is aged 0 or 1 and is born in the third quarter of the year, the benefit is paid out for $\frac{2}{4}$ of the duration. If the child is aged 0 (1) and is born in the last (second) quarter of the year, the benefit is paid out for $\frac{1}{4}$ of the duration. If the child is aged 1 and is born in the first quarter of the year, the woman with a child is no longer entitled to the benefit.

2.5.3. Birth grant (also for adoption) (еднократна помощ при раждане) (bchbals_s)

- **Definition**

The unit of analysis is the family (*tu_bmaprct_bg*).

- **Eligibility conditions**

The benefit is a non-contributory benefit performing as a universal birth grant paid to every mother upon childbirth. The benefit is not paid if the child is placed in a specialized child-care institution after the birth.

- **Income test**

Not applicable

- **Benefit amount**

The amount of the benefit depends on the child rank:

Table 2.5.3 Birth grants amount dependent on number of chides, 2021-2024

Birth grant amount (BGN)	2021	2022	2023	2024
First child	250	250	250	375
Second child	600	600	600	900
Third child	300	300	300	450
Fourth and each subsequent child	200	200	200	300

EUROMOD modelling: We assume that the benefit is paid to families with dependent children below 1 year of age ($dag = 0$). If the family has two or more dependent children meeting the age condition, for example in case of birth of twins, the benefit for each child is paid at the amount for the second child. It is also assumed that all children are not placed in specialized child-care institution after the birth.

2.5.4. Contributory maternity benefit for bringing up a child up to the age of 2 (обезщетение за отглеждане на дете до 2г.) (bmaycct_s)

- **Definition**

The unit of analysis is the family (*tu_bmaycct_bg*).

- **Eligibility conditions**

This is a contributory benefit provided to an insured mother with a dependent child of age 1 until completion of age 2. It is paid after the expiration of the pregnancy-and-childbirth leave during which the mother receives the cash benefit for pregnancy and childbirth. There is a minimum contributory period at the time of benefit claim:

Table 2.5.4a Maternity benefit eligibility condition

Years	2021	2022	2023	2024
Contributory period	12 months			

However, according to the Bulgarian social insurance legislation all periods of leave (paid or not paid) due to pregnancy and childbirth are recognized as a period of insurance.

- **Income test**

Not applicable

- **Benefit amount**

Table 2.5.4b Benefit amounts, 2021-2024

Years	2021	2022	2023	2024
Benefit amount (BGN)	380	650	780	780
	(From 1 January to 30 September 2021)	(From 1 January to 31 March 2022)		
	650	710		
	(from 1 October to 31 December 2021)	(from 1 July to 31 December 2022)		

The benefit is paid for up to 12 months (after 1 year of age and up to 2 years of age of the child).

- **Subject to taxes/SIC**

Not applicable.

- **Take up**

It is assumed to be 100% (no evidence for incomplete take-up).

EUROMOD modelling: Assumptions for contributory history and previous earnings are the same as for the cash benefit for pregnancy and childbirth (see 2.5.2).

Benefit duration is adjusted for the quarter of birth of the child. If the child is aged 1 at the end of the income reference period and was born in the first quarter of the year, the benefit is paid out for the full duration. If the child is aged 1 (2) and is born in the second (last) quarter of the year, the benefit is paid out for $\frac{3}{4}$ of the duration. If the child is aged 1 or 2 and is born in the third quarter of the year, the benefit is paid out for $\frac{2}{4}$ of the duration. If the child is aged 1 (2)

and is born in the last (second) quarter of the year, the benefit is paid out for ¼ of the duration. If the child is aged 2 and is born in the first quarter of the year, the woman with a child is no longer entitled to the benefit.

2.5.5. Non-means-tested child benefit for mothers in tertiary education (еднократна помощ за отглеждане на дете до навършване на 1 година за майки студентки в редовна форма на обучение) (bchmm01_s)

- **Definition**

The unit of analysis is the family (*tu_bmaprnc_bg*).

- **Eligibility conditions**

This is a non-contributory lump sum benefit for a mother of a child up to age 1 under the condition that she is a regular tertiary student. The benefit can be received if the child is not placed in a specialized child-care institution. In addition, the mother shall not be insured and shall not receive contributory maternity benefit for pregnancy and childbirth or contributory maternity benefit for bringing up a child up to the age of 2.

- **Income test**

Not applicable

- **Benefit amount**

The benefit is introduced in 2009 and is determined as a fixed amount.

Table 2.5.5 Benefit amounts, 2021-2024

Year	2021	2022	2023	2024
Annual benefit amount (BGN)	2,880	2,880	2,880	2,880

EUROMOD modelling: Since 1 January 2016, the benefit is paid on two instalments. The first instalment is paid immediately after the approval of the application and the second – after the mother proves that she has been enrolled in the next semester. For the purposes of the simulations, it is presumed that the benefit is paid in full during the policy year.

2.5.6. Non-means-tested child benefit for twins (еднократна помощ за отглеждане на близнаци до навършване на 1 година) (bchmm02_s)

- **Definition**

The unit of analysis is the family (*tu_bmaprnc_bg*).

- **Eligibility conditions**

This is a non-contributory lump sum benefit for a mother of twins up to age 1. The benefit (BGN 1,200 for each child) cannot be received if even one of the children is placed in a specialized child-care institution.

- **Income test**

Not applicable

- **Benefit amount**

The benefit was introduced in 2009.

Table 2.5.6 Benefit amounts, 2021-2024

Year	2021	2022	2023	2024
Annual benefit amount (BGN)	2,400	2,400	2,400	2,400

EUROMOD modelling: The benefit is paid to mothers (dgn = 0) who are parents of two children up to 1 year of age living in the same household. It is assumed that the children are not placed in specialized child-care institution.

2.5.7. Targeted allowance for schoolchildren enrolled in 1st, 2nd, 3rd or 4th grade at a state or municipal school (еднократна помощ за ученици, записани в първи клас на държавно или общинско училище) (bchedyc_s)

- **Definition**

The unit of analysis is the family (*tu_bchedyc_bg*).

- **Eligibility conditions**

It is a non-contributory lump-sum allowance paid to a family which has one or more children enrolled in 1st, 2nd, 3rd or 4th grade (1st grade – until 1 January 2023) at state or municipal schools in the respective calendar year.

- **Income test**

As of 1 January 2021, the benefit is granted regardless of the family income, i.e. without means test.

In the period 2018-2020, the benefit was means-tested and paid to a family with average monthly income per family member for the last 12 months up to the following threshold:

Table 2.5.7a Income test thresholds, 2018-2020

Year	2018	2019	2020
Upper monthly threshold (BGN)	450	450	450

Calculation of the average income did not apply any equalization method. The income definition for the test included the **gross income from all sources** of all family members, namely.

- (1) All components of the original (market) income which are defined as taxable by PITA
- (2) All pensions
- (3) All contributory benefits
- (4) All social assistance benefits and allowances:
- (5) All tertiary education scholarships (for students, PhD and other post-graduate students).

Exceptions:

- (1) All benefits granted under FACA:
 - Monthly allowance for bringing up a child up to age of 1

- Monthly allowances for a child until graduation from high school, but not after the age of 20
- Monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age
- Lump sum pregnancy grant
- Monthly allowance for a child without a right to a survivor’s pension
- One-off allowance upon childbirth
- Targeted allowance for schoolchildren enrolled in 1st to 4th grade at a state or municipal school
- Targeted allowance for schoolchildren enrolled in 8th grade at a state or municipal school
- Lump sum allowance for raising a child until 1 year of age for mothers who are regular tertiary students
- Lump sum allowance for raising twins until 1 year of age
- Lump sum allowance in case of adoption

(2) All secondary education scholarships (for pupils still in secondary school)

(3) Allowances under the Child Protection Act (*Закон за закрила на детето*)

(4) Supplement for care by assistant

(5) Allowances granted under the Integration of People with Disabilities Act (up to 1 January 2019) and as of 1 January 2019 – the People with Disabilities Act (*Закон за хората с увреждания*)

- ***Benefit amount***

Table 2.5.7b Benefit amounts, 2022/23-2024/25

School year	2021/2022	2022/2023	2023/2024	2024/25
Lump-sum amount (BGN)	250	300	300	300

EUROMOD modelling: (1) As the SILC data do not contain information on the student’s grade, until 2023 policy year we tried to identify eligible children by their age – 6 or 7 years old – and being enrolled in primary school (dec=2). It is thus likely we oversimulate the number of benefit recipients as some of the children aged 7 will be already in 2nd grade. As of 2023 policy year the eligibility condition is simplified (dec=2, without applying age-related criteria); (2) Until 30 June 2019, this lump-sum benefit was paid in the beginning of the school year (September of the respective year). As of 1 July 2019, the allowance shall be paid on two instalments, as 50 per cent of its amount shall be paid after the entry into force of the order for its granting, and the remainder shall be paid at the beginning of the second school term, if the child continues to attend school; (3) The amount of the benefit is determined for a school year (September – May of the respective calendar year). Thus, the school year differs from the calendar year.

2.5.8. Benefit for students in 8th grade at a state or municipal school (еднократна помощ за ученици, записани в осми клас на държавно или общинско училище) (bchednm_s)

- **Definition**

The unit of analysis is the family (*tu_bchednm_bg*).

- **Eligibility conditions**

It is a non-contributory lump-sum allowance paid to a family which has one or more children enrolled in 8th grade at state or municipal schools in the respective calendar year.

- **Income test**

Not applicable

- **Benefit amount**

Benefit has been introduced since 1 January 2021.

Table 2.5.8 Benefit amounts, 2022/23-2024/25

School year	2022/23	2023/24	2023/24	2024/25
Lump-sum amount (BGN)	300	300	300	300

EUROMOD modelling: As the SILC data do not contain information on the student’s grade, we try to identify eligible children by their age – 13 or 14 years old – and being enrolled in lower secondary school (dec=3). It is thus likely we oversimulate the number of benefit recipients as some of the children aged 14 will be already in grade 9. We simulate that the full benefit amount is paid to entitled families. In reality, the benefit is paid in two instalments, as 50 per cent of its amount is paid after the entry into force of the order for its granting, and the remainder is paid at the beginning of the second school term, if the child continues to attend school. The amount of the benefit is determined for a school year (September – May of the respective calendar year). Thus, the school year differs from the calendar year.

2.5.9. Non-contributory benefit for raising a child under the age of 1 (месечна помощ за отглеждане на дете до 1 г. Възраст) (bmaprnc_s)

- **Definition**

The unit of analysis is the family (*tu_bmaprnc_bg*).

- **Eligibility conditions**

This is a non-contributory allowance paid to mothers of children up to one year of age. The benefit is granted under the condition that the mother is not in receipt of the cash benefit for pregnancy and childbirth or the cash benefit for bringing up a child up to age of 2, i.e. it is granted only to the so-called „non-insured mothers”.

EUROMOD modelling: Some specific eligibility rules are not simulated here but a substantial bias is not expected as a result of this.

- **Income test**

The benefit is paid to individuals living in families with average monthly income per family member for the last 12 months (preceding the childbirth) up to the following threshold:

Table 2.5.9a Monthly thresholds, 2021-2024

Year	2021	2022 (1 January – 31 March)	2022 (1 April – 31 December)	2023	2024
Monthly threshold (BGN)	510	510	610	610	810

The components included in the income test are the same as for benefit 2.4.7.

- **Benefit amount**

The monthly amount of the benefit is BGN 100 per month and is a constant for the period 2007-2020. It is paid each month until the completion of age 1 of the child.

As of 1 January 2021, the benefit amount is BGN 200 per month.

Table 2.5.9b Benefit amounts, 2021-2024

Year	2021	2022	2023	2024
Upper monthly threshold (BGN)	200	200	200	200

EUROMOD modelling: Benefit duration is adjusted for the quarter of birth of the child. If the child is aged 0 at the end of the income reference period and was born in the first quarter of the year, the benefit is paid out for the full duration. If the child is aged 0 (1) and is born in the second (last) quarter of the year, the benefit is paid out for $\frac{3}{4}$ of the duration. If the child is aged 0 or 1 and is born in the third quarter of the year, the benefit is paid out for $\frac{2}{4}$ of the duration. If the child is aged 0 (1) and is born in the last (second) quarter of the year, the benefit is paid out for $\frac{1}{4}$ of the duration. If the child is aged 1 and is born in the first quarter of the year, the woman with a child is no longer entitled to the benefit.

2.5.10. Means-tested child benefit (месечна помощ за отглеждане на дете до завършване на средното образование, но не по-късно от 20-годишна възраст) (bchmt00_s)

- **Definition**

The unit of analysis is the family (*tu_bchmt00_bg*).

- **Eligibility conditions**

This is a non-contributory allowance paid to families with children up to 18 years of age (or 20 years of age if the child is enrolled in secondary education).

- **Income test**

The benefit is paid to families with average monthly income per family member for the last 12 months. As of 1 January 2018, there are two income thresholds are introduced – families from Income group 1 receive 100% of the amount of the benefit and families from Income group 2 receive 80% of the benefit amount (see the table below).

Table 2.5.10a Income test thresholds, 2020-2023

Year	2021	2022 (1 January – 31 March)	2022 (1 April – 31 December)	2023	2024
<i>Income group 1</i> – recipients receive 100% of the benefit	0,00 – 410.00	0.00 – 410.00	0.00 – 510.00	0.00 – 510.00	0.00 – 710.00

<i>Income group 2 – recipients receive 80% of the benefit</i>	410.01 – 510.00	410.01 – 510.00	510.01 – 610.00	510.01 – 610.00	710.01 – 810.00
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The components included in the income test are the same as for benefit 2.5.7.

Since 2018, lone parents who are widowed receive the benefit without an income-test.

- **Benefit amount**

Since 1 January 2016, the amount of the benefit is determined at family level, i.e. not per child and depends on how many children are entitled to monthly allowances.

Table 2.5.10b Benefit amounts, 2021-2024

Year	2021	2022 (1 January – 31 March)	2022 (1 April – 31 December)	2023	2024
Family with one child	40	40	40	50	50
Family with two children	90	90	90	110	110
Family with three children	135	135	135	165	165
Family with four children	145	145	145	175	175
Each child after the fourth	+20	+20	+20	+20	+20
Twins (per child)	75	75	75	75	75

Note: Figures are in BGN, per month.

EUROMOD modelling:

Special case: (1) Until 1 January 2016, the amount of the allowance for twins was determined as 50% higher than the standard amount of the benefit (per each child). From 1 January 2016, the Family Allowances for Children Act (*Закон за семейни помощи за деца*) stipulates that when determining the amount of family allowances per family, the amount of the allowance for twins shall be at least 1.5 times the amount of the allowances for family with one child. The exact amount is determined in State Budget of the Republic of Bulgaria Act and in 2016 it is BGN 75 per month per each child. (2) Until 1 January 2016, the amount of the allowance for a child with permanent disability (i.e. with reduced capacity level of 50% or more) was 2 times the amount of the allowance for the 1st child. From 1 January 2016, FACA stipulates that when determining the total amount of all family allowances to be received by a given family, the amount of the allowance for a permanently disabled child shall be at least 2 times the amount of the allowances for family with one child. The exact amount is determined in State Budget of the Republic of Bulgaria Act and in 2016 it is BGN 100 per month per each child. The additional monthly allowance for permanently disabled children is granted without means-testing and only in case the family does not receive the newly introduced monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age.

As of 1 January 2017, this allowance cannot be received simultaneously with the monthly allowances for a child until graduation from high school, but not after the age of 20.

To simulate the new allowance for a permanently disabled child, we need information on i) whether the child – aged below 18 or below 20 if in education – has a disability and ii) the level of disability. However, in UDB SILC (variable PL031), there is no information on disability for individuals aged below 16 and no information on the level of disability. Thus, we cannot simulate this new allowance. Note that due to the lack of information in SILC, we also cannot fully simulate the component of the means-tested child benefit, which is provided to permanently disabled children up to 2016.

2.5.11. Social old-age pension (социална пенсия за старост) (poamt_s)

• **Definition**

The unit of analysis is the household (*tu_individual_bg*).

The legislation does not use the term “household” but the actual scope of the assessment unit practically includes all individuals which cohabit with the claimant in the same dwelling.

• **Eligibility conditions**

This is a non-contributory benefit granted to a person who has turned 70 years of age. The person should not be in receipt of any other pension.

• **Income test**

In order to receive that benefit, the person should live in a family where the annual income per family member by the date after reaching the age is less than the sum of the so-called „social assistance base” (*основа за подпомагане*) for the last 12 months. The social assistance base is equal to 30% of the official poverty line determined by the Council of Ministers. Before July 2023, the income threshold was the sum of the so-called “Guaranteed Minimum Income” (*Гарантиран минимален доход*) for the last 12 months. Furthermore, the claimant shall not be granted any other type of pension:

Table 2.5.11a Income test thresholds, 2020-2023

Year	2020	2021	2022	January – June 2023
Monthly GMI (BGN)	75	75	75	75
Annual GMI (BGN)	900	900	900	900

The income test thresholds after June 2023 are:

Table 2.5.11b Income test thresholds after June 2023:

Year	July – December 2023	2024
Poverty line (BGN)	504	526
Social assistance Base – 30% of the poverty line (BGN)	151.20	157.80
Annual social assistance base	1,814.40	1,893.60

The income definition for the test includes the **gross income from all sources** of all household members, namely:

- (1) All components of the original (market) income which are defined as taxable by PITA.
- (2) All pensions
- (3) All contributory benefits
- (4) All family benefits
- (5) Irregular income sources (e.g. lottery winnings, bequests, etc.).

Exceptions:

(1) All benefits granted under Law on Social Assistance (*Закон за социално подпомагане*):

- monthly and lump-sum social assistance allowances
- targeted allowance for heating

(2) Supplement for care by assistant

(3) All allowances for social integration of disabled people (until 31 December 2018) and as of 1 January 2019 – the monthly financial support for people with disabilities under the People with Disabilities Act (*Закон за хората с увреждания*)

(4) Lump sum family allowances under the Family Allowances Act (*Закон за семейни помощи за деца*)

(5) Monthly allowances for a child until graduation from high school, but not after the age of 20 and monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age under the Family Allowances Act (*Закон за семейни помощи за деца*)

Benefit amount

Table 2.5.11c Benefit amounts, 2021-2024

Year	2021	2022	2023	2024
Social old-age pension	145.17	208.50	261.82	291.85

Note: Figures are in BGN, annual averages, per month.

EUROMOD modelling: The social old-age pension is simulated only with EUROMOD input data for 2016 or later waves (that is SILC 2016 or later waves). That data record contributory pensions (SILC variable PY102) and non-contributory pensions (SILC variable PY103) in two separate variables. Hence, EUROMOD calculation of household net income includes the reported value of contributory pensions (poa00) and the simulated value of the social old-age pension (poamt_s).

In comparison, in earlier versions of SILC data *all* old-age pensions are recorded in a single variable (SILC variable PY100 and EUROMOD variable poa00). So that the social old-age pension is not double counted in household net income – once as poamt_s and once as part of poa00 – the value of poamt_s is set to 0 if earlier waves (before 2016) of the EUROMOD input data are used.

2.5.12. Targeted allowance for heating (целева помощ за отопление) (bsaht_s)

- **Definition**

The unit of analysis is the household (*tu_hh_bg*).

- **Eligibility conditions**

This is a non-contributory allowance granted to lone persons or households with low incomes.

- **Income test**

For the 2019/2020, 2020/2021, 2021/2022 and 2022/2023 heating seasons, the allowance was granted to households whose average income for the last 6 months per household member is below the threshold of the so-called “Differentiated Heating Income” (DHI). DHI is calculated

as a product of the so-called “Basic Heating Income” (BHI) and a coefficient set in the legislation. BHI amount is equal to the 2-fold amount of the so-called “Guaranteed Minimum Income” (GMI). For 2022/2023 heating season, BMI is equal to BGN 150. The following table contains the coefficient used to calculate DHI threshold for various categories of persons:

Table 2.5.12a DHI threshold for various categories of persons – 2020-2022 percentage of BHI, 2020-2022

Category of person	
person living alone	1.30
person with reduced working capacity of 50% or more living alone	1.57
orphan child up to age of 18 (under 20 for children attending school)	1.27
lone parent with one or more children aged under 18 (under 20 for children attending school)	1.57
two spouses living together (per each spouse)	1.00
child aged up to age of 18 (up to 20 when studying)	1.03
child with permanent disabilities aged up to 8 (up to 20 when studying)	1.30
child aged up to the age of 18 (up to 20 when studying) accommodated in relatives' family or in foster family (as a result of a child protection measure)	1.25
child aged 5-16 not attending school	0.30
child aged 16-18 not attending school and registered as unemployed jobseeker at local employment office	0.90
parent of a child up to the age of 18 not attending school	0.50
person cohabiting with other persons	1.24
pregnant woman 45 days before the term	1.20
parent taking care of a child under age of 3	1.20
person over the age of 70	1.20
person over the age of 75 living alone	1.85
person over the age of 65 living alone	1.75
person with reduced working capacity of 50% or more	1.20
person with reduced working capacity of 70% or more	1.42
person with reduced working capacity of 90% or more	1.72

As of 9 June, DHI is calculated as a percentage of the so-called “social assistance base” which is equal to 30% of the official poverty line (BGN 504 per month in 2023 and BGN 526 per month in 2024). The amount of the official poverty line is determined by the Council of Ministers. The following table contains the coefficient used to calculate DHI threshold for various categories of persons:

Table 2.5.12b DHI threshold for various categories of persons – 2023-2024 percentage of the social assistance base

Category of person	
person living alone	185%
person living with another person or family	172%
two spouses living together (per each spouse)	172%
child aged up to age of 18, if studying – until completion of secondary education, but not more than 20 years of age	130%
pregnant woman 45 days before the term	180%
parent taking care of a child under age of 3	180%

lone parent with one or more children aged under 18, if the child is studying – until completion of secondary education, but not more than 20 years of age	180%
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Calculation of the average income does not apply any equalization method. The income definition for the test is the same as defined for 2.5.13 except for the fact that the monthly allowance for permanently disabled children below 18 years of age and prior to finishing secondary school, but not later than reaching 20 years of age, is not included for the purposes of the income test.

EUROMOD modelling: While determining the right to a benefit, the income from pensions, granted after 1 July 2008, shall be reduced by a coefficient equal to 1.302 (1.269 – heating seasons 2015/2016; 1.245 for the heating season 2014/2015). As of 1 July 2018, the approach is changed: (1) income from pensions granted before 1.07.2017, shall be reduced by a coefficient equal to 1,302; (2) income from pensions which amount does not exceed BGN 180.00 and which are granted after 30.06.2017 shall be reduced by a coefficient equal to 1.452; (3) income from pensions which amount exceeds BGN 180.00 and which granted after 30 June 2017 shall be reduced by a coefficient equal to 1.333. Amendments introduced in July 2018 stipulate that income from pensions, regardless of their amount, granted after 1 July 2018, shall be reduced by a coefficient equal to 1.384; (4) As of July 2019, the coefficient shall be updated on the basis of an order issued by the Minister of Labour and Social Policy. The adjustment shall be equal or larger than the sum of 50% of the inflation rate according to the harmonized consumer price index and 50% of the increase in the average contributory income for the country.

- **Benefit amount**

The amount of the benefit is determined by the Minister of Labour and Social Policy for each “heating season” (a period of 5 months: from 1 November to 30 March). The allowance for electricity, solid fuel and natural gas is paid to the beneficiary in accordance with the following schedule: 1) for November and December – not later than the month in which the allowance is granted; 2) for January, February and March – not later than 31 January. The allowance for central heating is paid by the Social Assistance Agency to the given heating companies, i.e. in that case this is in-kind (not cash) benefit. It is paid for each month of the heating season. The amount of the allowance is the same for all heating types.

