

THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Bulgaria 2024



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Description of policy rules for 2024

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Preface

This report provides a detailed description of the tax and benefit rules in Bulgaria as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables accurate international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are currently outside the scope of the **TaxBEN** model.

TaxBEN is a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD benefits and wages data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2024**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format `[variable name]`.

The OECD tax-benefit model for Bulgaria: Policy rules in 2024

1. Reference wages

Average wage [**AW**]: The average full-time wages that enter the OECD tax-benefit model calculations are available [here](#).¹ If the average wage estimate for 2024 is not available yet, the OECD uses wage projections obtained by applying forecasted wage growth to the latest available wage.² To date (September 2024), the latest available average wage estimates are as follows:

Average wage estimates in Bulgaria (annual FTE amount, in BGN)

	<i>Forecasted</i>	<i>Preliminary</i>	<i>Final</i>
2022	18694	21100	21598
2023	23013	24185	<i>Not available</i>
2024	26236		

Definitions:

- *Forecasted Average Wage* for year T: obtained by applying expected wage growth for year T to the latest-available average wage estimate for year T-1. This estimate is calculated by the OECD.
- *Preliminary Average wages* for year T: based on the latest-available average wage estimate for year T. Because there could be more preliminary estimates during the year, the table shows the latest available preliminary estimate. This estimate is calculated by the Bulgaria National Statistical Institute.
- *Final Average wage* for year T: released in December of year T+1.

The minimum wage [**MIN**] in 2024 is BGN 933 per month. The annual minimum wage is computed by multiplying the minimum monthly wage that applies on the reference date of this report (1 January 2024) by 12, i.e. BGN 933*12 = BGN 11196.

2. Unemployment benefits

2.1. Unemployment insurance (Обезщетение за безработица)

Variable names: [**UI_p**; **UI_s**]

This is a contributory, not means-tested and not taxable benefit.

2.1.1. Eligibility conditions

Contribution/employment history: At least 12 months of insurance during the last 18 months before the unemployment event.³

The same conditions apply irrespective of the number of previous periods of unemployment benefit receipt.

¹ Average Wages are calculated using the methodology developed by the [Centre for Tax Policy](#). For more information on the methodology, see the latest [Taxing Wages publication](#).

² Wage growth projections for EU non-OECD countries are based on the [EU economic forecasts](#).

³ Some absences from employment are considered as equivalent to employment. They includes: paid and unpaid leave for rising a child; paid and unpaid leaves for temporary inability to work and for pregnancy and childbirth; unpaid leaves of up to 30 working days in one calendar year.

Behavioural requirements and related eligibility conditions:⁴

- be unemployed, either voluntarily or involuntarily.
- not work, i.e. not performing any labour activity that requires compulsory insurance, including in another country;⁵
- be registered as unemployed with their territorial branch of the Employment Agency (*Агенция по заетостта*), be at the disposal of the employment office, and be available and actively searching for work, i.e. to behave in a way which will not cause the termination of the registration at the employment office.
- Not be entitled to an old-age pension, an early old-age pension.

OECD note: The calculations of the OECD Tax-Benefit model assume that the conditions above are always satisfied when simulating unemployment benefits.

2.1.2. Benefit amount

Calculation base: previous gross earnings on which social insurance contributions have been paid. The reference calculation base is the average monthly contributory income over the last 24 months during which the person has been subject to compulsory insurance for unemployment. The maximum amount of the monthly contributory income on the 1st of January 2024 was BGN 3750 per month.

Benefit amount: 60% of the average daily contributory income over the last 24 months preceding the month of the termination of the insurance, but not less than the fixed minimum amount.

The minimum daily amount of the unemployment benefit on the 1st of January 2024 was BGN 18, which implies an annualised amount of 4680 BGN.⁶ The maximum daily amount of the unemployment benefit on the 1st of January 2024 was 107.14, which implies a maximum annualised amount of BGN 27856.4.

Those who have voluntarily terminated their labour contract receive the minimum unemployment benefit amount.

2.1.3. Benefit duration

The unemployment benefit is paid monthly for a maximum period of 12 months. There is no waiting period. The effective duration depends on the length of the previous employment record:

Insurance practice after 31.12.2001(years)	Period for which benefit is received (months)
up to 3 years	4
3 years and 1 day up to 7 years	6
7 years and 1 day up to 11 years	8
11 years and 1 day up to 15 years	10
Over 15 years	12

Those who have voluntarily terminated their labour contract receive the minimum unemployment benefit for maximum 4 months. A jobseeker who claims for a second

⁴ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated [companion OECD reports](#).

⁵ Subject to obligatory insurance are the workers and the employees hired to work for more than five working days or 40 hours during one calendar month, regardless of the character of the work, of the way of payment and of the source of financing.

⁶ The TaxBEN model for 2022 uses this annualised amount. The annualised amount is calculated assuming 5 working days per week and 52 weeks during the year, i.e. 18 BGN x 5 x 52.

time unemployment insurance before three years from the previous claim receives the minimum unemployment benefit for 4 months.

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

The benefit is not taxable.

2.1.6. Interactions with other components of the tax-benefit system

The following benefits can be cumulated with the unemployment benefit: invalidity pension (Пенсия за инвалидност), all non-contributory benefits, and all family benefits.

