

## **Social Insurance Code (Title amended, SG No. 67/2003)**

Promulgated, State Gazette, No. 110/17.12.1999, effective 1.01.2000; Judgment No. 5 of the Constitutional Court of the Republic of Bulgaria dated 29.06.2000 - SG No. 55/7.07.2000; amended and supplemented, SG No. 64/4.08.2000; amended, SG No. 1/2.01.2001, supplemented SG No. 35/10.04.2001, amended SG No. 41/24.04.2001, amended and supplemented, SG No. 1/4.01.2002, effective 1.01.2002; amended, SG No. 10/29.01.2002, effective 1.01.2002; amended and supplemented, SG No. 45/30.04.2002, effective 30.04.2002, SG No. 74/30.07.2002, effective 1.01.2003, supplemented, SG No. 112/29.11.2002, amended and supplemented, SG No. 119/27.12.2002, effective 1.01.2003, supplemented, SG No. 120/29.12.2002, amended and supplemented, SG No. 8/28.01.2003, effective 1.03.2003, supplemented, SG No. 42/9.05.2003, amended and supplemented, SG No. 67/29.07.2003, supplemented, SG No. 95/28.10.2003, amended and supplemented, SG No. 112/23.12.2003, effective 1.01.2004, amended, SG No. 114/30.12.2003, amended and supplemented, SG No. 12/13.02.2004, amended, SG No. 21/16.03.2004, effective 1.01.2004, supplemented, SG No. 38/11.05.2004, amended and supplemented, SG No. 52/18.06.2004, effective 1.08.2004, SG No. 53/22.06.2004, effective 1.01.2005, SG No. 69/6.08.2004, effective 1.07.2004, SG No. 70/10.08.2004, effective 1.01.2005, amended and supplemented, SG No. 112/23.12.2004, effective 1.01.2005, amended, SG No. 115/30.12.2004, effective 1.01.2005, amended and supplemented, SG No. 38/3.05.2005, amended, SG No. 39/10.05.2005, effective 11.02.2006, SG No. 76/20.09.2005, effective 1.01.2007, SG No. 102/20.12.2005, effective 20.12.2005, amended and supplemented, SG No. 103/23.12.2005, effective 1.01.2006, SG No. 104/27.12.2005, effective 1.01.2006, SG No. 105/29.12.2005, effective 1.01.2006, amended and supplemented, SG No. 17/24.02.2006, amended, SG No. 30/11.04.2006, effective 12.07/2006, SG No. 34/25.04.2006, effective 1.07.2008 (\*), amended and supplemented, SG No. 56/11.07.2006, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, SG No. 57/14.07.2006, effective 1.07.2006, No. 59/21.07.2006, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union - 1.01.2007, SG No. 68/22.08.2006; corrected, SG No. 76/15.09.2006 (\*), amended, SG No. 80/3.10.2006, effective 3.10.2006, SG No. 82/10.10.2006, SG No. 95/24.11.2006, effective 1.01.2007, supplemented, SG No. 102/19.12.2006, amended and supplemented, SG No. 105/22.12.2006, effective 1.01.2007, SG No. 41/22.05.2007, amended, SG No. 52/29.06.2007, effective 1.11.2007 (\*), SG No. 53/30.06.2007, effective 30.06.2007, SG No. 64/7.08.2007, SG No. 77/25.09.2007, effective 1.10.2007, supplemented, SG No. 97/23.11.2007, SG No. 100/30.11.2007, effective 20.12.2007, amended and supplemented, SG No. 109/20.12.2007, effective 1.01.2008, SG No. 113/28.12.2007, effective 1.01.2008, amended SG No. 33/28.03.2008, amended and supplemented, SG No. 43/29.04.2008, effective 1.01.2008, SG No. 67/29.07.2008, supplemented, SG No. 69/5.08.2008, amended, SG No. 89/14.10.2008, SG No. 102/28.11.2008, amended and supplemented, SG No. 109/23.12.2008, effective 1.01.2009, amended, SG No. 23/27.03.2009, effective 1.04.2009, supplemented, SG No. 25/3.04.2009, effective 1.06.2009, amended and supplemented, SG No. 35/12.05.2009, effective 12.05.2009, SG No. 41/2.06.2009, effective 2.06.2009, supplemented, SG No. 42/5.06.2009, amended, SG No. 93/24.11.2009, effective 25.12.2009, SG No. 95/01.12.2009, effective 1.01.2010, amended and supplemented, SG No. 99/15.12.2009, effective 1.01.2010, supplemented, SG No. 103/29.12.2009, effective 29.12.2009, amended, SG No. 16/26.02.2010, effective 26.02.2010, amended and supplemented, SG No. 19/19.03.2010, SG No. 43/8.06.2010, SG No. 49/29.06.2010, effective 1.07.2010, supplemented, SG No. 58/30.07.2010, effective 30.07.2010, amended and supplemented, SG No. 59/31.07.2010, effective 31.07.2010, amended, SG No. 88/9.11.2010, effective 1.01.2011, SG No. 97/10.12.2010, effective 10.12.2010, SG No. 98/14.12.2010, effective 1.01.2011, amended and supplemented, SG No. 100/21.12.2010, effective 1.01.2011, Judgment No. 7/31.05.2011 of the Constitutional Court of the Republic of Bulgaria - SG No. 45/14.06.2011, amended and supplemented, SG No. 60/5.08.2011, effective 5.08.2011, amended, SG No. 77/4.10.2011, amended and supplemented, SG No. 100/20.12.2011, effective 1.01.2012, supplemented, SG No. 7/24.01.2012, amended and supplemented, SG No. 21/13.03.2012, SG No. 38/18.05.2012, effective 1.07.2012, amended, SG No. 40/29.05.2012, supplemented, SG No. 44/12.06.2012, effective 1.07.2012, amended and supplemented, SG No. 58/31.07.2012, effective 1.08.2012, SG No. 81/23.10.2012, effective 1.09.2012, SG No. 89/13.11.2012, effective 1.01.2013, SG No. 94/30.11.2012, effective 1.01.2013, SG No. 99/14.12.2012, effective 1.01.2013, SG No. 15/15.02.2013, effective 1.01.2014, SG No. 20/28.02.2013, supplemented, SG No. 70/9.08.2013, effective 9.08.2013, amended, SG No. 98/12.11.2013, effective 1.12.2013, supplemented, SG No. 104/3.12.2013, effective 1.01.2014, amended and supplemented, SG No. 106/10.12.2013, effective 1.01.2014, SG No. 109/20.12.2013, effective 20.12.2013, amended, SG No. 111/27.12.2013, effective 1.01.2014, amended and supplemented, SG No. 1/3.01.2014, effective 1.01.2014, amended, SG No. 18/4.03.2014, effective 4.03.2014, SG No. 27/25.03.2014, effective 1.01.2014, SG No. 35/22.04.2014

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(\*) Editor's Note: Regarding the entry into force of the clauses amending the Social Insurance Code by SG No. 34/25.04.2006, see § 56 of the Transitional and Final Provisions of the Commercial Register Act

Text in Bulgarian: Кодекс за социално осигуряване

Subject

**Article 1.** (Supplemented, SG No. 1/2002, amended, SG No. 67/2003) This Code shall regulate the social relations concerning:

1. public social insurance against common disease, employment injury, occupational disease, maternity, unemployment, old age and death;

2. supplementary social insurance, which includes:

(a) supplementary compulsory retirement insurance against old age and death;

(b) (amended, SG No. 56/2006) supplementary voluntary retirement insurance in funds for supplementary voluntary retirement insurance against old age, disablement and death and in funds for supplementary voluntary retirement insurance under occupational schemes against old age;

(c) supplementary voluntary unemployment and/or vocational-training insurance.

## **PART ONE**

### **PUBLIC SOCIAL INSURANCE**

**(Heading amended, SG No. 67/2003)**

#### **Chapter One**

#### **GENERAL PROVISIONS**

##### Scope of Social Insurance

**Article 2.** (1) (Redesignated from Article 2, SG No. 109/2008, effective 1.01.2009) Public social insurance shall provide benefits, allowances and pensions for:

1. temporary disability;

2. temporarily reduced working capacity;

3. disablement;

4. maternity;

5. (new, SG No. 1/2002) unemployment;

6. (renumbered from Item 5, SG No. 1/2002) old age;

7. (renumbered from Item 6, SG No. 1/2002) death.

(2) (New, SG No. 109/2008, effective 1.01.2009) Those who are subject to public social insurance shall insure themselves in:

1. the Common Disease and Maternity Fund - in respect of common disease and maternity, which shall include insurance regarding temporary incapacity to work, temporarily reduced working capacity or maternity;

2. the Pensions Fund - against disability due to common disease, old age or death;

3. the Industrial Accidents and Occupational Diseases Fund - against industrial accidents or occupational diseases, which shall include disability, death, temporary incapacity to work and temporarily reduced working capacity due to an industrial accident or an occupational disease;

4. the Unemployment Fund - against unemployment.

(3) (New, SG No. 109/2008, effective 1.01.2009) Regarding persons insured under Article 4(1), the amounts of insurance contributions to be made shall be those specified for the Common Disease and Maternity Fund, the Pensions Fund, the Industrial Accidents and Occupational Diseases Fund and the Unemployment Fund.

(4) (New, SG No. 109/2008, effective 1.01.2009) Regarding persons insured against industrial accidents and occupational diseases, the amounts of the insurance contributions to be made shall be those specified for the Industrial Accidents and Occupational Diseases Fund.

(5) (New, SG No. 109/2008, effective 1.01.2009) Regarding persons insured against disability due to common disease, old age or death, the amounts of the insurance contributions to be made shall be those specified for the Pensions Fund.

### Social Insurance Principles

**Article 3.** Public social insurance shall be implemented on the basis of the principles of:

1. compulsory compliance and universal coverage of the social insurance;

2. solidarity of the insured persons;

3. non-discrimination of the insured persons;

4. social dialogue in management of the social insurance system;

5. fund organization of the social insurance resources.

### Insured Persons

**Article 4.** (1) (Amended, SG No. 109/2008, effective 1.01.2009) The following persons shall be compulsorily insured against common disease and maternity, disability due to a common disease, old age or death, industrial accidents and occupational diseases, and unemployment under this Code:

1. (supplemented, SG No. 119/2002, amended, SG No. 68/2006, effective 1.01.2007, supplemented, SG No. 99/2009, effective 1.01.2010, amended, SG No. 49/2010, supplemented, SG No. 100/2010, effective 1.01.2011) the factory and office workers hired to work for more than five working days, or 40 hours, within a calendar month, regardless of the nature of the work, the mode of pay, and the source of funding, excluding persons referred to in Article 4a, Paragraph 1. Persons included in the Maternity Support and Employment Promotion Programmes shall not be insured against unemployment, if the relevant programme stipulates so;

2. (supplemented, SG No. 106/2013, effective 1.01.2014) the civil servants under the Civil Servants Act;

3. (new, SG No. 74/2002, amended, SG No. 105/2006, supplemented, SG No. 109/2008, effective 1.01.2009) the judges, prosecutors, investigating magistrates, public enforcement agents, recording magistrates, and judicial officers as well as the members of the Supreme Judicial Council and the inspectors of the inspectorate with the Supreme Judicial Council;

4. (amended, SG No. 64/2000, renumbered from Item 3, SG No. 74/2002, amended, SG No. 119/2002, SG No. 68/2006, effective 1.05.2006, supplemented, SG No. 113/2007, effective 1.01.2007, amended and supplemented, SG No. 43/2008, supplemented, SG No. 25/2009, effective 1.06.2009, amended, SG No. 35/2009, effective 12.05.2009, SG No. 99/2012, effective 1.01.2013, supplemented, SG No. 70/2013, effective 9.08.2013) the servicemen under the Republic of Bulgaria Defence and Armed Forces Act, the civil servants under the Ministry of Interior Act and the Implementation of Penal Sanctions and Detention in Custody Act, the civil servants under the State Agency for National Security Act and the Special Intelligence Means Act, as well as the persons referred to in Article 69 (6);

5. (amended, SG No. 1/2002, renumbered from Item 4, SG No. 74/2002) the co-operative members, who perform work and

receive remuneration at the co-operative; the co-operative members, who work at the co-operative without entering into an employment relationship, shall not be insured against unemployment;

6. (renumbered from Item 5, SG No. 74/2002) the persons who work under a second employment contract or under an additional employment contract;

7. (renumbered from Item 6, SG No. 74/2002, supplemented, SG No. 105/2006, amended, SG No. 99/2012, effective 1.01.2013, SG No. 106/2013, effective 1.01.2014) the managers and procurators of commercial companies and sole traders and their branches, the members of the boards of directors, management and supervisory boards, and the controllers of commercial companies, the trustees in bankruptcy and the liquidators, as well as the contractors under contracts for management of unincorporated associations;

8. (new, SG No. 112/2003, amended, SG No. 100/2010, effective 1.01.2011, SG No. 99/2012, effective 1.01.2013) persons performing work from elective office, with the exception of the persons under referred to in Items 1, 5 and 7, as well as the ministers holding a spiritual title of the Bulgarian Orthodox Church and other registered denominations under the Religious Denominations Act.

9. (new, SG No. 59/2010, effective 31.07.2010) postgraduates, receiving remuneration according to agreement for training for acquiring a specialism, listed in the list of specialisms, defined by the procedure under Article 181 (1) of the Health Act.

10. (new, SG No. 81/2012, effective 1.09.2012) junior judge and junior prosecutor candidates under the Judiciary Act.

(2) (Amended, SG No. 64/2000, SG No. 1/2002, SG No. 100/2010, effective 1.01.2011) Factory and office workers hired to work for a single employer for no more than five working days (40 hours) within a calendar month, or hired to work for multiple employers for no more than five working days (40 hours) within a calendar month for each employer, shall be compulsorily insured against disablement, old age and death and against employment injury and occupational disease.

(3) (Declared unconstitutional by the Constitutional Court of the Republic of Bulgaria in respect of the part extending the range of compulsorily insured persons under this legal text to working pension recipients, judgment promulgated SG No. 55/2000) The following persons shall be compulsorily insured against disablement by common disease, against old age and against death:

1. persons registered as practitioners of a liberal profession and/or a skilled craft;

2. (supplemented, SG No. 105/2006) persons performing work as sole traders, owners or partners in commercial corporations and natural persons who are members of unincorporated associations;

3. (declared unconstitutional by the Constitutional Court of the Republic of Bulgaria, judgment promulgated SG No. 55/2000)

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doctoral candidates, unless insured against retirement on different grounds;

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4. (amended, SG No. 64/2000, SG No. 112/2003) registered agricultural producers and tobacco producers;

5. (amended, SG No. 64/2000, supplemented, SG No. 119/2002, amended, SG No. 99/2009, effective 1.01.2010) persons who perform work without entering into an employment relationship and who receive a monthly remuneration equal to or exceeding one minimum wage less the operational expenses, unless insured on other grounds during the relevant month;

6. (new, SG No. 119/2002) persons who perform work without entering into an employment relationship and who are insured on different grounds during the relevant month, regardless of the amount of the remuneration received.

(4) (Amended, SG No. 64/2000, supplemented, SG No. 1/2002, amended, SG No. 109/2008, effective 1.01.2009) The persons referred to in Items 1, 2 and 4 of Paragraph 3 may, at the discretion thereof, be furthermore insured against common disease and maternity.



(5) (New, SG No. 64/2000, amended, SG No. 10/2002, SG No. 60/2011, effective 5.08.2011) Persons who are placed in a job abroad by a Bulgarian job placement intermediation service may be insured against disablement by common disease, against old age and against death based on the minimum contributory income for self-insured persons as fixed by the Public Social Insurance Budget Act.

(6) (New, SG No. 64/2000, amended and supplemented, SG No. 99/2009, effective 1.01.2010) Persons referred to in Paragraph 3, Items 1, 2, 4, 5 and 6 who have been granted a pension shall be insured at the discretion thereof.

(7) (New, SG No. 113/2007, amended, SG No. 109/2008, SG No. 100/2010, effective 1.01.2011) At their own desire and expense, the spouse of an official working in a diplomatic mission on a long-term basis may be insured, for the duration of their residence in the foreign country during the officialTs overseas mandate, for disability due to a general disease, for old age or death on the minimum amount of the insurance income for self-insured persons laid down by the Public Social Insurance Budget Act, if the spouse is not insured on other grounds or on the basis of the legislation of the host country according to an applicable international treaty to which the Republic of Bulgaria is a party.

(8) (New, SG No. 100/2010, effective 1.01.2011, repealed, SG No. 99/2012, effective 1.01.2013).

(9) (New, SG No. 58/2012, effective 1.08.2012) Where the spouses of the persons referred to in Items (1) and (4) of Paragraph (3) take part in such persons' work subject to such persons' consent, such spouses may be insured at their own discretion and at their own expense against disability due to common disease, old age or death, and in respect of common disease and maternity, unless they are insured under Paragraph (1) and/or Items (1), (2) and (4) of Paragraph (3) and/or Article 4a. The insurance contributions for the spouses of the persons referred to in Item (1) of Paragraph (3) shall be calculated based on the minimum contributory income for self-insured persons laid down in the Public Social Insurance Budget Act, and the insurance contributions for the spouses of the persons referred to in Item (4) of Paragraph (3) shall be calculated based on the minimum contributory income for registered agricultural producers and tobacco producers laid down in the Public Social Insurance Budget Act.

(10) (New, SG No. 1/2002, renumbered from Paragraph 7, supplemented, SG No. 113/2007, renumbered from Paragraph 8, amended, SG No. 100/2010, effective 1.01.2011, renumbered from Paragraph 9, amended, SG No. 58/2012, effective 1.08.2012) The procedure for insurance of self-insured persons, of persons working without entering into an employment relationship or into a civil-service relationship, of the persons referred to in Articles 7, 8 and 9, and of persons placed in a job abroad by a Bulgarian employer or through the intermediation of a Bulgarian organization, shall be regulated by the Council of Ministers on a motion by the National Social Security Institute.

#### Insurance of Maritime Persons

**Article 4a.** (New, SG No. 99/2009, effective 1.01.2010) (1) Maritime persons shall be insured, entirely for their account, against common disease and maternity; disability due to common disease; old age or death; employment injuries and occupational diseases based on a chosen monthly contributory income between the minimum and maximum amount of contributory income for self-insured persons, as laid down by the Public Social Insurance Budget Act for the relevant year.

(2) Persons referred to in Paragraph 1, if they choose and desire so, may also be insured, entirely for their account, against unemployment based on a chosen monthly contributory income between the minimum and maximum amount of contributory income for self-insured persons, as laid down by the Public Social Insurance Budget Act for the relevant year.

(3) Persons referred to in Paragraph 1 shall pay insurance contributions at the amounts specified for the Pensions Fund, the Common Disease and Maternity Fund, the Unemployment Fund, and the Employment Injury and Occupational Disease Fund as follows:

1. (amended, SG No. 98/2010, effective 1.01.2011) 17.8 percent for the Pensions Fund in respect of persons born prior to 1 January 1960, and 20.8 percent in respect of persons employed under Work Category I or Work Category II;

2. (amended, SG No. 98/2010, effective 1.01.2011) 12,8 percent for the Pensions Fund in respect of persons born after 31 December 1959, and 15,8 percent in respect of persons employed under Work Category I or Work Category II;

3. 3.5 percent for the Common Disease and Maternity Fund;

4. one percent for the Unemployment Fund;

5. 1.1 percent for the Employment Injury and Occupational Disease Fund;

(4) Persons referred to in Paragraph 1 shall not determine a final amount of the contributory income from employment relations as maritime persons.

(5) (Amended, SG No. 100/2010, effective 1.01.2011, SG No. 58/2012, effective 1.08.2012) The insurance procedure in respect of persons referred to in Paragraphs 1 and 2 shall be regulated by the statutory instrument of the Council of Ministers under Article 4(10).

(6) Where persons referred to in Paragraph 1 also receive income from activities under Article 4, insurance contributions shall be paid on the sum total of the contributory income, but not exceeding the maximum monthly amount of the contributory income as follows:

1. Income from activities of persons under Article 4(1) and (2);

2. Contributory income as maritime persons;

3. Contributory income as sole traders; owners of, or partners in commercial or unincorporated associations; practitioners of liberal professions and/or skilled crafts; registered agricultural producers and tobacco producers;

4. Income from work performed without an employment relationship.

(7) (Amended, SG No. 94/2012, effective 1.01.2013) Insurance contributions of persons referred to in Paragraph 1 shall be remitted by the employer by the 25-th day of the month which follows the month when the work was performed.

#### Social Insurance Contributors

**Article 5.** (1) (Amended, SG No. 105/2005, supplemented, SG No. 109/2008, effective 1.01.2009) A social insurance contributor shall be any natural person, legal person or unincorporated association, as well as any other organization obligated by law to make social insurance contributions for other natural persons. The state shall participate in insurance through a transfer to the Pensions Fund, the amount and procedure whereof shall be determined in Article 21, Item 5.

(2) (Amended and supplemented, SG No. 109/2008, effective 1.01.2009) A self-insured person shall be any natural person obligated to make social insurance contributions at their own expense. The state shall participate in insurance of self-insured persons through a transfer to the Pensions Fund, the amount and procedure whereof shall be determined in Article 21, Item 5.

(3) (New, SG No. 67/2003, amended, SG No. 105/2005) The registration of social insurance contributors and self-insured persons at the National Social Security Institute shall be effected ex officio on the basis of the data in the register and the databases of the National Revenue Agency under Article 80 (1) of the Tax and Social-Insurance Procedure Code.

(4) (Amended, SG No. 1/2002, renumbered from Paragraph 3, SG No. 67/2003, amended, SG No. 112/2004, SG No. 105/2005) Social insurance contributors, contribution payment centres, self-insured persons and employers shall periodically provide to the National Revenue Agency data regarding:

1. (supplemented, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010) contributory income, public social insurance contributions, the Teachers Pension Fund, health insurance, supplementary compulsory retirement insurance, contributions to the Factory and Office Workers' Guaranteed Claims Fund, days of contributory service and the taxable income under the Income Taxes on Natural Persons Act, with all of the aforementioned submitted separately for each person subject to social insurance;

2. (amended and supplemented, SG No. 105/2006, supplemented, SG No. 58/2012, effective 1.08.2012) declaration regarding the amounts due in contributions for public social insurance, health insurance, supplementary compulsory retirement insurance, the Teachers Pension Fund, contributions to the Factory and Office Workers' Guaranteed Claims Fund and tax under the Income Taxes on Natural Persons Act. A declaration regarding the amounts due in contributions for public social insurance and for supplementary compulsory retirement insurance shall also be submitted in respect of the persons referred to in Article 4(5) and Article 4(9).

(5) (Renumbered from Paragraph 4 and amended, SG No. 67/2003, SG No. 112/2004, repealed, SG No. 105/2005).

(6) (Renumbered from Paragraph 5 and amended, SG No. 67/2003, supplemented, SG No. 38/2005, amended, SG No.

105/2005, effective 29.12.2005, supplemented, SG No. 105/2006, SG No. 100/2010, effective 1.01.2011) The content, time limits, manner and procedure for submission and storage of the data covered under Paragraph 4 shall be established by an ordinance issued by the Minister of Finance in coordination with the Governor of the National Social Security Institute. The data covered under Paragraph 4 shall be used for calculation and granting of the pensions, cash benefits and allowances.

(7) (Renumbered from Paragraph 6 and supplemented, SG No. 67/2003, amended, No. 38/2005) The social insurance contributor shall be obligated to issue, free of charge, documents concerning contributory service and contributory income:

1. in the event of termination of employment or civil-service relationships: within 30 days after termination of the legal relationship;
2. upon request by the insured person or a representative thereof: within 14 days after the request.

(8) (New, SG No. 1/2002, renumbered from Paragraph 7, SG No. 67/2003, amended, SG No. 105/2005, supplemented, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010) The National Revenue Agency shall make available to the National Social Security Institute the data covered under Paragraph 4(1) regarding the revenues from insurance contributions, the data of the notifications referred to in Article 62 (3) of the Labour Code and the data on opened and closed bank accounts of the social insurance contributors and the self-insured persons under Article 25 (1) of the National Revenue Agency Act. The procedure for provision of the said information shall be established by an instruction issued jointly by the Governor of the National Social Security Institute and the Executive Director of the National Revenue Agency.

(9) (New, SG No. 1/2002, renumbered from Paragraph 8, SG No. 67/2003, repealed, SG No. 105/2005).

(10) (New, SG No. 38/2005, effective 1.01.2006, supplemented, SG No. 104/2005, effective 27.12.2005, SG No. 99/2012, effective 1.01.2013) In the event of discontinuance of the activity of social insurance contributors which have no legal successors, the payrolls shall be delivered to the competent local division of the National Social Security Institute, unless another procedure for their keeping has been provided for by law. Employment contracts (orders of appointment), orders of reappointment, orders of use of unpaid days over 30 working days, orders of termination of employment or civil-service relationship shall be attached to the payrolls. Where the discontinuance of the activity of the social insurance contributor is effected under a judgment of court on expungement or the expungement is subject to registration in the Commercial Register, the availability of the certificate on delivery of the payrolls, issued by the local division of the National Social Security Institute, shall be a mandatory condition for delivery of the judgment, respectively the registration in the Commercial Register.

(11) (New, SG No. 38/2005, effective 1.01.2006) The National Social Security Institute shall create and maintain an information system of the payrolls delivered according to the procedure established by Paragraph 10. Data from the said information system shall be used for calculation and granting of the pensions and cash benefits.

(12) (New, SG No. 105/2006) The Governor of the National Social Security Institute shall issue an instruction on the terms and procedure for receipt and storage of the documents covered under Paragraph 10.

(13) (New, SG No. 19/2010) The Executive Director of the National Revenue Agency shall prepare, on a six-month basis, and submit to the Ministry of Labour and Social Policy and to the Supervisory Board of the National Social Security Institute information about the amount of collected social insurance contributions, the trends observed, as well as the measures undertaken to collect the contributions.