Table 2.5.12c Benefit amount, 2020/21-2023/24

	2020/2021 heating season	2021/2022 heating season	2022/2023 heating season	2023/2024 heating season
Benefit amount	99.16	104.71	104.71	109.39

Note: Figures are in BGN, per month of the heating season.

The absolute amount of the benefit paid to beneficiaries shall be reduced by: 1) 3% per each child aged 4-16 not attending school; 2) 5% per each child aged 16-18 not attending school and is not registered as an unemployed jobseeker at local employment office.

2.5.13. Monthly social assistance allowance (guaranteed minimum income) (месечна социална помощ поради ниски доходи) (bsa00_s)

- **Definition**

The unit of analysis is the household (*tu_hh_bg*). See also the definition in 2.3.14.

- **Eligibility conditions**

- This is a non-contributory allowance granted to households with low incomes. However, there are particular categories of persons who are non-eligible for this benefit. If such persons are part of the household, then they should be removed from the assessment unit. These categories are:
 - persons who have relatives that are legally obliged to maintain them;
 - persons accommodated for more than 30 days in medical, social, military or other institutions;
 - persons studying in high schools or in evening form of education, including pupils who are enrolled in private schools (exceptions: disabled persons, pregnant women, and parents caring for a child up to age 3);
 - persons who have refused cultivating state or municipal land suggested to them.

In addition, the right to monthly social assistance benefits depends on the following conditions:

- their own residence should be the only one they live in;
- do not to carry out activities as sole traders and not to have participation in the capital of a commercial company;
- do not have receivables, income from movable or immovable property, deposits, shares and securities, the total value of which for the individual or for each of the family members exceeds the official poverty line for the relevant year, with the exception of bonds or shares of the mass privatization;
- do not have a contract for the provision of property against an obligation for maintenance and/or maintenance; this requirement does not apply in cases where the dependents are students, unemployed, incapacitated or disabled;
- have not transferred residential, cottage, agricultural or forest property and/or common parts thereof for payment or by donation in the last 2 years;
- the unemployed persons are registered at public local employment offices directorates at least 3 months before submitting the application-declaration for social assistance (not applied in some specific cases and not applicable to some categories of beneficiaries such as lone parents of children up to 3 years of age, permanently disabled persons, persons with mental diseases, persons taking care of persons with mental diseases who need such support, university students enrolled in regular form of education).

EUROMOD modelling: It is assumed that all additional requirements for granting monthly social assistance allowances are met.

- **Income test**

The allowance is granted to households whose average income per household member is below the threshold of the so-called “Differentiated Minimum Income” (DMI). DMI is determined for each category of a beneficiary as a percentage of the so-called “social assistance base” equal to 30% of the official poverty line (BGN 504 per month in 2023). Before 1 June 2023 DMI was calculated as a percentage of GMI.

DMI is calculated for each individual depending on her/his age, health, family and educational status. The sum of all DMIs represents the DMI for the whole assessment unit (the household).

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The following table contains the levels of DMI for various categories of persons for the period 2019-2022:

Table 2.5.13 DMI for various categories of persons – percentage of GMI, 2019-2022

Category of person	2019	2020	2021	2022
person over the age of 75 living alone	165.0%	165.0%	165.0%	182.0%
person over the age of 65 living alone	140.0%	140.0%	140.0%	154.0%
person over the age of 65, cohabiting with other persons	100.0%	100.0%	100.0%	110.0%
person under the age of 65 living alone	73.0%	73.0%	73.0%	80.0%
person under the age of 65, cohabiting with other persons	66.0%	66.0%	66.0%	73.0%
two spouses living together (per each spouse)	66.0%	66.0%	66.0%	73.0%
person with reduced working capacity of 50% or more	100.0%	100.0%	100.0%	110.0%
person with reduced working capacity of 70% or more	125.0%	125.0%	125.0%	138.0%
child aged between 0 and 16 (up to 20 if attending school)	91.0%	91.0%	91.0%	100.0%
orphan child aged between 0 and 16 (up to 20 if attending school)	N/A	100.0%	100.0%	110.0%
child accommodated to another family as a result of child protection measure aged between 0 and 16 (up to 20 if attending school)	N/A	100.0%	100.0%	110.0%
child aged between 7 and 16 (up to 20 if attending school), if having 5 or more unexcused absences from school	N/A	N/A	N/A	N/A
child aged between 5 and 16 (up to 20 if attending school), if having 5 or more unexcused absences from school within a month	30.0%	30.0%	30.0%	N/A
child aged between 4 and 16 (up to 20 if attending school), if having 5 or more unexcused absences from school within a month	N/A	N/A	N/A	33.0%
child aged between 7 and 16 and not attending school	N/A	N/A	N/A	N/A
child aged between 5 and 16 and not attending school	20.0%	20.0%	20.0%	N/A
child aged between 4 and 16 and not attending school	N/A	N/A	N/A	22.0%
children (up to 20 when studying) if it is not proved that all mandatory immunisations and preventive medical checkups and done	30.0%	30.0%	30.0%	33.0%
child aged 16-18, not attending school and is registered at a local public employment office	66.0%	66.0%	66.0%	73.0%
orphan or child accommodated in a foster family	100.0%	N/A	N/A	N/A
child with permanent disability up to 18 years of age	100.0%	100.0%	100.0%	110.0%

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lone parent taking care of a child under age of 3	120.0%	120.0%	120.0%	132.0%
lone parent with one or more children aged under 16 (under 20 if attending school)	100.0%	100.0%	100.0%	110.0%
parent taking care of a child up to 16 years of age (up to 20 years if studying)	N/A	73.0%	73.0%	80.0%
parent taking care of a child up to 18 years of age not attending school	N/A	20.0%	20.0%	22.0%
parent taking care of a child aged between 16-18 not attending school – if the child is registered at local employment office	N/A	66.0%	66.0%	73.0%
child aged between 5 and 16 (up to 20 if attending school), if having 5 or more unexcused absences from school within a month/ if missed 3 school days – for children attending preschool education	N/A	30.0%	30.0%	33.0%
pregnant woman 45 days before the term	100.0%	100.0%	100.0%	110.0%
parent taking care of a child aged under 3	100.0%	100.0%	100.0%	110.0%

The following table represents the legislation in force as of 1 June 2023:

Table 2.5.14 DMI for various categories of persons – percentage of the social assistance base, as of 1 June 2023

Category of person	2023-2024
person living alone	165.0%
person living with other people in the same household	100.0%
each child aged 4-18 years of age, if studying – until completion of secondary education but not more than 20 years of age:	
if attending school	100.0%
in case of more than 5 unexcused absences from school/ 3 days of unexcused absences from preschool	100% minus 70% of the absolute amount
if it is not proved that all mandatory immunisations and preventive medical checkups and done	100% minus 70% of the absolute amount
if not attending school	100% minus 80% of the absolute amount
child aged 16-18, not attending school and not registered with public employment office	100% minus 50% of the absolute amount
single parent of a child up to 18 years of age, if studying – until completion of secondary education but not more than 20 years of age	
if attending school	120.0%
in case of more than 5 unexcused absences from school/ 3 days of unexcused absences from preschool	120% minus 70% of the absolute amount
if it is not proved that all mandatory immunisations and preventive medical checkups and done	120% minus 70% of the absolute amount
if not attending school	120% minus 80% of the absolute amount
child aged 16-18, not attending school and not registered with public employment office	120% minus 50% of the absolute amount
parent of a child up to 3 years of age	120.0%
pregnant woman 45 days before the term	120.0%

Calculation of the average income does not apply any equalization method.

The income definition for the test includes the **gross income from all sources** of all household members, namely:

- (1) All components of the original (market) income which are defined as taxable by PITA.
- (2) All pensions
- (3) All contributory benefits
- (4) All family benefits
- (5) Irregular income sources (e.g. lottery winnings, bequests, etc.).

Exceptions:

- (1) Monthly and lump-sum social assistance allowances under SAA
- (2) Targeted heating allowances
- (3) Supplement for care by assistant
- (4) Lump sum grant upon childbirth
- (5) Targeted allowance for free traveling
- (6) Targeted allowance for schoolchildren enrolled in 1st to 4th grade at a state or municipal school
- (7) Targeted allowance for schoolchildren enrolled in 8th grade at a state or municipal school
- (8) All allowances under PDA

- ***Benefit amount***

The amount of the benefit is determined as a difference between the DMI of the household and the gross family income from all sources, excluding the aforementioned exceptions.

- ***Add-ons***

BTA: The estimated take-up rate of the benefit should be set as the value of the \$bsa_BTA_rate constant in the model. Currently, the value is set to 1, indicating no adjustment for non-take-up.

BCA: The total number of benefit recipients needs to be filled out in the External Statistics table, so that the calibration rate (\$bsa_BCA_rate) is computed accordingly. Data are currently available for the years 2018-2023; given the absence of information for 2024, the calibration rate is not computed within the 2024 system, but the one computed within the 2023 system is used instead. For the modelling of reforms, the 2024 system should be used in order to allow for variation in the number of beneficiaries (hence expenditure): beneficiaries will change when the eligibility conditions change by applying the share of 2023 to the new pool of eligible units. If previous systems were used for reforms, total number of beneficiaries would remain constant irrespective of the reform applied, since the model would always stick to the existing external statistics.

Example: The household consists of: two adults (spouses) and one child aged 16 and studying. Those persons do not have any sources of income but social assistance benefits.

Step 1: Calculating DMI

DMI = DMI 1st spouse (100% of the social assistance base) + DMI 2nd spouse (100% of the social assistance base) + DMI child (100% of the social assistance base) = 300% of the social assistance base = 3 * 504 * 0.30 = BGN 453.60

Step 2: Calculating incomes

All cohabiting persons don't have any incomes in the defined range, i.e. their income is 0.

Step 3: Calculating benefit amount

Benefit = DMI – incomes = 453.00 – 0 = 453.00

2.5.14. Supplement for care by assistant (Добавка за чужда помощ) (pdicanc_bg)

- **Definition**

The unit of analysis is the individual (tu_individual_bg).

- **Eligibility conditions**

It is a contributory flat-rate monthly benefit paid to people with permanently lost working capacity/ type and degree of disability of 90% certified by the competent medical authorities as individuals who need permanent care by assistant. The benefit is paid as a pension supplement, i.e. the individuals should be entitled to a pension.

- **Income test**

Not applicable.

- **Benefit amount**

Benefit is determined as 75% of the social-old age pension (see section 2.5.11)

Table 2.5.14 Supplement for care by assistant, 2021-2024

Year	2021	2022	2023	2024
Social old-age pension	145.17	208.50	261.82	291.85
Supplement for care by assistant	108.88	156.38	196.37	218.89

Note: Figures are in BGN, annual averages, per month.

EUROMOD modelling: The supplement is simulated only with EUROMOD input data for 2020-2022. In earlier versions of the data the supplement is recorded jointly with other pensions. So that the supplement is not double counted in household net income – once as pdicanc_s and once as part of the reported pension variables – the value of pdicanc_s is set to 0 if earlier waves (before 2020) of the EUROMOD input data are used.

As we don't have information whether people with disabilities (ddilv > 0) receiving pensions (ils_pen > 0) are certified by the competent medical authorities as individuals who need permanent care by assistant, it is assumed that all people with permanently lost working capacity/ type and degree of disability of 90% or more (ddily = 95) receive the supplement.

2.5.15. Monthly financial support for people with disabilities under the People with Disabilities Act (Месечна финансова подкрепа за хора с увреждания съгласно Закона за хората с увреждания) (pdimmtu_bg)

- **Definition**

The unit of analysis is the individual (tu_individual_bg).

- **Eligibility conditions**

It is a non-contributory monthly allowance paid to people with permanently reduced working capacity/ type and degree of disability of 50% or more. To become eligible, beneficiaries should be aged 18 or more.

- **Income test**

Not applicable

- **Benefit amount**

The benefit has been introduced since 1 January 2019. It is determined as a percentage of the official poverty line. The monthly amount of the official poverty line is determined by the Council of Ministers.

Table 2.5.15a Poverty line, 2021-2024

	2021	2022	2023	2024
Official poverty line	369	413	504	526

The benefit amount depends on the percentage permanently lost working capacity/ type and degree of disability and the type of the received pension (if received any):

Table 2.5.15b Benefit for permanently lost working capacity thresholds, 2020-2023

	2021	2022	2023	2024
Percentage of lost working capacity/ type and degree of disability:				
50-70.99%	7%	7%	7%	7%
71%-90%	15%	15%	15%	15%
>90%	25%	25%	25%	25%
> 90%, if having a right to receive support by assistant and receiving a contributory earnings-related invalidity pension	30%	30%	30%	30%
> 90%, if having a right to receive support by assistant and receiving a social old age pension	57%	57%	57%	57%
> 90%, if having a right to receive support by assistant and receiving a social old age pension, or civil invalidity pension, or survivors' pension	N/A	N/A	57%	57%

EUROMOD modelling: This is an **experimental simulation**. This new benefit is intended to replace some of the existing disability benefits. However, as the latter cannot be separated from the UDB aggregate variables for old-age and disability benefits, to avoid double counting benefits, we do not include the new benefit in household disposable income (HDI) at the moment.

It is assumed that all people with permanently lost working capacity/ type and degree of disability of 90% or more ($ddilv = 95$) receive a monthly financial support amounting 30% of the official poverty line.

2.6. Social insurance contributions

Depending on the occupation and the risk undertaken at work individuals may refer to 1st, 2nd and 3rd labour category. Based on the category employer's SIC vary. However, labour category of employees is not directly recorded in SILC survey data. Hence, it is assumed that all employees in the sample belong to the 3rd labour category. This assumption is based on the fact that the vast majority of employees (over 95%) perform work under 3rd category of labour. An underestimation bias could be expected regarding the simulation of SIC that are due to the employers. However, this bias is of minor significance because cases of employment on 2nd and especially on 1st category are rarely met among the population of employed. The social insurance and PIT systems have not undergone substantial structural changes since 2008. For all cases of simulation of **SIC, health insurance contributions and PIT the tax unit is *tu_individual_bg***.

2.6.1. Employee social contributions (вноски за социално осигуряване на работниците и служителите) (*tsceepi_s, tsceesi_s, tsceeu_i_s*)

Liability to contributions:

- The employee social contributions for Pension fund are compulsory paid by all employees.
- The employee social contributions for General Sickness and Maternity Fund and Unemployment Fund are compulsory paid by all employees hired on a labour contract.
- For civil servants (state administration, military, judicial system, etc.) the total amounts of compulsory SIC are paid by the State.
- Employees receiving a pension and at the same time are hired on a labour contract are compulsory insured against all social and health risks. If they perform work under a civil contract and their remuneration is below the amount of the minimum wage (after normative allowed deductions) they do not have the obligation to pay health insurance contributions as they health insurance contributions are paid by the State in their capacity of pensioners. If the remuneration is above the minimum wage after the deductions, they are obliged to pay health insurance contributions. Regarding social insurance, pensioners performing work under civil contract pay pension contributions to the Pension Fund on a voluntary basis.

Income base used to calculate contributions:

- CI includes all gross remuneration from paid work performed under labour contract and civil contract.
- There is a minimum threshold for the monthly contributory base. The threshold varies by the occupation and economic activity of the company where the employee is hired at.

- There is a maximum threshold (table 2.5.1) for the monthly contributory income when the compulsory SIC are assessed – they are not due on the fraction of income beyond that threshold.

Table 2.6.1 Social insurance contribution rates for employees at Labour Contract

	2021	2022 (1 January – 31 March)	2022 (1 April – 31 December)	2023	2024
1. Pension Fund					
1.a. PF rate for persons born before 1960	8.78%	8.78%	8.78%	8.78%	8.78%
1.b. PF rate for persons born after 1959*	6.58%	6.58%	6.58%	6.58%	6.58%
2. Supplementary Mandatory Pension Insurance Fund (Universal Pension Funds)					
2.a. SMPIF rate for persons born before 1960					
2.b. SMPIF rate for persons born after 1959*	2.2%	2.2%	2.2%	2.2%	2.2%
3. General Sickness and Maternity Fund	1.4%	1.4%	1.4%	1.4%	1.4%
4. Unemployment Fund	0.4%	0.4%	0.4%	0.4%	0.4%
5. Work Injury and Occupational Disease Fund					
Total	10.58%	10.58%	10.58%	10.58%	10.58%
Upper threshold for the contributory income (BGN)	3 000	3 000	3 400	3 400	3 750
Minimum wage (BGN)	610	650	710	780	933

Notes: * Since August 2015, people insured in Universal Pension Funds have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance. If they decide so, their contribution to the Universal Pension Funds are transferred do the State Public Social Insurance.

EUROMOD modelling:

The following assumptions are made:

- The first one concerns the minimum thresholds for the monthly contributory base. The survey does not provide data for reliable identification of each category for which a different minimum threshold is normatively set. Furthermore, in EU-SILC there are about 5 percent (weighted) of people who report employment income lower than the minimum wage level – they may belong to a labour category with lower minimum threshold than the minimum wage or they may be involved in the informal economy. Because of lack of data, in the simulations we have not taken into account for the minimum thresholds.
- Labour remuneration for each month of the year is not available in EU SILC survey. Hence, the average monthly amount of the earnings is assessed on the basis of the annual gross employment income (PY010G) and the number of months in hired employment as declared by the individual during the survey.
- Due to lack of reliable data about remunerations received on civil contracts in the EU SILC survey the gross earnings from civil contracts are merged with the major source, i.e. the earnings from labour contracts. For this reason, an overestimation bias could be

expected regarding the compulsory SIC. However, this bias is of minor significance due to the following reasons:

- a. *Partial exemption.* The gross remuneration on a civil contract is reduced for social insurance and income tax purposes by the standard exemption applied to obtain CI.
- b. *Low levels of SIC rates on the skipped items.* The total rates applied on CI from labour and civil contracts differ by less than 2 percentage points.
- c. *Low share in the total employment income.* The share of SIC revenue from this source is about 0.3% of total revenues from Labour and Civil Contracts (NSSI Edition State Social Security 2016).

2.6.2. Employer social contributions (вноски за социално осигуряване платени от работодателите) (tscerpi_s, tscersi_s, tscerui_s, tscerac_s)

The clauses stated in the preceding section 2.5.1 (regarding the employee share of SIC) are valid also for the SIC due by the employers. Hereafter only the specific issues are presented regarding the duties of the employer of an employee hired on a Labour Contract, on a Civil Contract, or as a Public Servant.

Since this is the typical case of a regular labour relation, SIC due to the employer are set in more detail (Table 2.5.2.1a)

- The contribution to the Work Injury and Occupational Disease Fund /WIOD Fund/ varies from 0.4% to 1.1% depending on the type of economic activity of the employer.
- For employees working under the 1st or 2nd category of labour under a Labour Contract an additional component emerges regarding the second pillar – contribution to Professional Pension Fund. The rates on this fund increase from 0 (for 3rd category of labour) to 7% (2nd category of labour) and 12% (1st category of labour). The rate applied for the 3rd category (allocated to a Universal Pension Fund) is held constant for all three categories

Table 2.6.2a Social insurance contribution rates for employees of 3rd category of labour

3rd category of labour	2021	2022	2023	2024
1. Pension Fund				
1.a. PF rate for persons born before 1960	11.02%	11.02%	11.02%	11.02%
1.b. PF rate for persons born after 1959*	8.22%	8.22%	8.22%	8.22%
2. Supplementary Mandatory Pension Insurance Fund (Universal Pension Fund)				
2.a. SMPPIF rate for persons born before 1960	–	–	–	–
2.b. SMPPIF rate for persons born after 1959*	2.8%	2.8%	2.8%	2.8%
3. General Sickness and Maternity Fund	2.1%	2.1%	2.1%	2.1%
4. Unemployment Fund	0.6%	0.6%	0.6%	0.6%
5. Work Injury and Occupational Disease Fund**	0.7%	0.7%	0.7%	0.7%
Total	14.42%	14.42%	14.42%	14.42%

Notes: * Since August 2015, people insured in Universal Pension Funds have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance. If they decide so, their contribution to the Universal Pension Funds are transferred do the State Public Social Insurance.

** on average

EUROMOD modelling:

- The exact WIOD Fund contribution rate is not simulated since it is infeasible to identify the necessary categorization of the employer in the EU SILC survey data. For simulation purposes a uniform value is assigned at the mean level (0.7%).
- It is assumed that all employees belong to the 3rd category of labour. That is why for the simulation of the policy “SIC paid by employers” only the 3rd category of labour contributory rates are considered. Table 2.5.2.1b shows the SIC rates for the 1st and 2nd labour categories.
- Contributions for employees on a Civil Contract are not simulated in 2015 – 2022 policy systems (see EUROMOD Note in 2.5.1).

Table 2.6.2b SIC rates for employers-insurers on Labour Contract – 1st and 2nd category of labour

2nd category of labour	2021	2022	2023	2024
1. Pension Fund				
1.a. PF rate for persons born before 1960	14.02%	14.02%	14.02%	14.02%
1.b. PF rate for persons born after 1959*	11.22%	11.22%	11.22%	11.22%
2. Supplementary Mandatory Pension Fund				
2.a. SMPIF rate for persons born before 1960				
PPF (Professional Pension Fund)**	7.0%	7.0%	7.0%	7.0%
UPF (Universal Pension Fund)	-	-	-	-
2.b. SMPIF rate for persons born after 1959				
PPF (Professional Pension Fund)**	7.0%	7.0%	7.0%	7.0%
UPF (Universal Pension Fund)*	2.8%	2.8%	2.8%	2.8%
3. General Sickness and Maternity Fund	2.1%	2.1%	2.1%	2.1%
4. Unemployment Fund	0.6%	0.6%	0.6%	0.6%
5. Work Injury and Occupational Disease Fund***	0.7%	0.7%	0.7%	0.7%
Total	24.42%	24.42%	24.42%	24.42%
1st category of labour	2021	2022	2023	2024
1. Pension Fund				
1.a. PF rate for persons born before 1960	14.02%	14.02%	14.02%	14.02%
1.b. PF rate for persons born after 1959*	11.22%	11.22%	11.22%	11.22%
2. Supplementary Mandatory Pension Fund				
2.a. SMPIF rate for persons born before 1960				
PPF (Professional Pension Fund)**	12.0%	12.0%	12.0%	12.0%
UPF (Universal Pension Fund)	-	-	-	-
2.b. SMPIF rate for persons born after 1959				
PPF (Professional Pension Fund)**	12.0%	12.0%	12.0%	12.0%
UPF (Universal Pension Fund)*	2.8%	2.8%	2.8%	2.8%
3. General Sickness and Maternity Fund	2.1%	2.1%	2.1%	2.1%
4. Unemployment Fund	0.6%	0.6%	0.6%	0.6%
5. Work Injury and Occupational Disease Fund***	0.7%	0.7%	0.7%	0.7%
Total	29.42%	29.42%	29.42%	29.42%

Notes: * Since August 2015, people insured in Universal Pension Funds have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance. If they decide so, their contribution to the Universal Pension Funds are transferred to the State Public Social Insurance.

** Since 1 January 2016, people insured in the Professional Pension Funds have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance with an increased pension contribution – 7% (2nd category of labour) or 12% (1st category of labour).

*** on average

2.6.3. Self-employed social contributions (вноски за социално осигуряване на самостоятелно заети) (tscsepi_s)

Self-employed individuals have a legal duty to contribute to SIF at a minimum level which covers only pension and health insurance. The rates for this compulsory state social and health insurance are presented in table 2.5.4.