2.1.7. Combining benefit receipt and employment/starting a new job

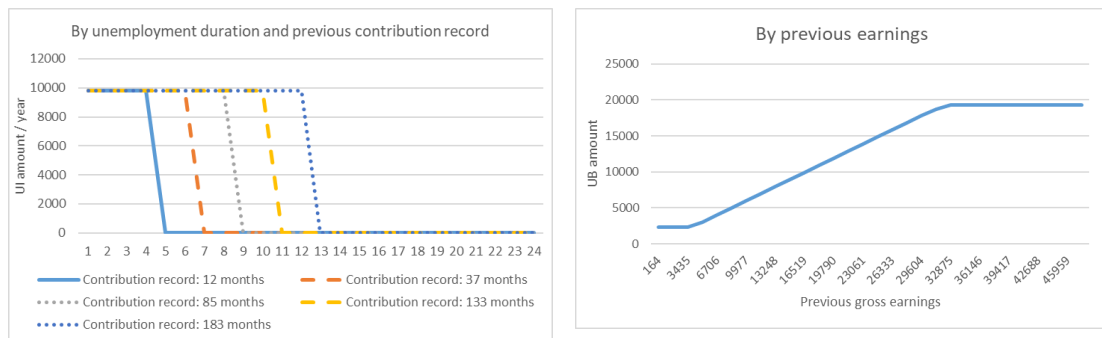
The accrual of employment/contributions requirements is set automatically to zero when the jobseeker starts a new job. In addition, payment of the unemployment benefit is terminated in case of starting a labour activity for which the person is subject to compulsory insurance. However, jobseekers hired part-time during their benefit entitlement period can receive 50% of their remaining unemployment benefit if the remuneration from the new job is less than the minimum national wage. This benefit is called “re-employment allowance” (Обезщетение за безработица на лица наети на непълно работно време). The recipient receives the re-employment allowance on a monthly basis until the right to the unemployment benefit expires. During this period, the *monthly* allowance is equal to 50% of the *monthly* unemployment benefit entitlement.

TaxBEN note: According to the OECD tax-benefit model methodology, the ‘re-employment allowance’ is defined as a transitional ‘into-work’ benefit. Because this transitional benefit is linked to the unemployment insurance programme, the allowance is included in the Unemployment Benefit (UB) variable of the TaxBEN model. Also, considering that the Labour Code does not specify any explicit working hour thresholds for ‘part-time work’, the TaxBEN calculations assume as a part-time threshold 30 hours per week.

2.1.8. Indexation

Discretionary indexation.

Figure 1. Unemployment insurance by month of receipt and previous earnings



Note: Results for single person of 40 years old without children.

Source: [OECD tax-benefit model, 2024.](https://www.oecd.org/tax/benefits/)

2.2. Unemployment assistance

OECD note: in many OECD and EU countries, jobseekers who do not qualify for unemployment insurance benefits, or whose entitlement to these benefits are low or have expired, can claim Unemployment Assistance (UA – this section) or Social Assistance (SA) benefits (Section 3). While the main purpose of UA programmes is to encourage the labour market reintegration of jobseekers who have exhausted or are not eligible for the standard UI benefit (Section 2.1), the purpose of SA programmes is broader as they primarily aim at reducing the risk of poverty and social exclusion for a larger target group (including jobseekers). Conditions for UA typically include requirements to register with the public employment service and participate in active job search in a similar way as for unemployment insurance. This is *not always* the case for SA benefits, for which low income is the key entitlement criterion and *activation requirements exist only for those who are capable of work*.

Based on this classification, Bulgaria has a Social Assistance programme (Section 3) but not an Unemployment Assistance programme.

3. Social assistance

Variable name: **[SA]**

3.1. Social assistance (Социална помощ)

This is a non-contributory benefit, means-tested and not taxable.

3.1.1. Eligibility conditions

To qualify for SA, the claimant must:

- Have a reference household income in the month preceding the application lower than the Differentiated Minimal Income (DMI) that applies to the claimant's family structure/composition (Sections 3.1.2 and 3.1.4 for details).
- Be registered of jobseeker with the directorates of the "Labour Office" (i.e. the territorial units of the Public Employment Service) for at least three months before filing the application for social support, and not have refused a job offer or their inclusion in qualification courses for qualification and re-qualification organised by the Labour Office. Exceptions to the registration requirement apply for selected individual and family circumstances.⁷
- The claimant and any other family member must not have immovable properties, capitals or assets that can be used to generate income or profit. The main exception to this rule is the ownership of the main residence if the dwelling has specific characteristics (section 3.1.4 for details).

The property and living conditions are verified by means of a social inquiry carried out by a representative of the directorate "Social Assistance". Within 20 days from the

⁷ No registration at all with the Labour Office is required for the following categories: parents caring for a child up to 3 years of age. Persons with a permanently reduced working capacity or with a certain type and degree of disability. Persons caring for a seriously ill family member or a seriously ill person living with them. Persons with certified mental illnesses. Persons caring for a person with certified mental illness, if they are unable to take care of themselves. Pregnant women after the third month of pregnancy. The term of six months registration does not apply to persons who have registered with the Directorates of "Labour Office" within one month of any of the following events: (1) the expiration of the term for raising a child up to the age of 3; (2) reaching the age of 16, if they are not studying; (3) completing work provided as part of employment programmes or seasonal work (either national or financed with international funds).

submission of the application-declaration, a social worker conducts a social survey and prepares a social report according to a template approved by the executive director of the Social Assistance Agency. The social survey is expressed in the establishment of facts and circumstances that are relevant in the specific case to the right to support of the applicant and his family. The social survey includes inspections at the home of the person and/or family at the current address, gathering information and analysis of documents. In case documents and information are available in an administrative body, they are requested and processed ex officio. Based on the results of the social survey the social worker makes a proposal to grant or refuse aid.