## Social Insurance Contributions and Contributory Income

**Article 6.** (Amended and supplemented, SG No. 64/2000, amended, SG No. 1/2002) (1) (Amended, SG No. 112/2004, SG No. 104/2005, SG No. 77/2007, SG No. 109/2008, effective 1.01.2009) The amounts of insurance contributions shall be paid to the public social insurance funds as follows:

1. (amended, SG No. 99/2009, effective 1.01.2010, SG No. 98/2010, effective 1.01.2011, SG No. 99/2012, effective 1.01.2013) for the Pensions Fund for those born prior to 1 January 1960:

- a) 17.8 percent, and in respect of persons employed under Work Category I or Work Category II and the persons referred to in Article 69a - 20.8 percent;
- b) for the persons referred to in Article 69 - 40.8;

2. (amended, SG No. 99/2009, effective 1.01.2010, SG No. 98/2010, effective 1.01.2011, SG No. 99/2012, effective

1.01.2013) for the Pensions Fund for those born after 31 December 1959:

a) 12.8 percent, and in respect of persons employed under Work Category I or Work Category II and the persons referred to in Article 69a - 15.8 percent;

b) for the persons referred to in Article 69 - 35.8;

3. (new, SG No. 99/2012, effective 1.01.2013, amended, SG No. 106/2013, effective 1.01.2014) with regard to the persons specified in Article 127, Paragraph 5, the insurance contribution to the Pensions Fund under item 2 shall be increased by 5 percentage points;

4. (renumbered from Item 3, SG No. 99/2012, effective 1.01.2013) 3.5 percent for the Common Disease and Maternity Fund;

5. (renumbered from Item 4, SG No. 99/2012, effective 1.01.2013) one percent for the Unemployment Fund;

6. (renumbered from Item 5, SG No. 99/2012, effective 1.01.2013) between 0.4 and 1.1 percent for the Industrial Accidents and Occupational Diseases Fund, as provided for by the Public Social Insurance Budget Act for the relevant year by main types of economic activities.

(2) (Supplemented, SG No. 105/2006, SG No. 99/2009, effective 1.01.2010) The income on which social insurance contributions are due shall include all remunerations, including such that are charged but unpaid or insurance contributions that have not been charged in the accounts, and other income from work. The Public Social Insurance Budget Act shall determine:

1. the maximum monthly amount of the contributory income during the calendar year;

2. (amended, SG No. 98/2010, effective 1.01.2011) the minimum monthly amount of the contributory income during the calendar year for self-insured persons, determined in accordance with the taxable income from their activity as self-insured persons;

3. (new, SG No. 119/2002) the principal economic activities and occupation groups for which minimum monthly contributory income is introduced for the calendar year by activity and group of occupations, as well as the minimum contributory income for them.

(3) (Amended, SG No. 119/2002, SG No. 112/2003, supplemented, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010, SG No. 98/2010, effective 1.01.2011, amended and supplemented, SG No. 60/2011, effective 1.09.2011) Social insurance contributions for factory and office workers and for persons under Items 7 and 8 of Article 4(1) shall be due on the gross monthly remunerations received (including charged in the accounts but unpaid), or on the monthly remunerations not charged in the accounts, but at least on the minimum contributory income under Paragraph 2(3); in respect of persons for whom no minimum contributory income is set, social insurance contributions shall be due on the minimum monthly employment salary for Bulgaria but not exceeding the maximum monthly amount of the contributory income. The insurance contributions for the persons referred to in Item 9 of Article 4(1) shall be payable based on the remuneration received but not on an amount smaller than the minimum monthly employment salary for Bulgaria. Social insurance contributions for factory and office workers and for persons under Items 5, 7, 8 and 9 of Article 4 (1) and Items 5 and 6 of Article 4 (3) shall be divided between the social insurance contributors and the insured persons in the following ratio:

1. for 2000 and 2001: 80 to 20;

2. for 2002-2004: 75 to 25;

3. for 2005: 70 to 30;

4. for 2006: 65 to 35;

5. (amended, SG No. 105/2006) for 2007: 65 to 35;

6. (amended, SG No. 105/2006) for 2008: 60 to 40;

7. (amended, SG No. 105/2006, SG No. 109/2008, effective 1.01.2009) as of 1 January 2009 the insurance contribution to the Common Disease and Maternity Fund and the Unemployment Fund shall be distributed at a ratio of 60:40;

8. (new, SG No. 105/2006, amended, SG No. 109/2008, SG No. 99/2009, effective 1.01.2010, SG No. 98/2010, effective 1.01.2011, supplemented, SG No. 106/2013, effective 1.01.2014) As of 1 January 2011, the insurance contribution to the Pensions Fund in respect of persons born prior to 1 January 1960 as well as in respect of the persons specified in Article 127, Paragraph 5, working under employment relationships, shall be distributed as follows:

a) 7.9 percent for the account of the insured person, and 17.8 percent for the account of the self-insured person;

b) (supplemented, SG No. 100/2011, effective 1.01.2012) 9.9 percent for the account of the social insurance contributor, and 12.9 percent in cases where the person concerned is: employed under Work Category I or Work Category II and with respect to the persons referred to in Article 69a;

9. (new, SG No. 109/2008, amended, SG No. 99/2009, effective 1.01.2010, SG No. 98/2010, effective 1.01.2011) As of 1 January 2011, the insurance contribution to the Pensions Fund in respect of persons born after 31 December 1959 shall be distributed as follows:

a) 4.9 percent for the account of the insured person, and 11 percent for the account of the self-insured person;

b) (supplemented, SG No. 100/2011, effective 1.01.2012) 7.1 percent for the account of the social insurance contributor, and 10.1 percent in cases where the person concerned is: employed under Work Category I or Work Category II and with respect to the persons referred to in Article 69a.

(4) (Amended, SG No. 119/2002, SG No. 109/2008, effective 1.01.2009) The remuneration for those covered by Article 4(3), Items 5 and 6, based on which insurance contributions are due, shall be determined after subtracting therefrom the operating expenses determined according to the Income Taxes on Natural Persons Act.

(5) (Amended and supplemented, SG No. 74/2002, supplemented, SG No. 119/2002, SG No. 105/2006, amended, SG No. 81/2012, effective 1.09.2012, supplemented, SG No. 99/2012, effective 1.01.2013) Social insurance contributions for persons under Items 2, 3, 4 and 10 of Article 4 (1) herein shall be due on the lesser of the gross monthly remunerations as received or as charged but unpaid under such relationships and the maximum amount of the contributory income and not less than the minimum monthly salary for the country, and shall be for the account of the state budget or the judiciary budget, respectively.

(6) (Supplemented, SG No. 99/2009, effective 1.01.2010) Social insurance contributions to the Employment Injury and Occupational Disease Fund, excluding contributions for persons referred to in Article 4a, Paragraph 1 shall be paid for the account of the social insurance contributors.

(7) (Supplemented, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010) Social insurance contributions for persons under Items 1, 2 and 4 of Article 4(3) shall be paid for the account of the insured persons and shall be due in advance on a monthly contributory income between the minimum and the maximum monthly amount of the income laid down by the Public Social Insurance Budget Act for the relevant year:

(8) (Supplemented, SG No. 119/2002, SG No. 105/2006, amended, SG No. 109/2008, SG No. 99/2009, effective 1.01.2010) The final amount of the monthly contributory income for the persons referred to in Paragraph 7 shall be determined, based on the data declared in a statement enclosed with the annual tax return under the Income Taxes on Natural Persons Act, for the period during which work was performed in the preceding year. The final amount may not be lower than the minimum monthly contributory income, or higher than the maximum monthly contributory income. Final insurance contributions shall be paid by insured persons, based on the annual contributory income, in the amounts set out for the Pensions Fund and for the supplementary compulsory retirement insurance within the time limit for submission of the tax return. The annual contributory income is determined as the difference between the declared taxable income resulting from labour activities exercised, or the income determined by an enforced auditing statement under the Tax and Social-Insurance Procedure Code, and the sum total of income in respect of which advance insurance contributions have been paid. Where, in the tax return for the preceding year, a person declares income received in return for activities performed during past years, or where a lower or higher taxable income has been determined by an enforced auditing statement under the Tax and Social Insurance Procedure Code, the person concerned shall also submit a contributory income adjustment statement for the relevant year.

(9) (Amended, SG No. 112/2003) Registered agricultural producers and tobacco producers, producing unprocessed plant and/or animal production, shall not determine a final amount of their contributory income for this activity. Social insurance contributions for such persons may be paid from funds for supporting agricultural producers according to a procedure established by the Council of Ministers.

(10) For persons receiving income from activities on grounds different from Article 4 herein, contributions shall be paid on lesser of the sum total of their contributory incomes and the maximum monthly amount of the contributory income as follows:

1. (amended, SG No. 109/2008, effective 1.01.2009) income from activities of those covered by Article 4(1) and (2);
2. (amended, SG No. 112/2003, supplemented, SG No. 109/2008, effective 1.01.2009) contributory income as sole traders, owners of, or partners in, commercial or in unincorporated entities, practitioners of liberal professions and/or skilled crafts, and registered agricultural producers and tobacco producers;
3. income from work performed without an employment relationship.

(11) (Supplemented, SG No. 109/2008, amended, SG No. 100/2011, effective

1.01.2012) Social insurance contributions in the amount for the Pensions Fund, as determined according to the procedure established by Paragraphs (3) and (5), respectively, shall be charged on resources for social expenses allocated permanently or periodically to persons under Article 4 (1) and (2) in cash or in kind.

(12) Social insurance contributions at the expense of the social insurance contributors may not be deducted from the remuneration of the insured persons. Such remuneration may not be reduced by the amount of the said contributions.

(13) The elements of the remuneration, as well as the income on which social insurance contributions are paid, shall be determined by an act of the Council of Ministers on a motion by the National Social Security Institute.

(14) (New, SG No. 119/2002) The schedule under Paragraph 8 of the annual tax return under the Income Taxes on Natural Persons Act shall be endorsed by the Minister of Finance and the Governor of the National Social Security Institute.

Social insurance contributions and contributory income of persons posted to the territory of another Member State of the European Union, to another contracting State to the Agreement on the European Economic Area or to the Swiss Confederation

**Article 6a.** (New, SG No. 45/2002, repealed, SG No. 105/2005, new, SG No. 19/2010, effective, 14.09.2010) (1) (Supplemented, SG No. 100/2011, effective 1.01.2012, SG No. 7/2012) Social insurance contributions in respect of posted factory and office workers under the procedure of Article 121(3) and (4) of the Labour Code shall be due on the gross monthly remunerations received (including charged in the accounts but unpaid), or on the monthly remunerations not charged in the accounts, as well as on other income resulting from employment in the host country and in Bulgaria. In any case, the said contributions shall be charged at least on the minimum wage rates in the host country and for factory and office workers posted to a country where no minimum wage rates are envisaged - the minimum contributory income referred to in Article 6 (2)(3) and on no more than the maximum amount of the monthly contributory income as laid down in Article 6(2)(1);

(2) Social insurance contributions in respect of persons referred to in Paragraph 1 shall be due in the amounts under Article 6(1) and shall be divided between the relevant social security contributor and the insured person as per the procedure set out in Article 6(3).

Procedure for Remittance of Social Insurance Contributions

(Heading amended, SG No. 1/2002)

**Article 7.** (1) (Amended, SG No. 1/2002, SG No. 94/2012, effective 1.01.2013) The public social insurance contributions for persons under Article 4(1) and (2) herein shall be remitted by the social insurance contributors by the 25-th day of the month which follows the month when the work was performed.

(2) (Amended, SG No. 1/2002, supplemented, SG No. 109/2008, amended, SG No. 94/2012, effective 1.01.2013) As regards supplementary income from work after the term under Paragraph 1 the social insurance contributions for the month which follows the month when the work was performed, shall be remitted by the social insurance contributors by the 25-th day of the month of crediting or payment of such income.

(3) (New, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010, repealed, SG No. 94/2012, effective 1.01.2013).

(4) (Amended, SG No. 1/2002, renumbered from Paragraph 3, SG No. 105/2006, amended, SG No. 94/2012, effective

1.01.2013) The social insurance contributions for self-insured persons shall be remitted in person or through contribution payment centres on or before the 25-th day of the month succeeding the month wherefor the said contributions are due.

(5) (New, SG No. 64/2000, effective 1.08.2000, amended, SG No. 112/2003, renumbered from Paragraph 4, SG No. 105/2006, repealed, SG No. 99/2009, effective 1.01.2010, new, SG No. 109/2013, effective 1.01.2014, amended, SG No. 18/2014, effective 4.03.2014) In case of existence of more than one public obligation the self-insured persons and the persons under Article 4(9) shall declare under procedure, specified by the Ordinance under Article 5(6), which obligations for contributions for public social insurance they would settle. In such a case Article 169(5) and (6) of the Tax and Social-Insurance Procedure Code shall not apply.

(6) (New, SG No. 1/2002, renumbered from Paragraph 5, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010, SG No. 94/2012, effective 1.01.2013) Social insurance contributions for persons working without entering into an employment relationship shall be remitted by the social insurance contributor on or before the 25-th day of each month succeeding the month when the remuneration was paid.

(7) (New, SG No. 1/2002, amended, SG No. 105/2005, SG No. 34/2006, renumbered from Paragraph 6, SG No. 105/2006) Social insurance contributors, self-insured persons and contribution payment centres shall remit the compulsory social insurance contributions to the relevant account of the competent territorial directorate of the National Revenue Agency through the respective banks, a licensed postal operator or the divisions thereof, using the single identification code.

(8) (New, SG No. 1/2002, amended, SG No. 104/2005, effective 27.12.2005, renumbered from Paragraph 7 and supplemented, SG No. 105/2006, amended, SG No. 94/2012, effective 1.01.2013) Social insurance contributors shall remit the social insurance contributions for each month separately.

(9) (New, SG No. 1/2002, supplemented, SG No. 104/2005, effective 27.12.2005, renumbered from Paragraph 8, SG No. 105/2006, repealed, SG No. 94/2012, effective 1.01.2013).

(10) (New, SG No. 1/2002, renumbered from Paragraph 9, SG No. 105/2006, amended, SG No. 94/2012, effective 1.01.2013) Social insurance contributors who or which do not hold a bank account shall remit social insurance contributions in cash at banks and post offices.

(11) (New, SG No. 1/2002, renumbered from Paragraph 10, SG No. 105/2006, amended, SG No. 94/2012, effective 1.01.2013) The portion of social insurance contributions which is for the account of the insured persons under Article 6(3) herein shall not be deducted from advance payments.

(12) (New, SG No. 106/2013, effective 1.01.2014) Insurance contributions for the periods specified in Article 9, Paragraph 3 shall be paid in by social insurance contributors:

1. by the 25th day of the month following the month in which the instrument establishing the illegal banning or removal from work has entered into force, and in the event of reinstatement to office in accordance with the procedures set out in special legislation - by the 25th day of the month following the month of the reinstatement;
2. by the 25th day of the month following the month in which the instrument, by the virtue of which the corresponding competent authority recognises the illegality of the dismissal, has entered into force;
3. by the 25th day of the month following the month, for which compensation is due to the occupationally rehabilitated person, to whom no appropriate work has been provided;
4. by the 25th day of the month following the month, in which the compensation for losing the job has been paid.

#### Contribution Payment Centres

**Article 8.** (1) (Amended, SG No. 64/2000, SG No. 104/2005, effective 27.12.2005, SG No. 105/2005, SG No. 105/2006, SG No. 58/2012, effective 1.08.2012) Social insurance contributors, self-insured persons and the persons under Article 4(9) may establish contribution payment centres, which shall be registered at the territorial directorate of the National Revenue Agency. Contribution payment centres shall perform the social insurance of their members. Social insurance contributors who or which are members of such contribution payment centres and who or which hire up to fifty factory or office workers may perform the social insurance of the said workers, as well as the social insurance of persons working for the said contributors without entering into an employment relationship, through such contribution payment centres.

(2) (Amended, SG No. 64/2000) Contribution payment centres shall perform the social insurance of persons under Paragraph 1 by means of:

1. (amended, SG No. 64/2000, SG No. 1/2002, SG No. 105/2005, amended and supplemented, SG No. 105/2006) collecting and remitting, within the time limits established by statute, the contributions due for public social insurance, for supplementary compulsory retirement insurance, for health insurance, and the contributions to the Factory and Office Workers' Guaranteed Claims Fund to the respective accounts of the National Revenue Agency;

2. (amended, SG No. 105/2006) presenting the documents required for payment of the cash benefits and allowances under public social insurance to the competent local division of the National Social Security Institute;

3. executing and keeping the documents related to the social insurance of the members of the contribution payment centre.

(3) (Supplemented, SG No. 105/2005, effective 29.12.2005) The manner and procedure for establishment and functioning of contribution payment centres shall be regulated by an act of the Council of Ministers on a motion by the National Social Security Institute, in consultation with the National Revenue Agency.

### Contributory Service

**Article 9.** (Amended and supplemented, SG No. 64/2000, amended, SG No. 1/2002) (1) (Amended, SG No. 119/2002, supplemented, SG No. 112/2004) Contributory service shall be calculated in hours, days, months, and years. The following shall count as contributory service:

1. (amended and supplemented SG No. 99/2009, effective 1.01.2010) the time during which persons under Article 4(1)(1) and Article 4(2) herein have worked full time according to the statutory hours of work applicable to the said persons, if the social insurance contributions have been remitted or are due on the remuneration received, remuneration charged in the accounts but not paid, as well as remuneration which have not been charged in the accounts, but not less than the minimum contributory income under Item 3 of Article 6 (2) herein for the respective occupation; where the person has worked part time, the contributory service shall count in proportion to the statutory hours of work;

2. (amended, SG No. 100/2010, effective 1.01.2011, SG No. 81/2012, effective 1.09.2012) the time for which social insurance contributions have been remitted or are due on not less than the national minimum wage, for persons under Items 5, 9 and 10 of Article 4(1) and Item 5 of Article 4(3) herein; where the remuneration of persons under Items 5, 9 and 10 of Article 4(1) herein, on which the social insurance contributions have been remitted, is less than the national minimum wage, the contributory service shall count in proportion;

3. (amended, SG No. 112/2003) the time for which contributions have been remitted or are due on an amount not less than the minimum contributory income under Item 3 of Article 6 (2) herein for persons under Items 7 and 8 of Article 7 (1) herein;

4. (supplemented, SG No. 99/2009, effective 1.01.2010) the time for which the social insurance contributions due have been remitted by self-insured persons and persons referred to in Article 4a(1);

5. (new, SG No. 108/2009, supplemented, SG No. 99/2009, effective 1.01.2010) the time during which persons under Items 1 to 4 of Article 4(1) and under Article 4(2) herein for whom no minimum contributory income has been determined under Article 6(2)(3) have worked full time according to the statutory hours of work applicable to such persons, if the insurance contributions due on the remuneration received, remuneration charged in the accounts but not paid, as well as remuneration which have not been charged in the accounts, but not less than the minimum contributory income for Bulgaria, have been paid; where the person has worked part time, the insured length of service shall count in proportion to the statutory hours of work applicable to such person, if insurance contributions on the relevant proportionate part of the minimum salary have been paid or are due.

(2) The following periods shall also count as contributory service without making social insurance contributions:

1. (amended, SG No. 52/2004) the periods of paid and unpaid child-care leave;

2. (amended, SG No. 1/2014, effective 1.01.2014) the periods of paid and unpaid leave for temporary disability, of pregnancy and child-birth leave and of leave upon adoption of a child between 2 and 5 years of age;

3. the periods of unpaid leave up to 30 days during one calendar year;



4. the periods during which the person has received unemployment benefits.

5. (new, SG No. 105/2006, amended, SG No. 109/2008, SG No. 1/2014, effective 1.01.2014) the period during which the self-insured persons, who are insured against disability due to common disease, old age or death, and in respect of common disease and maternity, have received cash benefits for temporary disability, pregnancy and child-birth, child-care and upon adoption of a child between 2 and 5 years of age and the periods of temporary disability, pregnancy, child-birth and child-care and upon adoption of a child between 2 and 5 years of age, during which they were not entitled to cash benefit.

(3) The following time shall furthermore count as contributory service:

1. (amended, SG No. 119/2002, supplemented, SG No. 99/2009, effective 1.01.2010, SG No. 99/2012, effective 1.01.2013) the time during which persons under Items 1, 2, 3 and 4 of Article 4(1) and under Article 4a(1) herein have not worked due to wrongful barring or suspension from work or have been suspended from work and subsequently reinstated in the manner specified in special laws; social insurance contributions for any such period shall be remitted for the account of the social insurance contributor, and in respect of persons under Article 4a(1), for the account of the employer, on the last gross remuneration if the person has not been insured; if the person has been insured on other grounds, the social insurance contributions shall be remitted on the difference between the last gross remuneration and the contributory income for the period, if this income is lower;

2. (amended, SG No. 119/2002, supplemented, SG No. 99/2009, effective 1.01.2010, SG No. 99/2012, effective 1.01.2013) the time during which persons under Items 1, 2, 3 and 4 of Article 4(1) and under Article 4a(1) herein have been unemployed due to dismissal admitted as wrongful by the competent authorities: from the date of the dismissal until the reinstatement of the said persons to work but not later than 14 days of the entry into force of the instrument, by which the wrongfulness of the dismissal is recognised by the corresponding competent authority; social insurance contributions for any such period shall be remitted for the account of the social insurance contributor, and in respect of persons under Article 4a(1), for the account of the employer, on the last gross remuneration if the person has not been insured; if the person has been insured on other grounds, the social insurance contributions shall be remitted on the difference between the last gross remuneration and the contributory income applicable for the period, if this income is lower;

3. (amended, SG No. 15/2013, effective 1.01.2014) the time during which a person dismissed by reason of detention by the authorities has become unemployed as a result of that, when he or she has not been prosecuted, or has been acquitted, or the criminal proceedings have been terminated, or the penal sanction of deprivation of liberty imposed has been admitted as unfounded according to the established procedure owing to the fact that the person did not commit the act or that the act committed does not constitute a criminal offence; social insurance contributions for any such period shall be remitted for the account of the state budget on the last gross remuneration;

4. the time during which the occupational rehabilitee has not worked because the social insurance contributor has not provided suitable work as prescribed by the health authorities; social insurance contributions shall be remitted for any such period for the account of the social insurance contributor on the benefit due;

5. (amended, SG No. 99/2009, effective 1.01.2010) the time during which the person has received a benefit for the time he or she has been unemployed under the Labour Code, the Civil Servants Act and the Higher Education Act; social insurance contributions for this time shall be remitted on the benefit received; the social insurance contributions for factory and office workers shall be distributed as per Articles 6(3)(8) and 6(3)(9) herein.

(4) The contributory service under Items 1 to 4 of Paragraph 3 shall count in accordance with the work category under which the person has been employed prior to the wrongful barring or suspension from work, dismissal, serving the penal sanction of deprivation from liberty and the time during which the occupational rehabilitee has not worked, if this is more favourable for the person.

(5) (Supplemented, SG No. 100/2011, effective 1.01.2012) The social insurance contributions under Paragraph 3 shall be at the rates for the Pensions Fund and for supplementary compulsory retirement insurance and the Teachers Pension Fund.

(6) (Amended, SG No. 41/2009, effective 1.07.2009) The time during which a parent (an adopter) or a spouse has taken care of disabled persons whose working capacity has been permanently reduced/type and degree of disability exceeding 90 per cent and who are in need of constant attendance, due to which the former were not insured or did not receive a pension, shall likewise count as contributory service at retirement. At retirement, social insurance contributions for the period counting as contributory service shall be remitted by the state budget at the rate for the Pensions Fund on the national minimum wage

applicable at the date of granting of a pension.

(7) (Amended, SG No. 15/2013, effective 1.01.2014) The period of conscription or peacetime alternative service and the time during which a non-working mother has taken care of a child until attainment of the age of three years shall count as contributory service at retirement. Social insurance contributions for such periods shall be remitted at the rate for the Pensions Fund for the account of the state budget on the minimum wage applicable at the date of granting of the pension.

(8) The time during which the persons have worked full time under a employment contract shall count as contributory service at retirement in a ratio of four years for five years of Works Category III, if this is more favourable for the persons, subject to the condition that:

1. the said work was performed under a supplementary or second employment contract at a daytime working time of not less than three hours;

2. (supplemented, SG No. 109/2008, effective 1.01.2009) the said persons have performed work as sole traders, owners or partners in commercial or in unincorporated entities;

3. the said persons have practised a liberal profession and/or a skilled craft.

(9) Practice of any of the activities covered under Paragraph 8 by civil servants shall count as contributory service, upon compliance with the provisions of the Civil Servants Act.

(10) The contributory service under Paragraphs (8) and (9) shall count solely for the purpose of acquiring entitlement to contributory-service and retirement-age pension under Article 68 herein.

(11) (New, SG No. 119/2002) The procedure and manner for calculation of contributory service shall be established by an ordinance of the Council of Ministers on a motion by the National Social Security Institute.

Recognition of contributory service via payments of

**Article 9a.** (New, SG No. 100/2010, effective 1.01.2011) (1) (Amended, SG No. 99/2012, effective 1.01.2013) The following shall be recognised as contributory service for retirement purposes, if not recognised on other grounds:

1. the duration of study of persons with higher or post-secondary non-tertiary education, but for no longer than the duration of study stipulated by the curriculum of the major pursued;

2. the duration of the PhD studies, defined in a statutory instrument for the persons, who have acquired the educational and scientific degree "PhD".

(2) The contributory service for retirement purposes shall also include the period for which persons, having reached the age under Article 68(1) but short of up to 5 years of contributory service to become eligible to receive the pension under Article 68(1), have paid insurance contributions calculated on the basis of the minimum insurance income for self-insured persons, as applicable on the contribution payment date, laid down by the Public Social Insurance Budget Act.

(3) (Amended, SG No. 94/2012, effective 1.01.2013) The insurance contributions under Paragraphs 1 and 2 shall be paid by a bank transfer following submission of declaration under procedure determined by the ordinance, issued by the Minister of Finance under Article 5(6).

(4) (Amended, SG No. 99/2012, effective 1.01.2013) In the cases referred to in Paragraph 2, the shortfall in the contributory length of service shall be assessed as at the date of the application. The pension shall be granted as from the date of the application, after all insurance contributions owed have been paid.

(5) In the case of insurance contributions under Paragraph 1 paid for duration of study shorter than 5 years, the person concerned may pay insurance contributions under Paragraph 2 for the remainder to 5 years.