- A self-employed individual can choose a particular monthly value for her contributory base which could be higher than the minimum threshold and up to the ceiling.
- Compulsory SIC are due by entrepreneurs and other self-employed only for those months during which they have conducted business activity (i.e. have maintain records for business expenditures and revenues).
- Self-employed individuals can decide to pay contributions to General Sickness and Maternity Fund of the State Public Social Insurance on a voluntary basis.

Table 2.6.3 Social insurance contribution rates for self-employed

	2021	2022 (1 January – 31 March)	2022 (1 April – 31 December)	2023	2024
1. Pension Fund					
1.a. PF rate for persons born before 1960	19.8%	19.8%	19.8%	19.8%	19.8%
1.b. PF rate for persons born after 1959*	14.8%	14.8%	14.8%	14.8%	14.8%
2. Supplementary Mandatory Pension Insurance Fund (Universal Pension Fund)*	5.0%	5.0%	5.0%	5.0%	5.0%
General Sickness and Maternity Fund (insurance on a voluntary basis)	3.5%	3.5%	3.5%	3.5%	3.5%
Contributory income for self-employed					
Lower threshold (BGN per month)	610	650	710	710	933
Upper threshold (BGN per month)	3 000	3000	3 400	3 400	3 750
Contributory income for registered farmers and tobacco producers					
Lower threshold (BGN per month)	420	420	710	710 until 31 July and 780 after that date	933
Upper threshold (BGN per month)	3 000	3000	3 400	3 400	3 400

Notes: Since August 2015, people insured in Universal Pension Funds have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance. If they decide so, their contributions to the Universal Pension Funds are transferred do the State Public Social Insurance.

EUROMOD modelling: Due to lack of data in EU-SILC, we have assumed that the contributory income for each self-employed is equal to her income from self-employment. Self-employed individuals can expand the range of the insurance risks by deliberately contributing to “General Sickness and Maternity” Fund but this decision cannot be taken into account in the simulation.

2.6.4. Health insurance contributions (tscerhl_s, tsceehl_s, tscsehl_s, tscethl_s)

- The health insurance contributions are legal duty for all citizens in Bulgaria.
- The employees and employers pay different proportions from the rate of health insurance contributions.
- Health insurance contributions are due by entrepreneurs and other self-employed only for all months in the year.
- The State pays the health insurance contributions for the pensioners, unemployed receiving UB, individuals under 18 years, students in the tertiary education and civil servants;
- People above 18 years of age, who simultaneously: (1) are not enrolled in education; (2) do not perform economic activity; (3) are not pensioners; (4) do not receive cash benefit for temporary reduced working capacity, pregnancy and childbirth or adoption of a child; (5) do not receive UB; (6) do not receive monthly social assistance or heating allowance, are obliged to pay health insurance contributions at their own expense.
- The health insurance contribution rate is **8%** for the period 2014-2024. It is split 60% for the employer and 40% for the employee, i.e. 4.8% and 3.2% respectively. Self-employed pay the total rate;
- The minimum and maximum contributory thresholds are the same as those for the other categories of insured (table 2.5.1 for employee and 2.5.3 for self-employed).
- The monthly payment for people who are not insured and have to pay health insurance contributions at their expense was BGN 26.00 in 2021, BGN 26.00 from 1 January to 31 March 2022, BGN 28.40 from 1 April to 31 December 2022, BGN 28.40 in 2023 until 31 July 2023 and BGN 31.20 after that date until the end of the year; BGN 37.32 in 2024.

EUROMOD modelling: For calculating the contribution base for health insurance contributions paid by employers, employees and self-employed, the same approach as SIC is used (see points 2.6.1, 2.6.2, 2.6.3 and 2.6.5).

Special case: We do not simulate the health insurance contributions for people whose contributions are either: 1) paid by the state or 2) should be paid by the individuals themselves because they are not insured under other arrangements (report zero income). In the first case health insurance contributions are paid by the state and not by the individual and for that reason individual incomes should not be reduced while calculating the disposable income. Accounting for health insurance contributions paid by the state for children up to 18 years of age would create significant complications as the total household income of households with dependent children will be unreasonably reduced. In the second case the simulation of health insurance contributions will result in individuals having negative disposable income which could lead to misinterpretations of income distribution data. Moreover, there is no publicly available and reliable data on how many people without any income from economic activity decide not to pay the mandatory health insurance contributions but to become not covered by the system.

2.6.5. Credited insurance contributions (вноски за социално осигуряване платени от работодателите) (tsctpi_s, tsctsi_s, tsctui_s, tsctac_s)

Credited insurance contributions are the typical case for hired employment in the public administration system. Other special cases of central government jobs (e.g. military, judicial, and law enforcement employees) have almost the same treatment by the compulsory social insurance, thus no separate simulation is conducted about them. Table 2.5.5 contains the total SIC rates which are entirely due by the employer of public employees (no contributions are paid by the employees), up to the maximum thresholds.

Table 2.6.5 Social insurance contribution rates for employers-insurers of civil servants

	2021	2022 (1 January – 31 March)	2022 (1 April – 31 December)	2023	2024
1. Pension Fund					
1.a. PF rate for persons born before 1960	19.80%	19.80%	19.80%	19.80%	19.80%
1.b. PF rate for persons born after 1959*	14.80%	14.80%	14.80%	14.80%	14.80%
2. Supplementary Mandatory Pension Insurance Fund (Universal Pension Funds)					
2.a. SMPIF rate for persons born before 1960	-	-	-	-	-
2.b. SMPIF rate for persons born after 1959*	5.0%	5.0%	5.0%	5.0%	5.0%
3. General Sickness and Maternity Fund	3.5%	3.5%	3.5%	3.5%	3.5%
4. Unemployment Fund	1.0%	1.0%	1.0%	1.0%	1.0%
5. Work Injury and Occupational Disease Fund	0.7%	0.7%	0.7%	0.7%	0.7%
6. Health insurance	8.0%	8.0%	8.0%	8.0%	8.0%
Total	33.0%	33.0%	33.0%	33.0%	33.0%
Upper threshold for the contributory income	3 000	3 000	3400	3400	3750

Note:

* Since 2015, people insured in Universal Pension Funds have been given the opportunity to decide whether to remain insured only in the State Public Social Insurance. If they decide so, their contribution to the Universal Pension Funds are transferred to the State Public Social Insurance.

EUROMOD modelling: Identification of such employees is informed by the EU-SILC survey concerning the type of hired employment contracts on the main job as declared by the individuals for the respective income year. In addition, for some categories such as civil servants working under 1st and 2nd category of labour, civil servants within the system of Ministry of Interior, Ministry of Defence and Ministry of Justice, additional rates apply.

2.7. Direct taxes

Personal income tax (данък общ доход) (tin_s)

2.7.1. Tax unit

- PIT system in Bulgaria in 2014-2024 is based on the taxation of the individual (The unit of analysis is the individual (*tu_individual_bg*))
- PIT is due by any resident person who has earned income from one or more taxable sources in Bulgaria or from abroad during the fiscal year. It is assumed that an individual having one or more sources of taxable income *different from the earnings from employment on labour contract or on civil servant contract* has submitted a Tax Declaration about her income

2.7.2. Exemptions

A wide range of sources are exempted from PIT (27 items explicitly defined in PITA). The main sources of income that are not included in the range of taxable income are:

- (a) all social insurance benefits and social assistance allowances;
- (b) income from private pension insurance (after regularly obtaining the right for pension);
- (c) since the beginning of 2013 incomes from interest in local commercial banks on deposits are taxed automatically and paid directly from the bank account (there is no information about incomes from interest on deposits in the tax declaration)
- (d) income from interest on treasury bills and bonds issued by the central or local governments;
- (e) insurance indemnities and compensations received;
- (f) income obtained by registered agricultural or tobacco producers from selling unprocessed agricultural goods;
- (g) as of 1 January 2017 – prizes given in the form of a supplementary game or an insignificant amount of prize money from slot machines within the meaning of the Gambling Act, as well as the cash and the object profits from gambling games organized under a license issued under the Gambling Act.

2.7.3. Tax allowances

Tax deductions (allowances) are applied in numerous sections of the Tax Declaration where each itemized tax base is obtained for every taxable income source. Table 2.6.3.1 presents the deductions from the major income sources that constitute the consolidated tax base on PIT.

Table 2.7.3a Derivation of itemized tax bases from the main income sources

1. Earnings from Labour Contract	2021	2022	2023	2024
Gross earnings				
SIC	8.78%	8.78%	8.78%	8.78%
HIC	3.20%	3.20%	3.20%	3.20%
Tax base = Gross earnings – SIC – HIC				
2. Earnings from Civil Contract	2021	2022	2023	2024
Gross earnings				
Normatively recognised expenditures (NRE)	25%	25%	25%	25%
Taxable income = Gross earnings – NRE				
SIC	8.78%	8.78%	8.78%	8.78%
HIC	3.20%	3.20%	3.20%	3.20%
Tax base = Taxable income – SIC – HIC				
3. Income from self-employment as sole entrepreneur	2021	2022	2023	2024
Gross self-employment earnings				
SIC	19.8%	19.8%	19.8%	19.8%
HIC	8%	8%	8%	8%
Tax base = Gross earnings – SIC – HIC				
4. Other sources of self-employment income	2021	2022	2023	2024
Gross self-employment earnings from each source				
NRE (separate by income source)				
• Freelance professions	25%	25%	25%	25%
• Agricultural activity (processed products)	40-60%	40-60%	40-60%	40-60%
• Forestry and fishery activity	40%	40%	40%	40%
• Income from crafts, trade with decorative plants	40%	40%	40%	40%
• Artistic/performance activities	40%	40%	40%	40%
• Income from authorship rights (scientific/art products)	40%	40%	40%	40%
Taxable income = Gross Earnings – NRE				
SIC	19.8%	19.8%	19.8%	19.8%
HIC	8%	8%	8%	8%
Tax base = Taxable income – SIC – HIC				
5. Incomes from renting (real estate, non-financial assets)	2021	2022	2023	2024
Gross income				
NRE	10%	10%	10%	10%
Taxable income = Gross income – NRE				
SIC	–	–	–	–
HIC	8%	8%	8%	8%
Tax base = Taxable income – SIC – HIC				

The tax allowances are subtracted from the consolidated tax base before the final calculation of PIT duty. The final tax base is obtained by reduction of the consolidated tax base by the amount of allowances. These allowances are stipulated in annual values.

Table 2.7.3b Tax allowances from the consolidated tax base

Allowances (annual amounts)	2021	2022	2023	2024
1. Standard deduction for permanently disabled persons, BGN (i.e. with 50% or higher level of disability)	up to 7920	up to 7920	up to 7920	up to 7920
2. Deduction for voluntary social, unemployment, health and life insurance (max.% from the consolidated tax base)	10%	10%	10%	10%
3. Standard child deduction*				
For 1 child (BGN)	4500	4500	6000	6000
For 2 children (BGN)	9000	9000	12000	12000
For 3 and more children (BGN)	13500	13500	18000	18000
For permanently disabled child (BGN)	9000	9000	12000	12000
4. Deduction of bequests (max.% from the consolidated tax base)				
• For social and health institutions, Red Cross, NGOs	5%	5%	5%	5%
• For sponsoring cultural events or products	15%	15%	15%	15%
• For the donations for the benefit of the National Health Insurance Fund for activities related to the treatment of children financed by transfers from the budget of the Ministry of Health and/or the Centre for Assisted Reproduction.	50%	50%	50%	50%

Note

* For 2023, the legislation on standard child deduction determines the deduction of the monthly tax base. The table represents the monthly tax base deductions multiplied by 12.

Since 1 January 2019, amendments regarding tax allowance for families with children have been introduced. The tax allowance can be used up to the individual tax base of the parent. If the tax allowance is higher than the individual tax base, the remainder can be used by the other parent.

In 2015, a specific tax allowance for young families with mortgage was introduced. The amount of the mortgage interest paid during the year is subtracted from the annual consolidated tax base. The tax allowance for mortgage interest can be applied, if the family fulfils the following conditions simultaneously:

1. The mortgage contract is signed by a person with a registry marriage.
2. At least one of the married partners is below 35 years old.
3. The home with the mortgage is the only dwelling owned by the family.

The mortgage interest tax allowance is valid only for interests paid on the first BGN 100 000 (approximately EUR 50 000) of the principal amount.

The mortgage interest tax allowance can be taken only by one of the partners.

Since 1 January 2017 a new specific tax allowance has been introduced. It is connected with the non-cash transactions. The allowance is 1% from the tax duty, but no more than BGN 500. The tax allowance can be applied if:

1. All incomes are received by bank transactions.
2. The non-cash transactions are 80% or more from all incomes.

Since 1 January 2021, a tax allowance for improvements and/or repairs of real estate has been introduced. It is up to BGN 2 000 and includes the incurred expenditure in relation to payments to natural persons who have done the improvements and/ or repairs. Tax allowance can be used if the residential property is located in Bulgaria and is owned by the person who have paid for

the improvements/ repairs. If the property is owned by more than one person, each of the owners can benefit use the allowance. However, the total amount of the allowance used by all of the owners should not exceed the fixed threshold.

On the first stage, the consolidated tax base is obtained by summing-up all itemized tax bases from the specified taxable income sources. On the second stage, the final consolidated tax base is further reduced by the allowances in Table 2.6.3.2 (if applicable to a particular individual).

EUROMOD modelling: As entitlement for the standard deduction for permanently disabled persons depends on whether the person has a disability, with a measured level of 50% or more, with SILC 2019 we use directly the variable on disability level (ddilv). However, with previous SILC waves, this variable is not available and so, we use information on self-reported disability (ddi) as well as on receipt of disability pensions (pdi) in the SILC data. Individuals with a disability (of 50% or more) would be generally entitled to disability benefits, which are recorded in the variable for disability pensions. Using information on self-reported disability, we ensure that the disability benefits are not just received on behalf of other persons in the household (e.g. a child). Though the increase in the standard child deduction for 2021 was implemented after 30th of June (in September 2021), we include the increase as part of the 2021 baseline since the deduction is applied at the end of the tax year.

2.7.4. Tax schedule

The tax rate for 2020-2024 is flat: **10% of the final consolidated tax base.**

Tax rate on incomes from dividends and liquidation shares is 5%.

Since the beginning of 2013 incomes from interest on deposits have been included in the annual tax base. The tax rate is 8% for 2016-2021. As from 1 April 2022 the incomes from interest on deposits are not taxable.

2.8. Extraordenary measures (yemmc_s, bwkmcee_s and bwkmcse_s)

2.8.1. “60/40” wage compensation scheme for employees (ended in June 2022)

- *Assessment unit*

The unit of analysis is the individual (tu_individual_bg).

- *Eligibility conditions*

The Covid-19 “60/40” wage compensations are paid directly to employers. There are two target groups:

(1) employers whose activity is restricted as a result of the confinement measures in economic sectors: 47 (G) (except for 47.11, 47.2, 47.73, 47.74, 47.8, 47.9); 49.3, 51.1 (H); 55, 56.1, 56.3 (I); 59.14 (J); 79, 82.30 (N); 85.10, 85.53 (P); 88.91 (Q); 90, 91, 93 I; 96.04 (S) (NACE, rev. 2008).

(2) employers, except for those operating in the economic sectors A, K, O, P, Q, T and U (NACE, rev. 2008), who can provide a proof of 20% drop in their revenues compared to a year ago. In response to the pandemic in 2020, employers could have shutdown the entire/parts of the company or reduced the working hours of their employees.

In 2020, employers have to top-up the wage compensation up to the pre-Covid-19 earnings level. Thus, the wage compensation paid by the state and employer’s earnings top-up are to ensure that employees’ earnings remain unchanged, at their pre-Covid-19 level.

In 2021 and 2022, employers adversely affected by the pandemic in 2021 or those who claimed payments from the scheme back in 2020, even if working ‘as usual’ in 2021, can apply for the compensation. As in 2020, the employer continues to top up the wage compensation.

• **Wage compensation: contribution by the state**

The contribution by the state towards the wage compensation (EUROMOD variables *i_bwkmcee01* and *bwkmcee_s*) is 60% of the worker’s contributory income (i.e. gross earnings) as well as the statutory employer’s social security contributions. As of August 2022, the replacement rate has been differentiated according to the reported decline in revenues – 50% if the decline is at least 30% and 60% if the decline is 40% or more.

In 2020, if employees are still working, but at a reduced number of hours due to the pandemic, the compensation equals 60% of the earnings for the *non-worked hours*, up to 4 hours per day. In 2021 and 2022, there is no compensation for non-worked hours. If employees do working hours, even at a reduced rate compared to before the pandemic, the compensation equals 60% of the *worked hours*.

• **Wage compensation: contribution by the employer**

The contribution by the employer towards the wage compensation (EUROMOD variable *yemmc_s*) is 40% of the worker’s contributory income plus the employer SIC, not covered by the state (50% in the case the reported decline in revenues is at least 30% but not more than 40% - as of 1 August 2021).

• **Duration of scheme**

In 2020, the maximum duration of the scheme is 10 months, from March to December. In 2021, the duration of the scheme is 12 months (EUROMOD variables *i_bwkmceemy01* (in 2020 only) and *bwkmceemy_s*). In 2022, the maximum duration is 6 months.

Data from the National Social Security Institute show that the average duration of claimed receipt for the period from 2020 to 2022 was 5 months, which is what we have implemented in the EUROMOD model (for further details on the simulations see the EUROMOD notes at the end of section 2.8.2). No annual data is available.

Table 2.8.1.1 shows the government and employer contribution where the employee does not work any hours or, in 2020, works at reduced number of hours due to Covid-19.

Table 2.8.1a: Government and employer contribution as part of the wage compensation scheme

	Employee does not work any hours due to Covid-19	In 2020 only: Employee works at a reduced number of hours
Government contribution:		
Employer SIC	Yes	Yes
Earnings	<ul style="list-style-type: none"> • In 2020-21: 60% of earnings • In 2022 (from 1 August): 50% of earnings if the firm’s revenue fell by at least 30% up to 40%; and 	60% of earnings for non-worked hours, up to 4 hours per day

	60% if firm's revenue fell by 40% and more.	
Employer contribution:		
Employer SIC	Yes	Yes
Earnings	Remainder of earnings: <ul style="list-style-type: none"> In 2020-21: 40% of earnings In 2022 (from 1 August): 50% of earnings if the firm's revenue fell by at least 30% up to 40%; and 40% if firm's revenue fell by 40% and more. 	Remainder of earnings, i.e. earnings for non-worked hours not compensated by the state (as well as earnings for hours worked)
Employee receives	earnings at pre-shock level	earnings at pre-shock level

Notes: For 2020, the policy rules are as per announcement on 14 May 2020.

• **Data on share of employees receiving the 60/40 wage compensation scheme**

We use information from the National Social Security Institute Information Bulletin on the number of employees covered by the wage compensation scheme by industry. Table 2.8.1.2 presents data for 2020, 2021 and 2022, averaged over **March-December 2020, January-December 2021 and January – June 2022**. The last column in Table 2.8.1.2 shows the share (in %) of employees covered by the wage compensation scheme by industry.

Table 2.8.1b: Share (in %) of employees on 60/40 wage compensation scheme in 2020-22 by industry

Industrie s	EUROMOD detailed industry classification (variable lindi)	March – December 2020	January – December 2021	January – June 2022
a	Agriculture and fishing	-	-	-
b-e	Mining, Manufacturing and Utilities	10.30	7.89	3.87
f	Construction	3.38	2.44	1.63
g	Wholesale and retail trade	3.75	2.06	0.73
i	Hotels and restaurants	26.35	22.22	18.2
h/j	Transport and communication	6.03	4.97	2.31
k	Financial intermediation	-	-	-
l-n	Real estate and business activities	2.95	2.58	1.29
o	Public administration and defence	-	-	-
p	Education	0.28	0.17	0.07
q	Health and social work	-	-	-
r-u	Other	6.66	4.29	2.05

Source: * National Statistical Institute (NSI): Number of private employees on labour contract by month in 2020, 2021 and 2022 (https://www.nsi.bg/sites/default/files/files/data/timeseries/Labour_1.1.1.1.xls); ** National Social Security Institute (NSSI): 2022 Information Bulletin Number 3 (https://www.nssi.bg/wp-content/uploads/Bul_3_2022.pdf).

Notes: Own calculations with NSI and NSSI data. NSSI data include in addition 60 employees in 2022, 139 in 2021 and 132 in 2020 who have received the compensation but whose industry is not disclosed – we therefore exclude them from our calculations.

In EUROMOD, workers are then selected randomly – based on the industry in which they work and subject to the proportions in Table 2.8.1.2 (in the model defined under the constant name $\$p_comp$) – to receive the 60/40 wage compensation scheme. Noteworthy, our simulations of who gets the wage compensation do not account for differences within industry, e.g. by education, sex or earnings quintile. At the time of writing, we do not have information, other than what is presented in the two tables, for how much such differences matter.

EUROMOD modelling: See EUROMOD notes at the end of section 2.8.2 for detailed description of the simulations in the model.

2.8.2. A compensation of BGN290 for employees and self-employed in tourism, hotels and restaurants and transport (ended in June 2021)

- *Assessment unit*

The unit of analysis is the individual (tu_individual_bg).

- *Eligibility conditions*

In June 2020, the Government introduced a scheme to support employers and self-employed (freelancers, craftsmen, sole traders) operating in the tourism, hotels and restaurants and transport sectors. **For employees**, the gross amount of the support is BGN290 per month inclusive of employer SIC – this amounts to **BGN 243.85 gross, excluding employer SIC** or BGN 189 net, after subtracting employer and employee SIC and income tax. **Self-employed** persons receive the **gross amount of BGN 290** and are also liable to pay all mandatory social and health insurance contributions.

To receive the support, employers and self-employed have to prove a drop in their revenues of at least 20% compared to the previous year. Eligible sectors, according to NACE, rev. 2008, are as follows: 49.31, 49.39, 49.41, 50, 51.10, 51.21, 52.23, 55, 56, 79.

For the same employee, employers in these sectors are entitled to support from both the BGN290 scheme and the “60/40” measure. The total amount of the support cannot exceed 80% of the pre-Covid-19 gross earnings of the employee. If it does, then the “60/40” entitlement is reduced by the excess amount.

- *Amount of the compensation: contribution by the state*

The contribution by the state towards the wage compensation (EUROMOD variables $i_bwkmcee02$ and $bwkmcee_s$) is BGN290 gross for employees/ self-employed. For employees, after subtracting the employer SIC the support amounts to BGN243.85.

Employees who are still working, even at a reduced number of hours due to the pandemic, are not entitled to the scheme.

- *Amount of the compensation for employees: contribution by the employer*

The contribution by the employer (EUROMOD variable $yemmc_s$) equals the amount required to top up the 60/40 + BGN290 compensations up to the pre-shock earnings level as well as to pay the remainder of employer’s SIC, not covered by the state. If the employee’s earnings before the Covid-19 shock are less than the amount of the compensation, then the employer does not need to pay anything.

- **Duration of scheme**

In 2020, the maximum duration of the scheme was 6 months, from July to December. In 2021, the duration of the scheme is 5 months (EUROMOD variables *i_bwkmceemy02* (in 2020 only) and *bwkmceemy_s*).

As the average duration of the 60/40 scheme based on official NSSI data¹ was 5 months in 2020, we assume the same average duration in 2020 for the BGN290 compensation scheme as it is claimed together with the 60/40 scheme. We assume the maximum duration in 2021.

Table 2.8.2.1 shows the government and employer contribution for employees.