OECD note: the TaxBEN model assumes that all the behavioural requirements, such as the registration as jobseeker with the territorial labour offices, are satisfied when calculating the eligibility for social assistance. In addition, the model assumes that the family passes the asset test (Section 3.1.4).

3.1.2. Benefit amount

The reference value (RV) for the calculation of the differentiated minimum income is 30 percent of the poverty line for the relevant year (PL). $RV = 0.3 \times PL$. The monthly amount of PL is determined by an Act of the Council of Ministers. The monthly level of PL in 2024 is 526 BGN.

The amount of the monthly social assistance allowance is calculated at the sum of the individual levels for each family member as follows:

- Person living alone: 165 percent of RV.
- Person cohabiting with another person(s) or family, and for each of the cohabiting spouses: 100% of RV.
- Parent living with other adults and raising a child up to 3 years of age, or for pregnant women 45 days before giving birth: 120% of RV. The value for the other adult(s) is 100% of RV.
- Lone parent raising a child or children up to the age of 18, and if they are studying - up to the acquisition of secondary education, but no more than the age of 20: 120% of RV.
- Each child up to the age of 18, and if they are studying - until the acquisition of secondary education, but no more than the age of 20: 100% of RV.

If more than one conditions above apply, the most generous applies.

Table 1. Differentiated minimal income amounts for selected family types (2024)

Note: all adults are aged below 65 and no family members have disabilities

Family type	Differentiated minimal income amounts (in % of Reference Value (RV); $RV = 30\%$ of the poverty line)
Single person without children	165% of RV
Lone parent with one child of 6 years	120% for the lone parent + 100% for the child = 220% of RV
Lone parent with two children of 2 and 5 years	120% for the lone parent + 100% for each child = 320% of RV
Lone parent with 3 children of 2, 3 and 5 years	120% for the lone parent + 100% for each child = 420% of RV
Couple without children	100% for the 1 st adult + 100% for the 2 nd adult = 200% of RV
Couple with one child of 2 years old	120% for the parent raising a child up to 3 years of age + 100% for the second adult + 100% for the child = 320% of RV

Couple with one child of 6 years old	100% of RV for each parent + 100% for the child = 300% of RV
Couple with two children aged 2 and 5 respectively	120% for the parent raising a child up to 3 years of age + 100% for the 2 nd adult + 100% of GMI for <i>each</i> child = 420% of RV
Couple with three children aged 6, 8 and 10 respectively	100% of RV for a parent raising a child up to 16 years of age + 100% of RV for the second adult + 100% of RV for <i>each</i> child = 500% of RV

The amount of the monthly social assistance is determined as a difference between the differentiated minimal income (DMI), or the sum of the differentiated minimal incomes, and the income of the persons or families for the preceding month.

Example: A family with two children aged 2 and 10 respectively.

The differentiated minimum income of the family (DMIf) is calculated as sum of the individual DMI of each family member:

$$DMIf = DMIp1 + DMIp2 + DMIch1 + DMIch2 = 120\% \text{ of RV} + 100\% \text{ of RV} + 100\% \text{ of RV} + 100\% \text{ of RV} = 420\% \text{ of RV,}$$

Where DMIp1,2 is the differentiated minimum income of both parents and DMIch1,2 stands for differentiated minimum incomes of both children.

Given that the poverty line in 2024 was 526 BGN: DMIf = 420% of 30% of PL = 526x0.3x4.2 = 662.76 BGN.

Assuming an assessable income of 500 BGN in the preceding month, and provided all the other requirements are met, the amount of the monthly social assistance will be:

$$SA = 662.76 \text{ BGN} - 500 \text{ BGN} = 162.76 \text{ BGN}$$

3.1.3. Benefit duration

The application/declaration for monthly social assistance is submitted once a year, except when the grant is refused within the same year or the granted monthly social assistance is terminated. For current benefit recipients, the circumstances in connection with which the monthly aid is granted are re-assessed on a monthly basis. Upon each re-assessment, the monthly aid can be renewed, amended, or terminated. There is no maximum pre-defined duration for the monthly social assistance benefit as long as the eligibility conditions hold (section 3.1.1).

3.1.4. Means test

Income test

The amount of the social assistance in cash depends on the gross income of the family members during the month preceding the month of the filing of the application to the local directorate for “Social support”.

The assessed family income includes: (1) income from labour activities. (2) incomes from activities in the field of the agricultural, forest and water farms. (3) incomes from sale and/or exchange of chattel or real estates. (4) income from the sale of stocks, shares and other participation in trade companies and other forms of joint activity. (5) incomes from rent and lease. (6) incomes from copyright and licence remunerations, dividends and income from shareholdings, bonuses and awards from sport events. (7) incomes from indemnifications and unemployment benefits, including the unemployment insurance and the re-employment allowance described in Section 2. (8) incomes from

pensions and scholarships. (9) Monthly benefits for children, including the family benefits described in Section 4. (10) Adjudicated alimony. (11) Others.

The amount of the social assistance received in the previous months is *not* considered as income. The income from labour activities is assessed *before* subtracting any employee social security contributions (section 7) and income tax payments (section 8) due on these incomes.

OECD note

In line with the paragraph above, the assessed income considered in the OECD tax-benefit model includes:

- Gross earnings,
- Unemployment insurance (section 2.1),
- Re-employment allowance (section 2.1.7)
- Family benefits (sections 4.1, 4.2 and 4.3).