(6) (Amended, SG No. 99/2012, effective 1.01.2013) The periods, with respect to which insurance contributions have been paid, shall be regarded as contributory length of service under Paragraphs 1 and 2. The contributions shall be entirely at the expense of the persons and shall be paid on the minimum monthly insurance income for self-insured persons, laid down in the Public Social Insurance Budget Act in the amount, defined for the Pensions Fund for persons born before 1 January 1960, as applicable on the contribution payment date.

## Commencement, Duration, Termination and Discontinuation of Social Insurance

(Heading amended, SG No. 100/2010, effective 1.01.2011)

**Article 10.** (Amended and supplemented, SG No. 64/2000, amended, SG No. 1/2002, supplemented, SG No. 99/2009, effective 1.01.2010) (1) (Redesignated from Article 10, SG No. 100/2010, effective 1.01.2011) Social insurance shall commence on the day the persons start the performance of work under Article 4 herein or Article 4a(1) and in respect of which insurance contributions are due or paid and shall continue until termination of the said work.

(2) (New, SG No. 100/2010, effective 1.01.2011) Social insurance shall be discontinued during the periods which are not recognised as contributory service, regardless of the fact that the operations referred to in Article 4 or 4a(1) have not been terminated.

## Social Insurance Entitlement of Persons Insured against Common Disease and Maternity, Disability due to a Common Disease, Old Age or Death, Industrial Accidents and Occupational Diseases, and Unemployment

(Title amended, SG No. 109/2008, effective 1.01.2009)

**Article 11.** (1) (Amended, SG No. 109/2008, effective 1.01.2009) Persons insured against common disease and maternity, disability due to a common disease, old age or death, industrial accidents and occupational diseases, and unemployment shall be entitled to:

### 1. cash benefits for:

(a) temporary disability through common disease, employment injury and occupational disease, for sanatorium and resort treatment and urgent medical examination or test, quarantine, suspension from work prescribed by the health authorities, attendance of a sick person or a quarantined family member, urgent accompanying of a sick family member for medical examination, tests or treatment, as well as for care of a healthy child suspended from a children's establishment due to a quarantine at the establishment or of the child;

(b) occupational rehabilitation upon working capacity temporarily reduced by common disease, employment injury or occupational disease;

(c) occupational rehabilitation by reason of pregnancy and nursing;

(d) pregnancy and child-birth;

(e) child-care;

(f) (new, SG No. 1/2014, effective 1.01.2014) adoption of a child between 2 and 5 years of age;

### 2. cash allowances for:

(a) disablement by common disease, where there are no grounds for granting a pension;

(b) preventive care and rehabilitation;

(c) technical aids related to the impairment;

### 3. (new, SG No. 1/2002) unemployment benefits;

### 4. (renumbered from Item 3, SG No. 1/2002) pensions for:

(a) contributory service and retirement age;

(b) disablement by employment injury or occupational disease;

(c) disablement by common disease.

(2) (Amended, SG No. 1/2002, SG No. 100/2011, effective 1.01.2012) Upon the death of the insured person, his or her spouse, children and parents shall be entitled to a lump-sum allowance and to a survivor pension.

(3) (New, SG No. 1/2002, amended, SG No. 67/2003) The cash allowance for disablement by common disease, where the insured person does not have the required contributory service for granting of a general-sickness invalidity pension, shall amount to a 60-day benefit for temporary disability determined according to Article 41 herein.

#### Social Insurance Entitlement of Persons Insured against Employment Injury and Occupational Disease

(Heading amended, SG No. 1/2002)

**Article 12.** (1) (Amended, SG No. 1/2002) Persons insured against employment injury and occupational disease shall be entitled to:

1. cash benefits for temporary disability through employment injury or occupational disease, sanatorium treatment, urgent medical examination, medical tests and/or treatment;
2. cash benefits for preventive care and rehabilitation;
3. employment-injury or occupational-disease invalidity pension;
4. amounts for technical aids related to the impairment.

(2) (Amended, SG No. 1/2002, SG No. 100/2011, effective 1.01.2012) In case of death of the insured person, caused by the employment injury or the occupational disease, his or her spouse, children and parents shall be entitled to a lump-sum allowance and to a survivor pension.

#### Social Insurance Entitlement of Persons Insured against Disablement by common disease, Old Age and Death

(Heading amended, SG No. 1/2002)

**Article 13.** (1) (Amended, SG No. 1/2002) Persons insured against disablement by common disease, old age and death, shall be entitled to:

1. common disease invalidity pension;
2. contributory-service and retirement-age pension;
3. cash allowances for technical aids related to the impairment.

(2) (Amended, SG No. 1/2002, SG No. 100/2011, effective 1.01.2012) Upon the death of the insured person, his or her spouse, children and parents shall be entitled to a lump-sum allowance and to a survivor pension.

#### Insurance Entitlement of Persons Insured in respect of Common Disease and Maternity

**Article 13a.** (New, SG No. 109/2008, effective 1.01.2009) Persons insured in respect of common disease and maternity shall have the right to:

1. cash benefit for:
  - a) temporary incapacity to work due to a common disease, sanatorium and resort treatment and in case of urgent medical examination or test, quarantine, suspension from work prescribed by the health authorities, attendance of a sick person or a quarantined family member, an urgent accompanying of a sick family member for medical examination, tests or treatment, as well as for care of a healthy child suspended from a children's establishment due to a quarantine at the establishment or of the child;
  - b) occupational rehabilitation in case of temporarily reduced working capacity due to a common disease;
  - c) occupational rehabilitation due to pregnancy or breast-feeding;
  - d) pregnancy and childbirth;
  - e) child-care;
  - (f) (new, SG No. 1/2014, effective 1.01.2014) adoption of a child between 2 and 5 years of age;

2. cash allowances for:

- a) disability due to a common disease, if there are no grounds for granting a pension;
- b) prevention of diseases and rehabilitation;
- c) technical aids related to the impairment.

#### Insurance Entitlement of Persons Insured against Unemployment

**Article 13b.** (New, SG No. 109/2008, effective 1.01.2009) Those insured with the Unemployment Fund shall be entitled to unemployment cash benefits.

#### Cash Allowances for Preventive Care and Rehabilitation

**Article 13c.** (New, SG No. 105/2006, renumbered from Article 13a, SG, No. 109/2008, effective 1.01.2009) (1) (Amended, SG No. 109/2008, effective 1.01.2009) Persons insured in respect of common disease, maternity and/or industrial accidents and occupational disease shall be entitled to cash allowances for prevention of diseases and rehabilitation, provided insurance contributions on their behalf were made or are due to be made for a period of 6 calendar months preceding the month in which the disease prevention and rehabilitation activities are performed. The period of 6 calendar months also includes the duration:

- 1. of paid and unpaid leave of absence for raising a child;
  - 2. (supplemented, SG No. 1/2014, effective 1.01.2014) of paid and unpaid leaves of absence for temporary incapacity to work and for pregnancy and childbirth, as well as leave upon adoption of a child between 2 and 5 years of age;
  - 3. of unpaid leave of absence of up to 30 business days in any given calendar year;
  - 4. (amended, SG No. 1/2014, effective 1.01.2014) of the period in which self-insured persons who insure themselves in respect of common disease and maternity have received cash benefits for temporary incapacity to work, pregnancy, childbirth, raising and upon adoption of a child between 2 and 5 years of age a child and the periods of temporary incapacity to work, pregnancy, childbirth, raising a child and upon adoption of a child between 2 and 5 years of age, during which they were not entitled to benefits.
- (2) The requirement for remitted or due social insurance contributions for a period of six calendar months under Paragraph 1 shall not apply to persons with disabilities resulting from an employment injury or occupational disease sustained.
- (3) (Amended, SG No. 100/2010, effective 1.01.2011) Entitlement to the allowances referred to in Paragraph 1 shall furthermore vest in the persons receiving a personal invalidity pension if they have not attained the age referred to in Article 68 (1) herein and if they are not insured.
- (4) The conditions for enjoyment and payment of cash allowances for preventive care and rehabilitation to the persons referred to in Paragraphs (1) and (3), as well as the procedure for selection of legal persons as providers of such activity, shall be established by an ordinance of the Supervisory Board of the National Social Security Institute.

#### Amount of the lump-sum allowance in the event of death of an insured person

**Article 13d.** (New, SG No. 100/2011, effective 1.01.2012) The amount of the lump-sum allowance in the event of death of an insured person under Article 11 (2), Article 12 (2) and Article 13 (2) shall be specified every year in the Public Social Insurance Budget Act. The allowance shall be allocated in equal shares among the spouse, children and parents of the insured person.

#### Working Capacity Evaluation

**Article 14.** (Supplemented, SG No. 1/2002, repealed, SG No. 70/2004).

#### Working Capacity Evaluation Authorities

**Article 15.** (Repealed, SG No. 70/2004).

## Appealing of Decisions of Evaluation Authorities

**Article 16.** (Amended, SG No. 1/2002, supplemented, SG No. 67/2003, repealed, SG No. 70/2004).

## Entry into Effect of Decisions

**Article 17.** (Repealed, SG No. 70/2004).

## Chapter Two

### FINANCIAL STRUCTURE

#### Social Insurance Funds

**Article 18.** (1) (Redesignated from Article 18, SG No. 112/2004) Public social insurance resources shall be allocated in:

1. a Pensions Fund;
2. (new, SG No. 1/2002) a Non-Work-Contingent Pensions Fund;
3. (renumbered from Item 2, SG No. 1/2002) an Employment Injury and Occupational Disease Fund;
4. (renumbered from Item 3, SG No. 1/2002) a common disease and Maternity Fund;
5. (new, SG No. 1/2002) an Unemployment Fund.

(2) (New, SG No. 112/2004, repealed, SG No. 109/2008, effective 1.01.2009).

#### Budget of Funds

**Article 19.** (1) (Supplemented, SG No. 1/2002) The National Assembly shall pass a Public Social Insurance Budget Act which shall include a consolidated budget of public social insurance, the budgets of the funds under Article 18 herein and the budget of the National Social Security Institute, and shall be effective for a period of one calendar year.

(2) The draft Public Social Insurance Budget Act shall be prepared by the National Social Security Institute and shall be presented to the Council of Ministers for coordination together with the draft State Budget Act. The Ministry of Finance shall provide the National Social Security Institute with the requisite indicators for elaboration of the draft public social insurance budget after adoption of the macroeconomic framework of the state budget.

(3) The draft Act under Paragraph 2 shall be elaborated according to a complete budget classification for the state budget.

(4) (Amended, SG No. 112/2003) The Public Social Insurance Budget Act shall provide for a general reserve of the funds under Article 18 herein, established through deductions at a rate established in the Public Social Insurance Budget Act, on the basis of a social insurance technical plan. Revenue from principal under deficit deeds shall also be credited to the said reserve.

(5) The draft Public Social Insurance Budget Act shall be debated by the National Assembly simultaneously with the draft State Budget Act.

(6) In case the public social insurance budget is not adopted by the National Assembly until the beginning of the budget year, social insurance revenues shall be collected and social insurance expenditures shall be incurred in accordance with the effective statutory instruments, and up to one-twelfth of the expenditures provided for in the budget for the preceding year shall be expended monthly on maintenance of the National Social Security Institute authorities.

#### National Social Security Institute Budget

**Article 20.** (1) (Amended, SG No. 112/2004) The budget of the National Social Security Institute shall be part of the consolidated budget of public social insurance and shall be elaborated by items of the budget classification.

(2) (Amended and supplemented, SG No. 1/2002, supplemented, SG No. 112/2003, amended and supplemented, SG No. 112/2004, amended, SG No. 104/2005) The resources in the budget of the National Social Security Institute shall originate

from:

1. a percentage of the revenue from social insurance contributions to the Pensions Fund, the common disease and Maternity Fund, the Employment Injury and Occupational Disease Fund, the Unemployment Fund and the Non-Work-Contingent Pensions Fund;
2. (amended, SG No. 106/2013, effective 1.01.2014) interest on overdue social insurance contributions paid in or compulsorily collected, and on miseffected social insurance expenditure;
3. proceeds from fines, pecuniary penalties and penalty interest; 3. revenues from fines, property sanctions and penalty interest;
4. a percentage of the revenues of Fund "Guaranteed Claims of the Factory and Office Workers" for the activities under Article 13 of the Act on Factory and Office Workers' Claims Guaranteed in the Event of Their Employer's Bankruptcy;
5. proceeds from the sale of social insurance cards, payment records and standard forms endorsed by the Governor of the National Social Security Institute;
6. proceeds from fees for certification of transcripts of documents issued by the National Social Security Institute;
7. proceeds from fees for issuance of certificates;
8. income and revenue from property and non-tax revenue;
9. (repealed, SG No. 106/2013, effective 1.01.2014);
10. loans;
11. (amended, SG No. 15/2013, effective 1.01.2014) subsidies (transfers) from the state budget;
12. (new, SG No. 113/2007, repealed, SG No. 109/2008, effective 1.01.2009).

(3) (Effective 1.01.2001, supplemented, SG No. 112/2004, amended, SG No. 104/2005, supplemented, SG No. 113/2007) The expenditures and transfers of the budget of the National Social Security Institute shall be allocated for:

1. maintenance of the activities concerning public social insurance and the Act on Factory and Office Workers' Claims Guaranteed in the Event of Their Employer's Bankruptcy;
2. capital expenditures on acquisition of tangible fixed assets and overhaul, related to the overall activity of the National Social Security Institute;
3. settlement of obligations under loans;
4. (new, SG No. 113/2007, repealed, SG No. 109/2008, effective 1.01.2009).

(4) (Amended, SG No. 104/2005) The percentages under Items 1 and 4 of Paragraph 2 shall be determined by the Public Social Insurance Budget Act.

(5) The expenditures under Paragraph 3 shall be endorsed by the Supervisory Board of the National Social Security Institute on a motion by the Governor.

(6) (New, SG No. 104/2005, amended, SG No. 109/2008, effective 1.01.2009, SG No. 106/2013, effective 1.01.2014) The revenue referred to in Items 2 to 8 of Paragraph 2 herein shall be credited as revenue from own sources to the budget of the National Social Insurance Institute.

(7) (New, SG No. 104/2005, amended, SG No. 109/2008, repealed, SG No. 38/2012, effective 1.07.2012).

#### Pensions Fund Revenues

**Article 21.** (Amended, SG No. 112/2004) The resources of the Pensions Fund shall be raised from:

1. social insurance contributions from social insurance contributors, insured persons and self-insured persons;

2. social insurance contributions and revenue as provided for by other laws for social insurance against disablement by common disease, old age and death;
3. (amended, SG No. 1/2002, SG No. 67/2003, effective 1.01.2003) amounts from the state budget intended for performance of social insurance of persons under Items 2 and 4 of Article 4 (1) and Article 9 (6) herein and amounts from the judiciary budget for persons under Item 3 of Article 4 (1) herein;
4. (amended, SG No. 1/2002, SG No. 112/2004, SG No. 15/2013, effective 1.01.2014) transfers from the state budget intended for:
  - (a) social insurance contributions in the cases provided for in this Code;
  - (b) (amended, SG No. 112/2004) subsidies provided for in the Public Social Insurance Budget Act for the relevant year;
  - (c) (repealed, SG No. 109/2008) ;
5. (repealed, SG No. 112/2004, new, SG No. 109/2008, amended, SG No. 15/2013, effective 1.01.2014) transfers from the state budget amounting to 12 percent of the sum of the contributory income of all insured persons for the calendar year;
6. (supplemented, SG No. 1/2002, repealed, SG No. 112/2003);
7. fees, as determined by a rate schedule by the Council of Ministers;
8. interest and dividends;
9. donations and bequests;
10. (repealed, SG No. 1/2002);
11. other sources.

#### Pensions Fund Expenditures

**Article 22.** (Supplemented, SG No. 113/2007) The resources of the Pensions Fund shall be disbursed and transferred on:

1. (amended, SG No. 1/2002) payment of contributory-service and retirement-age pensions, common disease invalidity pensions, survivor pensions and supplements thereto;
2. (supplemented, SG No. 1/2002) updating, indexation and compensation of pensions under Item 1;
3. other expenditures related to retirement insurance;
4. (new, SG No. 1/2002, amended, SG No. 113/2007, repealed, SG No. 109/2008, effective 1.01.2009);
5. (new, SG No. 105/2006) allowances for preventive care and rehabilitation.

#### Non-Work-Contingent Pensions Fund Revenues

**Article 22a.** (New, SG No. 1/2002, amended, SG No. 112/2004) The resources in the Non-Work-Contingent Pensions Fund shall be raised from:

1. (amended, SG No. 112/2004, SG No. 15/2013, effective 1.01.2014) transfers from the state budget for:
  - (a) payment of pensions for which social insurance contributions are not due and for indexation, compensations and supplements thereto;
  - (b) supplements to pensions of war veterans;
  - (c) supplements under Article 84 herein, determined by pensions under Littera (a);
  - (d) (new, SG No. 12/2004) supplements to pensions determined by the Political and Civil Vindication Act for Individuals who Have Under gon Repressive Actions;



(e) (new, SG No. 99/2009, effective 1.01.2010, repealed, SG No. 99/2012, effective 1.01.2013);

2. (repealed, SG No. 112/2004);

3. fees, as determined by a rate schedule of the Council of Ministers;

4. interest and dividends;

5. donations and bequests.

#### Non-Work-Contingent Pensions Fund Expenditures

**Article 22b.** (New, SG No. 1/2002) (1) (Amended, SG No. 12/2004) The resources of the Non-Work-Contingent Pensions Fund shall be disbursed for payment of:

1. military invalidity pensions;

2. civil invalidity pensions;

3. social old-age pensions;

4. social invalidity pensions;

5. special merit pensions;

6. person-specific pensions;

7. supplements to pensions of war veterans;

8. supplements to pensions under the Political and Civil Vindication Act for Individuals who Have Undergone Repressive Actions;

9. supplements under Article 84 herein, determined by pensions for which social insurance contributions are not due;

10. indexations and compensations to the pensions and supplements under Items 1 to 9;

11. (new, SG No. 105/2006) allowances for preventive care and rehabilitation;

12. (new, SG No. 99/2009, effective 1.01.2010, repealed, SG No. 99/2012, effective 1.01.2013);

(2) The resources of the Non-Work-Contingent Pensions Fund shall furthermore be disbursed for payment of pensions for which social insurance contributions are not due under the Pensions Act and Social Insurance Act as superseded, as well as for indexations, compensations and supplements thereto.

#### Employment Injury and Occupational Disease Fund Revenues

**Article 23.** (1) The revenues of the Employment Injury and Occupational Disease Fund shall be raised from:

1. social insurance contributions;

2. (amended, SG No. 67/2003, effective 1.01.2003) amounts from the state budget for social insurance of persons under Items 2 and 4 of Article 4 (1) herein and amounts from the judiciary budget for persons under Item 3 of Article 4 (1) herein;

3. revenues as provided for by other laws for social insurance against employment injury and occupational disease;

4. (repealed, SG No. 112/2004);

5. (supplemented, SG No. 1/2002, repealed, SG No. 112/2003);

6. fees, as determined by a rate schedule of the Council of Ministers;

7. interest and dividends;

8. donations and bequests;

9. other sources.

#### Employment Injury and Occupational Disease Fund Expenditures

**Article 24.** The resources of the Employment Injury and Occupational Disease Fund shall be disbursed for:

1. payment of cash benefits, pensions and allowances;
2. updating, indexation and compensation of cash benefits, pensions and allowances;
3. activities for prevention of employment injuries and occupational diseases;
4. (new, SG No. 105/2006) detection of occupational diseases;
5. (renumbered from Item 4, SG No. 105/2006) technical aids related to the impairment;
6. (renumbered from Item 5, SG No. 105/2006) other expenditures related to social insurance against employment injury and occupational disease.

#### Common disease and Maternity Fund Revenues

**Article 25.** The revenues of the common disease and Maternity Fund shall be raised from:

1. social insurance contributions;
2. (amended, SG No. 67/2003, effective 1.01.2003) amounts from the state budget for social insurance of persons under Items 2 and 4 of Article 4 (1) herein and amounts from the judiciary budget for persons under Item 3 of Article 4 (1) herein;
3. revenues as provided for by other laws for social insurance against common disease and maternity;
4. (new SG No. 1/2002, repealed, SG No. 112/2004);
5. (renumbered from Item 4, SG No. 1/2002, repealed, SG No. 112/2004);
6. (renumbered from Item 5, SG No. 1/2002, repealed SG No. 112/2003);
7. (renumbered from Item 6, SG No. 1/2002) fees, as determined by a rate schedule of the Council of Ministers;
8. (renumbered from Item 7, SG No. 1/2002) interest and dividends;
9. (renumbered from Item 8, SG No. 1/2002) donations and bequests;
10. (renumbered from Item 9, SG No. 1/2002) other sources.

#### Common disease and Maternity Fund Expenditures

**Article 26.** The resources of the common disease and Maternity Fund shall be disbursed for:

1. payment of cash benefits and allowances;
2. updating, indexation and compensation of cash benefits, pensions and allowances;
3. financing of activities for reduction of the incidence of general sicknesses;
4. provision of technical aids;
5. (new, SG No. 105/2006) resources under the Maternity Support Programme;
6. (new, SG No. 1/2002, repealed, SG No. 112/2004, renumbered from Item 5, SG No. 105/2006) other expenditures related to social insurance against common disease and maternity;
7. (new, SG No. 1/2002, repealed, SG No. 112/2004);

8. (new, SG No. 1/2002, repealed, SG No. 112/2004).

#### Unemployment Fund Revenues

**Article 26a.** (New, SG No. 1/2002) The revenues of the Unemployment Fund shall be raised from:

1. social insurance contributions;
2. (repealed, SG No. 112/2003);
3. (amended, SG No. 35/2009, effective 12.05.2009, SG No. 16/2010, effective 26.02.2010) action grants from the state budget for benefits under Article 230 and Article 231(1) of the Republic of Bulgaria Defence and Armed Forces Act;
4. interest and dividends;
5. donations and bequests;
6. other sources.

#### Expenses for the "Unemployment" Fund

**Article 26b.** (New, SG No. 1/2002, amended, SG No. 113/2007, SG No. 109/2008, effective 1.01.2009, SG No. 35/2009, effective 12.05.2009, SG No. 16/2010, effective 26.02.2010) The resources of the Unemployment Fund shall be disbursed and transferred for payment of unemployment benefits, benefits under Article 230 and Article 231(1) of the Republic of Bulgaria Defence and Armed Forces Act.

#### Short-Term Interest-Free Loans to Funds

**Article 27.** (Amended, SG No. 119/2002, SG No. 15/2013, effective 1.01.2014) In the event of a temporary deficit of resources in the funds for payment of urgent social insurance payments, short-term interest-free loans may be contracted from the state budget with authorization from the Minister of Finance on a motion by the Governor of the National Social Security Institute, as well as loans from funds of social purpose up to the amount of their reserves, with authorization from the Minister of Finance and the Minister of Labour and Social Policy, on a motion by the Supervisory Board of the National Social Security Institute.

#### Investment of Idle Resources

**Article 28.** (Supplemented, SG No. 64/2000, amended, SG No. 1/2002) The temporarily idle resources in the public social insurance funds may be invested in deposit accounts with the Bulgarian National Bank or for acquisition, on the primary market or through the Ministry of Finance, of government securities issued by the Bulgarian Government.

#### Banking Services

**Article 29.** (Amended, SG No. 1/2002) (1) The banks servicing accounts of the National Social Security Institute shall be designated by the Ministry of Finance and the Bulgarian National Bank. The Supervisory Board of the National Social Security Institute shall select the banks entitled to service the accounts of the National Social Security Institute from amongst the banks designated by the Bulgarian National Bank and the Ministry of Finance.

(2) The procedure and manner for servicing of the accounts of the National Social Security Institute shall be determined by the Ministry of Finance and the Bulgarian National Bank.

#### Budget Implementation

**Article 30.** (1) The implementation of the public social insurance budget shall be effected by the National Social Security Institute.

(2) The Governor of the National Social Security Institute shall be a first-level spending unit for the public social insurance budget.

(3) The directors of the local divisions of the National Social Security Institute shall be second-level spending units for the public social insurance budget at the said regional offices.

**Article 31.** (1) The annual report on the implementation of the public social insurance budget shall be prepared by the National Social Security Institute and shall be laid before the National Assembly by the Governor of the said Institute for adoption simultaneously with the report on the implementation of the state budget.

(2) The National Assembly resolution on adoption of the report on the implementation of the public social insurance budget shall be promulgated in the State Gazette.

## Chapter Three

### GOVERNANCE

#### Functions of Minister of Labour and Social Policy

(Heading, amended, SG No. 100/2010, effective 1.01.2011)

**Article 32.** (Amended, SG No. 100/2010, effective 1.01.2011) The Minister of Labour and Social Policy shall develop, coordinate and implement the government policy related to public social insurance.

#### National Social Security Institute

**Article 33.** (1) Public social insurance shall be governed by the National Social Security Institute. The said Institute shall be accountable for the operation thereof to the National Assembly.

(2) (Supplemented, SG No. 100/2010, effective 1.01.2011) The National Social Security Institute shall be a legal person with head office in Sofia. The Institute shall establish its local divisions. The heads of the local divisions shall be appointed on the basis of a competition for a 6-year term of office.

(3) (New, SG No. 38/2012, effective 1.07.2012) The activities of the National Social Security Institute shall be carried out by an administration, consisting of civil servants and employees hired under service legal relationships. Article 107a of the Labour Code shall apply to employees, hired under service legal relationships.

(4) (New, SG No. 38/2012, effective 1.07.2012) The Administration Act shall apply to the administration of the National Social Security Institute to the extent not provided for otherwise by this Code.