Table 2.8.2a: Government and employer contribution as part of the 60/40 + BGN290 compensation schemes

	Employee receives both 60/40 and BGN290 compensations
Government contribution:	
Employer SIC	Yes
Earnings	60% of earnings + BGN243.85, up to a maximum of 80% of gross pre-Covid-19 earnings; If sum of both schemes exceeds 80% of earnings, then 60/40 entitlement is reduced by excess amount.
Employer contribution:	
Employer SIC	Yes
Earnings	Remainder of earnings, i.e. 20% or more of gross pre-shock earnings
Employee receives	The maximum between earnings at pre-shock level and BGN243.85

- **Data on share of employees and self-employed receiving the BGN290 compensation**

At the time of writing, we have no information on the share of employees and self-employed receiving the BGN290 compensation. We know only that they should be working in industry sectors “Hotels and restaurants” and “Transport” (EUROMOD variable *lindi* equal to 5 or 6). Thus, we apply hypothetical numbers for the share of employees and self-employed working in these sectors and entitled to the scheme – of 20% of employees working in “Hotels and restaurants”, 2% of employees in “Transport” and 30% of self-employed in either sector (in the model defined as the constant *\$p_comp290*). These shares can be modified by the user.

EUROMOD modelling: We make a range of assumptions to simulate the 60/40 and BGN290 compensation schemes:

First, we assume the **gross pre-Covid-19 earnings equal the average monthly gross earnings in SILC 2020**, uprated to 2020/2021 to account for average growth in earnings (EUROMOD variable *yemtx* for earnings from employment and *ysetx* for self-employed earnings).

¹ National Social Security Institute (NSSI): 2021 Information Bulletin Number 2 (https://www.noi.bg/images/bg/users/infomaterials/izdania/buletin/2021/Bul_2_2021.pdf).

For the 60/40 scheme, employees who are on unpaid, sick or maternity/paternity leave during the duration of the compensation scheme are not eligible for the compensation. Employees who were on maternity leave for bringing up a child up to the age of 2 or unpaid leave in January 2020, but then returned to work, can receive an earnings compensation by the state equal to 60% of the minimum wage. For simplification, we assume that any employee in a gainful employment ($yemtx > 0$) for any number of months ($yemmy \geq 1$) is entitled to the compensation scheme.

Second, **in 2020 for employees working reduced number of hours** we assume that **employers claim the maximum 60/40 compensation paid by the state for the non-worked hours, of 4 hours per day.**

In 2021, due to lack of external data we do not distinguish between employees who i) are doing zero hours, ii) are working at a reduced rate compared to before the pandemic or iii) working ‘as usual’ but whose employers claimed compensation back in 2020. For simplicity, **in 2021 we assume all entitled employees do zero hours** (group i).

In 2022, due to lack of external data we assume **all workers are employed in firms which revenues fell by at least 40% ($\$p_firm=1$)** and hence, the share of earnings paid by the government is 60% for all workers ($\$mc_rate01=0.6$). In other words, there are no workers in firms with fall of revenues of 30% to 40% for which the replacement rate by the government is lower, at 50% ($\$mc_rate02=0.5$). Users are however able to modify the model this assumption via the constant $\$p_firm$.

Third, we assume that **civil servants are not affected** by the Covid-19 shocks.

Fourth, we **select randomly the % of workers by industry to be covered by the 60/40 and BGN290 compensation schemes.** For the 60/40 wage compensation scheme we use the proportions presented in Table 2.8.1.2 and Table 2.8.1.3. Furthermore, in 2020 among the workers affected by the shocks we assume that 15%, who work more than 4 hours per day, receive a compensation by the state for 4 hours and work for the remainder number of hours. For example, someone who did 7 hours per day (35 hours per week) before Covid-19 is simulated to work for 3 hours and receive compensation by the state for 4 hours. The rest of workers are simulated to work zero hours.

We also select randomly the % of employees in industries “Hotels and restaurants” and “Transport” – 20% and 2%, respectively – to be covered by the BGN290 compensation scheme. For self-employed, this amounts to 30% from either sector. These are purely hypothetical numbers due to lack of official statistics.

These assumptions are specified (and can be modified by the user) in policy *TransLMA_bg*.

Fifth, **in 2020 we apply the observed average duration of the 60/40 scheme of 5 months² on both the 60/40 and BGN290 schemes. Otherwise, we assume the maximum duration of receipt in 2021**, i.e. of 5 months for both the 60/40 and BGN290 schemes. Nevertheless, the implementation in the model allows the user to modify the duration of the schemes, e.g. to apply the maximum duration in 2020. The model takes into account that the 60/40 scheme can be taken up for a longer period than the BGN290 scheme in 2020.

² Own assumptions based on National Social Security Institute (NSSI): 2021 Information Bulletin Number 2, Table 1 Distribution of employers and workers and servants by number of months of participation in the 60/40 measure (https://www.noi.bg/images/bg/users/infomaterials/izdania/buletin/2021/Bul_2_2021.pdf)

Furthermore, while the 60/40 and BGN290 compensation schemes are not simulated in the baseline, the **schemes can be simulated if run together with the so called Labour Market Adjustments (LMA) add-on**. The simulations are broadly done in the following steps:

Step 1: The parameters of the compensation schemes are defined as constants in the policy *ConstDef_bg*:

- duration of the schemes: the constants $\$mc_my$ for the 60/40 scheme and $\$mc_my290$ for the BGN290 scheme
- the replacement rate paid by the state:
 - in 2020-21, $\$mc_rate$ for the 60/40 scheme and $\$mc_rate290$ for the BGN290 scheme
 - in 2022, $\$mc_rate01$ and $\$mc_rate02$ for the 60/40 scheme (baseline assumption is that all workers are subject to $\$mc_rate01$ only)
- the gross amount of the BGN290 scheme paid by the state and received by the employee/ self-employed: $\$mc_compee290$ for employees and $\$mc_compse290$ for self-employed
- the share of employees covered by the schemes: $\$p_comp$ for the 60/40 scheme and $\$p_comp290$ for the BGN290 scheme
- the share of self-employed covered by the schemes: $\$p_comp290$ for the BGN290 scheme.

Step 2: Policy *random_bg* draws random numbers from a uniform distribution. These numbers are then used in the simulation of the Covid-related employment shocks, e.g. the transition of employees and self-employed to the compensation schemes.

Step 3: Policy *TransLMA_bg* simulates the Covid-related employment shocks: employees by industry are randomly selected to be affected by Covid-19 and transition onto the compensation schemes. The policy also simulates:

- the duration of the schemes (EUROMOD variables $bwkmceemy_s$ and, in 2020, the intermediate variables $i_bwkmceemy01$ for the 60/40 scheme and $i_bwkmceemy02$ for the BGN290 scheme)
- the number of months in work out of compensation (EUROMOD variable $yemmwwmy_s$)
- in 2020, the drop in number of working hours for each employee affected by the shocks and on the 60/40 scheme (share of working hours is stored in the EUROMOD variable $lhwsr_s$).

In the baseline, the policy *TransLMA_bg* is switched off, i.e. no employment shocks are simulated and no one receives the compensation schemes.

Step 4: We calculate the level of the compensations:

- For employees, policy *yemcomp_bg* simulates the level of the compensation paid by the state (EUROMOD variables $bwkmcee01_s$ for the 60/40 scheme, $bwkmcee02_s$ for the BGN290 scheme and $bwkmcee_s$ for the sum of both schemes) and the employer (EUROMOD variable $yemmc_s$).
- For the self-employed, policy *ysecomp_bg* simulates the level of the BGN290 compensation paid by the state (EUROMOD variable $bwkmcse_s$).

Step 5: Within the LMA add-on, gross earnings and months spent in work are adjusted:

- Earnings from employment are re-calculated to account for earnings paid i) for the rest of the year while not on the compensation scheme and ii) for the hours spent in work (if any) during the 60/40 compensation scheme (EUROMOD variable $yemtx$).

- Earnings from self-employment are also adjusted for the number of months out of the compensation scheme (EUROMOD variable *ysetx*).
- The number of months spent in work is re-calculated to account for the time being spent on compensation (EUROMOD variables *yemmy* for employment and *ysemy* for self-employment).

Step 6: Back in the Bulgarian model, policy *tscer_bg* simulates the employer SIC accounting for the share paid by the state versus the employer while the employee is on the compensation schemes.

All elements that belong to the simulations of the Covid-19 shocks and policies in the model belong to the so-called Group “Covid-19 shocks and policy response”, highlighted by a blue square in the most left column in the model (for definition of Groups see EUROMOD Help file accessible via the User Interface). To expand all elements of the Group, go to tab “Display”, click on option “Expand” and select “Covid-19 shocks and policy response”.

To re-iterate, this policy can only produce results if the model is run in combination with the LMA add-on. The individuals that are selected to undergo transitions to monetary compensation schemes are defined in the *TransLMA_bg* policy, which is switched on automatically by the add-on. For more information about the modelling of labour market transitions please consult the ‘*Simulating labour market transitions in EUROMOD*’ document.

3. Data

3.1.1. EUROMOD SILC Database (EMSD)

From 2021 onwards, a new database prepared by Eurostat - EUROMOD SILC database (EMSD) is used to derive the EUROMOD input dataset. The EMSD includes:

- all UDB (User Database) variables (each variable is described in the doc 65 available online);
- national SILC data supplied by the National Statistical Institute (NSI);
- EUROMOD variables created and imputed by Eurostat because of restricted data access or knowledge in-house.

Based on the EMSD, the national team derives additional variables requiring a deep understanding of country specificities (for instance national tax-benefit rules). The final EUROMOD input dataset is therefore made of variables created by both Eurostat and national team.

Some of the EUROMOD variables produced by Eurostat are created and/or imputed with PDB (Production Database) variables. The reason being that the modalities of the PDB variables are more detailed than in UDB. According to the agreement between the NSI and Eurostat, the national team was allowed to use the more detailed information coming from the PDB to derive some EUROMOD variables or to use them as intermediate variable to impute other EUROMOD variables.

However, in the final EUROMOD input dataset, same disclosure rules as in the UDB are applied. Nevertheless, when imputing variables, disclosure rules are not applied, so the values might still differ from the one that a user could obtain when replicating the imputation based on the UDB data set.

3.1.2. General description

The Bulgarian EUROMOD 2021-2024 simulations are based on the EUROMOD SILC database (EMSD). As described above, the EMSD is derived from the EU-SILC standard UDB in combination with variables from the National SILC for 2022 (income reference year 2021). It contains the data from wave 2021 of the Bulgarian SILC survey which is implemented as a 6-year rotating household panel survey. The field work for the observation usually takes place in the period March-May each year.

The 2022 EU-SILC sample is designed as a stratified two-stage cluster sample representative for all private households in the country and is stratified by administrative districts and urban-rural type of residence. The primary sampling units are the so called “census enumeration clusters” and the final sampling units are the households. At the first stage, PSUs are selected with probability proportional to size (i.e. the number of households) and at the second stage the households are selected by systematic sampling within the respective cluster.

According to the EU-SILC general guidelines the data about living conditions, housing, and social exclusion is collected at the household level while personal, labour, and health information is recorded at the individual level – for each person aged 16 or over. Income components data is partially recorded at the individual level, however, some components are included in the household section of SILC.

Table 3.1 EUROMOD database description

EUROMOD database	BG_2022_c1
Original name	Статистика на доходите и условията на живот, 2021 (EU-SILC UDB + National database)
Provider	Eurostat and NSI of Bulgaria
Year of collection	2022
Period of collection	2022
Income reference period	2021
Unit of assessment	Household
Sample size	7,551 Households 17,204 Individuals
Household non-response rate	12.9
Individual non-response rate	13.1

Notes: “Household” is defined as a person living alone or a group of people who live together in the same dwelling and share expenditures, including the joint provision of the essentials of living. Family members living together but not sharing their income and expenditure with other family members make up separate households. Non-respondent individuals (21) and children born after the income reference period (15) were dropped from the initial sample.

The sample for EU-SILC 2022 is selected from the sampling frame based on the Population Census 2011 (Eurostat, 2023). The database includes all private households and their current members residing in the respective territory. Persons living in collective households and in institutions are excluded from the target population. Students’ and workers’ hostels are excluded at the first stage of selection of PSUs because these individuals rarely stay on the same addresses and are difficult for tracing.

The sampling frame was updated according to the administrative changes occurred regarding the statute of some settlements (e.g. some villages were re-categorized as towns; transitions of municipalities or settlements from one administrative district to another were ratified, etc.). The sample is stratified by the administrative-territorial districts of the country (28 districts, NUTS3 level) and the type of residence of the household. As a result 56 strata are formed (28 of urban

and 28 of rural population). In order to apply PPS sampling of clusters the settlements are sorted within each stratum according to the number of their population. The clusters on the first stage are chosen with probability proportional to size (i.e. the number of households in the PSUs). Systematic random sampling of secondary units (households) in each selected PSU is applied and 5 households are selected from the PSU. Addresses and household data within the selected PSUs are updated according to the Information System “Demography” /ISD/ data.

3.2. Data adjustment

Data adjustments were performed occasionally as a result of edit checks and other controls. These validations were implemented for ensuring data correctness and consistency. Addresses and household data within the selected PSUs are updated according to the Information System “Demography” data (ISD). Data source for the natural movement and the internal migration of the population is the National Civil Registration System. ISD were used for verifying correctness of identifiers and for checking against previously collected information (e.g. household composition, birth dates, gender, etc.) for those individuals who are not observed for the first time.

Weighting factors were calculated as required to take into account the units’ probability of selection, non-response and to adjust the sample to external data relating to the distribution of households and persons in the target population, such as sex and age, residence or administrative-territorial districts (NUTS 3).

All gross income values were checked whether they are equal or greater than the net values and whether the net values are greater or equal than half the gross values (so called “soft error” check). Also, lower and upper boundaries were used to check for most of recorded social transfer components (e.g. social benefits, pensions) based upon the national legislation. Extreme income values (outliers) were compared with data provided by the National Social Security Institute (NSSI), other administrative sources, and data from previous waves.

The person-level National SILC survey records the main items of the maternity benefits that are by nature related to the social insurance rights of the insured individuals. Though, if an individual receives family-related social insurance benefits she is generally not eligible for non-contributory social assistance benefits. NSI checks for consistency of data collection in this particular case and adjusts the data records accordingly.

Relevant corrections and adjustments are conducted if necessary, e.g. if some values are found to exceed the maximum possible amounts of unemployment, old-age, survivor, sickness and disability benefits. Adjustments have been performed also in order to correct for possible double registration of income components. As typical examples, in particular cases child allowances or personal income from agriculture, property or land were found to be recorded in both household and individual questionnaires.

During the preparations of the EUROMOD input database, in order to guarantee consistency between demographic variables and income variables which refer to the previous year (and on which EUROMOD simulation are based), 15 children aged 0, i.e. born between the end of the income reference period and the date of interview, and 30 adult non-respondents have been dropped from the sample. The resulting sample includes 7,551 households or 17,204 individuals.

3.3. Imputations and assumptions

3.3.1. Time period

The reference period for the various attributes is:

- demographic variables (age, marital status, education): at the date of the interview;
- economic activity status: recorded both at the date of interview (RB210) and for each month during the income reference year (PL211A-L);
- current employment variables: at the date of the interview;
- income data: calendar year 2021 (based on 12-months period of receipt);
- housing, durables possessions, financial, social, and health situation of household: at the date of the interview;

All monetary incomes in the Bulgarian part of EUROMOD database are converted into monthly levels.

3.3.2. Gross incomes

In the Bulgarian SILC data missing values have been imputed, where necessary. Most of the imputations have been done by the NSI in Bulgaria. A few remaining imputations were done by the EUROMOD developers and they are described in detail in the Data Requirement Document (DRD).

The Bulgarian SILC 2022 survey provided the respondents with the option of reporting their income net or gross at component level. From 2012 Employee cash or near cash income (PY010) collected only net. The form in which the net amounts were recorded in the database was net of both income tax and SIC. In the same time, each respondent was asked to record explicitly the average contributory base on which she has been insured by the employer (or has paid SIC as self-insured individual) during the income year. This amount was used for the calculation of SIC and PIT duties by “forward calculation” according to the respective legislation (about PIT and compulsory SIC).

However, when both the gross income and the information on the contributory base were missing these amounts were imputed by “backward calculation” applying the PIT-SIC rules on the net income. This net-to-gross conversion was performed internally by NSI without making special adjustments for tax evasion, i.e. assuming full tax compliance. The procedure was informed by all the relevant information available in the national SILC database. Moreover, administrative records from NSSI were used to assist this procedure. The gross income was obtained by summing up the assessed PIT duty and compulsory SIC to the recorded net income.

3.3.3. Disaggregation of benefit variables

The SILC includes standard UDB benefit variables derived by aggregating by function benefits recorded in the National SILC survey. An example is the target variable HY053 “non-contributory means-tested family-/children-related allowances” which includes the sum of family and children means-tested benefits (see 1.3.3).

As we need data on the individual rather than aggregate benefits to simulate policies in EUROMOD, we disaggregate into their individual components the UDB variables for unemployment, social assistance and family benefits. We identify eligible recipients and derive

their entitlements to the separate benefits using information on individuals and household characteristics in the SILC data and the policy rules that were in place in the respective year.

In what follows, we explain in more detail how the UDB benefit variables are disaggregated:

➤ *Family benefits*

We disaggregate HY053 (non-contributory, means-tested family/children-related allowances) into *bchmt00* (“Monthly allowance for a child”) and *bfamtot* (“Other means-tested benefits”). Our approach is broadly the following: First, as the EMSD file already includes several individual benefits which are part of HY053 – saved into EUROMOD variables *bchedyc*, *bmaprnc*, *bchprls* and *bchmtfp* – we subtract their sum from HY053 and disaggregate the residual (residual = HY053 – *bchedyc* – *bmaprnc* – *bchprls* – *bchmtfp*). We proceed with deriving entitlement to *bchmt00*. We identify families with children up to the age of 18 (or 20 if the child is still in education). For those families, who satisfy the legislated income test, we derive *bchmt00* as the minimum between the legislated amount and HY053 residual. The difference between HY053 residual and *bchmt00* is allocated to *bfamtot*, which we cannot disaggregate any further due to data limitations.

We also disaggregate HY054 (non-contributory, non-means-tested family/children-related allowances) into *bchbals* (“Lump sum benefit for childbirth”) and *bfanmot* (“Other non-means-tested family benefits”). First, we identify women with babies aged 0 and identify the order of child birth (if it is the first, second, or third+ child). Second, we calculate for these women the amount for *bchbals*, which equals the minimum between the legislated amount and HY054. The difference between HY054 and *bchbals* is allocated to *bfanmot*, which due to data limitations we cannot disaggregate any further.

There is no need to disaggregate HY052 (contributory, non-means-tested family/children-related allowances) as the EMSD file includes its individual components saved into EUROMOD variables *bmaycct* and *bmaprct*.

➤ *Unemployment benefits*

We disaggregate PY090 (unemployment benefits) into *bunct* (“Unemployment contributory benefit”) and *bunot* (“Redundancy/retirement benefits”). We derive *bunct* by using information in the data on number of months in unemployment and derived previous employment income (variable *yempv*). The difference between PY090 and *bunct* is then allocated to *bunot*.

➤ *Social assistance*

The variable HY063 (means-tested, non-contributory social exclusion not elsewhere classified) is disaggregated into *bsa00* (“Monthly social assistance”), *bsaht* (“Heating allowance”) and *bsaot* (“Other social assistance benefits”). The disaggregation of HY063 is a more challenging task compared to other benefits as the eligibility criteria differs by population subgroups. For simplification, the approach we adopt is very crude and close to randomly allocating the benefit into different categories. The benefit is first disaggregated into *bsa00* and *bsaht*. The difference between HY063 and the sum of *bsa00* and *bsaht* is then allocated to *bsaot*, which due to data limitations cannot be disaggregated any further.

The variable HY064 (non-contributory, non-means-tested social exclusion not elsewhere classified) is saved into EUROMOD variable *bsacm* (“Complementary social assistance benefits”). The variable cannot be further disaggregated due to data limitations.

Table 3.3.3.1 lists the benefits derived in the EUROMOD input data set. The benefits captured in the reported variables – *bchprls* and *bchmtfp* – and derived variables – *bfamtot*, *bfanmot*, *bunot*, *bsaot* and *bsacm* – are not simulated in EUROMOD due to data limitations. Thus, to calculate household net income, EUROMOD uses the *reported/derived* values for these

benefits and the *simulated* values for the remaining benefits – bmaprct, bmaycct, bchbals, bchedyc, bchmt00, bunct, bsa00 and bsaht.

Table 3.3.3.1 Derived benefit variables

Variable name in EUROMOD input data	Variable description	Component of the aggregated variable in EU-SILC
bchmt00	Monthly allowance for a child (месечна помощ за отглеждане на дете до завършване на средното образование, но не по-късно от 20-годишна възраст)	HY053
bfamtot	Other means-tested family benefits	HY053
bchbals	Lump sum benefit for childbirth (еднократна помощ при раждане)	HY054
bfanmot	Other non-means-tested family benefits	HY054
bunct	Unemployment benefit (обезщетение за безработица)	PY090
bunot	Other unemployment benefit - Redundancy/retirement benefits (обезщетение при съкращение/пенсиониране)	PY090
bsa00	Monthly social assistance allowance (guaranteed minimum income) (месечна парична помощ поради ниски доходи)	HY063
bsaht	Targeted allowance for heating (целева помощ за отопление)	HY063
bsaot	Other social assistance benefits (means-tested)	HY063
bsacm	Complementary social assistance benefits (non-means-tested)	HY064

Notes: bfamtot = HY053 – bchedyc – bmaprnc – bchprls – bchmtfp – bchmt00. bfanmot = HY054 – bchbals. bunot = PY090 – bunct. bsaot = HY063 – bsa00 – bsaht.

Table 3.3.3.2 includes information on the national SILC and derived EUROMOD variables: for the total amount of benefits in columns 1 and 3, respectively, and the number of benefit recipients in columns 2 and 4, respectively. The last two columns show the ratio between the EUROMOD and national SILC figures for the total benefit amount and number of recipients. The ratios show that there is a discrepancy between EUROMOD and national SILC variables. Hence, the derived variables do not match perfectly the reported variables, which can in turn bias EUROMOD simulations and estimates of the income distribution. The bias occurs through the inaccurate derivations of benefits which are directly included in household net income, i.e. bfamtot, bfanmot, bunot, bsaot, bsacm. Furthermore, the quality of the partially simulated benefit bunct_s is worsened as it is conditioned on the derived benefit bunct.

Table 3.3.3.2 Comparison between national SILC benefit variables and derived benefits in the EUROMOD input data for 2021

EUROMOD variable	Name of benefit	National SILC: Total amount (thousand) (1)	National SILC: Number of recipients (2)	Total derived amount in EUROMOD input data (thousand) (3)	Number of derived recipients in EUROMOD input data (4)	Ratio (3)/(1)	Ratio (4)/(2)
bfa (HY050 in SILC)	Family benefits (total)	2,004,217	587,316	2,004,217	587,316	1.00	1.00
<i>bchbals</i>	Birth grant (еднократна помощ при раждане)	23,688	59,621	16,621	44,539	0.70	0.75
<i>bchmt00</i>	Means-tested child benefit (месечна помощ за отглеждане на дете до завършване на средното образование, но не по-късно от 20-годишна възраст)	962,588	512,544	273,339	355,105	0.28	0.69
<i>bfamtot</i>	Other means-tested family benefits			690,382	329,637		
<i>bfanmot</i>	Other non-means-tested family benefits	187,454		196,058	68,909	1.05	
bun (PY090 in SILC)	Unemployment benefits (total)	789,503	408,276	789,503	408,276	1.00	1.00
<i>bunct</i>	Unemployment benefit (обезщетение за безработица)	674,187	326,368	647,325	252,219	0.96	0.77
<i>bunot</i>	Redundancy/retirement benefit (Обезщетения при съкращения/ пенсиониране)	114,388	81,428	142,178	166,974	1.24	2.05
bsa (HY060 in SILC)	Social assistance (total)	231,718	347,824	231,718	347,824	1.00	1.00
<i>bsa00</i>	Monthly social assistance allowance (guaranteed minimum income) (месечна парична помощ поради ниски доходи)	56,763	62,578	59,326	43,282	1.05	0.69
<i>bsaht</i>	Targeted allowance for heating (целева помощ за отопление)	169,823	322,700	155,782	266,057	0.92	0.82
<i>bsaot</i>	Other social assistance benefits (means-tested)	2,788	9510	14,535	29,820	5.21	3.14

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<i>bsacm</i>	Complementary social assistance benefits (non-means-tested)	1,801		2,074	14,778	1.15	
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Notes: EUROMOD input data based on UDB + National SILC 2021. Benefit variables in italic are derived. Total amount refers to the annual amount. Both total amount and number of recipients are weighted using the household survey weights in SILC.