Income tax liabilities (section 8) and social security contributions (section 7) due on the incomes listed above are NOT subtracted from the assessed income of the Social Assistance benefit.

The Social assistance for heating (Section 3.2) is not included in the assessed income of the Social Assistance benefit.

Asset test

The monthly allowance is granted if the individuals or families also meet the following additional conditions.

- a) Their own dwelling is the only one.
- b) Except for the cases under item (a), the claimant and any other member of their family cannot possess 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 poverty line for the relevant year, with the exception of bonds or shares of the mass privatization. The sole exception to this rule is for items that serve for the own consumption of the person or the family. If a land owned is used for profit, there is no assessment of the value of this land, but the profit is considered as income in the income test. The possession of uncultivated land does not affect the asset test.
- c) Not having a contract for the provision of property in return for a maintenance and/or care obligation. This requirement does not apply if those who have taken on maintenance and/or care obligations are students, unemployed, incapacitated, or disabled people.
- d) Not have purchased or received in donation a residential unit, cottage, agricultural or forest property and/or common parts thereof in the last 2 years. Not have transferred through a donation the ownership of a residential unit, cottage, agricultural or forest property and/or common parts thereof in the last 2 years.
- e) Not possessing receivables, current and saving deposits, shareholdings, and securities whose total value *per person* exceeds BGN 500 (including children). For instance, a 2-person family cannot have a current bank account with more than BGN 1000.
- f) Not possessing vehicles, household appliances and personal items that can be a source of income, except for the assets serving the usual needs of the family, e.g. car, farm equipment, personal belongings and craft tools when these are used to earn a living (this is determined by the social worker).

g) Not to carry out activity as sole traders and not have a share in the capital of a trading company.

3.1.5. Income tax and compulsory social security contributions

Social assistance is exempt from income tax payments and social security contributions.

3.1.6. Interaction with other components of the tax-benefit system

Social assistance can be received at the same time as others benefits or incomes provided that their lump sum is lower than the corresponding differentiated minimum income(s) of individuals/ families or provided the other benefits are not considered as “income”.

3.1.7. Combining benefit receipt and employment/starting a new job

Employment does not affect benefit receipt. Benefit recipients can work as long as the eligibility conditions and the means test are met.

Benefit recipients who take up employment do not receive any specific financial reward, e.g. one or more lump-sum payment(s) during the first months of employment, or the possibility to disregard part of the earnings from the income test.

3.1.8. Indexation

Discretionary indexation. The amount of the guaranteed minimum income is determined by an Act of the Council of Ministers.

3.2. Social assistance for heating (*целева помощ за отопление*)

This is a non-contributory benefit, means-tested and not taxable. Social assistance for heating is a separate programme from the social assistance benefit described in Section 3.1 (Социална помощ).

3.2.1. Eligibility conditions

Right to receive social assistance for heating shall have persons or families whose average gross income for the preceding 6 months is lower or equal to the determined Differentiated Minimal Income for Heating (DMIH) and who meet asset and unemployment registration conditions described in items 3.1.1 for social assistance.

Eligibility conditions for the Social Assistance for Heating do not depend on the heating expenses of the family, or the type of heating system.

The benefit is paid in cash for all possible sources of heating, including thermal energy, electricity, natural gas, and solid fuel. Only for the solid fuel, the benefit can be paid to the dealer who made the delivery if the claimant explicitly asks so in their application-declaration form.

Despite recipients of social assistance (section 3.1) automatically meet the eligibility for the Social Assistance for Heating (asset requirements are the same, whereas the determined income to receive social assistance for heating is higher than the social assistance income eligibility threshold), social assistance recipients must necessarily fill in a separate application form in order to receive heating assistance.

The differentiated income for heating is equal to the monthly support base (MSB), which is calculated as 30% of the poverty line for the relevant year (504 BGN for the heating season 2023/2024), multiplied by the relevant percentage for the group to which each family member belongs:

- Person living alone: 185% of MSB (i.e. $0.3 \cdot 504 \cdot 1.85$).

- Person cohabiting with another person(s) or family, and for each of the cohabiting spouses: 172% of MSB ($0.3 \cdot 504 \cdot 1.72$).
- Parent cohabiting with another person(s) or family and raising a child up to 3 years of age, or pregnant women 45 days before giving birth: 180% of MSB ($0.3 \cdot 504 \cdot 1.8$). The value for the other adult(s) is 172% of MSB
- Lone parent raising a child or children up to the age of 18, and if studying - up to the acquisition of secondary education, but no more than the age of 20: 180% of MSB ($0.3 \cdot 504 \cdot 1.8$).
- Each child up to the age of 18, and if they are studying - until the acquisition of secondary education, but no more than the age of 20: 130% ($0.3 \cdot 504 \cdot 1.3$).

In the presence of more than one characteristic above, the higher rate applies.

Example 1: Family with two children of age less the 16 years

The differentiated minimum income for heating of the family ($DMIH_f$) is calculated as

$$DMIH_f = 260.06 \text{ BGN} + 260.06 \text{ BGN} + 196.56 \text{ BGN} + 196.56 \text{ BGN} = 913.24 \text{ BGN}$$

Example 2: Family with one parent and one child of 3 years old

$$DMIH_f = 272.16 \text{ BGN} + 196.56 \text{ BGN} = 468.72 \text{ BGN}$$

Example 3: Family with two parents and one child of 3 years old

$$DMIH_f = 272.16 \text{ BGN} + 260.06 \text{ BGN} + 196.56 \text{ BGN} = 728.78 \text{ BGN}$$

If we consider a family with an assessed gross income of 3600 BGN in the preceding 6 months, this means on average of 600 BGN per month. As a result, families 1 and 3 described above would qualify for the Social Assistance for Heating, as the calculated $DMIH_f$ is higher than the average monthly income, whereas family 2 would *not* be eligible.