(5) (New, SG No. 120/2002, repealed, SG No. 105/2005, renumbered from Paragraph 3, SG No. 38/2012, effective 1.07.2012) The National Social Security Institute shall:

1. implement the public social insurance budget;
2. (amended, SG No. 105/2005) ascertain and collect the public social insurance claims from incorrectly paid social insurance expenditures;
3. (amended, SG No. 1/2002, repealed, SG No. 105/2005);
4. (supplemented, SG No. 105/2005) control compliance with social insurance legislation in connection with the activities assigned thereto;
5. organize the activity concerning the ascertainment of administrative violations and administrative sanctions;
6. (supplemented, SG No. 1/2002, amended, SG No. 106/2013, effective 1.01.2014) effect payment of pensions, benefits and allowances under this Code, as well as of guaranteed claims under the Act on the Factory and Office Workers' Claims Guaranteed in the Event of Their Employer's Bankruptcy;
7. (amended, SG No. 106/2013, effective 1.01.2014) maintain an information system on the insured persons, social insurance contributors and self-insured persons based on the data provided by the National Revenue Agency, and on the employment injuries and occupational diseases;
8. carry out activities concerning the preparation and implementation of international treaties in the sphere of public social

insurance;

9. (new, SG No. 1/2002) issue an information newsletter;

10. (new, SG No. 120/2002, amended, SG No. 105/2005, SG No. 106/2013, effective 1.01.2014) maintain an information system on the payment of pensions, benefits and allowances under this Code and on the guaranteed claims under the Act on the Factory and Office Workers' Claims Guaranteed in the Event of Their Employer's Bankruptcy;

11. (new, SG No. 68/2003, supplemented, SG No. 104/2005, effective 27.12.2005) conclude contracts for provision of information, information products for information processing and for social insurance activities;

12. (new, SG No. 106/2013, effective 1.01.2014) develop and maintain an electronic register of the sick leave certificates and the judgements related to any appeals against them.

(6) (Repealed, SG No. 105/2005, new, SG No. 41/2007, amended, SG No. 99/2009, effective 1.01.2010, renumbered from Paragraph 4, SG No. 38/2012, effective 1.07.2012) The information necessary for performance of the functions and exercise of the powers of the National Social Security Institute shall be made available at no charge by the relevant central-government and municipal authorities, including all data from the National System of Civil Registration and Administrative Services to the Public (ESGRAON), and from the National Statistical Institute and medical treatment facilities.

(7) (New, SG No. 109/2013, effective 1.01.2014) The National Social Security Institute shall provide to the Executive Director of the National Revenue Agency information regarding any remunerations under Article 143h(1), point 4 of the Tax and Social-Insurance Procedure Code, paid/charged to persons, who are local persons of another European Union Member State not later than 30th day of April of the year, following the year of payment/charging of such remunerations, under the procedure of Article 143h(7) of the Tax and Social-Insurance Procedure Code.

## Governing Bodies

**Article 34.** The National Social Security Institute shall be governed by:

1. the Supervisory Board;
2. the Governor and Deputy Governor.

## Supervisory Board

**Article 35.** (1) (Supplemented, SG No. 112/2002, amended, SG No. 67/2003) The Supervisory Board shall consist of one representative of each representative organization of factory and office workers and of employers recognized according to the Labour Code and an equal number of representatives designated by the Council of Ministers, of whom one shall mandatorily be the Executive Director of the National Revenue Agency.

(2) The representatives of the organizations of factory and office workers and of employers under Paragraph 1 shall be designated by the governing bodies of the said organizations at a national level.

(3) (New, SG No. 1/2002) When the representatives organizations of factory and office workers or of employers are of a different number, the quota of the organizations which are fewer in number shall be complemented up to the quota of the organizations which are greater in number by agreement between the organizations concerned.

(4) (New, SG No. 1/2002) If no agreement under Paragraph 3 is reached, the quota of nationally representative organizations which are fewer in number shall not be complemented the quantitative composition of the Supervisory Board shall be determined solely according to the procedure established by Paragraph 1.

(5) (Renumbered from Paragraph 3, SG No. 1/2002) The term of office of the Supervisory Board shall be four years.

(6) (Renumbered from Paragraph 4, SG No. 1/2002) The list naming the members of the Supervisory Board, as well as all changes in the said list, shall be promulgated in the State Gazette by the Chairperson of the Board.

(7) (Renumbered from Paragraph 5, SG No. 1/2002) The members of the Supervisory Board shall elect from amongst their number of Chairperson on a rotation basis.

(8) (Renumbered from Paragraph 6, SG No. 1/2002) The Supervisory Board shall be convened to meetings by the

Chairperson or upon requisition by one-third of the members thereof.

(9) (Renumbered from Paragraph 7, SG No. 1/2002) For the valid transaction of business at any meeting of the Supervisory Board, at least one-half of the members thereof shall have to be present thereat. Decisions shall require the affirmative vote of more than one-half of the total number of members of the Supervisory Board.

(10) (Renumbered from Paragraph 8, SG No. 1/2002) The Governor of the National Social Security Institute shall attend the meetings of the Supervisory Board in a non-voting capacity.

### Supervisory Board Functions

**Article 36.** (1) (Redesignated from Article 36, SG No. 41/2007) The Supervisory Board shall:

1. endorse the principal guidelines for the activity of the National Social Security Institute;
2. endorse the drafts of the annual budget of public social insurance and the respective report;
3. exercise control over the activity of the National Social Security Institute, the Governor's Board, the Governor and Deputy Governor;
4. endorse drafts of statutory instruments on public social insurance before the said drafts are laid before the competent government authorities for adoption;
5. (supplemented, SG No. 106/2013, effective 1.01.2014) adopt Rules of Organization and Operation of the National Social Security Institute, and Rules of Procedure of the Supervisory Board. The Rules of Organisation and Operation of the National Social Security Institute shall be published by the Chairperson of the Supervisory Board in the State Gazette;
6. (supplemented, SG No. 1/2002, amended, SG No. 105/2005) grant consent to a rescheduling of claims for compulsory social insurance contributions to the public social insurance funds in the cases covered under Articles 184 , 195 and 188 of the Tax and Social-Insurance Procedure Code;
7. (amended, SG No. 67/2003, supplemented, SG No. 105/2005) make decisions to write off uncollectible claims on the claims collected by the National Social Security Institute after completion of the bankruptcy or liquidation proceedings against the social insurance contributors, as well as of obligations to public social insurance of social insurance contributors and self-insured persons not exceeding BGN 1,000, which cannot be collected according to the procedure established by Article 110 (5) herein;
8. make decisions to acquire and dispose of the property of the National Social Security Institute in excess of an amount determined by the Rules of Organization and Operation of the National Social Security Institute;
9. make decisions to disburse the resources of the reserve under the public social insurance budget;
10. make decisions to acquire corporeal immovables by the National Social Security Institute against obligations to public social insurance funds;
11. (repealed, SG No. 99/2009, effective 1.01.2010).

(2) (New, SG No. 41/2007, supplemented, SG No. 42/2009) The members of the Supervisory Board shall receive a remuneration for attendance of a meeting of the Supervisory Board to the amount of 10 per cent of the gross salary of the Governor of the National Social Security Institute, unless a legal act stipulates something else.

### Governor and Deputy Governor

**Article 37.** (1) The Governor and the Deputy Governor of the National Social Security Institute shall be elected by the National Assembly for a term of office of four years.

(2) The Governor of the National Social Security Institute shall act on behalf of the Institute, shall organize and direct its activity, and shall represent it in dealings with all natural and legal persons in Bulgaria and abroad.

(3) (Amended, SG No. 100/2011, effective 1.01.2012) In the absence of the Governor, the functions thereof shall be performed by the Deputy Governor. The Deputy Governor may perform functions assigned thereto by the Governor.

(4) (Supplemented, SG No. 42/2009, amended, SG No. 97/2010, effective 10.12.1010) The Governor and the Deputy Governor may be removed from office prior to expiry of the term for which they are elected if they are convicted of a premeditated crime at public law by an effective sentence upon entry into force of an act, which establishes conflict of interests in accordance with the Conflict of Interest Prevention and Ascertainment Act, if they systematically breach their duties, if they are unable to perform their duty for a period longer than six months, or if they have tendered a resignation before the National Assembly.

(5) The Governor shall:

1. implement day-to-day management of the National Social Security Institute;
2. (supplemented, SG No. 105/2005) endorse instructions, standard forms and other documents mandatory for all natural and legal persons in Bulgaria in connection with the activities assigned to the National Social Security Institute;
3. lay before the Supervisory Board for approval:
  - (a) the draft public social insurance budget;
  - (b) a draft report on the implementation of the public social insurance budget;
  - (c) drafts of statutory instruments on public social insurance;
  - (d) draft of Rules of Organization and Operation of the National Social Security Institute;
  - (e) drafts of decisions to disburse resources of the reserve under the public social insurance budget;
4. open and close divisions of the National Social Security Institute and endorse the structure and budget thereof;
5. conclude transactions for disposition of the property of the National Social Security Institute up to an amount determined by the Rules of Organization and Operation of the National Social Security Institute;
6. (supplemented, SG No. 1/2002, amended, SG No. 105/2005) grant consent to a rescheduling of claims for compulsory social insurance contributions to the public social insurance funds in the cases covered under Articles 184, 185 and 188 of the Tax and Social-Insurance Procedure Code;
7. endorse the distribution of capital investments for stewardship of the property of the National Social Security Institute;
8. (new, SG No. 64/2000) endorse and declare the contributory income under Article 70 herein;
9. (new, SG No. 104/2005, amended, SG No. 105/2006) set the prices of the services and activities covered under Items 5 to 8 of Article 20 (2) herein;
10. (new, SG No. 38/2012, effective 1.07.2012) exercise the functions of:
  - a) appointing body in regard to civil servants;
  - b) employer in regard to employees, hired under service legal relationships.

(6) (New, SG No. 41/2007) The Governor of the National Social Security Institute shall receive a basic monthly remuneration equivalent to the basic monthly remuneration of a chairperson of a standing parliamentary committee. The Deputy Governor of the National Social Security Institute shall receive a basic monthly remuneration equivalent to the basic monthly remuneration of a National Representative.

Governor's Board

**Article 38.** (1) (Amended and supplemented, SG No. 100/2011, effective 1.01.2012, amended, SG No. 106/2013, effective 1.01.2014) In his or her activity, the Governor shall be assisted by a Governor's Board of the National Social Security Institute. The composition of this Board shall be set out in the Rules of Organisation and Operation of the National Social Security Institute." The Governor shall convene and chair the meetings of the Governor's Board.

(2) For the valid transaction of business at any meeting of the Governor's Board, two-thirds of the members thereof shall have to be present thereat. Decisions shall be made by simple majority.

(3) (Supplemented, SG No. 38/2012, effective 1.07.2012) The Governor's Board shall propose to the Governor draft decisions in connection with the powers vested in the Governor under Items 1-9 of Article 37 (5) herein.

Eligibility Requirements for Supervisory Board Members, Governor and Deputy Governor

**Article 39.** (Renumbered from Paragraph 1, SG No. 42/2009) The following shall be ineligible for membership of the Supervisory Board, for the office of Governor and Deputy Governor of the National Social Security Institute:

1. any persons who are disqualified from holding a managerial position, a position of property accountability;
2. any persons who are members of managing or supervisory bodies of other social insurance funds;
3. any persons convicted of a premeditated crime;
4. any persons who have been members of managing bodies of legal persons dissolved through bankruptcy and leaving any creditors unsatisfied;
5. (supplemented, SG No. 42/2009) any persons who are domestic partners or lineal or collateral relatives up to the fourth degree of consanguinity or affines up to the fourth degree of affinity to any members of the Supervisory Board, the Governor and the Deputy Governor.

## **Chapter Four**

### **BENEFITS**

#### **Section I**

#### **Benefits for Temporary Disability and Occupational Rehabilitation**

##### Entitlement to Benefits

**Article 40.** (1) (Supplemented, SG No. 105/2006, amended, SG No. 109/2008, SG No. 100/2010, effective 1.01.2011) Persons insured in respect of common disease and maternity shall have the right to cash benefits instead of remuneration for the duration of the leave of absence due to temporary incapacity to work and in case of occupational rehabilitation, provided that they have at least 6 months of insured length of service, in the course of which they have been insured in respect of such risk. The requirement for 6 months of insured length of service shall not apply to those under the age of 18.

(2) (Amended, SG No. 112/2003, SG No. 109/2008, effective 1.01.2009) Persons insured against industrial accidents and occupational disease shall have the right to cash benefits for an industrial accident or occupational disease, and to benefits for occupational rehabilitation in such cases, regardless of the duration of their insured length of service.

(3) (Supplemented, SG No. 1/2002, amended, SG No. 38/2005, SG No. 105/2006, SG No. 109/2008, supplemented, SG No. 99/2009, effective 1.01.2010, SG No. 100/2010, effective 1.01.2011, amended, SG No. 106/2013, effective 1.01.2014) The cash benefits for temporary disability, occupational rehabilitation, pregnancy and child-birth and child-care and the cash allowances under public social insurance shall be calculated and paid by the National Social Security Institute to the insured persons by crediting a personal bank account declared by the said persons. If the person is not entitled to benefit or allowance, the official who is entrusted with direction of the payment of the benefits and allowances, or another official who has been appointed by the head of the local division of the National Social Security Institute, shall issue a directive on refusal. The said directive shall be revoked if the person or the social insurance contributor presents new or additional evidence establishing the entitlement to benefit or allowance within the prescription period referred to in Article 115 (2) herein.

(4) (New, SG No. 100/2010, effective 1.01.2011) In the case of appeals against instruments of the medical expert evaluation authorities, the officials under Paragraph 3 shall issue orders discontinuing payments of the relevant benefits for: temporary disability; employment injury and occupational disease; occupational rehabilitation; pregnancy and child-birth or child-care. The same procedure shall apply in the case of evidence that may result in the issuance of an order rejecting or terminating the payment of benefits.



(5) (Amended, SG No. 64/2000, SG No. 112/2003, SG No. 105/2006, renumbered from Paragraph 4, SG No. 100/2010, effective 1.01.2011, amended, SG No. 99/2012, effective 1.01.2013) The insurer shall pay out to the insured person, for the first three business days of the temporary incapacity to work, 70 percent of the average daily gross remuneration for the month in which the temporary incapacity to work occurred, but not less than 70 percent of the average daily remuneration that was agreed upon.

(6) (New, SG No. 105/2006, amended, SG No. 109/2008, renumbered from Paragraph 5, SG No. 100/2010, effective 1.01.2011, repealed, SG No. 106/2013, effective 1.01.2014).

(7) (New, SG No. 99/2012, effective 1.01.2013) Cash compensations for temporary incapacity to work shall be recovered by the persons for the period, for which a disability pension has been granted to them for the same disease, except in the cases where the medical certificate has been issued on the basis of objective evidence of exacerbation of the condition, as well as with interventions related to the treatment of the chronic disease.

#### Timelines for Submission of Documents with regard to Payment of Benefits for Temporary Disability and Occupational Rehabilitation

**Article 40a.** (New, SG No. 99/2009, effective 1.01.2010, amended, SG No. 94/2012, effective 1.01.2013) The documents with respect to payment of benefits for temporary disability or occupational rehabilitation shall be submitted to the relevant local office of the National Social Security Institute within the following timelines:

1. by social insurance contributors, their branches and subsidiaries and contribution payment centres - by the 15-th day of the month following the month, in which the insured person had submitted his/her documents for payment of the benefit to the social insurance contributor;
2. by self-insured persons - by the 15-th day of the month following the month, in which the document for payment of the benefit had been issued.

#### Remuneration on the Basis of which Benefit Is Calculated

**Article 41.** (1) (Supplemented, SG No. 64/2000, amended, SG No. 105/2006, SG No. 100/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012) The daily cash benefit for temporary disability through common disease shall be calculated at the rate of 80 per cent, and the daily cash benefit for temporary disability through employment injury and occupational disease shall be calculated at the rate of 90 per cent, of the average daily gross labour remuneration or the average daily contributory income on which social insurance contributions have been remitted or are due, and in respect of self-insured persons, on which social insurance contributions have been remitted for common disease and maternity for the period of 18 calendar months preceding the month of occurrence of the disability. The daily cash benefit for temporary disability through common disease may not exceed the average daily net remuneration for the period on the basis of which the benefit is calculated.

(2) (Amended, SG No. 1/2002) For the days included in the period under Paragraph 1, the average daily national minimum wage for the respective period shall be taken into consideration, provided that the person:

1. (amended, SG No. 109/2008, effective 1.01.2009) has not been insured against common disease and maternity;
2. (repealed, SG No. 109/2008, effective 1.01.2009);
3. has used unpaid leave which counts as length of employment service or civil-service seniority;
4. has used child-care leave;
5. (new, SG No. 105/2006) has been insured under the legislation of another State under the conditions of an international treaty whereto the Republic of Bulgaria is a party.

(3) (Amended, SG No. 105/2006, SG No. 1/2014, effective 1.01.2014) The income on the basis of which the cash benefit has been calculated shall be taken into account for the days included in the period under Paragraph 1 during which the person has received a cash benefit under public social insurance for temporary disability, for pregnancy and child-birth or upon adoption of a child between 2 and 5 years of age.

(4) (New, SG No. 67/2003) The amount on the basis of which the cash benefits are calculated may not exceed the maximum

monthly amount of the contributory income as fixed by the Public Social Insurance Budget Act for the period for which the cash benefits are determined.

(5) (Renumbered from Paragraph 4, SG No. 67/2003) The method of benefit calculation shall be determined by an act of the Council of Ministers.

#### Duration of Benefit Payment

**Article 42.** (1) The cash benefit for temporary disability through common disease, employment injury and occupational disease shall be paid from the first day of occurrence until working capacity is regained or until disablement is established.

(2) (Amended, SG No. 64/2000, SG No. 1/2002, supplemented, SG No. 105/2006, amended, SG No. 100/2010, effective 1.01.2011, amended and supplemented, SG No. 99/2012, effective 1.01.2013) Where temporary disability through common disease, employment injury or occupational disease has occurred within 30 calendar days after the termination of the employment contract or the insurance, the cash benefit shall be paid for the duration of the disability but for no more than 30 calendar days. In these cases, the cash benefit shall not be paid to persons who receive pension or unemployment benefits determined in accordance with a statutory instrument. Paid cash benefits for temporary disability shall be restituted by the persons for the period for which a pension has been granted or an unemployment benefit has been paid thereto.

(3) (Amended, SG No. 1/2002, SG No. 35/2009, effective 12.05.2009, SG No. 16/2010, SG No. 100/2010, effective 1.01.2011) Where temporary disability has occurred before the termination of fixed-term employment and civil-service relationships, military service contracts, and contracts for management and control of commercial corporations, the cash benefit shall be paid for not more than 30 calendar days after termination of the said relationships or contracts. If the temporary disability is due to employment injury or occupational disease, the cash benefit shall be paid until working capacity is regained or until disablement is established.

#### Benefits for Quarantine or Suspension from Work

**Article 43.** Cash benefits for temporary disability through quarantine or suspension from work prescribed by the health authorities shall be paid for:

1. the period during which the insured person has been under quarantine;
2. the period of suspension from work, if the insured person cannot be occupationally rehabilitated to another suitable job during that period for not more than 90 calendar days during one calendar year.

#### Sanatorium and Resort Treatment Benefits

**Article 44.** Incapacitated persons who are referred to sanatorium and resort treatment by the health authorities shall be paid a cash benefit for the entire duration of the treatment, including up to three calendar days for travel, in the amounts determined for common disease or for employment injury and occupational disease, respectively.

#### Benefit for Attendance of Sick Family Member

**Article 45.** (1) Cash benefits under the terms and in the amount of the cash benefit for temporary disability through common disease shall furthermore be paid for:

1. attendance or urgent accompanying for medical examination, tests or treatment in Bulgaria or abroad, of a sick family member over the age of 18: up to ten calendar days per calendar year for each insured person;
2. attendance or urgent accompanying for medical examination, tests or treatment in Bulgaria or abroad, of a sick child under the age of 18: up to 60 calendar days per calendar year for all insured family members; this period shall not include the time for child care under Items 3 to 5;
3. attendance of a quarantined child who has not attained the age of 18 years suffering from a contagious disease: until expiry of the term of the quarantine;
4. attendance of a sick child who has not attained the age of 3 years placed in a hospital-care facility together with the insured person: for the time during which the insured person was in the facility;
5. care of a healthy child sent back from a kindergarten due to quarantine: for the duration of the quarantine.

- (2) For one and the same insured event, for one and the same period of time, a cash benefit under Paragraph 1 may be paid to only one insured family member.
- (3) For attendance of a chronically sick family member, a cash benefit shall be paid only in case of aggravation of the sickness.
- (4) (Amended, SG No. 19/2010) "Family members of the insured person" shall be his/her lineal descendants or ascendants and his/her spouse.
- (5) (New, SG No. 52/2004) The cash benefit under Items 2, 3, 4 and 5 of Paragraph 1 shall furthermore be paid for care of a child placed with friends, relatives or a foster family according to the procedure established by Article 26 of the Child Protection Act.

#### Cases in which No Benefit Is Paid

**Article 46.** (1) A cash benefit for temporary disability shall not be paid to any insured persons who:

1. deliberately impair their health for the purpose of obtaining a leave or benefit;
2. breach the regimen determined by the health authorities: only for the days of the breach;
3. have lost their working capacity due to consumption of alcohol, ingestion of a potent intoxicant without medical indication or due to actions performed under the influence of such substances;
4. have lost their working capacity due to hooliganism and other anti-social behaviour, which have been ascertained according to the relevant procedure;
5. have lost their working capacity due to failure to comply with the occupational safety rules, ascertained according to the relevant procedure.

(2) In the cases under Items 3 and 4 of Paragraph 1, the period for which benefits shall not be paid may not exceed 15 calendar days, and in the case under Item 5, the said period may not exceed three calendar days.

(3) (New, SG No. 99/2009, effective 1.01.2010) No cash benefits for temporary disability and for pregnancy and childbirth shall be paid to persons exercising labour activities which are grounds for common disease and maternity insurance for periods in respect of which statements have been issued by the health authorities.

#### Cash Benefit upon Occupational Rehabilitation

**Article 47.** (1) Upon occupational rehabilitation by reason of temporarily reduced working capacity consequent to common disease, employment injury or occupational disease, the insured person shall be paid a cash benefit if the new job carries a lower labour remuneration.

(2) (Amended and supplemented, SG No. 105/2006, amended, SG No. 100/2010 effective 1.01.2011, SG No. 100/2011, effective 1.01.2012) The daily cash benefit shall amount to the difference between the average daily gross labour remuneration received during the 18 calendar months preceding the month of the occupational rehabilitation, but not more than the average daily amount of the maximum monthly contributory income, and the average daily gross labour remuneration received after the occupational rehabilitation. Where the insured person has worked for less than 18 months until the day of the occupational rehabilitation, the benefit shall be determined as a difference between the average daily remuneration as determined under Article 41 herein and the average daily gross labour remuneration received after the occupational rehabilitation.

(3) (Amended, SG No. 105/2006) The cash benefit under Paragraphs (1) and (2) shall be paid for the time of the occupational rehabilitation but for not more than six months.

## Section II

### Maternity Benefits

Benefit upon Occupational Rehabilitation by Reason of Pregnancy or Nursing or an Advanced Stage of in Vitro Treatment

(Title supplemented, SG No. 103/2009, effective 29.12.2009)

**Article 48.** (1) (Supplemented, SG No. 103/2009, effective 29.12.2009) Upon occupational rehabilitation by reason of pregnancy or nursing or an advanced stage of in vitro treatment, the insured woman shall be paid a cash benefit if the new job carries a lower labour remuneration.

(2) (Amended and supplemented, SG No. 105/2006, amended, SG No. 100/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012) The daily cash benefit shall amount to the difference between the average daily gross labour remuneration received during the 18 calendar months preceding the month of the occupational rehabilitation, but not more than the average daily amount of the maximum monthly contributory income, and the average daily gross labour remuneration received after the occupational rehabilitation. Where the insured woman has worked for less than 18 months until the day of occupational rehabilitation, the benefit shall be determined as a difference between the average daily remuneration as determined under Article 41 herein and the average daily gross labour remuneration received after the occupational rehabilitation.

(3) (Amended and supplemented, SG No. 105/2006) In case the occupational rehabilitee receives an average daily gross labour remuneration which is lower than the national minimum daily wage in the new job or the average daily remuneration as determined under Article 41 herein is lower than the national minimum wage, the daily benefit shall amount to the difference between the average daily gross labour remuneration received before the occupational rehabilitation and the national minimum daily wage.

#### Entitlement to Benefit in Case of Pregnancy and Child-Birth

**Article 48a.** (New, SG No. 112/2003, effective 1.07.2004, amended, SG No. 69/2004, SG No. 109/2008, effective 1.01.2009) Persons insured in respect of common disease and maternity shall have the right to cash benefits for pregnancy and childbirth instead of salary, provided that they have at least 12 months of insured length of service, in the course of which they have been insured in respect of such risk.

#### Timelines for Submission of Documents with Regard to Payment of Benefits for Pregnancy and Childbirth

**Article 48b.** (New, SG No. 99/2009, effective 1.01.2010, amended, SG No. 94/2012, effective 1.01.2013) The social insurance contributors and their branches and subsidiaries and contribution payment centres shall submit to the relevant local division of the National Social Security Institute the documents for payment of cash benefit for pregnancy and childbirth within the timeline under Item 1 of Article 40a and the self-insured persons - by the 15-th day of the month following the month, for which payment of benefits is claimed.

#### Benefit for Pregnancy and Child-Birth

**Article 49.** (1) (Supplemented, SG No. 104/2005, SG No. 105/2006, amended, SG No. 109/2008, SG No. 98/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012, SG No. 106/2013, effective 1.01.2014) The daily cash benefit for pregnancy and childbirth shall be 90 percent of the average daily gross wage or the average daily contributory income whereon insurance contributions have been paid or are due, and in the case of self-insured persons - paid insurance contributions in respect of common disease or maternity for the period of 18 calendar months preceding the month in which the temporary incapacity to work due to pregnancy and childbirth has occurred. 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 for Bulgaria, and shall be determined as provided for by Article 41(2) to (5).

(2) (New, SG No. 68/2006) Upon acquisition of entitlement to a cash benefit for pregnancy and child-birth, during the period of payment of a cash benefit for pregnancy and child-birth or for child-care, the said benefit shall be in the amount determined under Paragraph 1 for the preceding child, if this is more favourable for the person.

(3) (Amended, SG No. 104/2005, renumbered from Paragraph 2, SG No. 68/2006, amended, SG No. 105/2006) Where the person is insured on multiple grounds, the aggregate amount of the daily cash benefit may not be less than the national minimum daily wage.