➤ *Pensions and the supplement for care by an assistant*

In addition, the EMSD file includes separate variables recording the components of the “Supplement for care by an assistant” (Добавка за чужда помощ). These components are summed up in the EUROMOD variable *bdi*.

To avoid double counting of the supplement when we derive the pension variables in the EUROMOD input data, we subtract the supplement components from the respective UDB pension variables in which they are recorded:

- UDB variable PY100 to derive the EUROMOD variable *poa* (Old-age pensions)
- UDB variable PY102 to derive the EUROMOD variable *poa00* (Contributory old-age pension, *Пенсия за осигурителен стаж и възраст*)
- UDB variable PY103 to derive the EUROMOD variable *poamt* (Social old-age pension, *Социална пенсия за старост*)
- UDB variable PY110 to derive the EUROMOD variable *psu* (Survivor pensions)
- UDB variable PY130 to derive the EUROMOD variable *pdi* (Disability pensions)
- UDB variable PY132 to derive the EUROMOD variable *pdi00* (Main disability pensions, *Пенсия за инвалидност*)
- UDB variable PY133 to derive the EUROMOD variable *pdinc* (Other target benefits for people with disabilities, *Други целеви помощи за лица с трайни увреждания*).

3.3.4. Tax compliance adjustment (TCA_bg)

In the simulation of SIC, income tax and means-tested family and social assistance benefits, an adjustment for tax compliance is taken into account. The user can apply the adjustment through the policy *TCA_bg* which is based on a comparison between net and gross employment incomes. If gross employment income (*yem01*) is larger than net income (*yem02*) or if the individual is a civil servant, it is assumed that the whole amount of employment income is declared to the tax authorities (information is saved in the variable *yemtx*). If net and gross employment incomes are equal, then we assume that the person does not pay any taxes and SIC on their earnings. Thus, declared employment income is set to zero, while the entire employment income is classified as non-declared (information is saved in the variable *yemn*). Only the declared employment income (*yemtx*) is taken into account in the simulation of income tax, SIC, means-tested family and social assistance benefits.

There is no adjustment for tax compliance of self-employment income.

3.4. Uprating factors

To account for any time inconsistencies between the input dataset and the policy year, uprating factors are used. Each monetary variable (i.e. each income component) is updated so as to account for changes in the non-simulated variables that have taken place between the year of the data and the year of the simulated tax-benefit system. Uprating factors are generally based on changes in the average value of an income component between the year of the data and the policy year. In case no data were available, official forecasts of prices is used. Uprating factors for pensions are based on the official indexation rules. They cover changes in pension amounts occurred during the period from 1st of July of the previous year to 30th of June of the current year. For social transfers which amounts are determined by the authorities, the change in the statutory amounts is used. For detailed information about the construction of each uprating factor as well as the sources that have been used, see Table 3.4 in Annex 1.

As a rule, updating factors are provided both for simulated and non-simulated income components present in the input dataset. It should be noted however that in the case of simulated

variables, the actual simulated amounts are used in the baseline rather than the uprated original variables in the dataset. Uprating factors for simulated variables are provided so as to facilitate the use of the model in cases when the user wishes to turn off the simulation of a particular variable.

3.4.1. Uprating of pensions by bands (Uprate_bands_bg)

Although due to data limitations we do not simulate old-age, disability and survivor pensions, to account for changes in the pension amounts over-time, we uprate (backrate) pensions by the statutory indexation rule and approximate pension supplements in EUROMOD. Table 3.4.1.1 below shows the indexation rate we apply on pensions; in other words, this is the uprating factor from one year to another. Table 3.4.1.2 summarises the rules for calculating the December and Easter pension supplements.

Table 3.4.1.1 Implementation of pension indexation rules (2021-2024) in EUROMOD

	2021-2022	2022-2023	2023-2024
Indexation rate	1.05	1.10	1.12

Table 3.4.1.2 Implementation of pension supplements per year (2021-2024) in EUROMOD

	2021-2022	2022-2023	2023-2024
December (from start-year) supplement	n/a	BGN70	n/a
Easter (April from end-year) supplement	BGN70	BGN70	n/a
Covid-19 supplement	BGN360 (BGN60 per month from January to June)	Covid-19 supplement was added to the pension amount on permanent basis.	n/a

Pension December and Easter supplements are granted to individuals who receive old-age, disability and/or survivor pensions. Whenever supplement entitlement is linked to the income received from pensions, the relevant income concept refers to the sum of all pensions received by the individual (i.e. the sum of all non-zero old-age, disability and survivor pensions).

As of 1 July 2022, Covid-19 supplements were added to the pension amount and became a permanent part of pensioners income.

In terms of receiving the payment, individuals can either collect their pensions and pension supplements from the post office or receive them via bank transfer. In both cases, they receive one payment which comprises the sum of all pensions and supplements they are entitled to and

so, supplements are not directly linked to a particular pension type. Only if the individual receives just one type of pension (e.g. old-age), then it is clear that the supplement is granted on the basis of that particular pension type.

In terms of how pension supplements are reported in the SILC data, it is unclear in which variable respondents report them if they report more than one type of pension. In turn, this makes the simulation of pension supplements problematic and so, we had to make certain assumptions to deal with this issue.

In more detail, to be able to uprate (or backrate) pensions over time, we have made the following assumptions in EUROMOD about the way supplements are reported in SILC:

a. If the person reports a non-zero amount of old-age pension ($poa00 > 0$), we assume that the old-age pension variable contains the supplement. In case supplement entitlement is linked to the level of pension income, we consider the level of $poa00$ or the sum of $poa00$ and any other pension type that has been received ($pdi00$ and/or psu).

b. If the person does not report $poa00$ but reports disability pension ($pdi00 > 0$) (irrespective of the amount of survivor pension (psu)), we assume that the disability pension variable contains the information on the supplement. In case supplement entitlement is linked to the level of pension income, we consider the level of $pdi00$ or the sum of $pdi00$ and psu (if survivor pension is also received).

c. If the person does not report $poa00$ and $pdi00$ but reports psu , we assume that psu contains the information on the supplement. In case supplement entitlement is linked to the level of pension income, we consider the level of psu .

Finally, the uprating/backrating of pensions is based on the following order of calculations:

- i. Uprating: 1. apply the indexation rate; 2. for the final year only, add the December supplement; 3. for the final year only, add the Easter supplement
- ii. Backrating: 1. from the first year only, subtract the Easter supplement; 2. from the first year only, subtract the December supplement; 3. apply the indexation rate.

In response to Covid-19 in July 2020 it was announced that all pensioners, regardless of the amount of their pension, are entitled to a lump-sum payment of BGN50 for each month in August to December 2020 (i.e. 5 months). Although not part of the baseline simulations which refer to the policy rules on 30th of June, the simulation of this supplement can be activated via the Full Year Adjustment (FYA) extension (see section 2.3). In 2021 and 2022, lump-sum payments are also being paid to every pensioner – see Table 3.4.1.2 for details.

3.5. Extended input data (with household expenditures for the simulation of consumption taxes)

For the simulation of consumption taxes, the model needs to be run with extended EUROMOD input files. They consist of the core EUROMOD input files based on EU-SILC or National SILC, extended with new variables (household-level income shares of expenditures by product) imputed from EU/National-HBS. The semi-parametric method implemented for the imputation follows the methodology developed by Akoğuz et al (2020).

Table 3.1 summarizes the major features of the most recent database used to be run with the policy systems of 2021-2024.

These extended EUROMOD files contain all the variables included in the standard EUROMOD input files plus the income shares of each consumption category included in HBS. For example,

for countries with consumption disaggregation at 4 COICOP level (5 digits), there will be close to 200 additional variables, each one with the income shares of expenditure (household level) for that particular consumption category (e.g. starting from the income share of rice consumption: xs_01111; bread: xs_01112, and so on and so forth). The number of additional variables depends on the granularity available in HBS, and it varies across countries).

Table 3.1. Extended EUROMOD database description

Extended EUROMOD database for the simulation of consumption taxes	SILC 2022 – Income year 2021 – Expenditures from HBS 2015
EUROMOD database	BG_2022_c1
Year of collection (HBS) and source	HBS 2015 – EU/National (<u>check/specific case</u>)
Year of collection (SILC) and source	SILC 2022 – EU/National (<u>check/specific case</u>)
Coverage and sample size	Same as BG_2022_c1

This database is an extension of the core EUROMOD input database, and so it is based on the same sample (i.e., same identifiers "idperson" and "idhh" to identify persons and households, respectively) and contains the same variables plus the income shares of expenditure (xs_* variables).

In Table 3.2 we present the share of households' consumption expenditures by product (and total) captured in our matched databases (extended EM input files) with respect to the original reported expenditures in HBS. The column that refers to the same year (in this case, HBS 2015 with Extended EM Input 2015) directly depends on the quality of the imputation procedure, while the comparison across different years is influenced not only by the matching noise but also by the changes in population characteristics and in the underlining distribution of income. Therefore, the coverage displayed in the second column is just informative but is not and should not be used to evaluate nor validate the imputation procedure.

Information on the coverage of these simulated expenditures (coming from the imputation of HBS 2015 to more recent SILC-based data) with respect to the expenditures reported by National Accounts is included in section 4 of this report, together with the other macro-validation results.

Below we summarize the main findings from the imputation validation checks for Bulgaria.

Table 3.2. Expenditure coverage of Extended EM Input files (in %)

COICOP group	HBS 2015 – Extended EM Input 2015	HBS 2015 – Extended EM Input 2022
1	94.1	76.0
2	62.9	51.5
3	98.3	82.1
4	94.8	77.5
5	61.0	51.3
6	63.7	49.8
7	34.9	30.5
8	61.3	52.1
9	53.1	50.2
10	60.2	36.6
11	53.4	45.3
12	59.5	46.3

Total

66.4

54.1

4. Validation

4.1. Aggregate Validation

EUROMOD results are validated against external figures (also referred to as ‘official statistics’, ‘official sources’ or ‘external data’). Detailed comparisons of the number of people receiving a given income component and total yearly amounts are shown in Annex 3. Both market incomes and non-simulated taxes and benefits in the input dataset as well as simulated taxes and benefits are validated against external official data which is available for most items up to year 2022 – and for some up to year 2023 – at the moment of finalisation of this report. The main discrepancies between EUROMOD results and the external data are discussed in the following subsections. Possible factors that may explain the observed differences are also discussed.

4.1.1. Components of disposable income

EU-SILC gross incomes are obtained following the standard Eurostat instruction regarding the common elements. The disposable household income variable is derived after the subtraction of the regular taxes on wealth, income tax and SIC, and any regular transfers paid to other households (see Table 4.1).

Table 4.1 Components of disposable income

	EUROMOD [2021-2024]	Bulgarian EU-SILC 2022 [income year 2021]
	ils_dispy	HY020
Employee cash or near cash income	+	+
Employer's SIC	0	n/a
Company car	0	+
Contributions to individual private pension plans	n/a	n/a
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	+
Unemployment benefits	+	+
Old-age benefits	+	+
Survivor' benefits	+	+
Sickness benefits	+	+
Disability benefits	+	+
Education-related allowances	+	+
Income from rental of a property or land	+	+
Family/children related allowances	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfer received	+	+
Interests, dividends, etc.	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	–	–
Regular inter-household cash transfer paid	–	–
Tax on income and social contributions	–	–
Repayments/receipts for tax adjustment	0	+

4.1.2. Validation of market incomes

It should be kept in mind that there are several sources providing data about the number of employed and self-employed (LFS; National Accounts; National Social Security Institute (NSSI): Statistics on insured persons). To maintain consistency, we validated the number of recipients of employment and self-employment income as well as the aggregate amounts of these income sources in EU-SILC against data from National Accounts (see Table A3.1 and Table A3.2 in Annex 3).

Table A3.1 shows that the **number of individuals with taxable employment income** (EUROMOD variable name for employment income is *yemtx*) in the EU-SILC survey for 2021 is 29 percentage points (pp) higher than the number provided by the National Accounts data, while 2022 suggests 28 pp higher value in comparison to 26 pp higher value in 2023. This could be explained mainly by unofficial (“shadow economy”) employment providing incomes that are not reported to the NSSI and National Revenue Agency (NRA).³ In contrast, Table A3.2 shows that in 2021 the taxable employment income (*yemtx*) in EU-SILC is close in line with the National Accounts figure for “Wages and Salaries”, just 3 pp lower, but understating it in 2022 and 2023 by 6 pp. It should be noted though that, in addition to gross wages/salaries, the National Accounts data include also in-kind payments which in EU-SILC are reported separately from employment income.

In terms of the taxable **self-employment income** (*ysetx*), Table A3.1 shows that the number of self-employed individuals in EU-SILC is 55% (in 2021) of the National Accounts figures, declining to 53% (in 2022) and rising to 56% (in 2023) of the National Accounts figures. The reason for this could be under-representation of entrepreneurs in the EU-SILC, particularly those in “A- Agriculture, Forestry and Fishing” sector.

Investment income (*yiy*) was found not to be feasible for validation, as the recording of such sources in surveys is usually not reliable. Similarly, the income from shares and other securities, e.g. the dividend income, is not recorded consistently in the National Accounts or in the survey data. We could not find information from external sources on the number of recipients/payers and total amount of **private transfers** (paid to and received from other households). Even though **private pension** receivers are rarely met in the population, the EU-SILC 2022 survey underestimates the number of recipients by 54 pp in 2021 compared to the external figure, but in 2022 and 2023 the number of private pensions receivers is underestimated by hefty 90 pp and by 94 pp respectively. Nevertheless, the total amount of private pensions in the EU-SILC overestimates the external figure by 241 pp for 2021 and understates by 66 pp the 2022 figure and by 92 pp the 2023 figure. In late 2021 it is the first time retirees start receiving (were eligible) for private pensions and there is an option to get the individually accumulated private pension funds as a lump sum as well, which further complicates the process of matching external data with survey or modelled data.

4.1.3. Validation of taxes and social insurance contributions

In this subsection, we validate the results from the policy simulations of SIC and income taxes carried out in EUROMOD. Table A3.3 shows that the number of **employer SIC** (*ils_sicer*) in 2021-2023 is about 1.21-1.23 of external source (NSSI) figures based on EUROMOD simulations. The number of **employee SIC** (*ils_sicee*) simulated in EUROMOD is 15-17% higher than the external figures on employee SIC in the same period. The oversimulations in EUROMOD could be due to the potential presence of informal economy. Although EUROMOD results are calibrated to account for potential tax non-compliance, the adjustment is very crude and most likely underestimates the extent of income underreporting to the National Social Security Institute and the National Revenue Agency (see section 3.3.4). Table A3.4

³ Recent estimates of the spread of shadow economy for various European countries, including Bulgaria, can be found in Schneider (2019), Kelmanson et al. (2019) and ACCA (2017).

shows that the total amount of **employee SIC and employer SIC** based on EUROMOD simulations is about 1.29-1.41 times higher than the external figures for the 2021-2023 period. The number of credited SIC are also overestimated in EUROMOD – 2.40 times higher in 2021, 2.48 in 2022 and 2.55 times higher in 2023. The amount of credited SIC simulated in EUROMOD is 1.26 times higher in 2021 (respectively 1.32 times in 2022 and 1.52 in 2023) compared to the external figures.

The number of self-employed liable to pay SIC are significantly understated by EUROMOD (about 45 pp lower on average for the number of payers during the 2021-2023 period), while the amounts of **self-employed SIC** (ils_sicse) are considerably overstated (by 1.86 times on average for the total amount of revenue in 2021-2023 period). This could be due to misreporting of self-employment income to the tax authorities – behaviour which we do not model in EUROMOD. This is especially valid for the rural areas where thousands of self-employed in family farming (i.e. without any labour contract) are not registered at NRA for social insurance purposes.

According to the legislation, **income tax** is calculated after employees and self-employed SIC are subtracted from gross income. Thus, the quality of income tax simulation depends to a large extent on the accuracy of the SIC simulations. We could not find any official data on the number of taxpayers in the period 2021-2023. The aggregate amount of income tax simulated in EUROMOD overestimates the total tax revenue reported by external sources (NSI, Government Finance Statistics) by 3% in the baseline for 2021 and 5% in 2022 and perfectly matches the 2023 figure. Nevertheless, given the issues with employment and self-employment incomes reported in EU-SILC and the simulations of respective SIC, the results on the income tax simulation should be treated with similar caution.

4.1.4. Validation of benefits

In this subsection, we validate the results from the policy simulations of benefits carried out in EUROMOD. Table A3.5 shows the number of benefit recipients and Table A3.6 the average amount of benefits, according to EUROMOD simulations and external sources.

Regarding the main types of **pensions recipients** (old-age, disability, and survivor), Table A3.5 and Table A3.6 show that both the total number of pension recipients and the number of pension payments identified in EU-SILC are close to the external statistics, overestimating by 3 pp the 2021 figure, by 5 pp the 2022 figure, and overstating by 5 pp the 2023 figure. Looking at the different types of pension, in 2021 EU-SILC overestimates the number of old-age pension recipients by 13 pp compared to the external data, by 16 pp in 2022 and by 17 pp in 2023. Quite the opposite, the number of recipients of disability pensions is underestimated in SILC by 28 pp in 2021, by 26 pp in 2022 and by 27 pp in 2023; however, the number of survivor pension receivers is slightly underestimated in EU-SILC (by 7 pp on average in the 2021-2023 period) in comparison with the external source. These results suggest that individuals may be misreporting frequently the disability pensions, merging its amount to the old-age pensions.

In Table A.3.6, we can see that the **total amount of pension expenditure** (all types of pensions) is overestimated in 2021 and 2022 (by 15pp and 9 pp respectively) and underestimated by 7 pp in 2023 and 8 pp in 2024. Regarding the expenditure by pension type, old-age pensions are overestimated compared to the official NSSI data by 13 pp in 2021 and by 2 pp in 2022 and understated by 9 pp in 2023. Disability pensions are slightly overstated, by 2 57 pp in 2021 and understated by 14 71 pp in 2022. Survivor pension in EU SILC data underestimated official figures by 4 pp in 2021, 15 pp in 2022 and 24 pp in 2023. As different types of pensions are paid jointly to recipients (either via a bank transfer or by post), it is possible that recipients do not distinguish the exact amounts of the different pensions they receive and thus, they may misclassify pensions in EU-SILC. This likely explains the discrepancies between the EU-SILC and external statistics for the separate pension components while the total number/ amount of

all pensions is close to the external figures. In 2023 all amounts are underestimated: Social old age pension is underestimated by 34 pp; the survivor pension -by 24 pp and due missing data for 2023 for the disability pension it just be hypothesized from following the general trend.

It should be noted that according to the legislation rules entitlements to family or social assistance benefits – which are simulated in EUROMOD – are *based on the sum of all pensions*. Therefore, we can expect that misclassification of pensions across the different types does not pose an issue for the simulation of these benefits.

Sickness benefits seem to be captured quite well in SILC. The number of **recipients of sickness benefits** in EU-SILC is higher compared to external data but a distinct downward trend for the discrepancy is underway (in EU-SILC the number of benefit receipts is 24 pp higher than the number from the official NSSI data for 2021). However, compared to the external figure, the aggregate amount of sickness benefits in EU-SILC is higher in 2022 by 14 pp and by 46 pp in 2023. The discrepancy between the EU-SILC and the external figure could be due to possible information mismatches and occasional misreporting. Paid sickness benefits EU-SILC data overstates external data by 36 pp in 2021, by 39 pp in 2022, by 56 pp in 2023 and by 58 pp in 2024.

The **contributory Unemployment benefit** (labelled in EUROMOD as `bunct_s`) is partially simulated – i.e. the entitlement is conditioned on the derived benefit receipt in EU-SILC (EUROMOD variable `bunct`). Thus, the number of recipients based on EUROMOD are well in line with the figures based on EU-SILC data and total benefit amount in EUROMOD is 4 pp lower on average for the 2021-2024 period compared with EU-SILC data. However, compared to the external figures the number of benefit recipients is oversimulated in EUROMOD (2.7-3.32 times for the 2021 -2023 period, as shown in Table A3.5). On the other hand, the total benefit amount simulated in EUROMOD is 28 pp higher on average than the external figure for 2021-2024 (Table A3.6). The discrepancy between EUROMOD and the external figures is therefore mainly due to: (i) imprecise identification of recipients of the unemployment benefit (`bunct`) in the SILC sample; and (ii) undersimulated average benefit amount with EUROMOD (see for more details Section 3.3.3).

Second, there are various mismatches between EUROMOD simulation results and external figures for the different family related benefits.

Similar to `bunct_s`, the simulation of **contributory benefit for pregnancy and childbirth** (`bmaprct_s`) is partial, i.e. it is conditioned on the derived benefit receipt in EU-SILC survey (EUROMOD variable `bmaprct`). However, as Table A3.5 shows the derived variable includes only 103 thousand benefit recipients in 2021 (according to EU-SILC data). The 2021 simulated variable is having a meaning of 28 thousand. This number is much lower than the external figure of 103 thousand benefit recipients in 2021. The aggregate amount of this benefit simulated in EUROMOD is far from the official NSSI source – BGN 255 million based on EUROMOD simulations versus BGN 503 million according to external figure for 2021. Simulated EUROMOD data understates 2021-2024 values on average by 43 pp, while NSSI data understates the external source data by 51 pp in 2021, by 50 pp 2022 and by 49 pp in 2023. The simulated results reflect the ascending tendency found in the external sources. These discrepancies can be at least partly explained by: (i) assumed number of months different from the actual; (ii) monthly amount estimated on over-assessed contributory income base.

Compared to the official source, the number of recipients of **birth grant** (`bchbals_s`) is understated by 46 pp in 2021 and the total spending on the **birth grant** (`bchbals_s`) is understated by 48 pp in 2021. This is at least partly due to underrepresentation of newborns in EU-SILC 2022. On average, 43 pp is the meaning of the underestimated discrepancy for the 2022-2023 figures of number **birth grants**(`bchbals_s`) and 45pp for the amounts.

The **non-contributory benefit for raising a child under the age of 1** (bmaprnc_s) is undersimulated by about 84 pp in the 2021-2024 period regarding the number of benefit recipients; furthermore, the total benefit amount for the same years is undersimulated by almost 69 pp. It is unclear why we undersimulate the benefit – it may be that we do not model well the benefit duration as we lack information on the exact birth date of the child. Even in the baseline scenario, the benefit is undersimulated by 65 pp on average, for the number and amounts variables.

Recipients of the **non-means-tested child benefit for mothers in tertiary education** (bchnm01_s) are occasionally found in the sample, however the simulation of this benefit is too distant from external data values, being greatly oversimulated on average external values are 12 times higher than the model data, for the 2021-2023 period. Amounts received are oversimulated by 24 times on average, for the corresponding period. The opposite is valid for the **non-means-tested child benefit for twins** (bchnm02_s), with the number of benefits being undersimulated by 65 pp on average for the 2021-2023 period, and amounts being undersimulated by 29 pp, respectively.