3.2.2. Benefit amount

The amount of the social support for heating is set in an Ordinance of the Minister of Labour and Social Policy. For 2023/2024 heating season the monthly amount of this support is 109.39 BGN and for the whole heating season (from November till March) is 546.95 BGN.

Differently from the Social Assistance benefit (Section 3.1) the amount of the social assistance for heating is a lump sum that do not decrease if the assessed income increases (if the eligibility requirements are still met). However, the amount of the benefit may change during the year depending on the price of the electric energy for private consumers.

3.2.3. Benefit duration

No limitation.

3.2.4. Means test

The benefit is income tested.

The incomes taken into account is the same as for social assistance (see 3.1.4).

3.2.5. Tax treatment

The social support shall be exempt from taxes and fees.

3.2.6. *Interaction with other components of the tax-benefit system*

The amount of the Social Assistance for Heating is *not* included in the income test of the Social Assistance benefit described in Section 3.1 (and vice versa).

The social assistance for heating can be received at the same time as others benefits or incomes provided that their sum is lower than the corresponding differentiated minimum income(s) of individuals/ families or provided the other benefits are not considered as “income”.

3.3. *Housing benefit*

Housing benefits for rented accommodations are not universally available in Bulgaria. The right to receive a monthly benefit is limited to persons renting *public* (either state or communal) accommodations, whose income in the previous month does not exceed the poverty line (526 BGN for 2024), and if they are: 1) lone persons over 70 years of age; 2) lone parents (of any age). Claimants who qualify for the housing benefit always pay part of the rent themselves and the other part is transferred from social funds to the state/communal budget.

OECD note: the TaxBEN calculations assume that tenants rent *private* accommodations. As a result, the housing benefit for persons renting public-owned accommodations, either state or communal, is not included in the results.

4. Family benefits

Variable name: **[FB]**

4.1. *Family benefit (Месечни помощи за дете)*

This is a non-contributory benefit, means-tested and not taxable.

4.1.1. *Eligibility conditions*

The claimant must expect a child or must have a dependent child aged less than 18 years and until completion of secondary education but not more than 20 years of age.

To qualify for benefit, the families and the pregnant women must have an average gross monthly income⁸ per family member during the last 12 months lower or equal to a selected income threshold (section 4.1.4).

4.1.2. *Benefit amount*

Monthly support for a dependent child until completion of secondary education but not more than 20 years of age: an income-tested benefit.

On the 1st of January 2024, the amount of the allowance is determined as a total amount of allowances for the family depending on the number of children for which it is received:

1. for a family with one child – BGN 50 (80% = BGN 40)
2. for a family with two children – BGN 110 (80% = BGN 88)

⁸ "Income" are all gross incomes of the family, which are taxable under the Law on the taxes on the incomes of the individuals, as well as the received pensions, indemnification, support and scholarship except the monthly supplements for children with permanent damages, the scholarships of the students up to graduation of high school but not later than rounding of 20 years of age and all kinds of family benefits.

3. for a family with three children - BGN 165 (80% = BGN 132)
4. for a family with four children BGN 175 (80% = BGN 140)
5. for each additional child, the benefit is increased of BGN 20 (80% = BGN 16).

4.1.3. *Benefit duration*

No limitation.

4.1.4. *Means test*

The benefit is income-tested.

On 1 January 2024, the determined average monthly income threshold to receive the full amount of the allowance was BGN 710. When the average gross monthly income is between BGN 710 and BGN 810 the support is 80% of the amount of the allowance.

The reference monthly income includes the gross incomes of the family from labour relationships as well as from other economic activities, rents, pensions, monthly social assistance (section 3.1), allowances and benefits for temporally disability, maternity benefit, unemployment insurance and re-employment allowance (section 2.1). The income from labour is assessed *before* subtracting employee social security contributions (section 7) and income tax payments (section 8). Other family benefits (sections 4.2 and 4.3) are *not* included in the assessed income.

OECD note: In line with the paragraph above, the income assessed in the TaxBEN model includes gross earnings, unemployment insurance (section 2.1), re-employment allowance (section 2.1) and social assistance (section 3.1). The amounts enter the calculations of the assessed income in gross terms: income tax liabilities and social security contributions paid on labour income and social benefits are *not* subtracted from the gross income amounts.

The reference income that is considered during the income test is the average per capita household income during the previous 12 month. In other terms, the reference income is the sum of the income components listed above received over the last 12 month, divided by the family size and by 12 (to calculate the average monthly amount per family member). The calculation of the family size includes the claimant, the partner (if any), and all children up to 20 years.

4.1.5. *Tax treatment*

Family benefits are not taxable. They are accounted as income in the income-test for social assistance.

4.1.6. *Interaction with other components of the tax-benefit system*

The benefit can be received together with any other benefits.

4.1.7. *Combining benefit receipt and employment/starting a new job*

Employment does not affect benefit receipt.

4.1.8. *Indexation*

The amount of the family benefits is set by the Law on the State Budget of the Republic of Bulgaria.