#### Duration of Payment of Cash Benefit for Pregnancy and Child-Birth

**Article 50.** (1) (Supplemented, SG No. 1/2002, amended, SG No. 68/2006, effective 1.01.2007, SG No. 105/2006, SG No. 109/2008, effective 1.01.2009) A mother insured in respect of common disease and maternity shall have the right to cash benefit in case of pregnancy and childbirth for a period of 410 calendar days, 45 of which shall be before childbirth.

- (2) Where the confinement occurs prior to the lapse of 45 days after commencement of the use of the benefit, the remainder of the 45-day period shall be used after the confinement.
- (3) If the child is still-born, dies or is placed in a fully public-financed child institution or is surrendered for adoption, the mother shall be entitled to a cash benefit for up to 42 days after the confinement. If, as a result of the confinement, the working capacity of the mother is not regained after the 42nd day, the duration of the entitlement to this benefit shall be extended at the discretion of the health authorities until her working capacity is regained. Until the lapse of the period under Paragraph 1, this benefit shall be paid as a benefit for pregnancy and child-birth.
- (4) Where the child is surrendered for adoption, is placed in a fully public-financed child institution or dies after the 42nd day after the confinement, the benefit under Paragraph 1 shall be terminated as from the next succeeding day. In such cases, if the working capacity of the mother is not regained as a result of the confinement, sentences two and three of Paragraph 3 shall apply.
- (5) (Amended, SG No. 109/2008, effective 1.01.2009) A woman or a man insured against common disease and maternity, who adopts a child, shall be entitled to a benefit under Paragraph 1 amounting to the difference between the age of the child on the day of the surrender thereof for adoption until the lapse of the period of the benefit due for child-birth.
- (6) (New, SG No. 105/2006, amended, SG No. 109/2008, effective 1.01.2009) A father insured in respect of common disease and maternity shall have the right to an amount of cash benefit determined as provided for in Article 49 in case a child is born to him for a period of up to 15 calendar days, during the leave of absence provided for in Article 163(7) of the Labour Code, provided that he satisfies the requirements of Article 48a.
- (7) (New, SG No. 109/2008, effective 1.01.2009) A father/adopter insured in respect of common disease and maternity shall have the right to an amount of cash benefit determined as provided for in Article 49 in case of childbirth, after the child becomes 6 months old, for the time remaining until the completion of 410 calendar days, during the leave of absence provided for in Article 163(8) of the Labour Code, provided that he satisfies the requirements of Article 48a.
- (8) (New, SG No. 99/2012, effective 1.01.2013) Self-insured persons, who are insured in respect of common disease and maternity, shall have the right to benefits under paragraphs 6 and 7, if they satisfy the conditions specified in Article 48a.

#### Benefit upon Mother's Death or Illness

**Article 51.** (Amended, SG No. 64/2000, supplemented, SG No. 105/2006, amended, SG No. 109/2008, effective 1.01.2009) If the mother (female adopter) dies or contracts a serious illness which prevents her from taking care of the child, the person who uses the leave under Article 167 of the Labour Code shall be paid the cash benefit under Article 49 or 53 herein. The said benefit shall furthermore be paid to the self-insured persons who are insured against common disease and maternity.

#### Benefit for Pregnancy and Child-Birth upon Termination of Social

##### Insurance

**Article 52.** (Amended, SG No. 109/2008, effective 1.01.2009) Upon termination of social insurance against common disease and maternity during a period of entitlement to a benefit for pregnancy and child-birth, the insured person shall be paid a cash benefit until the lapse of the period of entitlement to a benefit for pregnancy and child-birth under Article 50 herein.

#### Entitlement to Child-Care Benefit

**Article 52a.** (New, SG No. 112/2003, effective 1.07.2004, amended, SG No. 69/2004, SG No. 109/2008, effective 1.01.2009) Persons insured in respect of common disease and maternity shall be entitled to child-care benefit, provided that they have at least 12 months of contributory service, in the course of which they have been insured in respect of such risk.

#### Timelines for Submission of Documents with Regard to Payment of Benefits for Childcare

**Article 52b.** (New, SG No. 99/2009, effective 1.01.2010, amended, SG No. 94/2012, effective 1.01.2013) The social insurance contributors and their branches and subsidiaries and contribution payment centres shall submit to the relevant local division of the National Social Security Institute the documents for payment of cash benefit for childcare within the timeline under Item 1 of Article 40a and the self-insured persons - by the 15-th day of the month following the month, for which payment of benefits is claimed.

## Child-Care Benefit

**Article 53.** (1) (Amended, SG No. 1/2002) After the lapse of the period of entitlement to a benefit for pregnancy and child-birth during the additional paid child-care leave, the mother (female adopter) shall be paid a monthly cash benefit to an amount fixed by the Public Social Insurance Budget Act.

(2) (Amended, SG No. 1/2002) When the additional paid child-care leave is used by the father (male adopter) instead of the mother (female adopter) or by the person responsible for caring of the child, a monthly cash benefit shall be paid to an amount fixed by the Public Social Insurance Budget Act. Such benefit shall be paid to the guardian where the said guardian uses the leave under Article 167 (2) of the Labour Code.

(3) (New, SG No. 69/2004) The benefit under Paragraph 1 shall furthermore be paid to the persons who use a child-care leave for a child until attainment of the age of 2 years who is placed according to the procedure established by Article 26 (1) of the Child Protection Act.

(4) (Renumbered from Paragraph 3 and amended, SG No. 69/2004, SG No. 68/2006, SG No. 89/2008, SG No. 49/2010, SG No. 100/2010, effective 1.01.2011) The cash benefit under Paragraphs (1), (2) and (3) shall not be paid if the child passes away, is surrendered for adoption or is placed in childcare institutions, including creches, as well as if the child is taken care of by an individual included in the Maternity Support Programmes.

(5) (New, SG No. 105/2006, amended, SG No. 109/2008, effective 1.01.2009) The self-insured persons, who are insured against common disease and maternity, shall be entitled to a cash child-care benefit within the periods covered under Paragraphs (1) to (4).

### Leave upon Adoption of a Child between 2 and 5 Years of Age

**Article 53a.** (New, SG No. 104/2013, effective 1.01.2014) (1) Any person insured against common disease and maternity, who has a contributory service of at least 12 months as insured against such risk and uses leave upon adoption of a child between 2 and 5 years of age on unconditional adoption basis, shall be entitled to a benefit in the amount, determined under the procedure of Article 49 for a period of 365 days, but not after the child's fifth birthday.

(2) The benefit under Paragraph (1) shall not be paid in case of the child's demise, of termination of the adoption, as well as if the child is admitted to a child-care facility, including a creche or an educational establishment.

(3) The self-insured persons, who are insured against common disease and maternity, have a contributory service of at least 12 months as insured against such risk, shall be entitled to a monetary benefit upon adoption of a child between 2 and 5 years of age under the terms and conditions of Paragraphs (1) and (2).

### Benefit When Additional Paid Child-Care Leave Is Not Used

**Article 54.** (1) (Amended and supplemented, SG No. 1/2002, supplemented, SG No. 112/2003, amended, SG No. 105/2006, SG No. 109/2008, effective 1.01.2009) A mother (female adopter) who is insured against common disease and maternity or against all covered social insurance risks except unemployment and who was entitled to a benefit under Article 52a herein, shall receive a cash benefit amounting to 50 per cent of the benefit Article 53 herein if:

1. she does not use the additional paid child-care leave or the person who uses such leave interrupts the use thereof;
2. (amended, SG No. 109/2008, effective 1.01.2009) the self-insured person entitled to a benefit under Article 53 herein commences to perform work for which the said person is insured against common disease and maternity.

(2) (Supplemented, SG No. 1/2002, amended, SG No. 105/2006, SG No. 109/2008, effective 1.01.2009) If the mother (female adopter) is deceased, has forfeited child custody, or the exercise of child custody has been awarded to the father (male adopter), this benefit shall be paid to the father (male adopter), and if he is deceased, to the guardian. The benefit shall be paid if the person in charge of raising the child is insured in respect of common disease and maternity.

(3) (Supplemented, SG No. 68/2006, amended, SG No. 89/2008, SG No. 49/2010, effective 1.07.2010) The benefit under Paragraphs (1) and (2) shall not be paid if the child is placed in a fully public-financed child institution, as well as if the child is taken care of by an individual included in the Maternity Support Programmes.

## Section III

## **(Previous Chapter Four "A", SG No. 106/2013, effective 1.01.2014)**

### **CASH UNEMPLOYMENT BENEFITS**

#### **Entitlement to Cash Unemployment Benefit**

**Article 54a.** (1) (Amended, SG No. 115/2004, SG No. 105/2006, SG No. 109/2008, effective 1.01.2009) Entitlement to a cash unemployment benefit shall vest in persons for whom social insurance contributions have been paid or are due with the Unemployment Fund for at least nine months during the 15 months last preceding the termination of the social insurance and who:

1. (amended, SG No. 109/2008, effective 1.01.2009) are registered as unemployed with the National Employment Agency;
2. (amended, SG No. 105/2006, SG No. 100/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012) have not acquired entitlement to a contributory-service and retirement-age pension or an early-retirement pension in the Republic of Bulgaria, or a retirement-age pension in another country;
3. do not perform work for which they are subject to compulsory social insurance under Article 4 herein.

(2) (New, SG No. 105/2006) The following periods shall also count for the purpose of acquiring entitlement to a cash benefit under Paragraph 1:

1. the periods of paid and unpaid child-care leave;
2. (supplemented, SG No. 1/2014, effective 1.01.2014) the periods of paid and unpaid leave for temporary disability, of pregnancy and child-birth leave and the leave upon adoption of a child between 2 and 5 years of age;
3. the periods of unpaid leave up to 30 working days during one calendar year;
4. the periods counting as contributory service under the legislation of another State on the grounds of an international treaty whereto the Republic of Bulgaria is a party.

(3) (Renumbered from Paragraph 2, SG No. 105/2006) The cash unemployment benefit shall be granted on the basis of an application submitted to the local division of the National Social Security Institute.

(4) (Repealed, SG No. 112/2003, renumbered from Paragraph 3 and amended, SG No. 105/2006, SG No. 100/2010, effective 1.01.2011) The cash unemployment benefit shall be paid from the date of the last termination of the social insurance, if:

1. the application under Paragraph 3 has been submitted within three months after the date of last termination;
2. the individual concerned has been registered as an unemployed person with the Employment Agency within 7 business days after the date of last termination.

(5) (New, SG No. 100/2010, effective 1.01.2011) If the application under Paragraph 3 has been submitted after the expiry of the time limit under Paragraph 4(1) without good reason, the cash benefit shall be paid for the period under Article 54c or 54b(3) or (4), starting from the date of application, reduced by the period of delay.

(6) (New, SG No. 100/2010, effective 1.01.2011, supplemented, SG No. 99/2012, effective 1.01.2013) If the application under Paragraph 3 has been submitted within the time limit under Paragraph 4(1), but the registration of the person (as unemployed) with the Employment Agency has been made after the expiry of the time limit under Paragraph 4(2) without a legitimate excuse, the cash benefit shall be paid for the period under Article 54c or 54b(3) or (4), starting from the date of registration, reduced by the period of delay.

(7) (Amended, SG No. 109/2008, renumbered from Paragraph 5, SG No. 100/2010, effective 1.01.2011, amended, SG No. 99/2012, effective 1.01.2013, repealed, SG No. 106/2013, effective 1.01.2014).

#### **Amount of Cash Unemployment Benefit**

**Article 54b.** (1) (Amended, SG No. 112/2003, SG No. 109/2008, SG No. 98/2010, effective 1.01.2011, SG No. 100/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012) The unemployment cash benefit shall be 60 percent

of the average daily wage or the average daily contributory income whereon insurance contributions to the Unemployment Fund have been paid or are due for the period of 24 calendar months preceding the month in which insurance was terminated, and may not be less than the minimum daily amount of the unemployment benefit.

(2) (Amended, SG No. 109/2008, SG No. 100/2010, effective 1.01.2011) The minimum daily amount of unemployment benefits shall be determined annually by the Public Social Insurance Budget Act.

(3) (Supplemented, SG No. 67/2003, SG No. 95/2003, amended, SG No. 82/2006, SG No. 64/20077, SG No. 35/2009, effective, 12.05.2009, supplemented, SG No. 100/2010, effective 1.01.2011) Unemployed persons whose employment relationships have been terminated on their own initiative or with their consent, or due to their culpable behaviour on the grounds of Items 1 and 2 of Article 325, Articles 326 and 330 of the Labour Code, Items 1, 2 and 5 of Article 103 (1), Article 105 and Items 1 to 4 of Article 107 (1) of the Civil Servants Act, Items 1 and 6 of Article 162, Article 163 and Items 2 and 3 of Article 165 of the Republic of Bulgaria Defence and Armed Forces Act, Items 4, 6 and 8 of Article 245 (1) of the Ministry of Interior Act, and Article 165, Paragraph 1, items 2, 3 and 5 and Article 271, items 2, 3 and 5 of the Judiciary System Act, on the grounds of any other legislative act, shall receive the minimum amount of the cash unemployment benefit for a period of four months.

(4) Unemployed persons who have acquired entitlement to a cash unemployment benefit under Article 54a herein prior to the lapse of three years from a preceding enjoyment of the entitlement to an unemployment benefit, shall receive the minimum amount of the cash benefit for a period of four months.

(5) (Amended, SG No. 105/2006, SG No. 109/2008, effective 1.01.2009) The monthly amount of unemployment benefits shall be calculated by multiplying the daily amount calculated as per Paragraph 1 by the number of business days of the relevant month.

(6) (Amended, SG No. 100/2010, effective 1.01.2011) Persons who are hired to work part-time during the period of payment of the cash benefit and receiving a remuneration which is less than the national minimum wage, shall be entitled to an unemployment benefit to the amount of 50 per cent of the cash benefit due thereto for the remaining period of the payment.

(7) (New, SG No. 105/2006, amended, SG No. 109/2008, effective 1.01.2009) When the period under Paragraph 1 based on which the average daily remuneration or the average daily contributory income is determined includes time which is recognised as contributory service, without any insurance contributions being due, or during which the person has not been insured against unemployment, the following shall be taken into account when determining the contributory income:

1. (amended, SG No. 109/2008, effective 1.01.2009) for the period of paid and unpaid child-care leave, of unpaid leave for temporary disability and for pregnancy and child-birth and of unpaid leave up to 30 working days during one calendar year: the average national minimum daily wage for the relevant period;

2. (supplemented, SG No. 106/2013, effective 1.01.2014, SG No. 1/2014, effective 1.01.2014) for the period of paid leave for temporary disability and for pregnancy and child-birth, as well as upon adoption of a child between 2 and 5 years of age: the income on the basis of which the cash benefit has been determined under the legal relationships, under which the person has been insured for unemployment;

3. (amended, SG No. 109/2008, effective 1.01.2009) for the period counting as contributory service under the legislation of another State on the grounds of an international treaty where to the Republic of Bulgaria is a party: the average national minimum daily wage for the relevant period.

4. (new, SG No. 109/2008, effective 1.01.2009) for the period during which the person is not insured against unemployment - the average national minimum daily wage for the relevant period.

#### Duration of Payment of Cash Unemployment Benefits

**Article 54c.** (1) Cash unemployment benefits shall be paid monthly during the month next succeeding the month for which the said benefits are due, depending on the length of the contributory service, for a period as follows:

Length of participation (years)	Period for payment of benefit (months)
up to 3	4
from 3 to 5	6
from 5 to 10	8



from 10 to 15	9
from 15 to 20	10
from 20 to 25	11
over 25	12

(2) (New, SG No. 67/2003) For the purpose of determining the period for payment of a benefit under Paragraph 1, the length of employment service until the 1st day of January 2000 under the Labour Code or under special laws and the time after that date, during which the persons have been insured against unemployment, shall count as contributory service.

(3) (Renumbered from Paragraph 2, SG No. 67/2003, supplemented, SG No. 95/2003, repealed, SG No. 100/2010, effective 1.01.2011).

(4) (Renumbered from Paragraph 3, SG No. 67/2003, repealed, SG No. 109/2008, effective 1.01.2009).

#### Suspension of Payment of Cash Unemployment Benefits

**Article 54d.** (New, SG No. 1/2002) (1) (Amended, SG No. 100/2010, effective 1.01.2011) Payment of the cash unemployment benefit shall be suspended for the period during which the person receives benefits for a temporary disability or for a job loss on the grounds of Article 222(1) of the Labour Code, Article 106(2) and Article 107(3) of the Civil Servant Act, and Article 58(3) of the Higher Education Act.

(2) (Amended, SG No. 112/2003, SG No. 100/2010, effective 1.01.2011) The unemployed person shall be obligated to disclose the occurrence and lapse of the circumstances under Paragraph 1 to the relevant local division of the National Social Security Institute within 7 business days.

(3) (Supplemented, SG No. 100/2010, effective 1.01.2011) Payment shall be resumed as from the day of lapse of the grounds for suspension and shall continue for the remainder of the period as ascertained on the suspension date.

(4) (New, SG No. 100/2010, effective 1.01.2011) Officials under Article 54g(1) shall discontinue the payment of unemployment benefits by an order thereof, upon the submission of evidence that may result in the issuance of order rejecting or terminating the payment of benefits.

#### Termination of Payment of Cash Unemployment Benefits

**Article 54e.** (1) Payment of the cash unemployment benefit shall be terminated upon:

1. commencement of work for which the person is subject to compulsory social insurance under Article 4 herein;
2. termination of the registration by the National Employment Agency;
3. (amended, SG No. 105/2006, SG No. 100/2011, effective 1.01.2012) entitlement to a contributory-service and retirement-age pension or an early-retirement pension in the Republic of Bulgaria, or a retirement-age pension in another country;
4. (repealed, SG No. 112/2003);
5. death of the unemployed person.

(2) (Amended, SG No. 112/2003) The National Employment Agency shall be obligated to notify on a monthly basis the National Social Security Institute of the occurrence of the circumstances under Item 2 of Paragraph 1.

(3) (Amended, SG No. 112/2003) The person shall be obligated to declare to the competent local division of the National Social Security Institute the occurrence of the circumstances under Items 1, 2 and 3 of Paragraph 1 within seven days.

(4) (Repealed, SG No. 112/2003).

(5) (Supplemented, SG No. 100/2010, effective 1.01.2011, SG No. 99/2012, effective 1.01.2013) If, during the period of receipt of the cash benefit, the person begins to practise any activity which is a ground for compulsory social insurance under

Article 4 herein, which will be discontinued within less than nine months, payment of the cash benefit shall be resumed for the remaining period, as ascertained on the date of the termination, if the registration of the person concerned with the Employment Agency has been made within 7 business days following the employment termination. If the registration has been made after this time limit without a legitimate excuse, the payment of cash benefits shall be resumed for the remaining period, as ascertained on the termination date, starting from the date of the new registration and reduced by the period of delay.

#### Restitution of Cash Unemployment Benefit Received in Good Faith

**Article 54f.** (1) (Supplemented, SG No. 67/2003, amended, SG No. 82/2006, SG No. 64/2007, SG No. 35/2009, effective 12.05.2009) Paid cash unemployment benefits shall be restituted by the persons whose dismissal has been revoked as wrongful, for the period of the benefit received under Article 225 (1) of the Labour Code, Article 104 (1) of the Civil Servants Act, Article 172 (1) of the Republic of Bulgaria Defence and Armed Forces Act, Article 254 of the Ministry of Interior Act and Article 226 of the Judiciary System Act.

(2) Within seven days after payment of the benefits under Paragraph 1, the social insurance contributor shall be obligated to submit copies of the judgment of court and the payment documents to the competent local division of the National Social Security Institute.

(3) (New, SG No. 105/2006, amended, SG No. 100/2011, effective 1.01.2012, SG No. 99/2012, effective 1.01.2013) Paid cash unemployment benefits shall be restituted by the persons for the period for which they have been granted a contributory-service and retirement-age pension or an early-retirement pension, and for the period during which the said persons have received a cash benefit for temporary disability pregnancy and childbirth or an unemployment benefit, defined in accordance with a statutory instrument.

(4) (Amended, SG No. 105/2005, renumbered from Paragraph 3, SG No. 105/2006, supplemented, SG No. 99/2012, effective 1.01.2013) For restitution of the amounts under Paragraphs 1 and 3, the official who is entrusted with direction of unemployment insurance at the competent local division of the National Social Security Institute shall issue a directive which is subject to enforced execution according with the procedure established by the Tax and Social-Insurance Procedure Code.

(5) (Renumbered from Paragraph 4, SG No. 105/2006, supplemented, SG No. 100/2010 effective 1.01.2011) Persons under Paragraph 1 shall not be entitled to a cash unemployment benefit until the full recovery of the amounts due, except for the cases when these amounts may be deducted from the cash benefit granted for unemployment.

#### Procedure for Granting, Payment, Modification, Suspension and Termination of Cash Unemployment Benefits

(Title supplemented, SG No. 109/2008, effective 1.01.2009)

**Article 54g.** (1) (Amended, SG No. 100/2010, effective 1.01.2011) Cash unemployment benefits shall be granted, modified, refused, suspended, terminated, resumed, and re-granted by a directive of the official who is entrusted with direction of unemployment insurance or another official appointed by the head of the competent local division of the National Social Security Institute.

(2) (New, SG No. 99/2012, effective 1.01.2013) The directive in force, referred to in Paragraph 1, may be amended or repealed by the issuing authority where:

1. new documents or evidence are submitted, which are relevant to the determining of the right, amount and period of the cash unemployment benefit;

2. the cash unemployment benefit has been wrongfully granted or its granting has been wrongfully refused.

(3) (Amended, SG No. 112/2003, SG No. 105/2005, SG No. 109/2008, SG No. 100/2010, effective 1.01.2011, renumbered from Paragraph 2, SG No. 99/2012, effective 1.01.2013, amended, SG No. 106/2013, effective 1.01.2014) The official under Paragraph 1 shall issue a directive for restitution of mispaid unemployment benefits. The amounts due under any such orders may be set off against the claims of the persons from public social insurance according to the procedure provided for in Article 114(5) and shall be subject to enforced execution according to the procedure established by the Tax and Social-Insurance Procedure Code.

(4) (New, SG No. 109/2008, effective 1.01.2009, supplemented, SG No. 99/2009, effective 1.01.2010, renumbered from Paragraph 3, SG No. 99/2012, effective 1.01.2013) The unemployment benefits shall be paid by the National Social Security

Institute to the persons via bank transfer to a personal bank account declared by such persons.

#### Obligations for Provide Information

**Article 54h.** (1) The National Employment Agency shall provide the National Social Security Institute on a monthly basis with the information required for the granting, payment, suspension, termination or modification of unemployment benefits.

(2) The National Social Security Institute shall provide the National Employment Agency on a monthly basis with information regarding the payment, suspension and termination of unemployment benefits.

#### Entitlement to Cash Long-Term Unemployment Benefit

**Article 54i.** (New, SG No. 105/2006, amended and supplemented, SG No. 99/2009, effective 1.01.2010, repealed, SG No. 100/2010, effective 1.01.2011).

### Section IV

#### **Granting and Calculation of Cash Benefits and Allowances (New, SG No. 106/2013, effective 1.01.2014)**

Granting and Calculation of Cash Benefits for Temporary Disability, Occupational Rehabilitation, Pregnancy and Childbirth, and Child-Care, and of Allowances

**Article 54j.** (New, SG No. 106/2013, effective 1.01.2014) Cash benefits for temporary disability, occupational rehabilitation, pregnancy and childbirth and child-care, and allowances from the public social insurance shall be granted and calculated on the basis of the data referred to in Article 5, Paragraph 4, item 1 and Article 33, item 12, as well as the data declared in the documents submitted for the payment of the benefits and allowances from the public social insurance under conditions and in accordance with a procedure defined in an instrument of the Council of Ministers.

#### Granting and Calculation of Cash Unemployment Benefits

**Article 54k.** (New, SG No. 106/2013, effective 1.01.2014) Cash unemployment benefits shall be granted, calculated, amended, refused, suspended, terminated, restored and recovered on the basis of the data referred to in Article 5, Paragraph 4, item 1 and the data declared in the documents submitted by individuals for the granting of the benefits under conditions and in accordance with a procedure defined in an instrument of the Council of Ministers.

### Chapter Five

## **EMPLOYMENT INJURY AND OCCUPATIONAL DISEASE INSURANCE**

#### Employment Injury

**Article 55.** (1) (Amended, SG No. 41/2009, effective 1.07.2009) Employment injury shall be any sudden impairment of health which has occurred during and in connection with or because of the work performed, as well as during any work performed in the interest of the enterprise where the said impairment has resulted in temporarily reduced working capacity, permanently reduced working capacity or death.

(2) (Supplemented, SG No. 106/2013, effective 1.01.2014) Employment injury shall furthermore be any injury of a person insured under Article 4 (1) and (2) and Article 4a herein during the usual commuting to or from the working place to:

1. the principal place of residence or to another additional place of residence of a permanent nature;
2. the place where the insured person customarily takes his or her meals during the working day;
3. the place where a remuneration is received.

(3) Employment injury shall not be the case where the insured person has deliberately impaired his or her health.

#### Occupational Disease

**Article 56.** (1) Occupational disease shall be any sickness which has occurred exclusively or primarily under the impact of harmful factors of the working environment or the working process on the human body and which is included in a List of Occupational Diseases issued by the Council of Ministers on a motion by the Minister of Health.

(2) (Amended, SG No. 41/2009, effective 1.07.2009) A sickness may be recognized as an occupational disease even if it is not included in the List of Occupational Diseases where it is established that the said sickness has been caused basically and directly by the customary working activity of the insured person and has resulted in permanently reduced working capacity or death of the insured person.

(3) Any aggravation and later consequences of an occupational disease shall be subsumed thereunder.

#### Declaring Employment Injury

**Article 57.** (1) (Supplemented, SG No. 7/2012) The social insurance contributor or, in the case of an injured person on temporary employment - the user enterprise, shall be obligated to declare each employment injury to the local division of the National Social Security Institute within three working days.

(2) (Amended, SG No. 1/2002, supplemented, SG No. 7/2012) If the social insurance contributor or the user enterprise fails to declare the injury, the injured person or the survivors thereof shall be entitled to declare the said injury to the local division of the National Social Security Institute within one year after the injury.