The **contributory maternity benefit for bringing up a child up to age of 2** (bmaycct_s) is undersimulated in EUROMOD compared to external figures in terms of the number of benefit recipients, by 66 pp on average, for the 2021-2023 period. Total spending in EUROMOD underestimates the external value in 2021 by 25 pp and underestimated it in 2022, by 9 pp and by 10 pp in 2023. The number of recipients may be undersimulated because EU-SILC somewhat underestimates the number of children aged 1 to 4: the size of that population group in the sample is somewhat lower as compared to the official data for the population structure in Bulgaria.⁴

The non-means-tested **benefit for students in 1st grade** (bchedyc_s) and the **benefit for students in 8st grade** are oversimulated for the number of benefit recipients. The overestimation for the **benefit for students in 1st grade** is **overstimulated by 86 and 74 pp in 2021 and 2022, and by 52 pp in 2023. The benefit for students in 8st grade (bchednm_s) is oversimulated by 175 pp in 2021, by 178 pp in 2022 and by 185 pp in 2023 respectively. Also, amounts spent on both benefits are oversimulated by much, between 72 pp and 312 pp, for the 2021-2024 period.** As the SILC data does not contain information on the student's grade, we try to identify eligible children by their age – 6 or 7 years old – and being enrolled in primary school (dec=2). It is thus likely we oversimulate the number of benefit recipients as some of the children aged 7 will be already in 2nd grade. The situation is similar for the students in the 8st grade. Other possible reasons for oversimulations could be the non-take up or the fact that the benefit is paid only for the children in the state school system, but not for those in private schools.

The EUROMOD simulation results for the main **means-tested child benefit** (bchmt00_s) in Bulgaria are higher than the external figures for 2021. The number of benefit entitlements simulated with EUROMOD is 21 pp over the official number in 2021, 30 pp higher in 2022 and 28 pp higher for 2023, while in 2024 the figure reported is undersimulated by 8 pp. Similar results are obtained regarding the total benefit amount – the amount based on EUROMOD simulations is 27 pp over the official amount for 2021, 51 pp higher in 2022, 35 pp higher than official values in 2023 and 70 pp higher in 2024. Insofar as the number of young children in the EU-SILC is lower than the official population figures, we could expect to undersimulate the benefit. However, potentially due to underreporting of incomes in SILC, used in the benefit

⁴ The weighted number of children aged 1 to 4 in EU-SILC 2021 is 255.3 thousand compared to 259.2 thousand (3.7% of the total population) according to the NSI data (www.nsi.bg/sites/default/files/files/data/timeseries/Pop_6.1.2_Pop_DR_EN.xls).

income-test, we oversimulate the benefit, both in terms of the number of claimants and total benefit amount.

Third, the simulation results for the two main social assistance benefits – the **monthly social assistance allowance** (guaranteed minimum income: bsa00_s) and the **heating allowance** (bsaht_s) – deviate from the external data. Both the number of benefit recipients and aggregate benefit amounts are substantially oversimulated in EUROMOD relative to the official statistics. In 2021-2023, the number of recipients and total benefit amount are oversimulated and equal to about 4.3 times the external figures for bsa00_s, and in 2024 the oversimulation is equal to 106 pp of the external value for the volume and 226 pp for the amount figure. The discrepancy for the **heating allowance** (bsaht_s) is smaller though still somewhat substantial: the number of recipients is oversimulated by about 1.24 and 1.82 times the external figure in 2021 and 2023, 70 pp higher in 2024 and 53 pp lower in 2022; however, the simulated amount is around 18 pp. over the benefits paid in 2021 and 53 pp lower than 2022 administrative data, 92 pp higher in 2023, and 50 pp higher in 2024 This could be due to various reasons:

- In the presence of benefit non take-up (see Tasseva, 2016), the number of benefit entitlements and the total benefit amounts will be oversimulated in EUROMOD as the model assumes full take-up.
- Oversimulation could also occur when incomes, which are used in the benefit income-tests and determine benefit entitlements, are underreported in EU-SILC.
- Due to lack of information in EU-SILC on assets ownership, the asset-test for these benefits is not simulated. As a result, benefit entitlements could be oversimulated.
- In EUROMOD we have also assumed the maximum length of benefit receipt: 12 months for the monthly social assistance allowance and 5 months for the heating allowance. However, benefits may have been received for shorter periods of time. For example, the heating allowance is provided for the heating season which includes only the third quarter of year “t” and first quarter of year “t+1”. For more details on issues related to the targeting efficiency of the benefits (i.e. benefit non take-up and leakage) and data issues, see Tasseva (2016).

Fourth, the **social old-age pension** (poamt_s) has been undersimulated in EUROMOD in terms of both the number of benefit recipients (by 38 pp) and the total benefit amount (by 60 pp) compared to the external figures for the baseline year (2021). The simulation results reveal the same tendency for 2022 and 2023 when the number of recipients is undersimulated by around 30 and 45 pp and the benefit amount by 57-34 pp. Nevertheless, it should be noted that these numbers need to be treated with caution due to the small sample size of entitled individuals in the underlying SILC data.

4.2. Income distribution

Table A.3.7 and Table A.3.8 present the distributional results based on equivalised HDI. HDI is the sum of market incomes, non-simulated pensions and benefits, and simulated benefits minus the non-simulated property tax, simulated income tax and SIC paid by employees and self-employed. HDI is equivalised by the “modified OECD” equivalence scale which assigns the following weights to the household members: 1 to the household head; 0.5 to any other household member aged 14+; 0.3 to any other household member aged below 14.

4.2.1. Income inequality

Table A.3.7 shows results on several income indicators estimated on the basis of equivalised HDI calculated with EUROMOD which are compared with Eurostat estimates calculated based on the reported incomes in EU-SILC data (referred to as the external source). The results for 2021 show that the shares of equivalised HDI of all decile groups except the first, seventh, ninth and tenth deciles (D1, D7, D9, D10) are fairly well estimated by EUROMOD compared to the data from the external source. The income share of the first decile group is overestimated in EUROMOD: in 2021 it equals on average 2.43% compared to 2.20% according to the external source; in 2021 the income share of the first decile is overestimated by 10 pp, however the 2022 external values is perfectly estimated. The second decile is overestimated by 4 pp in 2021 and underestimated by 7 pp in 2022. In 2022 all deciles but the second one are fairly estimated, with highest discrepancy being in the range of 3-4 pp.

The discrepancy is mainly driven by the oversimulation of the main means-tested benefits in EUROMOD (the means-tested child benefit, monthly social assistance and heating allowances, see Table A.3.5 and Table A.3.6). The median and mean equivalised HDI obtained from EUROMOD simulations for 2021 overstate the external sources by 7 and 3 pp, respectively. However, in 2022 EUROMOD results almost perfectly match the median income and underestimate the mean income by 3 pp, respectively.

The inequality measures underestimate the external sources in 2021 by 2 pp for the Gini coefficient and by 6 pp for the income quintile share ratio S80/S20. The Gini coefficient based on EUROMOD simulations in 2022 does not deviate from the external figures by more than 2 pp. The income quintile share ratio S80/S20 ratio based on EUROMOD-estimated equivalised HDI is 5 pp higher than the ratio provided by the external source for 2022.

4.2.2. Poverty rates

Table A.3.8 shows the poverty rates based on different poverty thresholds, calculated as a percentage of the median HDI. Results based on EUROMOD simulations are compared with data based on the external source (Eurostat, EU-SILC). Mainly due to undersimulation of the main means-tested benefits, the poverty rates for the 2021 period using the 40% of the median as poverty threshold are lower based on EUROMOD simulations compared to the poverty rates based on the external source. When the poverty threshold is raised to 50%, 60% and 70% of the median HDI, the poverty rates derived with EUROMOD narrow the discrepancy with the external source for 2021. In 2021 the poverty rates are underestimated in Euromod by 9 pp (for 40% of the median threshold) to 7 pp (for 50% of the median threshold), while the 60% and 70% poverty thresholds are underestimated by 2 pp and by 1 pp. The discrepancy for 2022 is larger for all thresholds, except the 40% median HDI, which is overestimated by just 1 pp. The 50% median HDI is overestimated by 19 pp, while the 60% median HDI is overestimated by 9 pp and the 70% threshold is overestimated by just 2 pp.

Due to age group range amendments it is not possible to find external values for age groups: 0-15 years; 16-24 years; 25-49 years; 50-64 years. The poverty rates based on Euromod simulations deviated from the Eurostat estimates for 2021 since the 65+ age group poverty line is underestimated by 13 pp; however, the indicator is oversimulated by 43 pp in 2022.

4.3. Summary of “health warnings”

This summary provides an overview of some of the main issues to be taken into account when using the Bulgarian component of EUROMOD with income simulations for 2022-2024:

- Information on investment income in EU-SILC is found to be unreliable.
- Despite our efforts to disaggregate the EU-SILC benefit variables into separate benefit components, our derivations do not score well compared to the respective national aggregates. This result poses a bias for EUROMOD-based estimates of the income distribution. First, the bias occurs through the inaccurate derivations of benefits which are directly included in household net income – bfamtot, bfanmot, bunot, bsaot, bsacm. Second, the quality of partially simulated benefits – those conditioned on the derived benefit values – is worsened: this is the case with bmaprct_s, bmaycct_s and bunct_s which are simulated based on the derived benefits bmaprct, bmaycct and bunct, respectively.
- Children aged 0 are underrepresented in EU-SILC. We suspect that this is one of the main reasons why some of the major benefits targeted at children aged 0 (the birth grant and the non-contributory benefit for raising a child under the age of 1) are undersimulated in EUROMOD.
- Although to a lesser extent, the number of children aged 1-4 is somewhat underestimated in EU-SILC. In addition to issues with the benefit imputations as stated above, we think that this is another reason for the undersimulation of the contributory maternity benefit for bringing up a child up the age of 2.
- Social assistance benefits – the monthly social assistance allowance and heating allowance – are oversimulated in EUROMOD. “The usual suspect” for the explanation of this result is the benefit non-take-up. Currently, EUROMOD assumes full benefit take-up.
- EUROMOD applies an adjustment for tax non-compliance. It should be noted that the aim of the adjustment is simply to calibrate the results. Due to lack of data the adjustment cannot reproduce the actual tax non-compliance behaviour of individuals and households.
- SIC by employers, employees and self-employed are oversimulated in EUROMOD due to issues with reporting of employment and self-employment incomes in EU-SILC and the presence of shadow economy. The results on the income tax simulation should be also treated with caution.
- The simulation of monetary compensation schemes is triggered by the simulation of labour market transitions defined in policy TransLMA_cc. This policy becomes operational if the model is run in conjunction with the LMA add-on. The nature of these simulations is still experimental and only partially validated. Users are encouraged to refer to the “*Simulating labour market transitions in EUROMOD*” document prior to their use.
- Labour market transitions are switched OFF in EUROMOD baselines. As a consequence, the simulation of monetary compensation schemes does not produce any effect in baseline simulations. Since all policies not linked to labour market transitions are fully functional, it is possible for disposable income in 2020 to be higher than disposable income in previous years.

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National Statistical Institute:

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Financial Supervision Commission:

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Annex 1. Uprating Factors

Table A.1: Uprating factors

Index	Constant name	Value of the indices				Source	Income components uprated by the index
		2021	2022	2023	2024		
Harmonised Index of Consumer Prices (2007=100)	\$HICP	109.3	123.52	134.15	138.33	EUROSTAT; AMECO 2023 spring forecasts for 2023 values	
Consumer price index (2007=100)	\$f_cpi	142.11	163.85	179.4	184.95	National Statistical Institute (https://www.nsi.bg/sites/default/files/files/data/timeseries/CPI_1.1_EN.xls); Data for 2024 - own estimate based on NSI data and AMECO forecasts.	ypp, afc, xhc, xhemomi, xhcot, xhcrt, xpp, aoc, kfbcc, kfb, bed, kivho, xed00, xhl00, bfa
Average salary (national level, BGN per month)	\$f_yem	1550.67	1783.27	2012.25	2223.37	National Statistical Institute - until 2023 (https://nsi.bg/en/content/3958/total-economic-activity-groupings-kind-ownership-gender); Data for 2024 - own estimates based on NSI data and AMECO forecast of national compensation per employee for 2024 (HWCDW).	yot, ypt, xmp, yptmp
Average pension per a retiree (BGN, per month)	\$f_pen_av	536.71	674.54	784.48	883.14	National Social Security Institute - until 2022 (https://www.nssi.bg/wp-content/uploads/Demografia_2022.pdf); Data for 2023 - National Social Security Institute (https://nssi.bg/wp-content/uploads/STATB42023.pdf); Data for 2024 - own estimate based on current legislation.	psu, pdi00, pdinc, poa00, poamt, psuor, pdiuc, poadi, bdi

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
Average pregnancy and childbirth benefit (BGN, per day)	\$f_bmaprct	32.54	37.42	42.87	47.61	National Social Security Institute - until 2022 (https://www.nssi.bg/wp-content/uploads/Demografia_2022.pdf); Data for 2023- National Social Security Institute (https://nssi.bg/wp-content/uploads/Statisticheski_otchet_2023.pdf); Data for 2024 - the figure for 2023 is multiplied by the nominal growth of the average contributory income for 2023 (as the benefit amount reflects the growth of past earnings).	bmaprct
Average benefit for bringing-up a small child (BGN, per day)	\$f_bmaycct	19.96	33.15	30.03	37.14	National Social Security Institute - until 2022 (https://www.nssi.bg/wp-content/uploads/Demografia_2022.pdf); Data for 2023- National Social Security Institute (https://nssi.bg/wp-content/uploads/Statisticheski_otchet_2023.pdf); Data for 2024 - Motives to the Budget of the Public Social Insurance Act for 2024 [Закон за бюджета на държавното обществено осигуряване за 2024 г.].	bmaycct
GDP (BGN, mln., Current prices)	\$f_gdp	138979	167809	183743	193645	National Statistical Institute - 2001-22 (https://www.nsi.bg/en/content/2206/gdp-production-approach-%E2%80%93total-economy); Data for 2024 - own estimate based on NSI data and AMECO forecasts.	yy
Average unemployment benefit (BGN, per month)	\$f_bun	559.62	652.33	716.44	795.6	National Social Security Institute - until 2022 (https://www.nssi.bg/wp-content/uploads/Demografia_2022.pdf); Data for 2023- National Social Security Institute (https://nssi.bg/wp-content/uploads/Statisticheski_otchet_2023.pdf); Data for 2024 - the figure for 2023 is multiplied by the nominal growth of the average contributory income for 2023 (as the benefit amount reflects the growth of past earnings).	bunct, bunot
Average contributory income from previous year (national level,	\$f_yempv	1069.5	1169.25	1298.45	1466	National Social Security Institute - until 2023 (https://nssi.bg/wp-content/uploads/smod_12_23_I.pdf). Data for 2024 - Motives to the Budget of the Public Social Insurance Act for 2024 [Закон за бюджета на държавното обществено осигуряване за 2024 г.].	yempv, yempv_a

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
BGN per month)							
Average per hh income from property (BGN, per month)	\$f_ypr	69	106	70	72.16	National Statistical Institute - until 2023 (https://www.nsi.bg/en/content/3223/annual-data); Data for 2024 - the figure for 2023 is multiplied by the national CPI.	ypr, tpr, yprld, yprrt
Average contributory income all (national level, BGN per month)	\$f_sicee_base	1169.25	1298.45	1466	1605	National Social Security Institute - until 2023 (https://nssi.bg/wp-content/uploads/smod_12_23_I.pdf). Data for 2024 - Motives to the Budget of the Public Social Insurance Act for 2024 [Закон за бюджета на държавното обществено осигуряване за 2024 г.]. Data for 2024 - the figure for 2023 is multiplied by the AMECO forecast of national compensation per employee for 2025 (HWCDW).	tsctber
Average contributory income for self-employed	\$f_sicse_base	667.751	733.142	816.064	860	National Social Security Institute - until 2022 (https://www.nssi.bg/wp-content/uploads/Demografia_2022.pdf); Data for 2023- Statistical Report on Implementation of the Consolidated Budget of the Public Social Insurance for 2023 (https://nssi.bg/wp-content/uploads/Statisticheski_otchet_2023.pdf); Data for 2024 - the figure for 2024 is multiplied by the nominal growth of the statutory minimum wage for the country for 2024.	ysetx, ysenr, ysebs, tsctbse
General sickness benefit	\$f_bhl	37.3	40.12	45.87	50.94	National Social Security Institute - until 2022 (https://www.nssi.bg/wp-content/uploads/Demografia_2022.pdf); Data for 2023 - National Social Security Institute (https://nssi.bg/wp-content/uploads/Statisticheski_otchet_2023.pdf); Data for 2024 - the figure for 2023 is multiplied by the AMECO forecast of national compensation per employee for 2025 (HWCDW).	bhl
Pension indexation (2007=100)	\$f_pen_ind	2.372	2.49	2.74	3.07	National Social Security Institute, Annex I of Statistical Yearbook "Pensions" for the respective years (https://nssi.bg/publikacii/statistika/pensii-statistika/).	psuor, poamt, pdinc,

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
A factor of 1	\$f_one	1	1	1	1		pdiuc, poadi, bdi yds, tad, tis, tin, tscee, tscse, yag01, yag02, yag, poa00, pdi00, psu, ydses_o
Average salary - one year lead (national level, BGN per month)	\$f_yemLead	1770.17	2012.3	2223.4	2689.91	National Statistical Institute - until 2023 (https://nsi.bg/en/content/3958/total-economic-activity-groupings-kind-ownership-gender); Data for 2024 - own estimates based on NSI data and AMECO forecast of nominal compensation per employee for 2025 (HWCDW).	ymwdt
Average hourly wage, Agriculture and Fishing (lindi = 1), units of national currency	\$f_hourly_wa ge_lindi_1	8.4902	9.6918	10.9798	12.1263	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Mining, Manufact. and Utilities (lindi	\$f_hourly_wa ge_lindi_2	10.3004	11.7583	13.321	14.7119	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the	yivwg, yemnr, yem01, yem02,

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
= 2), units of national currency						yearly increase of nominal compensation per employee, total economy, from AMECO.	yem_a, tscer, yemtx
Average hourly wage, Construction (lindi = 3), units of national currency	\$f_hourly_wage_lindi_3	9.2071	10.5102	11.907	13.1503	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Wholesale and retail (lindi = 4), units of national currency	\$f_hourly_wage_lindi_4	10.488	11.9724	13.5635	14.9798	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Hotels and restaurants (lindi = 5), units of national currency	\$f_hourly_wage_lindi_5	9.5386	10.8887	12.3358	13.6238	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage,	\$f_hourly_wage_lindi_6	20.3785	23.2628	26.3543	29.1062	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and	yivwg, yemnr,

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
Transport and communication (lindi = 6), units of national currency						2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Financial intermediation (lindi = 7), units of national currency	\$f_hourly_wage_lindi_7	20.7068	23.6376	26.779	29.5751	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Real estate and business (lindi = 8), units of national currency	\$f_hourly_wage_lindi_8	14.1516	16.1546	18.3015	20.2125	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Public administr. and defence (lindi = 9), units of	\$f_hourly_wage_lindi_9	11.9707	13.665	15.4811	17.0975	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
national currency							
Average hourly wage, Education (lindi = 10), units of national currency	\$f_hourly_wage_lindi_10	13.0335	14.8783	16.8555	18.6155	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Health and social work (lindi = 11), units of national currency	\$f_hourly_wage_lindi_11	12.2843	14.023	15.8866	17.5454	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Average hourly wage, Other (lindi = 12), units of national currency	\$f_hourly_wage_lindi_12	9.7438	11.123	12.6011	13.9169	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Growth of the average household deposit	\$f_dep_av	3.81	4.208	4.665	4.917	Bulgarian National Bank - until 2023 (https://www.bnb.bg/bnbweb/groups/public/documents/bnb_download/)	

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
amount (2009=100)						dep_dyn_eact_bg.xlsx). For 2024, the figure for 2022 is multiplied by the nominal GDP growth, AMECO forecasts.	
Growth of the average monthly contribution amount per insured in the voluntary pension funds (2014 = 100)	\$f_vpen_rev	1.288	0.849	0.719	0.794	Financial Supervision Commission - until 2023 (https://www.fsc.bg/?page_id=21707). For 2024, the figure for 2022 is multiplied by the growth of the nominal compensation per employee for 2024.	
Average hourly wage, All activity sectors, units of national currency	\$f_hourly_wage	12.1099	13.8239	15.661	17.2963	Computed from ESTAT tables nama_10_a64 (wages) and nama_10_a64_e (hours worked) up to 2022. The values for 2023 and 2024 are computed by multiplying the value of the previous year by the yearly increase of nominal compensation per employee, total economy, from AMECO.	yivwg, yemnr, yem01, yem02, yem_a, tscer, yemtx
Guaranteed minimum income (monthly amount)	\$f_gmi	75	75	75	75	Social Assistance Agency, Annual Activity Reports (https://asp.government.bg/bg/za-agentsiyata/misiya-i-tseli/otcheti-i-dokladi/)	bho, bsa00, bsaot, bsacm, bchmtfp
Growth of the average amount of the monthly child allowance for	\$f_bfanmot	1.0258	1.0147	1.0475	1.0886	Social Assistance Agency, Annual Activity Reports (https://asp.government.bg/bg/za-agentsiyata/misiya-i-tseli/otcheti-i-dokladi/)	bfanmot, bfaot

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
bringing up a permanently disabled child up to 18 years of age and until completion of secondary education but not longer than 20 years of age(2018 = 100)							
Non-contributory benefit for raising a child under the age of 1 (monthly amount)	\$f_bmaprnc	200	200	200	200	EUROMOD BG Country Report	bmaprnc, bfamtot
Growth of the amount of lump-sum pregnancy grant (2006 = 100)	\$f_bchprls	1	1	1	1	Social Assistance Agency, Annual Activity Reports (https://asp.government.bg/bg/za-agentsiyata/misiya-i-tseli/otcheti-i-dokladi/)	bchprls
Benefit for students in 1st	\$f_bchedyc	300	300	300	300	EUROMOD BG Country Report	bchedyc

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Index	Constant name	Value of the indices				Source	Income components updated by the index
		2021	2022	2023	2024		
grade (annual amount)							
Birth grant (annual amount for the first child)	\$f_bchbals	250	250	250	375	EUROMOD BG Country Report	bchbals
Means-tested child benefit (monthly amount for the first child)	\$f_bchmt00	40	50	50	50	EUROMOD BG Country Report	bchmt00
Targeted allowance for heating (monthly amount)	\$f_bsaht	99.16	104.71	104.71	109.39	EUROMOD BG Country Report	bsaht

Annex 2. Policy Effects in 2023-2024

In this section we analyse the direct tax-benefit policy effect on HDI in Bulgaria between 2023 and 2024. We try to understand how changes (or non-changes) to tax-benefit policies have affected household incomes in the period, abstracting from changes in the population characteristics and the distribution of market/original gross incomes. It should be noted that tax-benefit policies in a given year are taken as of 30th of June.

Table A2.1 depicts the policy effect measured in real terms by income component and income decile group. The effect is estimated as the difference between simulated household net income under 2024 tax benefit policies (deflating the tax-benefit monetary parameters by Eurostat's Harmonized Index of Consumer Prices, HICP = 1.031159) and net incomes simulated under 2023 policies, as a percentage of mean equivalised HDI in 2023. The total policy effect on household income is decomposed into different components representing the main elements of the national tax-benefit system.