4.2. First, second, third, fourth and eighth grade school allowance

(Еднократна помощ за деца записани в първи, втори, трети, четвърти или осми клас)

This is a non-contributory benefit, not means-tested and not taxable.

4.2.1. Eligibility conditions

This is a lump-sum allowance for families whose children have been registered for first time in first, second, third, fourth or eighth grades of state or municipal school, for covering part of the expenses in the beginning of the school year.

4.2.2. Benefit amount

The student receives 300 BGN when starts the respective grade (first, second, third, fourth or eighth).

TaxBEN note: in line with the TaxBEN methodology, this lump-sum allowance enters the calculations without annualization. This means that the monthly amount is equal to one twelfth of the entire amount. Families receive the allowance if they have children of the following age: 7 (1st grade), 8 (2nd grade), 9 (3rd grade), 10 (4th grade) and 14 (8th grade).⁹

4.2.3. Benefit duration

One-off payments.

4.2.4. Means test

The benefit is not income tested.

4.2.5. Tax treatment

The benefit is not taxable.

4.2.6. Interaction with other components of the tax-benefit system

The benefit can be received together in any other benefit. It is accounted as income in the income-test for social assistance.

4.2.7. Combining benefit receipt and employment/starting a new job

Employment do not affect benefit receipt.

4.2.8. Indexation

The amount of the first, second, third, fourth and eighth grade school allowance is set by the Law on the State Budget of the Republic of Bulgaria.

4.3. Alimony advance payment *(Изплащане на присъдена издръжка от държавата)*

This is a non-contributory benefit, not means-tested and non-taxable.

⁹ A child should start school (1st grade) in the calendar year when it turns 7 years. So the children born in the last months of the calendar year are 6 years old. In Bulgaria the school year starts on September 15th. There are exclusions and some children start school one year earlier.

4.3.1. Eligibility conditions

In cases where the absent parent does not pay any child support/alimonies, the state shall pay the support when it has been adjudicated with a court decision entered into force in favor of Bulgarian citizen and is not paid regularly by the debtor in the formed executive case.

The support shall be paid by the municipality, the sum is transferred every month directly to the claimant.

4.3.2. Benefit amount

The amount is determined by the judicial decision, but cannot be higher than the maximum amount, determined every year by the Law on the State Budget of the Republic of Bulgaria.

The maximum amount set in 2024 is 100 BGN per month per child

TaxBEN assumes that maximum amount is paid to every lone parent.

4.3.3. Benefit duration

No limitation.

4.3.4. Means test

It is not means-tested.

4.3.5. Tax treatment

The benefit is not taxable.

4.3.6. Interaction with other components of the tax-benefit system

The adjudicated alimony is considered as income and is included in the reference income of other means tested benefits, including social assistance, the family allowance and the first grade school allowance.

4.3.7. Combining benefit receipt and employment/starting a new job

Employment doesn't affect benefit receipt.

4.3.8. Indexation

The amount of the alimony advance payment is set by the Law on the State Budget of the Republic of Bulgaria.

5. Net costs of Early Childhood Education and Care

The nurseries implement bringing up, training and education of children from three months¹⁰ to three years of age and kindergartens of children from 3 till their enrolment in the first grade. Compulsory schooling starts at the age of 7. Attending of kindergarten or special classes in primary schools is obligatory for 5-year-old children (pre-primary education).

¹⁰ In the weekly nurseries the minimum age is 10 months.

5.1. Gross childcare fees

Variable name: `[BGcc_cost]`

All public nurseries and kindergartens in Bulgaria are free of charge. Parents do not pay any fees for the care service and for the meals served during the service. This applies to all pre-school children attending a public nursery or kindergarten, independently of the age of the child (1 to 6) and the type of the programme attended (i.e. ‘weekly’ / ‘all day’ / ‘half day’).

OECD note: in line with the April 2022 reform, the TaxBEN calculations from 2022 onwards assume a childcare fee for both the service and the meals equal to 0 BGR.

The fees for private institutions, that run childcare, are established by themselves. They are vastly higher and are covered fully by parents. Parents who have enrolled their children in private nurseries and kindergartens, because of shortage of vacancies in the public ones, may apply for monthly assistance. The maximum amount of this assistance is BGN 457 as at the 1 January 2024.

Childcare fees are not tax deductible and are not considered when determining entitlement to means tested benefits.

5.1.1. Discounts for part-time usage

As of April 2022, all public nurseries and kindergartens in Bulgaria are free of charge, including those offering ‘half day’ attendance.

5.2. Childcare benefits

Variable name: `[cc_benefit]`

5.2.1. Fee discounts and free provision

Not applicable as the service in public nurseries and kindergartens is provided free of charge as of April 2022.

6. Employment-conditional benefits

OECD note: This section describes employment-conditional (“in-work”) benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed in the private or public sector; 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes ‘workfare’ programmes and related ‘work-first’ policies that make out-of-work benefits conditional on participation in work activities. This definition includes *one-off* and/or *temporary* payments for those benefit recipients who are out of work and take up a new job. These types of benefits are referred to as *transitional “into-work” benefits* to differentiate them from the other “in work” benefits that do not have any predefined maximum duration after moving into work.

Based on this definition, Bulgaria does not have an “in work” benefit programme but provide an *into-work benefit* for benefit recipients who move into work (described in section 2.1).

7. Social security contributions and payroll taxes

Employee’s social contributions and employer’s social contributions are levied on the gross income before any tax deductions.

The income for which are due social security payments shall include all the remunerations, including the accounted and non-paid or non-accounted ones and other incomes from labour activity but not less than the minimum monthly amount of the determined insurance income and not more than the maximum monthly amount of the insurance income.