(3) The procedure for ascertainment, investigation, registration and reporting of employment injuries shall be established by an act of the Council of Ministers.

#### Employment Injury Investigation

**Article 58.** (1) The local division of the National Social Security Institute, jointly with the Labour Inspection, the working conditions committees and groups and other competent authorities depending on the particular case, shall investigate any fatal employment injury, any injury which has impaired more than three workers, as well as any injury for which there is reason to assume that it will lead to disablement.

(2) The local division of the National Social Security Institute may, at its discretion, investigate injuries other than those specified in Paragraph 1.

(3) The employment injury investigation must ascertain:

1. the causes and the circumstances for occurrence of the employment injury;
2. the type of impairments;

3. (amended, SG No. 1/2002) other information which may assist the local division of the National Social Security Institute in ruling on the nature of the injury.

(4) Upon investigation of an employment injury, the injured person may attend in person or may designate the attendance of:

1. a factory or office worker of the same occupation, or;
2. a family member or a descendant or ascendant, or
3. a representative of the trade union organization in which the said person is a member;
4. a representative of the factory and office workers in the working conditions committees and groups.

(5) (Amended, SG No. 1/2002) Where the health status of the injured person prevents him or her from designating a representative, the survivors of the person deceased as a result of an employment injury and the persons under Item 2 shall enjoy the rights under Paragraph 4.

(6) (Amended, SG No. 106/2013, effective 1.01.2014) The results of the investigation shall be formulated in a memorandum in a standard form, which shall be valid until proven otherwise. A copy of the memorandum shall be served by the local division of the National Social Security Institute to the injured person or to the survivors thereof and on the social insurance contributor/beneficiary company.

## Record

**Article 59.** (1) (Amended, SG No. 1/2002) A record on each employment injury or occupational disease shall be opened at the local division of the National Social Security Institute, which shall contain:

1. the declaration of employment injury or the notification of occupational disease;
2. an employment injury investigation memorandum, where such an investigation has been carried out, or a memorandum of inquiry into the occupational disease;
3. the directive acknowledging or not acknowledging the employment nature of the injury or the expert decision confirming or rejecting the occupational disease and the registration form on acknowledged occupational disease;
4. (amended, SG No. 106/2013, effective 1.01.2014) copies of the primary sick leave certificates related to the injury or disease;
5. (repealed, SG No. 106/2013, effective 1.01.2014);
6. other documents related to the injury or disease.

(2) The injured person and the social insurance contributor shall have the right to be familiarized with the contents of the record.

(3) (Repealed, SG No. 106/2013, effective 1.01.2014).

## Qualification of Occupational Nature of Injury

**Article 60.** (1) On the basis of the documents in the record, the official designated by the director of the local division of the National Social Security Institute shall issue a directive acknowledging or not acknowledging the employment nature of the injury within seven days after the declaration.

(2) (New, SG No. 1/2002) Upon a declared injury in connection with a non-traumatic impairment, the directive under Paragraph 1 shall be issued on the basis of the decision of the authorities performing the working capacity evaluation.

(3) (Renumbered from Paragraph 2, SG No. 1/2002, amended, SG No. 106/2013, effective 1.01.2014) The directive shall be transmitted to the insured person and to social insurance contributor/beneficiary company within seven days after its issuance.

(4) (Renumbered from Paragraph 3, SG No. 1/2002) The directive shall be appealable by the interested parties according to the procedure established by Article 117 herein.

## Occupational Disease Notification

**Article 61.** (Amended, SG No. 76/2005) In case of suspicion of an occupational disease, every medical and dental practitioner shall dispatch a notification to the local division of the National Social Security Institute.

## Preparation of Occupational Disease Documents

**Article 62.** (1) For each written notification under Article 61 herein, the local division of the National Social Security Institute shall perform an investigation, prepare documents, and present them to the expert medical authorities.

(2) The social insurance contributor shall prepare and present all necessary documents under Paragraph 1 to the local division of the National Social Security Institute within 30 days after the said documents have been requested.

(3) (New, SG No. 1/2002) The working capacity evaluation authorities shall issue an expert decision confirming or rejecting the occupational disease and shall complete an occupational disease registration form.

## Procedure for Notification, Registration and Appeal of Occupational Diseases

**Article 63.** The procedure for notification, registration, confirmation, appeal and reporting of occupational diseases shall be established by an act of the Council of Ministers.

## Rates of Social Insurance Contributions to Employment Injury and Occupational Disease Fund

**Article 64.** (1) The rate of social insurance contributions remitted by social insurance contributors shall be determined a percentage of the monthly contributory income of the insured persons on the basis of actuarial assumptions.

(2) (Amended, SG No. 112/2004) The Public Social Insurance Budget Act shall fix the rate of the employment injury and occupational disease contribution disaggregated by groups of principal economic activities.

(3) (Amended, SG No. 112/2004) The rate of the social insurance contribution shall be fixed by the National Social Security Institute according to a method and procedure established by an act of the Council of Ministers.

(4) (Repealed, SG No. 112/2004).

#### Measures for Prevention of Employment Injury and Occupational Disease

**Article 65.** The Employment Injury and Occupational Disease Fund shall finance measures for the prevention of employment injuries and occupational diseases and for improvement of working conditions by means of:

1. provision of help, advice and assistance to social insurance contributors for establishment and implementation of an efficient system for occupational safety and protection of health at work;
2. elaboration and participation in the elaboration of national sectoral programmes (strategies) in the sphere of occupational safety and protection of health at work;
3. delivery of training and improvement of the skills of workers in matters of occupational safety and protection of health at work;
4. conduct and commissioning of scientific research in the sphere of occupational safety and protection of health at work;
5. inspection of the state of occupational safety and protection of health at work;
6. investigation, independently or together with the other competent authorities, of employment injuries and occupational diseases;
7. conduct of campaigns, keeping the public informed of the problems of occupational safety and protection of health at work;
8. elaboration and participation in the elaboration of statutory instruments on occupational safety and protection of health at work;
9. study and dissemination of the positive experience in the creation of safe working conditions;
10. performance of other activities concerning the prevention of employment injuries and occupational diseases.

#### Obligations of Social Insurance Contributor

**Article 66.** The social insurance contributor shall be obligated:

1. (repealed, SG No. 106/2013, effective 1.01.2014):
  - (a) any changes in the technology or nature of the work of the enterprise;
  - (b) liquidation of the enterprise;
2. to notify immediately the local division of the National Social Security Institute, the Labour Inspectorate and other competent authorities of each fatal employment injury, of each injuries which has caused impairment of more than three workers, as well as of each injury for which there is reason to assume that it will lead to disablement;
3. (amended, SG No. 1/2002, SG No. 106/2013, effective 1.01.2014) to dispatch to the local division of the National Social Security Institute copy of the primary sick leave certificate for employment injury or occupational disease;
4. (repealed, SG No. 1/2002);
5. (repealed, SG No. 1/2002).

## Obligations of the Beneficiary Company

(Title amended, SG No. 106/2013, effective 1.01.2014)

**Article 66a.** (New, SG No. 7/2012, supplemented, SG No. 106/2013, effective 1.01.2014) The obligations of the social insurance contributor under this Chapter also refer to the beneficiary enterprise, when workers or employees have been assigned to it on temporary employment.

## Obligations of Insured Person

**Article 67.** The insured person shall be obligated:

1. (repealed, SG No. 106/2013, effective 1.01.2014);

2. (amended, SG No. 106/2013, effective 1.01.2014) to notify immediately social insurance contributor/beneficiary company or an authorized representative thereof of any employment injury which has occurred or of any occupational disease which has been ascertained, with the exception of cases when this is impossible.

## Chapter Six

# COMPULSORY RETIREMENT INSURANCE

## Section I

### Contributory-Service and Retirement-Age Pensions

#### Acquisition of Entitlement to Pension

**Article 68.** (Amended, SG No. 100/2010, effective 1.01.2011) (1) (Amended, SG No. 100/2011, effective 1.01.2012) Entitlement to a contributory-service and retirement-age pension shall be acquired upon attainment of the age of 60 years for women and 63 years for men and 34 years of contributory service for women and 37 years of contributory service for men. As from 31 December 2011, the retirement age shall be increased, from the first day of each successive calendar year, by 4 months for both women and men until reaching the age of 63 years for women and 65 years for men.

(2) As from 31 December 2011, the length of contributory service under Paragraph 1 shall be increased, from the first day of each successive calendar year, by 4 months for both women and men until reaching the sum total of 37 years for women and 40 years for men.

(3) (Amended, SG No. 100/2011, effective 1.01.2012) If a person is not entitled to the pension under Paragraphs 1 and 2, prior to 31 December 2011 the person shall acquire the entitlement to a pension upon attainment of the age of 65 years for both women and men provided that the person has at least 15 years of actual contributory service. As from the 31 December 2011, the retirement age shall be increased, from the first day of each successive calendar year, by 4 months until reaching the age of 67 years.

Acquisition of Entitlement to Pension by Servicemen under Republic of Bulgaria Defence and Armed Forces Act and by Civil Servants under Ministry of Interior Act and Implementation of Penal Sanctions and Detention in Custody Act, and by Investigators

(Heading amended, SG No. 64/2002, SG No. 68/2006, effective 1.05.2006, supplemented, SG No. 25/2009, effective 1.06.2009, amended, SG No. 35/2009, effective 12.05.2009)

**Article 69.** (1) (Amended, SG No. 38/2005, SG No. 35/2009, effective 12.05.2009, SG No. 100/2010, effective 1.01.2011, SG No. 99/2012, effective 1.01.2013, SG No. 111/2013, effective 1.01.2014) Servicemen shall acquire entitlement to pension upon discharge from service irrespective of their age when they have 27 years of total contributory service, two-thirds of which actually served as servicemen under the Republic of Bulgaria Defence and Armed Forces Act.

(2) (Amended, SG No. 64/2000, SG No. 74/2002, SG No. 67/2003, SG No. 38/2005, SG No. 68/2006, effective 1.05.2006, SG No. 64/2007, supplemented, SG No. 25/2009, effective 1.06.2009, amended, SG No. 100/2010, effective

1.01.2011, supplemented, SG No. 70/2013, effective 9.08.2013) The civil servants under the Ministry of Interior Act, the Special Intelligence Means Act and under the Implementation of Penal Sanctions and Detention in Custody Act, the civil servants under Article 11 of the Postal Services Act, the civil servants who provide judicial system security under Article 391 of the Judiciary System Act, investigators and junior investigators shall acquire entitlement to pension regardless of age, upon discharge if their contributory service is as follows:

1. (supplemented, SG No. 44/2012, effective 1.07.2012) prior to 31 December 2011, 25 years of total contributory service, two-thirds of which actually served as civil servants under any of the aforementioned legislative acts or the State Agency for National Security Act or as servicemen under the Defence and Armed Forces of the Republic of Bulgaria Act or as investigating magistrates or junior investigating magistrates;

2. (amended, SG No. 100/2011, effective 1.01.2012, supplemented, SG No. 44/2012, effective 1.07.2012) following 1 January 2012 - 27 years of total contributory service, two-thirds of which actually served as civil servants under any of the aforementioned legislative acts or the State Agency for National Security Act or as servicemen under the Defence and Armed Forces of the Republic of Bulgaria Act or as investigating magistrates or junior investigating magistrates.

(3) (New, SG No. 109/2007, amended, SG No. 35/2009, effective 12.05.2009, SG No. 100/2010, effective 1.01.2011) The civil servants of the State Agency for National Security shall acquire entitlement to pension, regardless of their age, upon discharge if their contributory service is as follows:

1. prior to 31 December 2011, 25 years of total contributory service, two-thirds of which actually served under the State Agency for National Security Act, or as military servicemen, or under any of the legislative acts referred to in Paragraph 2;

2. (amended, SG No. 100/2011, effective 1.01.2012) following 1 January 2012 - 27 years of total contributory service, two-thirds of which actually served under the State Agency for National Security Act, or as military servicemen, or under any of the legislative acts referred to in Paragraph 2.

(4) (Supplemented, SG No. 67/2003, amended, SG No. 68/2006, renumbered from Paragraph 3 and supplemented, SG No. 109/2007, amended, SG No. 35/2009, effective 12.05.2009, SG No. 99/2012, effective 1.01.2013, SG No. 111/2013, effective 1.01.2014) Persons under Paragraphs (1), (2) and (3) who have served 15 years in positions in flight personnel, paratroopers, submarine crews and diving personnel, shall acquire entitlement to pension upon discharge regardless of their age.

(5) (New, SG No. 99/2012, effective 1.01.2013, repealed, SG No. 111/2013, effective 1.01.2014).

(6) (New, SG No. 102/2006, renumbered from Paragraph 4, SG No. 109/2007, amended, SG No. 102/2008, SG No. 93/2009, SG No. 88/2010, effective 1.11.2011, SG No. 100/2010, effective 1.01.2011, renumbered from Paragraph 5, SG No. 99/2012, effective 1.01.2013) Employees at the Fire Safety and the Protection of the Population Directorate General of the Ministry of the Interior who perform any of the activities covered under Item 8 and 9 of Article 52d (2) of the Ministry of the Interior Act shall acquire entitlement to pension, regardless of their age, upon termination of the legal relationship if their contributory service is as follows:

1. prior to 31 December 2011, 25 years of total contributory service, two-thirds of which actually served within the civil protection system;

2. (amended, SG No. 100/2011, effective 1.01.2012) following 1 January 2012 - 27 years of total contributory service, two-thirds of which actually served within the civil protection system.

(7) (New, SG No. 100/2010, effective 1.01.2011, renumbered from Paragraph 6, SG No. 99/2012, effective 1.01.2013) Employees assigned to diving posts at the Fire Safety and the Protection of the Population Directorate General of the Ministry of the Interior shall acquire entitlement to pension, regardless of their age, upon termination of the legal relationship if they have served in this position for 15 years.

(8) (New, SG No. 99/2012, effective 1.01.2013, amended, SG No. 111/2013, effective 1.01.2014) The contributory length of service for acquiring an entitlement to pension under Paragraphs 1, 2, 3 and 6 shall be recognised following the rules of complementarity, and the contributory length of service under Paragraphs 4 and 7 can complement the contributory length of service under Paragraphs 1, 2, 3 and 6.

Acquisition of Entitlement to Pension by Ballet Dancers and Dancers with Contributory Service at Cultural Organisations



**Article 69a.** (New, SG No. 100/2010, effective 1.01.2011) Ballet dancers and dancers shall acquire entitlement to pension, regardless of their age, upon termination of the legal relationship if they have 25 years of contributory service as a ballet dancer or dancer employed by cultural organisations.

#### Amount of Pension

**Article 70.** (1) (Supplemented, SG No. 105/2006, amended and supplemented, SG No. 113/2007, amended, SG No. 109/2008, amended and supplemented, SG No. 100/2010, effective 1.01.2011, supplemented, SG No. 100/2011, effective 1.01.2012, amended, SG No. 99/2012, effective 1.01.2013) The amount of the contributory service and retirement age pension shall be determined by multiplying the income, on the basis of which the pension is calculated, by a sum total of: 1.1 per cent, and as from 1 January 2017 - 1.2 percent for each year of contributory service and the respective proportionate part of the percentage for the months of contributory service. If the persons concerned have acquired an entitlement to pension under Article 68, Paragraphs 1 and 2, and continue working after acquiring the said entitlement without having been granted a pension, the percentage shall be 3, and as from 1 January 2012 - 4 for each year of contributory service past that age, and the relevant proportionate part of the said percentages for the months of contributory service. The percentage of each year of contributory service after reaching the age referred to in Article 68, Paragraphs 1 and 2 shall be applicable to the actual calendar contributory service, without conversion, acquired after 31 December 2006.

(2) (Amended, SG No. 67/2003, effective 1.01.2004) The income on the basis of which the pension is calculated shall be determined by multiplying the national average monthly contributory income for 12 calendar months prior to the month of granting of the pension by the individual coefficient of the person.

(3) The individual coefficient shall be calculated on the basis of the income of the person on which social insurance contributions have been remitted during three successive years out of the last 15 years of contributory service until the 1st day of January 1997, at the election of the person, and on the basis of the income for the period after that date until the retirement of the person.

(4) For the purpose of calculating the individual coefficient, the following shall be determined:

1. the ratio between the average monthly contributory income of the person for the period until the 31st day of December 1996 and the national average monthly wage for the same period as announced by the National Social Security Institute;

2. the ratio between the average monthly contributory income of the person for the period after the 31st day of December 1996 and the national average monthly contributory income for the same period.

(5) The individual coefficient shall be determined by multiplying each of the ratios under Paragraph 4 by the respective number of months for which the said ratio has been established, and by dividing the sum total of the products so arrived by the total number of months included in the two periods.

(6) Where the persons have not worked after the 1st day of January 1997, the individual coefficient shall be equal to the ratio under Item 1 of Paragraph 4, and where the basic period falls entirely after that date, the individual coefficient shall be equal to the ratio under Item 2 of Paragraph 4.

(7) (Amended, SG No. 64/2000, effective 1.01.2001, SG No. 57/2006, SG No. 100/2010, effective 1.01.2011) The minimum amount of the contributory-service and retirement-age pension under Article 68(1) herein shall be determined by the Public Social Insurance Budget Act.

(8) (New, SG No. 57/2006, amended, SG No. 100/2010, effective 1.01.2011) The amount of the contributory-service and retirement-age pension under Article 68(3) herein may not be less than 85 per cent of the minimum amount referred to in Paragraph 7.

(9) (New, SG No. 1/2002, renumbered from Paragraph 8, SG No. 57/2006) Upon determination of a pension under an international treaty whereto the Republic of Bulgaria is a party, the contributory income required for the contributory service which is acquired under Bulgarian legislation shall be taken into consideration.

(10) (New, SG No. 99/2012, effective 1.01.2013) The ratio referred to in Paragraph 4, Item 2, may not exceed the ratio between the maximum contributory income, defined in the Public Social Insurance Budget Act, and the average monthly contributory income for the country for the same period.

## Income on Basis of which Pension Is Calculated

**Article 70a.** (New, SG No. 1/2002) (1) (Supplemented, SG No. 99/2009, effective 1.01.2010) The average monthly contributory income shall be determined on the basis of the remuneration or the contributory income on which social insurance contributions have been remitted or are due for the persons under Article 4(1) and (2) and under Items 5 and 6 of Article 4(3) herein, and for self-insured persons as well as persons under Article 4a(1) on the basis of the income on which social insurance contributions have been remitted.

(2) Upon determination of the average monthly contributory income, the income during the following periods shall be ignored:

1. of conscription or alternative service;
2. of a child-care leave during which a benefit has been received;
3. of the time counting as contributory service of non-working mothers;
4. (amended, SG No. 100/2010, effective 1.01.2011) the period of study of persons with higher or college education, or periods insufficient to acquire the entitlement to the pension under Article 68(1) and (2) for which the persons concerned have paid insurance contributions entirely at their expense;
5. after the 1st day of January 1996, the period during which a parent (adoptive parent) of a disabled child has taken permanent care after the said child until attainment of the age of 16 years, by reason of which such person has not worked under an employment or civil-service relationship and has not been insured;
6. (amended, SG No. 41/2009, effective 1.07.2009) after the 1st day of January 2001, the period during which a parent (adoptive parent) or spouse have taken care of disabled persons with permanently reduced loss of working capacity/type and degree of disability exceeding 90 per cent who are constantly in need of assistance, by reason of which such persons have not been insured or have not received a pension;
7. the period during which the persons have received an unemployment benefit upon the granting of pensions with a commencement date after the 31st day of December 1999;
8. (new, SG No. 100/2010, effective 1.01.2011) the period of an unpaid leave which is recognised as contributory service, or the period of lawful strike;
9. (new, SG No. 100/2010, effective 1.01.2011, amended, SG No. 58/2012, effective 1.08.2012, SG No. 99/2012, effective 1.01.2013) the period during which the persons concerned have been insured on the grounds of Article 4, Paragraphs 5, 7 and 9.

(3) Where the period used for determination of the individual coefficient includes a time of statutory leave or legitimate strike, the following shall be taken into consideration:

1. for the period of paid leave paid by the employer: the remuneration received for the said leave on which social insurance contributions have been remitted;
2. (amended, SG No. 1/2014, effective 1.01.2014) for the period of leave due to temporary disability, pregnancy and child-birth or upon adoption of a child between 2 and 5 years of age, during which a cash benefit has been received from public social insurance: the income on the basis of which the benefit was calculated;
3. (amended, SG No. 99/2009, effective 1.01.2010, repealed, SG No. 100/2010, effective 1.01.2011).

(4) (Amended, SG No. 105/2006) Upon determination of the contributory income for the period until the 31st day of December 2006 for the persons under Article 4 (1) and (2) herein, any remunerations that are charged and unpaid shall be ignored.

## Section II

### Invalidity Pensions

## Entitlement to Pension

**Article 71.** (Amended, SG No. 100/2010, effective 1.01.2011) The persons concerned shall be entitled to an invalidity pension where they have lost their working capacity, in whole or in part, permanently or for an extended period of time.

## Determining Invalidity Pension

**Article 72.** (Amended, SG No. 41/2009, effective 1.07.2009) An invalidity pension shall be granted to persons with permanently reduced working capacity/type and degree of disability equal to 50 per cent and exceeding 50 per cent.

## Commencement Date and Duration of Pension

**Article 73.** (1) (Amended, SG No. 64/2000) The entitlement to invalidity pension shall arise as from the date of disablement and, in respect of persons blind by birth and those who have become blind before entering employment, as from the date of the application under Article 94 herein.

(2) An invalidity pension shall be granted for the period of the disablement.

(3) (Amended, SG No. 1/2002) The invalidity pensions of persons who have attained the age under Article 68 herein shall be granted for life.

## Entitlement to Common Disease Invalidity Pension

**Article 74.** (1) (Supplemented, SG No. 64/2000, redesignated from Article 74, SG No. 1/2002) Insured persons shall become entitled to common disease invalidity pension if they have lost their working capacity and have the following contributory service prior to the disablement or, applicable to persons blind by birth and those who have become blind before entering employment, prior to the date of the application under Article 94 herein:

1. persons who have not attained the age of 20 years and persons blind by birth and those who have become blind before entering employment: regardless of the length of contributory service;

2. persons who have not attained the age of 25 years: one year of contributory service;

3. persons who have not attained the age of 30 years: three years of contributory service;

4. (judgment No. 5 of the Constitutional Court of the Republic of Bulgaria dated 29.06.2000 established inconsistency with the provisions of Article 5 (2) of ILO Conventions No. 37 and 38, judgment promulgated SG No. 55/2000; amended, SG No. 64/2000) persons who have attained the age of 30 years: five years of contributory service;

5. (judgment No. 5 of the Constitutional Court of the Republic of Bulgaria dated 29.06.2000 established inconsistency with the provisions of Article 5 (2) of ILO Conventions No. 37 and 38, judgment promulgated SG No. 55/2000; repealed, SG No. 64/2000).

(2) (New, SG No. 1/2002) Persons disabled by birth and persons who have become disabled before entering employment shall acquire entitlement to common disease invalidity pension with one year of contributory service.

(3) (New, SG No. 112/2004, supplemented, SG No. 109/2008, effective 1.01.2009) A common disease invalidity pension shall not be granted, resumed or re-granted to any persons who have been granted a personal contributory-service and retirement-age pension.

## Amount of Common Disease Invalidity Pension

**Article 75.** (1) (Amended, SG No. 64/2000, SG No. 104/2005, effective 27.12.2005, SG No. 23/2009, effective 1.04.2009) The amount of the common disease invalidity pension shall be determined by multiplying the income on the basis of which the pension is calculated by the sum total of 1,1 per cent for each year of contributory service and the relevant proportionate part of the percentage for the months of contributory service.

(2) (Amended, SG No. 104/2005, effective 27.12.2005, supplemented, SG No. 100/2010, effective 1.01.2011) When the insured person has not attained the age under Article 68 on the date of disablement, the difference between the age of the person, who shall, not be younger than 16, and the age under Article 68 shall count as contributory service. Upon determination of the pension, the time counting as contributory service and the relevant proportionate part of the percentage for

the months shall be multiplied by the following coefficient:

1. (amended, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability exceeding 90 per cent: 0.9;
2. (amended, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 71 and 90 per cent: 0.7;
3. (amended, SG No. 1/2002, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 50 and 70.99 per cent: 0.5.

(3) (Repealed, SG No. 64/2000).

(4) The amount of the common disease invalidity pension may not be less than:

1. (amended, SG No. 57/2006, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability exceeding 90 per cent: 115 per cent of the minimum amount referred to in Article 70 (7) herein;
2. (amended, SG No. 57/2006, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 71 and 90 per cent: 105 per cent of the minimum amount referred to in Article 70 (7) herein;
3. (amended, SG No. 1/2002, SG No. 57/2006, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 50 and 70.99 per cent: 85 per cent of the minimum amount referred to in Article 70 (7) herein.

(5) (New, SG No. 67/2003) The pensions of persons under Item 1 of Article 74 (1) herein, whose contributory service does not exceed one year, shall be determined at the minimum amounts under Paragraph 4. After completion of one year of contributory service, any such pensions shall be determined according to the procedure established by Articles 75 to 77 herein.

#### Income on Basis of which Common Disease Invalidity Pension Amount Is Calculated

**Article 76.** (Amended, SG No. 67/2003, effective 1.01.2004) The income on the basis of which the amount of the common disease invalidity pension is calculated, shall be determined by multiplying the national average monthly contributory income under Article 70 (2) herein by the individual coefficient of the person.

#### Individual Coefficient

**Article 77.** (Supplemented, SG No. 64/2000, amended, SG No. 1/2002, SG No. 100/2010, effective 1.01.2011) The individual coefficient for determination of the common disease invalidity pension shall be determined according to the procedure established by Article 70(3) to (6) until the date of retirement.

#### Employment-Injury and Occupational-Disease Invalidity Pension

**Article 78.** Insured persons who have lost 50 per cent, or over 50 per cent, of their working capacity due to an employment injury or an occupational disease, shall be entitle to an employment-injury or occupational-disease invalidity pension regardless of their contributory service.