Table A2.1 shows that in 2023-24 household net incomes increased on average by 1.57% in real terms. Across the income distribution, household net income rose on average for all the deciles in the decile group as nominal income gains outpaced the growth in prices. However, household net income increased substantially in the 2nd decile group, followed by the growth in the 3rd to 7th decile groups and to a lesser degree in the 1st decile group. The growth rate of the 9th and especially the 10th decile groups is lagging behind, supporting the inequality reduction process that is underway.

Public pensions appears to be the largest contributing factor to overall household income increase, in nominal and real terms. Incomes of bottom deciles, namely the bottom half of the distribution, outpace the growth of upper two deciles, especially for the top decile. Households with the largest share of public pensions in their total income experienced the largest growth in their purchasing power (2.13% in the 1st, 4.08% in the 2nd, 2.92% in the 3rd, 2.48% in the 4th and 2.22% in the 5th decile group). Public pension paid to ninth and tenth decile group grew at a lower pace, by 1.03 pp and 0.54 pp respectively, ultimately contributing to more equal income distribution.

On average for the whole population, changes to *means-tested benefits* effects from the previous year fade away, and the bottom three decile groups reduce their income from this source, between -0.69 and -0.02% in real terms, while the 2nd decile group even experience a nominal decline of -0.45% (not shown on the table and graph below). On the contrary, *means-tested benefits* led to a real income increase, between 0.05 and 0.33%, for the 4th to 7th decile groups, with 5th decile benefiting the most. These changes were largely driven by June 2023 reforms to social assistance benefits, by raising the income-test threshold of the monthly social assistance (bsa00_s) and heating allowance (bsaht_s) to be in line with the official poverty line. The 2024 number of beneficiaries receiving monthly social assistance (bsa00_s) rose by 177% in 2024, while the amounts rose by 132 %, leading to a reduction of the per beneficiary amount. Thanks to the reform in 2023 the number of beneficiaries rose by 5 pp, while amounts increased by 79 %, leading to higher growth of the per beneficiary value. The beneficiaries receiving heating allowance (bsaht_s) decreased by 8% in 2024, while growing by 8% in 2023. The amounts received increased by 5 % in 2024 and by 12% in 2023. In 2024 the per beneficiary value rose by 14%.

Changes to *non-means-tested benefits* led to income gains to household net incomes, of 0.18% on average, in real terms. Benefits provided to people with disabilities were increased, by 11.5% for the supplement for care by assistant (bdi_s), and 4.4% for the monthly financial support for people with disabilities (pdimtu_s). However, considering the relatively small number of recipients of these benefits, these positive developments led to small income increases on average at decile group level.

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Changes to **Employee social insurance contributions (SIC)** affected the average household income negatively, declining by -0.13% on average, in real terms. Upper three decile income group experienced a real income decline of -0.08% for the 8th decile, -0.14% for the 9th decile, and -0.31% for the top decile, respectively.

Changes to *direct taxes* led to tiny declines in household net incomes, of 0.01% on average for the whole population. All decile groups experience a decline in their real disposable income but the tenth decile group. Small income gain, of 0.02% of the real disposable income due direct taxation policy is evident for the top decile. Income decile groups from the 3rd to the 5th decile reported a real income decline, at a peace of 0.04%.

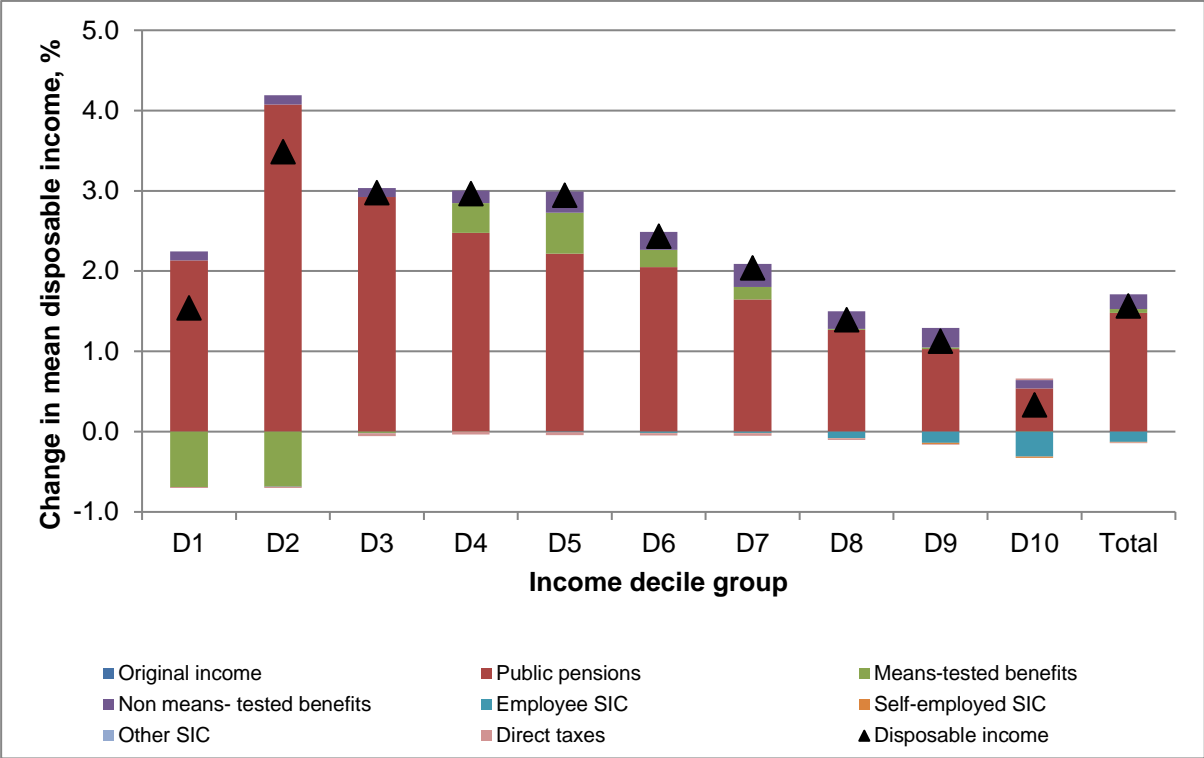
* * *

To conclude, the policy developments in 2023-24 led to real income improvements for all decile groups as a result of increased amounts of public pensions, in particular, and to a much lesser degree, caused by non-means-tested benefits. The richest decile group is also subject to the lowest increase of the income from public pension, which led to the fact that the top decile's real income rose at the slowest pace, in comparison to other decile groups. Income from public pensions helped increasing the middle class income and reducing the inequality of income distribution, but income policies did affected less efficiently the disposable income of the bottom decile, while the 2nd, 3rd, 4th and 5th deciles benefited the most.

Table A2.1. Policy effects in 2023-2024, using CPI-indexation, %

	Original income	Public pensions	Means-tested benefits	Non means- tested benefits	Employee SIC	Self- employed SIC	Other SIC	Direct taxes	Disposable income
Decile 1	0.00	2.13	-0.69	0.11	0.00	0.00	0.00	-0.01	1.54
Decile 2	0.00	4.08	-0.69	0.12	0.00	0.00	0.00	-0.02	3.49
Decile 3	0.00	2.92	-0.02	0.11	-0.01	0.00	0.00	-0.04	2.98
Decile 4	0.00	2.48	0.37	0.16	0.00	0.00	0.00	-0.04	2.97
Decile 5	0.00	2.22	0.51	0.26	-0.01	0.00	0.00	-0.04	2.95
Decile 6	0.00	2.05	0.21	0.22	-0.01	-0.01	0.00	-0.03	2.44
Decile 7	0.00	1.65	0.16	0.29	-0.02	0.00	0.00	-0.03	2.04
Decile 8	0.00	1.27	0.01	0.22	-0.08	0.00	0.00	-0.02	1.40
Decile 9	0.00	1.03	0.02	0.24	-0.14	-0.02	0.00	-0.01	1.11
Decile 10	0.00	0.54	0.00	0.10	-0.31	-0.02	0.00	0.02	0.33
Total	0.00	1.48	0.05	0.18	-0.13	-0.01	0.00	-0.01	1.57

Figure A2.1. Policy effects in 2023-2024, using CPI-indexation, %



Annex 3. Validation Tables

Table A3.1. Original income in EUROMOD - Number of recipients (thousands)

	Simulated (Y / N)	EUROMOD				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Earnings (ils_earn)													
Taxable employment income (yemtx)	N	3,346	3,346	3,346	3,346	2,598	2,618	NaN	NaN	1.29	1.28	NaN	NaN
Non-reported employment income (yemnr)	N	63	63	63	63	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Taxable self-employment income (ysetx)	N	470	470	470	470	860	884	NaN	NaN	0.55	0.53	NaN	NaN
Non-reported self-employment income (ysenr)	N	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Covid-19 in 2020-22: wage compensation contribution paid by the employer (yemmc_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other original income (ils_origy - ils_earn)													
Income from capital, e.g. dividends and interests (yiy)	N	103	103	103	103	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Income received by children (yot)	N	49	49	49	49	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Income from occupational and private pensions (ypp)	N	1	1	1	1	3	14	22	NaN	0.46	0.10	0.06	NaN
Private transfers received (ypt)	N	399	399	399	399	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Income from property (ypr)	N	407	407	407	407	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Maintenance payments (xmp)	N	78	78	78	78	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Continued...

	Source	Comments
Earnings (ils_earn)		
Taxable employment income (yemtx)	National Statistical Institute, Employment and hours worked, Employed persons - total of economy, ESA-2010, available at: https://nsi.bg/en/content/2245/employed-persons-total-economy	-
Non-reported employment income (yemnr)	-	-
Taxable self-employment income (ysetx)	National Statistical Institute (National Accounts, S14 Household sector, B2n)	-
Non-reported self-employment income (ysenr)	-	-

Continued...

	Source	Comments
Covid-19 in 2020-22: wage compensation contribution paid by the employer (yemmc_s)	-	-
Other original income (ils_origy - ils_earns)		
Income from capital, e.g. dividends and interests (yiy)	National Statistical Institute, Non-financial national accounts by institutional sectors; https://nsi.bg/en/content/2273/annual-data ;	-
Income received by children (yot)	-	-
Income from occupational and private pensions (ypp)	Financial Supervision Commission, available at: https://www.fsc.bg/?page_id=21707	-
Private transfers received (ypt)	-	-
Income from property (ypr)	National Statistical Institute, Non-financial national accounts by institutional sectors;	-
Maintenance payments (xmp)	-	-

Table A3.2. Original income in EUROMOD - Annual amounts (millions)

	Simulated (Y / N)	EUROMOD				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Earnings (ils_earns)													
Taxable employment income (yemtx)	N	50,626	57,792	65,472	72,309	52,308	61,376	NaN	NaN	0.97	0.94	NaN	NaN
Non-reported employment income (yemnr)	N	294	336	381	421	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Taxable self-employment income (ysetx)	N	4,058	4,456	4,960	5,227	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Non-reported self-employment income (yсенr)	N	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Covid-19 in 2020-22: wage compensation contribution paid by the employer (yemmc_s)	Y	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other original income (ils_origy - ils_earns)													
Income from capital, e.g. dividends and interests (yiy)	N	1,667	2,013	2,204	2,323	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Income received by children (yot)	N	88	99	113	125	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Income from occupational and private pensions (ypp)	N	8	9	10	11	2	28	123	NaN	3.41	0.34	0.08	NaN
Private transfers received (ypt)	N	1,433	1,624	1,847	2,040	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Income from property (ypr)	N	643	988	653	673	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Maintenance payments (xmp)	N	146	166	189	208	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Table A3.3. Direct taxes and SIC - Number of payers (thousands)

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Direct taxes (ils_tax)																					
income taxes (tin_s)	Y	3,600	3,634	3,606	3,635	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
property tax (tpr)	N	2,124	2,124	2,124	2,124	2,124	2,124	2,124	2,124	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employee Social Insurance Contributions (ils_sicee)		3,036	3,036	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	2,598	2,618	NaN	NaN	1.17	1.16	NaN	NaN
employee SIC for fund old-age (tscepi_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employee SIC for fund sickness and maternity (tsceesi_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employee SIC for fund unemployment (tsceui_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employee SIC for fund health (tsceehl_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Self-employed Social Insurance Contributions (ils_sicse)		470	470	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	860	884	NaN	NaN	0.55	0.53	NaN	NaN
self-employed SIC for fund old-age (tscepi_s)	Y	470	470	470	470	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
self-employed SIC for fund health (tscehl_s)	Y	470	470	470	470	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employer Social Insurance Contributions (ils_sicer)		3,036	3,036	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	2,469	2,493	NaN	NaN	1.23	1.22	NaN	NaN
employer SIC for fund old-age (tscerpi_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund sickness (tscersi_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund unemployment (tscerui_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund accident (tscerac_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund health (tscerhl_s)	Y	3,036	3,036	3,036	3,036	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Credited Contributions (ils_sicct)		310	310	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	129	125	NaN	NaN	2.40	2.48	NaN	NaN
credited SIC for fund old-age (tsctpi_s)	Y	310	310	310	310	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
credited SIC for fund sickness (tsctsi_s)	Y	310	310	310	310	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
credited SIC for fund unemployment (tsctui_s)	Y	310	310	310	310	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
credited SIC for fund accident (tscctac_s)	Y	310	310	310	310	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
credited SIC for fund health (tscctl_s)	Y	310	310	310	310	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other Contributions (ils_sicot)																					

Continued...

	Source	Comments
Direct taxes (ils_tax)		
income taxes (tin_s)	National Statistical Institute (GFS_1.3, cell D51A), available at:	-
property tax (tpr)	-	-
Employee Social Insurance Contributions (ils_sicee)		
employee SIC for fund old-age (tscepi_s)	-	-
employee SIC for fund sickness and maternity (tsceesi_s)	-	-
employee SIC for fund unemployment (tsceei_s)	-	-
employee SIC for fund health (tscehl_s)	-	-
Self-employed Social Insurance Contributions (ils_sicse)		
self-employed SIC for fund old-age (tscepi_s)	-	-
self-employed SIC for fund health (tscehl_s)	-	-
Employer Social Insurance Contributions (ils_sicer)		
employer SIC for fund old-age (tscerpi_s)	-	-
employer SIC for fund sickness (tscersi_s)	-	-
employer SIC for fund unemployment (tscerui_s)	-	-
employer SIC for fund accident (tscerac_s)	-	-
employer SIC for fund health (tscerhl_s)	-	-
Credited Contributions (ils_sicct)		
credited SIC for fund old-age (tsctpi_s)	-	-

Continued...

	Source	Comments
credited SIC for fund sickness (tscctsi_s)	-	-
credited SIC for fund unemployment (tscctui_s)	-	-
credited SIC for fund accident (tscctac_s)	-	-
credited SIC for fund health (tsccthl_s)	-	-
Other Contributions (ils_sicot)		

Table A3.4. Direct taxes and SIC - Annual amounts (millions)

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Direct taxes (ils_tax)																					
income taxes (tin_s)	Y	4,257	4,936	5,502	6,120	0	0	0	0	0.00	0.00	0.00	0.00	4,134	NaN	NaN	NaN	1.03	NaN	NaN	NaN
property tax (tpr)	N	230	354	234	241	230	230	230	230	1.00	1.54	1.01	1.05	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employee Social Insurance Contributions (ils_sicee)		5,491	6,260	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	4,122	4,653	NaN	NaN	1.33	1.35	NaN	NaN
employee SIC for fund old-age (tscepi_s)	Y	3,499	3,989	4,405	4,864	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employee SIC for fund sickness and maternity (tsceesi_s)	Y	558	636	702	776	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employee SIC for fund unemployment (tsceei_s)	Y	159	182	201	222	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employee SIC for fund health (tsceeh_s)	Y	1,275	1,454	1,606	1,773	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Self-employed Social Insurance Contributions (ils_sicse)		1,069	1,177	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	560	634	NaN	NaN	1.91	1.86	NaN	NaN
self-employed SIC for fund old-age (tscepi_s)	Y	762	838	925	978	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
self-employed SIC for fund health (tsceeh_s)	Y	308	339	374	395	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Employer Social Insurance Contributions (ils_sicer)		7,659	8,732	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	5,918	6,688	NaN	NaN	1.29	1.31	NaN	NaN
employer SIC for fund old-age (tscepi_s)	Y	4,391	5,006	5,529	6,104	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund sickness (tsceesi_s)	Y	837	954	1,054	1,163	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund unemployment (tsceei_s)	Y	239	273	301	332	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund accident (tsceerac_s)	Y	279	318	351	388	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
employer SIC for fund health (tsceerhl_s)	Y	1,913	2,181	2,408	2,659	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Credited Contributions (ils_sicct)		1,890	2,155	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	1,503	1,633	NaN	NaN	1.26	1.32	NaN	NaN
credited SIC for fund old-age (tsctpi_s)	Y	1,134	1,293	1,440	1,590	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
credited SIC for fund sickness (tsctsi_s)	Y	200	229	255	281	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
credited SIC for fund unemployment (tsctui_s)	Y	57	65	73	80	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
credited SIC for fund accident (tscttac_s)	Y	40	46	51	56	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
credited SIC for fund health (tscctl_s)	Y	458	522	582	643	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other Contributions (ils_sicot)																					

Table A3.5. Benefits - Number of recipients (thousands)

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Pensions (ils_pen)		2,140	2,140	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	2,081	2,036	NaN	NaN	1.03	1.05	NaN	NaN
Old-age pension (Пенсия за осигурителен стаж и възраст) (poa00)	N	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1,748	1.00	1.00	1.00	1.00	1,551	1,512	1,499	NaN	1.13	1.16	1.17	NaN
Social old-age pension (Социална пенсия за старост) (poamt_s)	Y	3	3	4	4	10	10	10	10	0.28	0.28	0.39	0.37	4	5	5	NaN	0.62	0.55	0.70	NaN
Monthly social integration allowances (Месечна добавка за социална интеграция) (poadi)	N	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Survivor pensions (Наследствена пенсия) (psu)	N	100	100	100	100	100	100	100	100	1.00	1.00	1.00	1.00	107	109	108	NaN	0.93	0.92	0.92	NaN
Main disability pensions (Пенсия за инвалидност) (pdi00)	N	306	306	306	306	306	306	306	306	1.00	1.00	1.00	1.00	423	416	420	NaN	0.72	0.74	0.73	NaN
Monthly social integration allowances (Месечна добавка за социална интеграция) (pdiuc)	N	273	273	273	273	273	273	273	273	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other target benefits for people with disabilities (Други целеви помощи за лица с трайни увреждания) (pdinc)	N	49	49	49	49	49	49	49	49	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Supplement for care by an assistant (Добавка за чужда помощ) (bdi_s)	Y	77	77	77	77	60	60	60	60	1.29	1.29	1.29	1.29	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Means-tested benefits (ils_benmt)																					
Benefit for students in 1st grade (целева помощ за ученици, записани в първи клас) (bchedyc_s)	Y	97	97	314	314	175	175	175	175	0.56	0.56	1.80	1.80	52	56	206	208	1.86	1.74	1.52	1.51
Monthly social assistance allowance (guaranteed minimum income) (месечна социална помощ поради ниски доходи) (bsa00_s)	Y	78	76	116	113	41	41	41	41	1.88	1.84	2.79	2.73	23	20	21	55	3.41	3.90	5.61	2.06
Means-tested child benefit (месечна помощ за отглеждане на дете) (bchmt00_s)	Y	390	406	366	437	314	314	314	314	1.24	1.29	1.16	1.39	322	313	286	422	1.21	1.30	1.28	1.04
Non-contributory benefit for raising a child under the age of 1 (месечна помощ за отглеждане на дете до 1 г. възраст) (bmaprnc_s)	Y	4	4	3	4	25	25	25	25	0.17	0.17	0.13	0.16	12	12	12	13	0.35	0.35	0.29	0.32
Targeted heating allowance (целева помощ за отопление) (bsaht_s)	Y	323	142	592	511	260	260	260	260	1.24	0.55	2.28	1.97	261	302	325	300	1.24	0.47	1.82	1.70

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Housing benefits (Месечна целева помощ за заплащане на наем на общински или държавни жилища) (bho)	N	1	1	1	1	1	1	1	1	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other means-tested social assistance (bsaot)	N	24	24	24	24	24	24	24	24	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other means-tested family benefits (bfamtot)	N	256	256	256	256	256	256	256	256	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Financial support for bringing up a child by relatives or foster family (Помощ за превенция, отглеждане на детето при близки и роднини или в приемно семейство) (bchmtfp)	N	3	3	3	3	3	3	3	3	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Non-means-tested benefits (ils_bennt)																					
Contributory maternity benefit for pregnancy and childbirth (Обезщетение за бременност и майчинство) (bmaprct_s)	Y	28	28	28	28	103	103	103	103	0.27	0.27	0.27	0.27	104	102	100	NaN	0.27	0.27	0.28	NaN
Contributory maternity benefit for bringing up child up to age 2 (Обезщетение за отглеждане на дете до 2г.) (bmaucct_s)	Y	31	31	31	31	110	110	110	110	0.28	0.28	0.28	0.28	86	85	84	NaN	0.36	0.36	0.37	NaN
Birth grant (also for adoption) (еднократна помощ при раждане) (bchbals_s)	Y	33	33	33	33	33	33	33	33	1.00	1.00	1.00	1.00	60	60	56	NaN	0.54	0.55	0.58	NaN
Non-means-tested child benefit for mothers in tertiary education (еднократна помощ за отглеждане на дете до навършване на 1 година за майки студентки в редовна форма на обучение) (from 2009 on) (bchnm01_s)	Y	5	5	5	5	0	0	0	0	0.00	0.00	0.00	0.00	1	0	0	NaN	8.46	11.85	15.80	NaN
Non-means-tested child benefit for twins (еднократна помощ за отглеждане на близнаци до навършване на 1 година) (from 2009 on) (bchnm02_s)	Y	1	1	1	1	0	0	0	0	0.00	0.00	0.00	0.00	2	2	2	NaN	0.35	0.33	0.35	NaN
Benefit for students in 1st grade (целева помощ за ученици, записани в първи клас) (bcheduc_s)	Y	97	97	314	314	175	175	175	175	0.56	0.56	1.80	1.80	52	56	206	NaN	1.86	1.74	1.52	NaN
Benefit for students in 8th grade (целева помощ за ученици, записани в осми клас) (bchednm_s)	Y	136	136	136	136	0	0	0	0	0.00	0.00	0.00	0.00	50	49	48	NaN	2.75	2.78	2.85	NaN

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Unemployment benefit (обезщетение за безработица) (bunct_s)	Y	189	189	191	191	197	197	197	197	0.96	0.96	0.97	0.97	70	57	57	NaN	2.70	3.32	3.32	NaN
Other non-means-tested family benefits (bfanmot)	N	48	48	48	48	48	48	48	48	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Lump-sum grant for pregnancy (еднократна помощ при бременност) (bchprls)	N	11	11	11	11	11	11	11	11	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Sickness benefits (Обезщетение за временна неработоспособност) (bhl)	N	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1.00	1.00	1.00	1.00	1,260	1,368	1,073	NaN	1.24	1.14	1.46	NaN
Redundancy/retirement benefit (Обезщетения при съкращения/ пенсиониране) (bunot)	N	202	202	202	202	202	202	202	202	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Educational benefit (scholarships etc.) (bed)	N	18	18	18	18	18	18	18	18	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other (complementary) non-means-tested social assistance benefits (bsacm)	N	8	8	8	8	8	8	8	8	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Covid-19 in 2020-22: 60/40 and BGN290 compensation for employees paid by the state (bwkmcee_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	97,621	53,974	NaN	NaN	0.00	0.00	NaN	NaN
Covid-19 in 2020-21: BGN290 compensation for self-employed paid by the state (bwkmce_s)	Y	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Continued...