The lower and upper limits of the insurance income are determined with the Law for the budget of the state public insurance for the calendar year.

The maximum monthly insurance income in 2024 is 3750 BGN. Above this threshold the amount of social security contributions remains the same irrespective of the level of employee's monthly earnings. This provision applies to both employees and employer social security contributions.

The minimum insurance income is differentiated by 85 groups of economic activities and 9 major occupational groups within these activities.

7.1. Social security contributions payable by employees and benefit recipients

Variable names: [\[SOCSEC_p\]](#); [\[SOCSEC_s\]](#)

The total contribution rate payable by employees in 2024 is 13.78 %, of which:

1. Pensions – 8.78%, of which 2.2% are contributed to Universal Pension Fund but only for persons born after 31.12.1959
2. General disease and motherhood – 1.4%
3. Unemployment – 0.4%
4. Health Insurance – 3.2%

*Example: Employee's social security contribution for monthly gross earnings of 600 BGN is $13.78\% * 600 = 82.68$ BGN*

Recipients of unemployment benefits (Section 2.1), social assistance (section 3.1 and 3.2), and family benefits (sections 4.1 to 4.3) do not pay social contributions on the benefit amounts they are entitled to.

7.2. Social security contributions payable by employers

Variable names: [\[SSCR_p\]](#); [\[SSCR_s\]](#)

The total contribution rate payable by employers in 2024 is 19.22 %, of which:

1. Pensions – 11.02%, of which 2.8% are contributed to Universal Pension Fund but only for persons born after 31.12.1959
2. General disease and motherhood – 2.1%
3. Unemployment – 0.6%
4. Labour accident and occupational disease – 0.7%
5. Guaranteed receivables of workers and employees – not paid in 2024
6. Health Insurance – 4.8%.

*Example: Employer's social security contribution for monthly gross earnings of 600 BGN is $19.22\% * 600 = 115.32$ BGN.*

8. Taxes

Taxes are paid on an individual basis.

8.1. Personal income tax

Variable name: [[INCTAX_p](#); [INCTAX_s](#)]

8.1.1. Tax Relief for Children

The annual tax base for one of the parents is deducted by: 6000 BGN for one minor child (till 18 years); 12000 BGN for two minor children; 18000 BGN for three or more minor children.

8.1.2. Tax base

Employee's social security contributions are deductible from the taxable income.

Taxable income = Gross earnings – Employee's social security contributions - other tax deductions (e.g. the Tax reliefs for children)

Example (1): Monthly taxable income for a person with monthly earnings of 600 BGN → 600 BGN – 82.68 BGN = 517.32 (see the example in Section 7.1 for the SSC calculations)

Example (2): Monthly taxable income for a parent with monthly earnings of 600 BGN and one minor child → 600 BGN – 82.68 BGN – 6000/12 = 17.32

8.1.3. Income tax schedule

A flat personal income tax without a tax-free range is applied. Income tax is not differentiated according to the marital status and number of children. The personal income tax rate is 10 percent.

For working parents with dependent minors, any 'unused' part of the tax relief for Children can be used to reduce the tax base of the other parent.

OECD note: the TaxBEN model assigns the tax relief for children to the highest earner and then transfers any unused part of the tax relief to the second earner. For instance, if the tax base of the main earner is 7000 BGN *before* the application of the Children tax relief, and the Children tax relief is 12000 BGN, then the 'unused part' of the Children tax relief would be 5000 BGN, which can be transferred to the 2nd earner.

9. Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Bulgaria 2024 (Figure 2). TaxBEN produces the following variables: 1) net family income (**black lines**) and 2) related income components (**coloured stacked areas**) for selected family and individual characteristics (e.g. a lone parent working full time at the average wage with two children aged 4 and 6; users are free to choose many of these characteristics using the [online web calculator](#)). Figure 2 shows outputs for four scenarios:

- By percentage of the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).

The stacked areas shows the household income components. Note that each component can contain more than one benefit. The table of content of this report describes which benefit is included in each category.

Results in Figure 7 refer to a couple with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

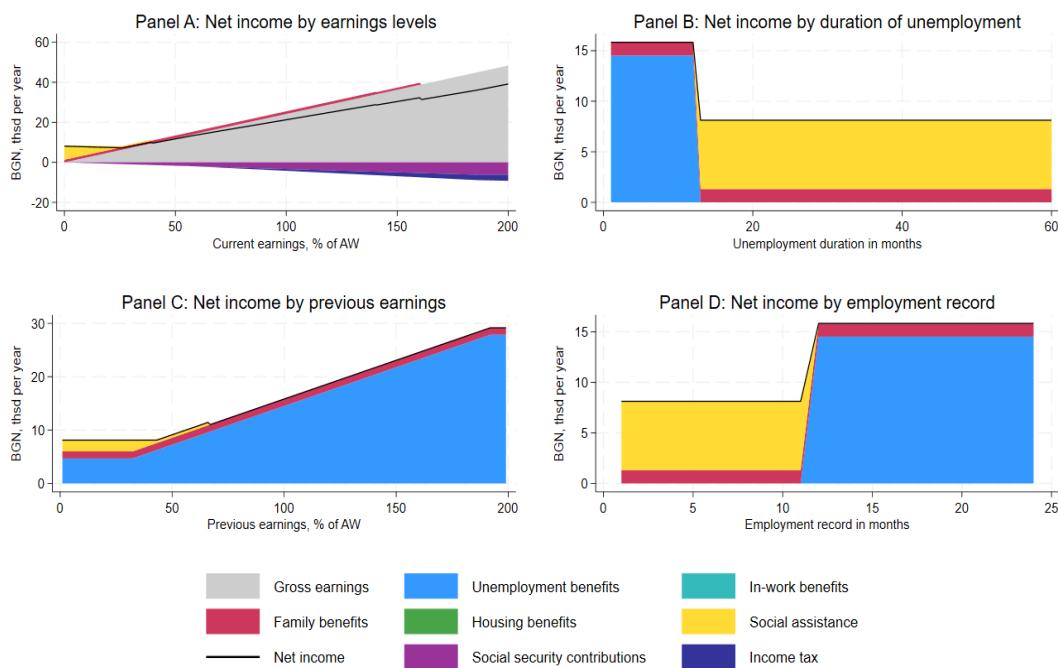
Panel A assumes that one of the two adult members (the ‘second adult’, using the TaxBEN terminology) is out of work and not eligible for unemployment benefits (e.g. because they have expired) whereas the other adult member (so-called ‘first adult’) is employed full-time and full-year at different earnings levels ranging between 0 and 200% of the Average Wage (AW). When earnings of the first adult are precisely 0% of the AW this person is assumed to be out of work without receiving unemployment benefits but claiming social assistance, as applicable.