#### Amount of Employment-Injury and Occupational-Disease Invalidity Pension

**Article 79.** (1) (Amended, SG No. 67/2003, effective 1.01.2004, SG No. 60/2011, effective 5.08.2011) The amount of the employment-injury or occupational-disease invalidity pension shall be determined by multiplying the national average monthly contributory income under Article 70 (2) herein by the individual coefficient as calculated according to the procedure established by Article 70 (3) to (6) herein until the date of retirement, and by the following coefficients:

1. (amended, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability over 90 per cent: 0.4;
2. (amended, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 71 and 90 per cent: 0.35;

3. (amended, SG No. 1/2002, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 50 and 70.99 per cent: 0.30.

(2) The amount of the employment-injury or occupational-disease invalidity pension may not be less than:

1. (amended, SG No. 57/2006, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability over 90 per cent: 125 per cent of the minimum amount referred to in Article 70 (7) herein;

2. (amended, SG No. 57/2006, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 71 and 90 per cent: 115 per cent of the minimum amount referred to in Article 70 (7) herein;

3. (amended, SG No. 64/2000, SG No. 57/2006, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 50 and 70.99 per cent: the minimum amount referred to in Article 70 (7) herein.

(3) (New, SG No. 64/2000) The amount of the employment-injury and occupational-disease invalidity pension may not be less than the amount calculated for a common disease invalidity pension.

## Section III

### Survivor Pensions

#### Entitlement to Survivor Pension

**Article 80.** (1) (Amended, SG No. 89/2012, effective 1.01.2013, SG No. 99/2012, effective 1.01.2013) Personal pensions may be transformed into survivor pensions with the exception of civil disability pensions, social pensions for old age, social disability pensions and person-specific pensions.

(2) (Amended, SG No. 1/2002) Entitlement to a survivor pension shall vest in the children, the surviving spouse and the parents.

(3) Renunciation of succession shall not deprive the survivors of the entitlement to a survivor pension.

(4) Receipt of a survivor pension shall not be treated as acceptance of succession.

#### Determining Survivor Pension

**Article 81.** (1) The survivor pension shall be determined as a percentage of the personal pension of the deceased insured person as follows:

1. in case of one survivor: 50 per cent;

2. in case of two survivors: 75 per cent;

3. in case of three and more survivors: 100 per cent.

(2) (Supplemented, SG No. 64/2000, effective 1.01.2001, amended, SG No. 57/2006) The survivor pension shall be granted as an aggregate amount to all persons entitled to this pension and shall be divided equally among them. The minimum amount of the survivor pension may not be less than 75 per cent of the minimum amount referred to in Article 70 (7) herein.

(3) Upon the death of both parents (adoptive parents), the children shall be entitled to a survivor pension which shall be determined on the basis of the sum total of the pensions of the deceased.

#### Eligibility Requirements for Granting and Receipt of Survivor Pension

**Article 82.** (1) (Amended, SG No. 41/2007, effective 1.01.2008, supplemented, SG No. 106/2013, effective 1.01.2014) Children shall be entitled to a survivor pension until attainment of the age of 18 years, and after attainment of the said age, if

they pursue their studies, for the period of the studies, but not later than the attainment of the age of 26 years, as well as above the said age if they became disabled before attainment of the age of 18 or 26 years, respectively. Children that are considered to pursue their studies are determined with the ordinance referred to in Article 106.

(2) (Amended, SG No. 67/2003, effective 1.01.2003, SG No. 100/2010, effective 1.01.2011, SG No. 99/2012, effective 1.01.2013) The surviving spouse shall be entitled to a survivor pension five years earlier than his/her age under Article 68 (1) herein or before that age if he or she has lost his or her working capacity.

(3) (Amended, SG No. 67/2003, effective 1.01.2003, SG No. 100/2010, effective 1.01.2011) Parents shall be entitled to a survivor pension from the children thereof if they have attained the age under Article 68 (1) herein.

(4) Parents of persons who have died during conscription shall be entitled to a survivor pension regardless of their age.

### Types of Survivor Pensions

**Article 83.** (1) Upon the death of the insured person, survivors shall be granted a pension in accordance with the type of the personal common disease pension or employment-injury or occupational-disease pension that the deceased person would have received as a disabled person with loss of working capacity exceeding 90 per cent.

(2) Where the deceased has acquired entitlement to a contributory-service and retirement-age pension, the survivors shall be granted a survivor pension calculated on the basis of the contributory-service and retirement-age pension, if this is more favourable for them.

(3) (Amended, SG No. 41/2009, effective 1.07.2009) Upon the death of a pensioner who has received a personal common disease or employment-injury or occupational-disease invalidity pension, the amount of the survivor pension shall be determined on the basis of the personal invalidity pension appertaining to the said pensioner for permanently reduced working capacity/type and degree of disability exceeding 90 per cent.

(4) (Amended, SG No. 41/2009, effective 1.07.2009) Upon the death of a conscript serviceman, the survivors thereof shall be granted a pension on the basis of the amount under Article 86 (1) herein, equal to the military invalidity pension appertaining for permanently reduced working capacity/type and degree of disability over 90 per cent.

(5) (New, SG No. 64/2000, amended, SG No. 41/2009, effective 1.07.2009) Upon the death of a pensioner who has received a military invalidity pension, the amount of the survivors' pension shall be determined on the basis of the military invalidity pension appertaining for permanently reduced working capacity/type and degree of disability over 90 per cent, as determined under Article 86 herein.

(6) (New, SG No. 112/2004) Upon the death of a pensioner who has received a personal common disease invalidity pension or a personal contributory-service and retirement-age pension, the survivor pensions shall be granted in the percentages under Article 81 herein, depending on the type of the pension received.

### Supplement from Pension of Deceased Spouse

**Article 84.** (Amended, SG No. 112/2004) (1) (Amended, SG No. 99/2009, effective 1.01.2010, SG No. 49/2010, effective 1.07.2010) A pensioner shall be entitled to a supplement of the pension or of the aggregate pensions which the deceased spouse has received at the following rates.

1. (amended, SG No. 60/2011, effective 5.08.2011) prior to 31 August 2011, 20 percent;

2. (amended, SG No. 60/2011, effective 5.08.2011, SG No. 99/2012, effective 1.01.2013) from 1 September 2011 26.5 percent;

3. (repealed, SG No. 99/2012, effective 1.01.2013);

4. (repealed, SG No. 99/2012, effective 1.01.2013);

5. (repealed, SG No. 99/2012, effective 1.01.2013).

(2) Where the deceased spouse had not received a pension, the supplement under Paragraph 1 shall be determined on the basis of the pension or the aggregate of the pensions to which the deceased spouse was entitled according to the procedure established by Article 83 herein.

(3) A supplement may not be received together with a survivor pension from the same antecessor.

**Article 84a.** (New, SG No. 99/2009, effective 1.01.2010, repealed, SG No. 100/2010, effective 1.01.2011).

## Section IV Non-Work-Contingent Pensions

### Military Invalidity Pension

**Article 85.** (1) Entitlement to a military invalidity pension shall vest in persons who have lost their working capacity by reason of contracting a disease or sustaining an injury during or in connection with:

1. military conscription;
2. inactive duty or reserve service.

(2) Entitlement to a military invalidity pension shall furthermore vest in persons who have sustained an injury while rendering assistance to the armed forces.

(3) The killed and missing persons shall likewise qualify as having sustained an injury within the meaning given by Paragraphs (1) and (2).

### Amount of Military Invalidity Pension

**Article 86.** (1) (Amended, SG No. 1/2002, SG No. 41/2009, effective 1.07.2009) The amount of the military invalidity pension shall be determined as a percentage of the social old-age pension according to the following table:

	Permanently reduced working capacity		
	over 90 per cent	71-91 per cent	50-70.99 per cent
Privates and non-commissioned officers	150 per cent	140 per cent	115 per cent
Commissioned officers	160 per cent	150 per cent	120 per cent

(2) Where the persons under Article 85 herein have been insured against all social insurance risks or only against employment injury or occupational disease prior to entering conscription or inactive duty, the amount of the military invalidity pension shall be determined as for the employment-injury or occupational-disease pension, if this is more favourable for such persons.

### Civil Invalidity Pension

**Article 87.** Entitlement to a civil disability pension shall vest in persons who have lost their working capacity by reason of contracting a disease or sustaining an injury:

1. in the course of performance of civic duty;
2. accidentally caused by the authorities upon performance of official tasks assigned by the said authorities.

### Amount of Civil Invalidity Pension

**Article 88.** (1) The amount of civil invalidity pensions shall be determined as a percentage of the social old-age pension as follows:

1. (amended, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability over 90 per cent: 150 per cent;
2. (amended, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced working capacity/type and degree of disability between 71 and 90 per cent: 140 per cent;
3. (amended, SG No. 1/2002, SG No. 41/2009, effective 1.07.2009) for persons with permanently reduced reduced working

capacity/type and degree of disability between 50 and 70.99 per cent: 115 per cent.

(2) The pension of persons who have been insured against all social insurance risks or only against employment injury or occupational disease shall be calculated according to the procedure established for employment-injury or occupational-disease pensions if this is more favourable for such persons.

**Article 89.** (1) (Amended, SG No. 1/2002, repealed, SG No. 100/2010, effective 1.01.2013 - amended, SG No. 60/2011).

#### Social Pension for Old Age

**Article 89a.** (New, SG No. 99/2012, effective 1.01.2013) (1) Persons, who have reached the age of 70, shall be entitled to a social pension where the average income per family member as at the date of reaching this age is lower than the sum total of the guaranteed minimum income, established for the country during the last preceding 12 months. If the request has been submitted after the age of 70 is reached and after the expiry of the 6-month time period, specified in Article 94, the income per family member shall be estimated as at the date of the application.

(2) The amount of the social pension for old age, as well as the conditions for receiving it, shall be determined by the Council of Ministers upon a proposal from the Ministry of Labour and Social Policy and the National Social Security Institute.

**Article 90.** (1) (Amended, SG No. 41/2009, effective 1.07.2009, repealed, SG No. 100/2010, effective 1.01.2013 - amended, SG No. 60/2011).

#### Social Disability Pension

**Article 90a.** (New, SG No. 99/2012, effective 1.01.2013) (1) Persons, who have reached the age of 16 and have permanently reduced capacity to work/type and degree of disability of over 71 percent, shall be entitled to a social disability pension.

(2) The social disability pension for people with a permanently reduced capacity to work/type and degree of disability of over 90 percent shall amount to 120 percent, and for people with a permanently reduced capacity to work/type and degree of disability of between 71 and 90 percent - to 110 percent of the social pension for old age.

#### Special Merit Pension

**Article 91.** (Repealed, SG No. 89/2012, effective 1.01.2013).

#### Person-Specific Pensions

**Article 92.** The Council of Ministers may, under terms and according to a procedure established thereby, grant pensions in exceptional cases to persons who do not meet some of the requirements of this Code.

#### Resources for Payment of Non-Work-Contingent Pensions

**Article 93.** (Amended, SG No. 15/2013, effective 1.01.2014) The resources for payment of non-work-contingent pensions shall be for the account of the state budget.

## Section V

### General Provisions on Pensions

#### Date of Granting of Pension

**Article 94.** (1) (Amended, SG No. 1/2002, redesignated from Article 94, SG No. 112/2004, amended, SG No. 100/2011, effective 1.01.2012) Pensions shall be granted as from the date of acquisition of entitlement if the application with the required documents has been submitted within six months after this date. If the documents have been submitted after the expiry of the six-month period since acquisition of the entitlement, pensions shall be granted as from the date of the submission of the said documents.

(2) (New, SG No. 100/2011, effective 1.01.2012, supplemented, SG No. 99/2012, effective 1.01.2013)



Contributory-service and retirement-age pensions of the persons specified in Article 4, Paragraph 1, Items 1-4 and 6, and Article 4a, shall be granted as from the date of termination of the social insurance under the Bulgarian legislation, respectively termination of the employment under the legislation of a state, with which an international agreement in the field of social insurance is in place if the application with the required documents has been submitted within six months after the acquisition of the entitlement or after the termination of the social insurance, as the case may be. If the documents have been submitted after the expiry of the six-month period since the acquisition of the entitlement or the termination of the social insurance, as the case may be, pensions shall be granted as from the date of the submission of the said documents.

(3) (New, SG No. 112/2004, amended, SG No. 104/2005, effective 27.12.2005, renumbered from Paragraph 2, SG No. 100/2011, effective 1.01.2012) An invalidity pension shall be granted as from the date of submission of the application for certification to the Territorial Medical Expert Board (National Medical Expert Board), provided the documents required for retirement, shall be submitted to the local division of the National Social Security Institute within one month after the entry into force of the decision of the Territorial Medical Expert Board (National Medical Expert Board).

### Suspension of Pension

**Article 95.** (1) (Redesignated from Article 95, SG No. 99/2009, effective 1.01.2010) The pension shall be suspended:

1. at the request of the person;
2. where the pensioner fails to present himself or herself for re-certification by the working capacity evaluation authorities after being formally summoned to do so;
3. where the pensioner has not claimed the pension thereof for more than six months;
4. where the pension is not payable in pursuance of Article 101 herein.

(2) (New, SG No. 99/2009, effective 1.01.2010) Officials entrusted with retirement insurance management at the territorial offices of the National Social Security Institute may issue an order to suspend a pension in cases where evidence has been presented attesting to facts which may lead to the pension termination as per Article 96(1). Such orders shall be issued within 14 days upon the submission of evidence. Should it be ascertained that there are no pension termination grounds, the pension shall be resumed from the suspension date onward.

### Termination of Pension

**Article 96.** (1) The pension shall be terminated where:

1. the pensioner dies;
2. the child attains the age limit for receipt of a survivor pension, or is adopted;
3. the surviving spouse, who receives a survivor pension, remarries;
4. the grounds for the receipt of the pension lapses.

(2) In the cases under Item 1 of Paragraph 1, the pension shall be terminated as from the end of the month during which the pensioner has died, and in the cases under Items (2) to (4) the pension shall be terminated as from the date on which the grounds for termination has occurred.

### Resumption and Re-granting of Pension

**Article 97.** (1) A suspended pension shall be resumed and a terminated pension shall be re-granted acting on a written application by the pensioner when the grounds for the suspension or termination of the pension lapses.

(2) The pension shall be resumed or re-granted as from the day of lapse of the grounds for the suspension or termination thereof, provided the application is submitted within three years after the said date, or as from the date of submission of the said application, provided the time limit has been missed.

(3) (Supplemented, SG No. 99/2009, effective 1.01.2010) Any pension suspended in pursuance of Item 2 of Article 95(1) herein shall be resumed as from the date of the suspension thereof if it is ascertained that the pensioner has failed to present himself or herself for re-certification for good reasons.

## Procedure for Granting and Modification of Pension

**Article 98.** (1) (Amended, SG No. 64/2000, SG No. 99/2009, effective 1.01.2010) Pensions and supplements thereto shall be granted, modified, updated, suspended, resumed, terminated and regranted upon an order issued by:

1. officials entrusted with retirement insurance management at the territorial offices of the National Social Security Institute, or other officials appointed by the head of territorial office of the National Social Security Institute;

2. (supplemented, SG No. 100/2010, effective 1.01.2011) officials at the National Social Security Institute who are entrusted with the management of activities pertaining to the granting and payment of pensions under international agreements with respect to persons permanently residing abroad, or other officials appointed by the Governor of the National Social Security Institute.

(2) (Amended, SG No. 105/2005, amended and supplemented, SG No. 99/2009, effective 1.01.2010) Officials referred to in Paragraph 1 shall also issue orders on restitution of mispaid amounts for pension. The amounts due under the orders shall be collected from the pension of the pensioner. In case the pension has been terminated, the amounts shall be collected according to the procedure established by the Tax and Social-Insurance Procedure Code. The said orders shall be appealable according to the procedure established by Article 117 herein. If garnishments have been imposed upon the pension as per the procedure of the Tax and Social-Insurance Procedure Code and the Code of Civil Procedure, claims shall be collected in the following order: maintenance obligations, pension amounts incorrectly paid, other public claims as well as private claims.

(3) Apparent errors of fact in the orders under Paragraphs (1) and (2) shall be corrected by the authority which has issued the said orders. The correction shall be effective as from the day of granting, modification, updating, suspension, resumption, termination and re-granting of the pension.

(4) (New, SG No. 112/2004) The orders under Paragraph 1 regarding invalidity pensions and the attendance supplement shall be issued on the basis of a decision of a medical panel with the local division of the National Social Security Institute. The said medical panel shall consist of a chairperson and two members, who shall be designated by the director of the local division of the National Social Security Institute.

(5) (New, SG No. 112/2004, amended, SG No. 41/2009, effective 1.07.2009, SG No. 59/2010, effective 1.01.2011) The decisions of the medical panel shall be issued within 14 days after receiving from the Regional Medical Expert Record Offices (RMERO) the expert decisions with determined degree of permanently reduced working capacity equal to 50 per cent and exceeding 50 per cent, after consideration of the medical documentation certifying the present health status of the persons, the decisions of the Territorial Medical Expert Board and the National Medical Expert Board for determining the extent of the permanently reduced working capacity/type and degree of disability, the date of disablement and the period of the disability.

(6) (New, SG No. 112/2004, amended, SG No. 99/2009, effective 1.01.2010, SG No. 59/2010, effective 1.01.2011) In case the medical panel determines that the expert decisions of the Territorial Medical Expert Board and the National Medical Expert Board have been incorrectly issued, the chairperson of the said panel shall lodge an appeal against the decisions of the medical expert evaluation authorities within 14 days after the said decisions have been received in the respective territorial subdivision of NSSI. Any appeal against the decisions of the Territorial Medical Expert Board shall be lodged with the National Medical Expert Board, and any appeal against the decisions of the National Medical Expert Board shall be lodged with the Sofia Administrative Court, as per the procedure of the Administrative Procedure Code.

(7) (New, SG No. 112/2004, amended, SG No. 41/2009, effective 1.07.2009, SG No. 99/2009, effective 1.01.2010, SG No. 40/2012) If the decision of the Territorial Medical Expert Board or the National Medical Expert Board is appealed by the chairperson of the medical panel, or as per the procedure of Article 112 of the Health Act, a disability pension shall be granted, resumed or regranted in the amount of the social old age pension, until the entry into effect of the decision of the National Medical Expert Board, or of the ruling by the court reviewing the appealed decision of the medical expert evaluation authorities, respectively.

(8) (New, SG No. 41/2009, effective 1.07.2009, amended, SG No. 99/2009, effective 1.01.2010) Following the entry into effect of the decision/ruling under Paragraph 7, the pension shall be granted in the actual amount as from the date of entitlement acquisition, or from the date of pension resuming or regranted, respectively, should the person's working capacity be assessed as being permanently reduced by 50 percent or over 50 percent.

(9) (New, SG No. 99/2009, effective 1.01.2010) No supplements, as per this Code or other statutory instruments, shall be paid to the pension under Paragraph 7.

(10) (New, SG No. 99/2009, effective 1.01.2010) The pension under Paragraph 7 may not be received if another type of pension is concurrently enjoyed.

#### Revision or Revocation of Directive

**Article 99.** (1) (Amended, SG No. 100/2010, effective 1.01.2011) Any directive which has entered into force under Article 98 herein may be revised or revoked by the authority that has issued the said directive where:

1. (amended, SG No. 100/2010, effective 1.01.2011) the pensioner concerned presents new evidence of acquired length of contributory service, contributory income, civil status, etc.;
2. the pension has been granted on the basis of a false or counterfeited document or a documents making a false statement;
3. the disablement for which the pension has been granted was caused by the person deliberately or has occurred as a result of a premeditated crime committed thereby;
4. the death of the pension recipient has been caused deliberately by the survivor or is a result of a deliberate crime committed by the said survivor;
5. the pension has been misgranted, or the granting thereof has been misrefused;
6. the pension is determined at a larger or smaller amount than due.

(2) In the cases under Paragraph 1, the directive shall be revised or revoked:

1. under Item 1: as from the date of presentation of evidence;
2. under Items 2 to 6: as from the date of granting or modification of the pension or, in case of misrefusal, as from the date under Article 94 herein.

(3) (New, SG No. 100/2010, effective 1.01.2011) If new evidence of acquired length of contributory service, contributory income, civil status, etc. has been presented within the directive appeal time limit, the directive shall be revoked or modified as from the date of granting, modifying or rejecting the pension.

#### Updating the pensions

**Article 100.** (Amended, SG No. 41/2001, SG No. 112/2004, SG No. 104/2005, effective 1.01.2007, SG No. 105/2006, SG No. 100/2011, effective 1.01.2012, SG No. 106/2013, effective 1.01.2014) The pensions granted by 31 December of the previous year shall be updated from 1 July each year by virtue of a resolution of the Supervisory Board of the National Social Security Institute by a percentage equal to the sum of 50 percent of the increase in the insurance income and 50 percent of the increase in the consumer price index over the previous calendar year.

#### Receipt of Multiple Pensions

**Article 101.** (1) The following pensions may not be received simultaneously:

1. a personal contributory-service and retirement-age pension with a survivor contributory-service and retirement-age pension;
2. a personal or a survivor contributory-service and retirement-age pension with a personal or survivor common disease invalidity pension;
3. a personal common disease invalidity pension with a survivor common disease invalidity pension;
4. (new, SG No. 64/2000, amended, SG No. 100/2010, effective 1.01.2013 - amended, SG No. 60/2011, SG No. 89/2012, effective 1.01.2013, repealed, SG No. 99/2012, effective 1.01.2013);

4a. (new, SG No. 99/2012, effective 1.01.2013) a social pension for old age and a person-specific pension with another type of pension;

(2) Where the person is entitled to more than one personal invalidity pension for various sicknesses, the pension of the largest amount shall be assigned.

(3) (Supplemented, SG No. 64/2000, effective 1.08.2000, amended, SG No. 100/2010, effective 1.01.2013 - amended, SG No. 60/2011, repealed, SG No. 99.2012, effective 1.01.2013).

(3a) (New, SG No. 99/2012, effective 1.01.2013) Upon entitlement to multiple pensions, one of the pensions, at the election of the recipient, shall be received in full amount and 50 per cent of the remaining pensions shall be received. Where one of the pensions is a social disability pension, it shall be paid at 25 percent.

(4) Upon attainment of the age under Article 68 herein, war-disabled persons shall receive the full amount of the two pensions assigned thereto: a military invalidity pension and a contributory-service and retirement-age pension.

(5) Upon granting of a survivor pension to the survivors of a war-disabled person who has received or was entitled to the two pensions under Paragraph 4 in full amount, the full amount of the two pensions shall be taken as a basis.

(6) (New, SG No. 1/2002) Parents may not receive simultaneously a personal and a survivor pension, with the exception of the cases under Paragraph 7.

(7) (Renumbered from Paragraph 6, SG No. 1/2002) Parents of persons who have died during conscription shall receive the full amount of their personal pension and the pension granted under Article 82 (4) herein.

### Pension Recalculation

**Article 102.** (Amended, SG No. 64/2000) (1) (Amended, SG No. 1/2002) Persons who have been granted a contributory-service and retirement-age pension, a common disease invalidity pension or an employment-injury or occupational-disease invalidity pension may request recalculation of the pension for contributory service and contributory income acquired after retirement, if this is more favourable for such persons. The pension shall be recalculated according to the procedure established by Article 70 or by Articles 75 to 77 herein, respectively, for contributory service acquired after retirement.

(2) (New, SG No. 104/2005, effective 27.12.2005) The national average monthly contributory income for twelve calendar months prior to the month of first grant of pension shall be taken into consideration upon recalculation under Paragraph 1.

(3) (Renumbered from Paragraph 2, SG No. 104/2005, effective 27.12.2005) Persons under Paragraph 1 may request recalculation of their pension for contributory service after retirement according to the procedure established by Article 70 (1) and Article 75 (1) herein.

(4) (New, SG No. 104/2005, effective 27.12.2005, amended, SG No. 99/2009, effective 1.01.2010) In respect of the pensions granted prior to the 1 January 2000, the national average monthly contributory income for 2007 shall be taken into consideration for the purpose of recalculation.

(5) (New, SG No. 100/2010, effective 1.01.2011) When recalculating a pension, the contributory service after 31 December 2010 shall not be converted as per the procedure laid down in Article 104.

### Attendance Supplement

**Article 103.** (Amended, SG No. 41/2009, effective 1.07.2009) Pensioners with permanently reduced working capacity/type and degree of disability exceeding 90 per cent who constantly need attendance shall receive a supplement to the pension assigned thereto at the amount of 75 per cent of the social old-age pension.

### Work Categories

**Article 104.** (1) The Council of Ministers shall determine which type of work belongs to which category depending on the nature and the specific working conditions.

(2) (Supplemented, SG No. 1/2002, amended, SG No. 67/2003) Upon retirement on grounds of contributory service and retirement age, the contributory service shall be transformed with three years of contributory service under Category I or four years under Category II counting as five years of service under Category III.

(3) (Amended, SG No. 64/2000) For workers, engineers and technical experts and managerial employees up to mine over-man inclusive, hired for work underground in deep mines, in underground prospecting and hydraulic-engineering projects. in tunnel and deep mine construction, one year of contributory service under Work Category I shall count as three years of

contributory service under Work Category III.

(4) The contributory service of the persons under Article 69 herein shall be transformed with three years of actually worked time counting as five years of contributory service under Work Category III.

(5) For persons under Article 69 herein, who are members of the flight personnel of jet-propelled aviation, the submarine crews and members of the diving personnel, one year of actually worked time shall count as three years of contributory service under Work Category III.

(6) (Amended, SG No. 82/2006) For persons under Article 69 herein, who are members of the flight personnel of propeller-driven aviation, the paratroopers, servicemen posted at the guard parties with the border police precincts and on board surface ships, one year of actually worked time shall count as two years of contributory service under Work Category III.

(7) (Amended, SG No. 35/2009, effective 12.05.2009) For persons under Article 69 herein, in case of participation in operations and missions outside the country's territory with a high level of risk, as well as in case of participation in combat operations in time of war, one year of actually worked time shall count as three years of contributory service under Work Category III.

(8) (New, SG No. 35/2009, effective 12.05.2009) For the persons under article 69 in case of participation in operations and missions outside the country's territory with a low level of risk one year actually served time shall be deemed two years social security time of category three.