	Source	Comments
Pensions (ils_pen)		
Old-age pension (Пенсия за осигурителен стаж и възраст) (paa00)	Own estimates based on: National Social Security Institute, Statistics, Pension-Statistics, Statistical annual report "Pensions" (Национален осигурителен институт, Статистика, Пенсии - Статистика, Статистически годишници)	-
Social old-age pension (Социална пенсия за старост) (paa0t_s)	Own estimates based on: National Social Security Institute, Statistics, Pension-Statistics, Statistical annual report "Pensions" (Национален осигурителен институт, Статистика, Пенсии - Статистика, Статистически годишници)	-
Monthly social integration allowances (Месечна добавка за социална интеграция) (poadi)	-	-
Survivor pensions (Наследствена пенсия) (psu)	Own estimates based on: National Social Security Institute, Statistics, Pension-Statistics, Statistical annual report "Pensions" (Национален осигурителен институт, Статистика, Пенсии - Статистика, Статистически годишници)	-
Main disability pensions (Пенсия за инвалидност) (pdi00)	Own estimates based on: National Social Security Institute, Statistics, Pension-Statistics, Statistical annual report "Pensions" (Национален осигурителен институт, Статистика, Пенсии - Статистика, Статистически годишници)	-
Monthly social integration allowances (Месечна добавка за социална интеграция) (pdiuc)	-	-

Continued...

	Source	Comments
Other target benefits for people with disabilities (Други целеви помощи за лица с трайни увреждания) (pdinc)	-	-
Supplement for care by an assistant (Добавка за чужда помощ) (bdi_s)	-	-
Means-tested benefits (ils_benmt)		
Benefit for students in 1st grade (целева помощ за ученици, записани в първи клас) (bchedyc_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-byudzheta-na-mlsp-i-otcheti)	As of 2023/2024 school year, the scope of benefit is expanded to cover pupils enrolled in 2nd, 3rd and 4th grades.
Monthly social assistance allowance (guaranteed minimum income) (месечна социална помощ поради ниски доходи) (bsa00_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-byudzheta-na-mlsp-i-otcheti)	-
Means-tested child benefit (месечна помощ за отглеждане на дете) (bchmt00_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-byudzheta-na-mlsp-i-otcheti)	-
Non-contributory benefit for raising a child under the age of 1 (месечна помощ за отглеждане на дете до 1 г. възраст) (bmaprnc_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-byudzheta-na-mlsp-i-otcheti)	-
Targeted heating allowance (целева помощ за отопление) (bsaht_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-byudzheta-na-mlsp-i-otcheti)	-
Housing benefits (Месечна целева помощ за заплащане на наем на общински или държавни жилища) (bho)	-	-
Other means-tested social assistance (bsaot)	-	-
Other means-tested family benefits (bfamtot)	-	-
Financial support for bringing up a child by relatives or foster family (Помощ за превенция, отглеждане на детето при близки и роднини или в приемно семейство) (bchmtfp)	-	-
Non-means-tested benefits (ils_bennt)		
Contributory maternity benefit for pregnancy and childbirth (Обезщетение за бременност и майчинство) (bmaprct_s)	National Social Security Institute, Publications, Analyses, State Social Security (Национален осигурителен институт, Публикации, Анализи, Държавното обществено осигуряване, https://www.noi.bg/publikacii/analizi/doof/). Data for 2024: Motives to the State Social Insurance 2024 Budget Law (Закон за	-
Contributory maternity benefit for bringing up child up to age 2 (Обезщетение за отглеждане на дете до 2г.) (bmaycct_s)	National Social Security Institute, Publications, Analyses, State Social Security (Национален осигурителен институт, Публикации, Анализи, Държавното обществено осигуряване, https://www.noi.bg/publikacii/analizi/doof/). Data for 2024: Motives to the State Social Insurance 2024 Budget Law (Закон за	-

Continued...

	Source	Comments
Birth grant (also for adoption) (еднократна помощ при раждане) (bchbals_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-	-
Non-means-tested child benefit for mothers in tertiary education (еднократна помощ за отглеждане на дете до навършване на 1 година за майки студентки в редовна форма на обучение) (from 2009 on) (bchnm01_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-byudzhnet-na-mtsp-i-otcheti)	-
Non-means-tested child benefit for twins (еднократна помощ за отглеждане на близнаци до навършване на 1 година) (from 2009 on) (bchnm02_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-byudzhnet-na-mtsp-i-otcheti)	-
Benefit for students in 1st grade (целева помощ за ученици, записани в първи клас) (bchedyc_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-	As of 2023/2024 school year, the scope of benefit is expanded to cover pupils enrolled in 2nd, 3rd and 4th grades.
Benefit for students in 8th grade (целева помощ за ученици, записани в осми клас) (bchednm_s)	Ministry of Labour and Social Policy, MLSP programme budgets and reports (Министерство на труда и социалната политика, Програмен бюджет на МТСП и отчети, https://www.mlsp.government.bg/public/index.php/programen-	-
Unemployment benefit (обезщетение за безработица) (bunct_s)	National Social Security Institute, Publications, Analyses, State Social Security (Национален осигурителен институт, Публикации, Анализи, Държавното	-
Other non-means-tested family benefits (bfanmot)	-	-
Lump-sum grant for pregnancy (еднократна помощ при бременност) (bchprls)	-	-
Sickness benefits (Обезщетение за временна неработоспособност) (bhl)	National Social Security Institute, Publications, Analyses, State Social Security (Национален осигурителен институт, Публикации, Анализи, Държавното обществено осигуряване, https://www.noi.bg/publikacii/analizi/doo/)	-
Redundancy/retirement benefit (Обезщетения при съкращения/ пенсиониране) (bunot)	-	-
Educational benefit (scholarships etc.) (bed)	-	-
Other (complementary) non-means-tested social assistance benefits (bsacm)	-	-
Covid-19 in 2020-22: 60/40 and BGN290 compensation for employees paid by the state (bwkmcee_s)	National Social Security Institute. 2022. Information Bulletin, 2022/3, https://www.noi.bg/publikacii/izdaniq-na-noi/byuletin-na-noi/	2020: March to December; 2021 - January to December; 2022 - January to June.
Covid-19 in 2020-21: BGN290 compensation for self-employed paid by the state (bwkmcse_s)	-	-

Table A3.6. Benefits - Annual amounts (million)

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Pensions (ils_pen)		15,426	17,049	17,948	19,950	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	13,395	15,704	19,211	21,712	1.15	1.09	0.93	0.92
Old-age pension (Пенсия за осигурителен стаж и възраст) (paa00)	N	12,274	13,572	14,229	15,808	12,274	12,274	12,274	12,274	1.00	1.11	1.16	1.29	10,903	13,270	15,603	NaN	1.13	1.02	0.91	NaN
Social old-age pension (Социална пенсия за старост) (pamt_s)	Y	5	7	12	12	25	25	25	25	0.19	0.27	0.47	0.50	12	15	18	NaN	0.40	0.43	0.66	NaN
Monthly social integration allowances (Месечна добавка за социална интеграция) (poadi)	N	0	0	0	0	0	0	0	0	0.00	0.00	0.00	0.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Survivor pensions (Наследствена пенсия) (psu)	N	417	475	485	539	417	417	417	417	1.00	1.14	1.16	1.29	436	562	641	NaN	0.96	0.85	0.76	NaN
Main disability pensions (Пенсия за инвалидност) (pdi00)	N	2,087	2,282	2,415	2,686	2,087	2,087	2,087	2,087	1.00	1.09	1.16	1.29	2,055	2,647	2,948	NaN	1.02	0.86	0.82	NaN
Monthly social integration allowances (Месечна добавка за социална интеграция) (pdiuc)	N	370	388	427	478	370	370	370	370	1.00	1.05	1.16	1.29	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other target benefits for people with disabilities (Други целеви помощи за лица с трайни увреждания) (pdinc)	N	173	181	200	224	173	173	173	173	1.00	1.05	1.16	1.29	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Supplement for care by an assistant (Добавка за чужда помощ) (bdi_s)	Y	101	145	182	203	75	75	75	75	1.35	1.94	2.44	2.72	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Means-tested benefits (ils_benmt)																					
Benefit for students in 1st grade (целева помощ за ученици, записани в първи клас) (bchedyc_s)	Y	30	30	107	107	27	27	27	27	1.09	1.09	3.94	3.94	12	15	38	62	2.56	1.94	2.80	1.72
Monthly social assistance allowance (guaranteed minimum income) (месечна социална помощ поради ниски доходи) (bsa00_s)	Y	86	92	397	411	59	59	59	59	1.45	1.55	6.71	6.94	28	29	52	122	3.09	3.15	7.58	3.38
Means-tested child benefit (месечна помощ за отглеждане на дете) (bchmt00_s)	Y	332	424	383	454	231	231	231	231	1.44	1.83	1.66	1.96	263	281	284	267	1.27	1.51	1.35	1.70
Non-contributory benefit for raising a child under the age of 1 (месечна помощ за отглеждане на дете до 1 г. възраст) (bmaprnc_s)	Y	10	10	8	10	31	31	31	31	0.33	0.33	0.26	0.32	28	25	24	30	0.36	0.40	0.33	0.32
Targeted heating allowance (целева помощ за отопление) (bsaht_s)	Y	160	74	339	279	156	156	156	156	1.03	0.48	2.17	1.79	136	157	177	186	1.18	0.47	1.92	1.50
Housing benefits (Месечна целева помощ за заплащане на наем на общински или държавни жилища) (bho)	N	0	0	0	0	0	0	0	0	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Other means-tested social assistance (bsaot)	N	13	13	13	13	13	13	13	13	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other means-tested family benefits (bfamtot)	N	135	135	135	135	135	135	135	135	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Financial support for bringing up a child by relatives or foster family (Помощ за превенция, отглеждане на детето при близки и роднини или в приемно семейство) (bchmtfp)	N	6	6	6	6	6	6	6	6	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Non-means-tested benefits (ils_bennt)																					
Contributory maternity benefit for pregnancy and childbirth (Обезщетение за бременност и майчинство) (bmaprct_s)	Y	255	278	307	359	503	503	503	503	0.51	0.55	0.61	0.71	520	555	597	629	0.49	0.50	0.51	0.57
Contributory maternity benefit for bringing up child up to age 2 (Обезщетение за отглеждане на дете до 2г.) (bmaycct_s)	Y	143	267	293	293	287	287	287	287	0.50	0.93	1.02	1.02	191	292	326	386	0.75	0.91	0.90	0.76
Birth grant (also for adoption) (еднократна помощ при раждане) (bchbals_s)	Y	13	13	13	13	12	12	12	12	1.09	1.09	1.09	1.09	24	24	22	35	0.52	0.53	0.57	0.36
Non-means-tested child benefit for mothers in tertiary education (еднократна помощ за отглеждане на дете до навършване на 1 година за майки студентки в редовна форма на обучение) (from 2009 on) (bchnm01_s)	Y	14	14	14	14	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	1	1	0	1	15.16	22.75	34.12	9.75
Non-means-tested child benefit for twins (еднократна помощ за отглеждане на близнаци до навършване на 1 година) (from 2009 on) (bchnm02_s)	Y	2	2	2	2	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	2	2	2	3	0.73	0.67	0.73	0.64
Benefit for students in 1st grade (целева помощ за ученици, записани в първи клас) (bchedyc_s)	Y	30	30	107	107	27	27	27	27	1.09	1.09	3.94	3.94	12	15	38	62	2.56	1.94	2.80	1.72
Benefit for students in 8th grade (целева помощ за ученици, записани в осми клас) (bchednm_s)	Y	42	42	42	42	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	10	15	15	15	4.12	2.85	2.79	2.78
Unemployment benefit (обезщетение за безработица) (bunct_s)	Y	555	623	685	772	580	580	580	580	0.96	1.08	1.18	1.33	520	573	478	503	1.07	1.09	1.43	1.53
Other non-means-tested family benefits (bfanmot)	N	199	197	203	211	199	199	199	199	1.00	0.99	1.02	1.06	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Lump-sum grant for pregnancy (еднократна помощ при бременност) (bchprls)	N	2	2	2	2	2	2	2	2	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

	Simulated (Y / N)	EUROMOD				SILC				Ratio				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Sickness benefits (Обезщетение за временна неработоспособност) (bhl)	N	1,132	1,217	1,392	1,545	1,132	1,132	1,132	1,132	1.00	1.08	1.23	1.37	832	874	890	977	1.36	1.39	1.56	1.58
Redundancy/retirement benefit (Обезщетения при съкращения/ пенсиониране) (bunot)	N	169	197	217	241	169	169	169	169	1.00	1.17	1.28	1.42	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Educational benefit (scholarships etc.) (bed)	N	14	16	17	18	14	14	14	14	1.00	1.15	1.26	1.30	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Other (complementary) non-means-tested social assistance benefits (bsacm)	N	2	2	2	2	2	2	2	2	1.00	1.00	1.00	1.00	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Covid-19 in 2020-22: 60/40 and BGN290 compensation for employees paid by the state (bwkmcee_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	1,048	299	NaN	NaN	0.00	0.00	NaN	NaN
Covid-19 in 2020-21: BGN290 compensation for self-employed paid by the state (bwkmce_s)	Y	0	0	0	0	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN

Table A3.7. Distribution of equivalised disposable income

	EUROMOD				External				Ratio			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Decile 1	2.43	2.41	2.71	2.64	2.20	2.40	NaN	NaN	1.10	1.00	NaN	NaN
Decile 2	4.04	3.98	3.96	3.93	3.90	4.30	NaN	NaN	1.04	0.93	NaN	NaN
Decile 3	5.01	5.01	4.94	4.90	4.90	5.20	NaN	NaN	1.02	0.96	NaN	NaN
Decile 4	6.07	6.02	5.93	5.95	6.00	6.20	NaN	NaN	1.01	0.97	NaN	NaN
Decile 5	7.29	7.24	7.13	7.17	7.20	7.30	NaN	NaN	1.01	0.99	NaN	NaN
Decile 6	8.59	8.60	8.51	8.52	8.60	8.60	NaN	NaN	1.00	1.00	NaN	NaN
Decile 7	10.28	10.15	10.13	10.18	10.20	10.10	NaN	NaN	1.01	1.00	NaN	NaN
Decile 8	12.12	12.24	12.12	12.12	12.30	11.90	NaN	NaN	0.99	1.03	NaN	NaN
Decile 9	15.43	15.46	15.39	15.48	15.60	15.00	NaN	NaN	0.99	1.03	NaN	NaN
Decile 10	28.75	28.89	29.19	29.12	29.10	29.10	NaN	NaN	0.99	0.99	NaN	NaN
Median	11,237	12,696	14,020	15,494	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Mean	13,795	15,602	17,403	19,143	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
Gini	37.59	37.87	37.79	37.91	38.40	37.20	NaN	NaN	0.98	1.02	NaN	NaN
S80/20	6.83	6.94	6.68	6.79	7.30	6.61	NaN	NaN	0.94	1.05	NaN	NaN

Table A3.8. At-risk-of-poverty rates (%) by sex and age

	EUROMOD				External				Ratio			
	2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
40% median HDI by sex												
Total	7.67	7.66	6.76	7.03	8.40	7.60	NaN	NaN	0.91	1.01	NaN	NaN
Males	7.89	7.85	6.95	7.20	8.60	8.00	NaN	NaN	0.92	0.98	NaN	NaN
Females	7.46	7.48	6.59	6.86	8.30	7.20	NaN	NaN	0.90	1.04	NaN	NaN
50% median HDI by sex												
Total	14.34	14.78	14.53	15.07	15.50	12.40	NaN	NaN	0.93	1.19	NaN	NaN
Males	12.18	12.32	11.90	12.40	13.00	13.10	NaN	NaN	0.94	0.94	NaN	NaN
Females	16.37	17.10	17.00	17.57	17.90	11.70	NaN	NaN	0.91	1.46	NaN	NaN
60% median HDI by sex												
Total	22.29	22.43	21.67	22.17	22.90	20.60	NaN	NaN	0.97	1.09	NaN	NaN
Males	19.45	19.53	18.52	19.04	19.90	19.80	NaN	NaN	0.98	0.99	NaN	NaN
Females	24.95	25.15	24.63	25.11	25.80	21.30	NaN	NaN	0.97	1.18	NaN	NaN
70% median HDI by sex												
Total	30.19	30.08	30.24	30.49	30.40	29.40	NaN	NaN	0.99	1.02	NaN	NaN
Males	26.89	26.84	26.90	27.13	27.10	27.70	NaN	NaN	0.99	0.97	NaN	NaN
Females	33.28	33.12	33.38	33.65	33.60	31.00	NaN	NaN	0.99	1.07	NaN	NaN
60% median HDI by age group												
0-15 years	26.70	26.80	23.34	24.58	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
16-24 years	27.14	27.05	24.71	25.15	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
25-49 years	18.37	18.43	16.24	16.87	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
50-64 years	14.34	14.11	13.62	13.85	NaN	NaN	NaN	NaN	NaN	NaN	NaN	NaN
65+ years	31.04	31.79	35.53	35.59	35.60	22.20	NaN	NaN	0.87	1.43	NaN	NaN

Table A3.9. Consumption taxes (non-calibrated) - Annual amounts (millions)

	Simulated (Y / N)	EUROMOD				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Consumption-tax-related statistics non-calibrated (ils_extstat_ittncal)													
Aggregate expenditures non-calibrated (ils_extstat_ittncal_il_itt_expnc)													
01 Food and non-alcoholic beverages (il_x01)	Y	16,690	18,832	21,223	23,307	16,292	20,798	20,798	20,798	1.02	0.91	1.02	1.12
02 Alcoholic beverages, tobacco, etc. (il_x02)	Y	2,982	3,378	3,816	4,195	4,151	4,653	4,653	4,653	0.72	0.73	0.82	0.90
03 Clothing and footwear (il_x03)	Y	2,826	3,204	3,613	3,972	2,925	3,508	3,508	3,508	0.97	0.91	1.03	1.13
04 Housing, water and fuel (exc. imputed rent) (il_x04)	Y	8,485	9,569	10,732	11,798	7,523	9,368	9,368	9,368	1.13	1.02	1.15	1.26
05 Furnishings, household equipment, etc. (il_x05)	Y	2,757	3,116	3,492	3,846	4,822	6,039	6,039	6,039	0.57	0.52	0.58	0.64
06 Health (il_x06)	Y	3,434	3,867	4,294	4,725	5,899	6,466	6,466	6,466	0.58	0.60	0.66	0.73
07 Transport (il_x07)	Y	5,077	5,758	6,466	7,116	10,113	13,700	13,700	13,700	0.50	0.42	0.47	0.52
08 Communications (il_x08)	Y	2,774	3,136	3,521	3,872	4,261	4,753	4,753	4,753	0.65	0.66	0.74	0.81
09 Recreation and culture (il_x09)	Y	4,194	4,773	5,352	5,879	6,646	7,135	7,135	7,135	0.63	0.67	0.75	0.82
10 Education (il_x10)	Y	396	448	505	555	1,232	1,334	1,334	1,334	0.32	0.34	0.38	0.42
11 Hotels and restaurants (il_x11)	Y	3,551	4,032	4,540	4,994	4,292	6,817	6,817	6,817	0.83	0.59	0.67	0.73
12 Miscellaneous good and services (il_x12)	Y	3,105	3,514	3,952	4,348	5,415	6,054	6,054	6,054	0.57	0.58	0.65	0.72
Revenue from indirect taxes (non calibrated) (ils_extstat_ittncal_il_itt_revnc)													
VAT Total Revenue (il_tva)	Y	8,615	9,739	10,586	11,482	13,048	15,228	NaN	NaN	0.66	0.64	NaN	NaN
Excises Total Revenue (il_tx)	Y	2,478	2,451	2,900	3,137	5,631	NaN	NaN	NaN	0.44	NaN	NaN	NaN
Total excises (non calibrated) (ils_extstat_ittncal_il_itt_excnc)													
Revenues Excises 0211 - Spirits (il_tx0211)	Y	32	33	34	36	233	NaN	NaN	NaN	0.14	NaN	NaN	NaN
Revenues Excises 02121 - Still Wine (il_tx02121)	Y	0	0	0	0	0	NaN	NaN	NaN	0.00	NaN	NaN	NaN

	Simulated (Y / N)	EUROMOD				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Revenues Excises 02122 - Sparkling Wine (il_tx02122)	Y	0	0	0	0	0	NaN	NaN	NaN	0.00	NaN	NaN	NaN
Revenues Excises 0213 - Beer (il_tx0213)	Y	23	24	23	25	74	NaN	NaN	NaN	0.31	NaN	NaN	NaN
Revenues Excises 022 - Tobacco (il_tx022)	Y	1,398	1,585	1,833	1,977	2,843	NaN	NaN	NaN	0.49	NaN	NaN	NaN
Revenues Excises 045 - Energy (electricity, natural gas, coal-coke) (il_tx045)	Y	65	40	42	46	71	NaN	NaN	NaN	0.91	NaN	NaN	NaN
Revenues Excises 0451 - Electricity (il_tx0451)	Y	0	0	0	0	35	NaN	NaN	NaN	0.00	NaN	NaN	NaN
Revenues Excises 04521 - Natural Gas (il_tx04521)	Y	0	0	0	0	32	NaN	NaN	NaN	0.00	NaN	NaN	NaN
Revenues Excises All Energy (il_tx045_072)	Y	1,025	809	1,010	1,098	2,481	NaN	NaN	NaN	0.41	NaN	NaN	NaN

Table A3.10. Consumption taxes (calibrated) - Annual amounts (millions)

	Simulated (Y / N)	EUROMOD				External				Ratio			
		2021	2022	2023	2024	2021	2022	2023	2024	2021	2022	2023	2024
Consumption-tax-related statistics calibrated (ils_extstat_ittcal)													
Revenue from indirect taxes (calibrated) (il_itt_revc)													
VAT Total Revenue (il_tva_na)	Y	11,050	13,585	14,375	14,587	13,048	15,228	NaN	NaN	0.85	0.89	NaN	NaN
Excises Total Revenue (il_tx_na)	Y	3,993	4,130	4,770	4,842	5,631	NaN	NaN	NaN	0.71	NaN	NaN	NaN
Total excises (calibrated) (il_itt_excc)													
Revenues Excises 0211 - Spirits (il_tx0211_na)	Y	45	46	45	45	233	NaN	NaN	NaN	0.19	NaN	NaN	NaN
Revenues Excises 02121 - Still Wine (il_tx02121_na)	Y	1	1	1	1	0	NaN	NaN	NaN	0.00	NaN	NaN	NaN
Revenues Excises 02122 - Sparkling Wine (il_tx02122_na)	Y	0	0	0	0	0	NaN	NaN	NaN	0.00	NaN	NaN	NaN
Revenues Excises 0213 - Beer (il_tx0213_na)	Y	32	33	31	31	74	NaN	NaN	NaN	0.43	NaN	NaN	NaN
Revenues Excises 022 - Tobacco (il_tx022_na)	Y	1,946	2,183	2,427	2,456	2,843	NaN	NaN	NaN	0.68	NaN	NaN	NaN
Revenues Excises 045 - Energy (electricity, natural gas, coal-coke) (il_tx045_na)	Y	58	39	40	41	71	NaN	NaN	NaN	0.81	NaN	NaN	NaN
Revenues Excises 0451 - Electricity (il_tx0451_na)	Y	0	0	0	0	35	NaN	NaN	NaN	0.00	NaN	NaN	NaN
Revenues Excises 04521 - Natural Gas (il_tx04521_na)	Y	0	0	0	0	32	NaN	NaN	NaN	0.00	NaN	NaN	NaN
Revenues Excises All Energy (il_tx045_072_na)	Y	1,969	1,868	2,266	2,309	2,481	NaN	NaN	NaN	0.79	NaN	NaN	NaN

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