Panels B to D assume that the second adult is out of work and not eligible to unemployment benefits whereas the first adult is also out of work and claiming unemployment benefits. In Panel B and C the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. The x axis in Panel B measures the time of benefit receipt, starting from the first month. The x axis in Panel C shows the amount of previous gross earnings (before any social contribution payments). Results in Panels C and D refer to the 2nd month of unemployment benefit receipt whereas Panel D consider the case of previous earnings equal to the average wage. Previous earnings in Panel B are also equal to the average wage.

All results assume a private market rent plus other relevant charges amounting to 20% of the full-time average wage in all the four scenarios.

Figure 2. Selected output from the OECD tax-benefit model

Couple with two children.



Source: [OECD tax-benefit model, 2024](#).

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Bulgaria that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

One-time financial support at pregnancy (income-tested benefit)

The pregnant women, when they have no right to indemnification for pregnancy and birth under the Code for social insurance, shall be entitled to one-time allowance of 200 BGN.

One-time financial support at birth of a child (universally available)

The mother is entitled to one-time support for birth of a live child, regardless of the income of the family, when the child has not been left for bringing up at specialised institution for children. The level of the benefit for a birth is differentiated as follows: for a first child – 375 BGN, for a second child – 900 BGN; for a third child – 450 BGN and for the fourth and the next ones – 300 BGN.

Monthly support for bringing up of a child till one year of age (income-tested benefit)

The mother who are not insured and do not receive indemnification for pregnancy, childbirth and bringing up of child by the order of the Code for social insurance, are entitled to monthly support for bringing up of child up to one year in extent of 225 BGN.

Entitlement to benefit in case of pregnancy and child-birth (maternity)

Persons insured in respect of common disease and maternity shall have the right to cash benefits for pregnancy and childbirth instead of their earnings, provided that they have at least 12 months of insurance practice in respect of such risk. The amount of daily cash benefit shall be 90 percent of the average daily gross earnings for the period of 24 calendar months preceding the month in which the temporary incapacity to work due to pregnancy and childbirth has occurred. Duration of payment is 410 calendar days, 45 of which shall be before childbirth i.e. until the child gets one year old.

Monthly support for bringing up of a child from 1 till 2 years of age: for socially insured mothers

The amount of the monthly benefit for raising a child during the supplementary period of the paid maternity leave, lasting till the moment the child grows up to 2 years of age is 780 BGN. In case the mother returns to work she is entitled to 50% of the benefit (390 BGN).

One-time financial support for bringing up a child till one year of age by a mother – full time student

The mother – full-time student – is entitled to one-time support of 2 880 BGN for bringing up a child till one year of age, regardless of the income of the family.

Monthly allowance for children with disabilities up to 18 years of age and till completion of secondary education, provided that the child is below 20 years of age

Parents, bringing up a child with ascertained type and degree of disability or degree of permanently reduced working capacity are entitled to monthly allowance as follows:

- For 90% and more degree of disability – BGN 1180;
- Between 70 and 90% - BGN 570;
- Between 50 and 70% - BGN 450.

One-time financial support for bringing up twins till one year of age

The mother shall be entitled to one-time financial support for bringing up twins till one year of age regardless of the income of the family. The amount of the benefit is 1 200 BGN per each child.

Purposed support to multiple child mothers for free travel by the railway and bus transport in the country

The multiple child mothers shall be entitled to free return travel once per year by the railway or bus transport in the country.

Tax Relief for Children with Disabilities

For bringing a child up by 50 and more than 50 percent of type and degree of injury, the annual tax base shall be reduced by 12000 BGN.

Tax Relief for Persons of Reduced Capacity for Work

The aggregate annual taxable income for persons whose capacity for work is reduced by 50% or more, this percentage being determined by way of an effective decision of a competent body, shall be decreased by 7920 BGN, this being also applicable to the year in which the reduced capacity for work occurred and the year in which the term of validity of the decision thereon expires.

The monthly taxable income from employment legal relations of persons whose capacity for work is reduced by 50% or more, shall be decreased by 660 BGN, this being also applicable to the month in which the reduced capacity for work occurred and the month in which the term of validity of the decision thereon expires.