(9) (New, SG No. 60/2011, effective 5.08.2011) The contributory service of the persons referred to in Article 69a shall be converted by counting 4 years of contributory service as a ballet dancer or dancer employed by cultural organisations as 5 years of contributory service in Work Category III.

(10) (New, SG No. 99/2012, effective 1.01.2013) The work category, as well as the activity under Articles 69 and 69a, may not be proved with witness testimony.

## Prescription

**Article 105.** (1) Entitlement to pension shall not be extinguished by prescription.

(2) (Amended, SG No. 109/2008, effective 1.01.2009) A pension claim shall be extinguished upon the lapse of a three-year prescription period after 1 January in the year following the year to which it relates.

## Secondary Legislation

**Article 106.** The application of this Chapter and the payment of pensions shall be regulated by an act of the Council of Ministers.

## Chapter Seven

### CONTROL

#### Control Authorities

**Article 107.** (Amended, SG No. 1/2002, SG No. 105/2005) (1) (Previous Article 107, SG No. 106/2013, effective 1.01.2014) Control over compliance with the statutory instruments on public social insurance in connection with the activity assigned to the National Social Security Institute shall be exercised by the control authorities of the National Social Security Institute.

(2) (New, SG No. 106/2013, effective 1.01.2014) Control authorities of the National Social Security Institute shall be:

1. the social insurance inspectors in the regional offices of the National Social Security Institute;
2. medical doctors - experts on temporary disability in the regional offices of the National Social Security Institute;

3. officials, assigned by an order of the Governor of the National Social Security Institute or the Head of the corresponding regional office to carry out financial audits and inspections of the expenditure of the public social insurance, as well as of the compliance with statutory instruments in the field of public social insurance in connection with the activities conferred to the National Social Security Institute.

#### Rights of Control Authorities

**Article 108.** (1) The control authorities of the National Social Security Institute, in the performance of their official duties, shall have the right:

1. (amended, SG No. 1/2002, SG No. 105/2005) to inspect all natural and legal persons in respect of their activity assigned to the National Social Security Institute;

2. (amended, SG No. 1/2002, SG No. 105/2005) to take measures for enforcement of the liability of any persons guilty of violating the statutory instruments on public social insurance and the provisions on the activity assigned to the National Social Security Institute;

3. (amended, SG No. 1/2002, SG No. 105/2005, supplemented, SG No. 99/2012, effective 1.01.2013) to issue mandatory prescriptions for compliance with the provisions on public social insurance and the activity assigned to the National Social Security Institute; where the mandatory prescriptions shall be appealed against in accordance with the procedure set out in Chapter Eight;

4. to require from sole traders and legal persons and the divisions thereof, upon inspectors and audits, to declare their bank accounts in Bulgaria, as well as to submit documents related to their economic activity;

5. to conduct cross-checks and to appoint experts.

(2) (New, SG No. 45/2002, amended, SG No. 105/2005) The control authorities of the National Social Security Institute may carry out controlling and auditing activity jointly with the authorities of the National Revenue Agency under a plan coordinated in advance between the Governor of the National Social Security Institute and the Executive Director of the National Revenue Agency.

(3) (Amended, SG No. 1/2002, renumbered from Paragraph 2, SG No. 45/2002, amended, SG No. 105/2005) Natural and legal persons shall be obligated to present to the control authorities of the National Social Security Institute all documents, information, reference briefs, declarations, explanations and data mediums requested by the said authorities in connection with the observance of social security legislation in connection with the activity assigned to the National Social Security Institute, as well as to cooperate with the said authorities in the performance of their official duties.

(4) (Renumbered from Paragraph 3, SG No. 45/2002) The control authorities of the National Social Security Institute shall be mandatorily insured against accident for the account of the public social insurance budget.

(5) (Amended, SG No. 1/2002, renumbered from Paragraph 4, SG No. 45/2002, amended, SG No. 105/2005, SG No. 41/2007) The Governor of the National Social Security Institute and the directors of the divisions thereof may issue mandatory prescriptions staying the execution of orders and acts of social insurance contributors and officials which violate social security legislation in connection with the activity assigned to the National Social Security Institute.

(6) (New, SG No. 38/2004, amended, SG No. 98/2010, SG No. 35/2014) The Governor of the National Social Security Institute shall assign the conduct of an audit within 14 days after receipt of the audit report by the President of the National Audit Office under Article 54, Paragraph 1 of the National Audit Office Act on enforcement of pecuniary or administrative penal liability.

(7) (New, SG No. 104/2005, effective 27.12.2005) The control authorities of the National Social Security Institute shall have the right to demand and seize from natural and legal persons the original documents on dissolved social insurance contributors which have no legal successor, on the basis of which contributory service and contributory income are established.

(8) (New, SG No. 104/2005, effective 27.12.2005) The authorities of the Ministry of Interior shall render assistance to the control authorities of the National Social Security Institute upon exercise of the powered under Paragraph 7.

#### Alerting Function of National Social Security Institute Control Authorities

**Article 108a.** (New, SG No. 67/2003, amended, SG No. 105/2005) Where the control authorities of the National Social Security Institute establish that documents making a false statement have been drawn up in connection with social insurance payments effected, the said authorities shall be obligated to notify the prosecuting authorities.

#### Prohibition of Other Activities

**Article 109.** (1) The employees of the control authorities of the National Social Security Institute may not perform additional work related to their official duties, under an employment or civil-law relationship with another employer. They may not perform any activity related to their official duties as sole traders, partners in commercial and other corporations, cooperatives and other organizations.

(2) (Amended, SG No. 1/2002) National Social Security Institute employees shall be obligated to respect the confidentiality and not use for any purposes other than the immediate performance of the duties in the relevant position, all facts and circumstances regarding the insured persons and the social insurance contributors which came to their knowledge in connection with the performance of their official duties, even after a termination of their contract. Such facts and circumstances may be provided to a judicial authority or to another state body under terms and according to a procedure established by the Governor of the National Social Security Institute in accordance with the effective statutory instruments.

#### Audit Deficit Deeds

**Article 110.** (1) The control authorities of the National Security Institute shall draw up audit deficit deeds to natural persons and legal persons:

1. (amended, SG No. 67/2003, SG No. 105/2005, SG No. 59/2010, SG No. 100/2011, effective 1.01.2012) for all detriment caused by such persons to public social insurance as a result of incorrectly paid social insurance expenditure, including as a result of incorrectly certified insurance service or contributory income and as a result of medical expertise acts, which have been repealed on the grounds of violations of the statutory provisions at the time of their issuing;

2. (repealed, SG No. 105/2005);

3. (repealed, SG No. 1/2002);

4. (repealed, SG No. 105/2005);

5. (new, SG No. 1/2002, amended, SG No. 105/2005, repealed, SG No. 105/2006).

(2) The persons liable under the audit deficit deeds as drawn up may lodge objections within seven days after the service of the said acts. The control authority shall pronounce on the objection by a reasoned conclusion.

(3) (Amended, SG No. 105/2005, SG No. 100/2010, effective 1.01.2011) For collection of amounts under audit deficit deeds, the official who is entrusted with direction of the control over the public social insurance expenditures at the respective division of the National Social Security Institute shall issue orders. The orders shall be issued within 14 days after the expiry of the time limit under Paragraph 2. These orders shall be subject to voluntary compliance within 14 days after their service.

(4) (Amended, SG No. 112/2004, SG No. 34/2006, SG No. 105/2006, SG No. 100/2010, effective 1.01.2011) The orders, the deficit deeds, the mandatory prescriptions and letters of formal notice shall be served personally on the liable persons against signed acknowledgement of service or shall be mailed thereto with an advice of delivery. If the person cannot be reached at the address according to commercial registration, at the permanent address thereof or at the place of work thereof, service shall be effected by posting a notice of the drawing up of the document subject to service at a place at the local division of the National Social Security Institute designated for this purpose, on the National Social Security Institute Internet site, or in the municipality or mayoralty. In such a case, the orders, the deficit deeds, the mandatory prescriptions and letters of formal notice shall be presumed served upon the lapse of seven days after posting of the notice.

(5) (Supplemented, SG No. 112/2004, amended, SG No. 105/2005, SG No. 106/2013, effective 1.01.2014) The amounts under the orders, which have not been paid voluntarily, shall be collected through:

1. (amended, SG No. 1/2002, SG No. 67/2003, SG No. 105/2005) a distraint of the bank accounts of the debtors and of persons connected therewith for public social insurance claims;

2. (supplemented, SG No. 67/2003) levy of execution against the movable and immovable things of the debtors and the claims

thereof from third parties;

3. (new, SG No. 1/2002, amended, SG No. 45/2002, SG No. 105/2005) levy of execution against amounts restituted by an authority of the National Revenue Agency on a distrained account held by the debtor;

4. (new, SG No. 112/2004, repealed, SG No. 105/2006).

(6) (Amended, SG No. 1/2002, SG No. 105/2005) The accounts of persons liable to public social insurance shall be distrained by means of a dispatch of a distraint notice by the director of the local division of the National Social Security Institute to the banks, which shall immediately transfer the amounts due to an account of public social insurance. The distraint imposed on the debtor's account with the bank shall be effective in respect of all branches of the said bank. The distraints shall be presumed imposed as from the hour on the respective date when the distraint notice is received at the bank. In case the resources available on the debtor's account are insufficient, the bank shall notify the local division of the National Social Security Institute within seven days of the reasons for which the distraint has not been executed.

(7) (New, SG No. 1/2002, amended, SG No. 67/2003) Any person, who or which pays the debtor any claims distrained under this Code, shall be liable jointly with the debtor for the amounts paid, up to the amount of the obligation, together with the interest under Article 113 herein after payment. Where the payment is effected by a legal person or unincorporated association, the manager or the members of the managing body, or a managing partner, who have authorized the payment, shall be liable together with the debtor. The authorities under Paragraph 3 shall issue orders for collection of the amounts and may impose securing measures as well.

(8) (New, SG No. 64/2000, renumbered from Paragraph 7, SG No. 1/2002, amended, SG No. 106/2013, effective 1.01.2014) The authority which has imposed the distraint may authorize with a justified decision that a specified portion of the amounts which have been or are credited to an account held by the debtor be left at the disposal of the said debtor. The decision and the refusal to issue a decision shall not be subject to appeal.

(9) (Renumbered from Paragraph 7, SG No. 64/2000, renumbered from Paragraph 8, SG No. 1/2002, supplemented, SG No. 105/2005, amended, SG No. 105/2006) Public social insurance claims resulting from miseffected social insurance expenditures shall be settled in the following order: principal, interest and costs. Cession of public social insurance claims resulting from incorrectly paid social insurance expenditures shall be prohibited.

(10) (Renumbered from Paragraph 8, SG No. 64/2000, renumbered from Paragraph 9, amended, SG No. 1/2002, SG No. 105/2005, SG No. 105/2006) Collection of claims through enforcement against the movable or immovable things of the debtor and the claims from third parties shall be effected according to the procedure established by the Tax and Social-Insurance Procedure Code . The claim to the public enforcement agent shall be submitted by the director of the local division of the National Social Security Institute.

(11) (Renumbered from Paragraph 9, SG No. 64/2000, renumbered from Paragraph 10 and amended, SG No. 1/2002, supplemented, SG No. 112/2004, repealed, SG No. 104/2005).

(12) (Renumbered from Paragraph 10, SG No. 64/2000, renumbered from Paragraph 11 and amended, SG No. 1/2002, repealed, SG No. 105/2005).

#### Pecuniary Penalties for Banks

**Article 111.** (Amended, SG No. 64/2000, SG No. 1/2002, SG No. 10/2002, SG No. 67/2003, amended and supplemented, SG No. 105/2005, repealed, SG No. 94/2012, effective 1.01.2013).

#### Recording Obligations

**Article 112.** (Amended, SG No. 1/2002, SG No. 105/2005, SG No. 34/2006, repealed, SG No. 105/2006).

#### Interest on Claims of National Social Security Institute and for

#### Supplementary Compulsory Retirement Insurance

(Heading amended, SG No. 112/2004)

**Article 113.** (1) (Amended, SG No. 67/2003, effective 1.01.2004, redesignated from Article 113, SG No. 53/2004,



supplemented, SG No. 112/2004, amended, SG No. 105/2005, SG No. 94/2012, effective 1.01.2013, SG No. 106/2013, effective 1.01.2014) The claims for unremitted public social insurance contributions, for supplementary compulsory retirement insurance and for incorrectly paid social insurance expenditures shall be collected with interest at a rate equal to the statutory interest rate.

(2) (New, SG No. 53/2004, repealed, SG No. 99/2009, effective 1.01.2010).

#### Restitution of Misreceived Amounts

**Article 114.** (Amended, SG No. 64/2000, supplemented, SG No. 1/2002, amended, SG No. 67/2003, supplemented, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010) (1) Any amounts for social insurance payments received in bad faith shall be restituted by the recipients with the interest under Article 113 herein.

(2) (Supplemented, SG No. 99/2012, effective 1.01.2013) Any amounts for social insurance payments received in good faith shall not be subject to restitution by the relevant insured persons, with the exception of cases under Article 40(7), Article 42(2), Article 54f, and when applying the provisions of international treaties to which the Republic of Bulgaria is a party. In such cases the restitution of amounts shall bear no interest until the deadline for voluntary compliance.

(3) (Supplemented, SG No. 99/2012, effective 1.01.2013, SG No. 106/2013, effective 1.01.2014) Officials entrusted with the management of public social insurance expenditure control at the relevant territorial offices of the National Social Security Institute, or other officials appointed by the head of regional office, shall issue a restitution order in respect of amounts referred to in Paragraphs 1 and 2. The order shall be subject to voluntary compliance within 14 days from the date when the order is served. In such cases no audit deficit deeds in accordance with Article 110, Paragraph 1 shall be issued. Orders shall be handed over to the persons in accordance with the procedure of Article 110, Paragraph 4.

(4) (New, SG No. 106/2013, effective 1.01.2014) Pension and cash benefit amounts, unduly paid with regard to periods after the death of the entitled person, shall be collected from the person who has received them or jointly from the heirs. The official entrusted with the management of the control over public social insurance expenditure at the relevant regional office of the National Social Security Institute shall issue an order in respect of the collection of such amounts, which shall be handed over in accordance with the procedure of Article 110, Paragraph 4. Such order shall be subject to voluntary compliance within 14 days from the date when the order is served.

(5) (Amended, SG No. 100/2010, effective 1.01.2011, supplemented, SG No. 99/2012, effective 1.01.2013, repealed, renumbered from Paragraph 4, supplemented, SG No. 106/2013, effective 1.01.2014) Any amounts due under orders which have not been paid voluntarily within the timeline under Paragraph 3 shall be subject to coercive enforcement as per the procedure of Article 110, Paragraph 5, Item 1 herein or in accordance with the procedure hereof, excluding cases where the outstanding amounts can be deducted from claims of the insured person from the public social insurance. Such deductions shall be made by order of any official entrusted with the management of public social insurance expenditure control at the relevant territorial office of the National Social Security Institute, or another official appointed by the head of regional office.

(6) (New, SG No. 100/2010, effective 1.01.2011) Any due diligence disputes shall be resolved as per the procedure laid down in Chapter Eight, by a decision of the head of the relevant local division of the National Social Security Institute.

#### Deductions from cash benefits, allowances and pensions

**Article 114a.** (New, SG No. 100/2010, effective 1.01.2011) (1) (Supplemented, SG No. 106/2013, effective 1.01.2014) No attachments under the Code of Civil Procedure or the Tax and Social-Insurance Procedure Code may be imposed to cash benefits and allowances paid under this Code, nor may any deductions be made, other than deductions related to obligations for public social insurance or obligations to pay support as well as in the case of deductions in accordance with the procedure of Article 114.

(2) (Supplemented, SG No. 106/2013, effective 1.01.2014) When determining the income from pensions subject to attachments under the Code of Civil Procedure or the Tax and Social-Insurance Procedure Code, or when making deductions related to claims due for public social insurance as well as in the case of deductions in accordance with the procedure of Article 114, Paragraph 5, the supplements to the relevant pension shall also be taken into account, excluding the attendance supplement.

#### Prescription

**Article 115.** (1) (Supplemented, SG No. 1/2002, amended, SG No. 105/2005, SG No. 41/2007, supplemented, SG No. 109/2008, effective 1.01.2009) The claims of the National Social Security Institute for incorrectly paid social insurance payments, mispaid cash benefits and overpaid pensions and the interest thereon shall be extinguished upon the lapse of a five-year prescription period after 1 January in the year following the year to which it relates. All claims, irrespective of the tolling of prescription, shall be extinguished upon the lapse of a ten-year prescription period after 1 January in the year following the year to which they relate.

(2) (Supplemented, SG No. 1/2002, amended and supplemented SG No. 67/2003, amended, SG No. 109/2008, SG No. 100/2011, effective 1.01.2012, supplemented, SG No. 99/2012, effective 1.01.2013, renumbered from Paragraph 4, SG No. 106/2013, effective 1.01.2014) The claims due from public social insurance shall be extinguished upon the lapse of a three-year prescription period after 1 January in the year following the year to which they relate. The official who is entrusted with direction of the control over the expenditure over public social insurance at the respective division of the National Social Security Institute shall issue a directive on the claim for restitution of amounts. Any such directive shall be appealable according to the procedure established by Article 117 herein.

(3) (Renumbered from Paragraph 2, SG No. 106/2013, effective 1.01.2014) Prescription shall be tolled:

1. upon the entry into effect of a directive ascertaining the claim;
2. (repealed, SG No. 109/2008);
3. upon initiation of enforced execution actions.

(4) (Renumbered from Paragraph 2, SG No. 106/2013, effective 1.01.2014) A new prescription period shall begin to run from the tolling of the prescription.

(5) (New, SG No. 106/2013, effective 1.01.2014) The prescription period shall be suspended:

1. in the case of appeal - until the dispute on the account receivable is resolved;
2. where another administrative or judicial proceedings have been initiated, on which the issuing of the order or the granting of cash benefits or allowances under this Code depends.

#### Rescheduling of Obligations

**Article 116.** (Amended, SG No. 1/2002) (1) (Amended, SG No. 105/2005) A rescheduling according to an approved repayment schedule of the payment of amounts due in respect of the claims ascertained and collected by the National Social Security Institute may be allowed at the request of debtors to public social insurance.

(2) Rescheduling shall be allowed where it is established that the cash at hand available to the debtor is insufficient to cover the obligations thereof to the public social insurance funds; however, after assessment of the activity of the said debtor, it can be reasonably presumed that such difficulties are temporary and in case of rescheduling of the obligations the debtor will be able to settle the obligations thereof and to pay the current obligations thereof to the public social insurance funds and the other public obligations.

(3) (Amended, SG No. 67/2003) The debtor shall owe the interest under Article 113 herein for the period of rescheduling.

(4) (Supplemented, SG No. 42/2003, amended, SG No. 41/2007) Rescheduling shall not be allowed in respect of a merchant subject to a decision on dissolution through liquidation or where against bankruptcy proceedings have been instituted, as well as after the manner of sale under Article 238 of the Tax and Social-Insurance Procedure Code is determined.

(5) The request under Paragraph 1 shall enclose:

1. evidence of financial and economic condition of the debtor and a long-term development programme: applicable to a sole trader, a legal person or an entity equivalent thereto;
2. a declaration on all other public obligations, including the interest thereon, as well as on all obligations to private creditors and the interest thereon;
3. a repayment schedule for rescheduling of obligations;

4. a profit and loss account of the debtor for the preceding accounting financial year;
  5. a balance sheet for the preceding accounting financial year and for the last reporting period;
  6. a statement of the obligations of the social insurance contributor at the date of the request for rescheduling, which shall include:
    - (a) amounts due to public social insurance, health insurance and supplementary compulsory retirement insurance funds;
    - (b) amounts due to own staff;
    - (c) other public obligations;
    - (d) other obligations;
  7. other documents at the discretion of the rescheduling authority.
- (6) (New, SG No. 99/2012, effective 1.01.2013) Where the request for rescheduling has been made by a natural person, a declaration of his/her income during the last 12 months preceding the calendar month, in which the request has been made, shall be enclosed with the request.
- (7) (Renumbered from Paragraph 6, SG No. 99/2012, effective 1.01.2013) The decision on rescheduling shall be issued by:
1. (supplemented, SG No. 53/2004) the director of the local division of the National Social Security Institute: for obligations not exceeding BGN 10,000 for a period of up to one year, and for obligations of registered agricultural producers and tobacco producers for a period of up to two years;
  2. (supplemented, SG No. 53/2004) the Governor of the National Social Security Institute: for obligations exceeding BGN 10,000 and not exceeding BGN 100,000 for a period of up to three years, and for obligations of registered agricultural producers and tobacco producers for a period of up to five years;
  3. (supplemented, SG No. 53/2004) the Supervisory Board of the National Social Security Institute: for obligations exceeding BGN 100,000 for a period of up to three years, and for obligations of registered agricultural producers and tobacco producers for a period of up to five years;
- (8) (Renumbered from Paragraph 7, SG No. 99/2012, effective 1.01.2013) The authorization shall specify the deadline, the redemption payments and other conditions, including the consequences of a failure to comply with them.
- (9) (Renumbered from Paragraph 8, SG No. 99/2012, effective 1.01.2013) The prescription of public social insurance claims shall be tolled for the period of the rescheduling.
- (10) (Renumbered from Paragraph 9, SG No. 99/2012, effective 1.01.2013) A refusal of rescheduling shall be unappealable.
- (11) (New, SG No. 53/2004, amended, SG No. 30/2006, effective 12.07.2006, renumbered from Paragraph 10, SG No. 99/2012, effective 1.01.2013) Any refusal to reschedule or defer obligations of registered agricultural producers and tobacco producers shall be appealable according to the procedure established by the Administrative Procedure Code.
- (12) (New, SG No. 67/2003, renumbered from Paragraph 10, SG No. 53/2004, repealed, SG No. 105/2005, renumbered from Paragraph 11, SG No. 99/2012, effective 1.01.2013).

## **Chapter Eight**

### **DISPUTES**

#### **Appeals**

**Article 117.** (1) Appeals may be lodged with the director of the competent local division of the National Social Security Institute against:

1. (amended, SG No. 105/2006, supplemented, SG No. 99/2009, effective 1.01.2010) misdetermination or mispayment of cash benefits under Chapter Four herein or allowances, refusals to issue certificates on contributory service and income by the authorities of the National Social Security Institute, refusals to issue statements regarding the use of cash benefits for preventive care and rehabilitation and refusals to certify contributory service and income in social insurance cards;

2. orders:

(a) (supplemented, SG No. 99/2009, effective 1.01.2010) for refusal or misdetermination or mismodification and suspension of pensions, supplements and compensations thereto;

(b) (new, SG No. 1/2002) for refusal or misdetermination, mismodification, missuspension and mistermination of the unemployment benefits;

(c) (renumbered from Littera (b), SG No. 1/2002) for collection of amounts under audit deficit deeds;

(d) (renumbered from Littera (c), SG No. 1/2002) for acknowledgement or non-acknowledgement of the employment nature of an injury;

(e) (renumbered from Littera (d), SG No. 1/2002) for restitution of misreceived public social insurance payments;

(f) (renumbered from Littera (e), SG No. 1/2002, repealed, SG No. 105/2005, new, SG No. 105/2006) for refusal of payment of cash benefits under Chapter Four herein or allowances;

(g) (new, SG No. 105/2006, amended, SG No. 100/2010, effective 1.01.2011, SG No. 106/2013, effective 1.01.2014) under Article 40(4), Article 54d(4) and 114(3), (4) and (5);

3. (new, SG No. 99/2012, effective 1.01.2013) mandatory prescriptions of the control authorities referred to in Article 108, Paragraph 1, Item 3.

(2) (Amended, SG No. 1/2002, SG No. 67/2003, SG No. 105/2005, SG No. 105/2006, supplemented, SG No. 99/2012, effective 1.01.2013) The orders under Item 2 (b) to (g) and the mandatory prescriptions referred to in Article 108, Paragraph 1, Item 3 shall be appealable within 14 days, and the orders on pensions shall be appealable within three months after their receipt.

(3) (Amended, SG No. 106/2013, effective 1.01.2014) The director of the local division shall pronounce on the appeals or claims by a reasoned decision within one month after receipt of the said appeals or claims. By the decision, the director of the local division of the National Social Security Institute shall decide on the claim based on its merits or revoke the order and return the file for new consideration by the competent administrative authority, where not all circumstances relevant to the issuing of the order have been clarified.

(4) (New, SG No. 64/2000, amended, SG No. 99/2009, effective 1.01.2010) The orders on pensions granted under international agreements in respect of persons permanently residing abroad shall be appealable before the Governor of the National Social Security Institute within three months after receipt of the said orders. The decision shall be drawn up within the time limit and according to the procedure established by Paragraph 3.

(5) (Renumbered from Paragraph 4, SG No. 64/2000) The decisions and communications in connection with the consideration of appeals and claims shall be drawn up according to the procedure established by the Administrative Procedure Code.

(6) (Renumbered from Paragraph 5, SG No. 64/2000, repealed, SG No. 45/2002).

Stay of Execution

**Article 117a.** (New, SG No. 45/2002) (1) (Amended, SG No. 100/2010, effective 1.01.2011) An appeal of the orders under Article 114 or Article 117(1)(2) herein shall not stay the execution thereof.

(2) (Amended, SG No. 100/2010, effective 1.01.2011) Execution of the orders under Article 114 or Article 117(1)(2)(c) herein shall be stayed at the request of the liable person, if the said person furnishes a collateral security amounting to the principal and interest.

(3) The request for staying of execution shall be submitted simultaneously with the appeal, attaching evidence of the collateral security furnished.

(4) Legal interest on the principal shall be owed for the period of the suspension.

#### Appeal of Decision

(Heading amended, SG No. 100/2010, effective 1.01.2011)

**Article 118.** (1) (Amended, SG No. 30/2006, effective 1.03.2007) The decision of the director of the local division shall be appealable before the administrative court within 14 days after its receipt. The appeal shall be submitted care of the director of the local division, who shall be obligated to forward the said appeal together with the case file to the court within seven days.

(2) (New, SG No. 100/2010, effective 1.01.2011) The decision of the Governor of the National Social Security Institute under Article 117(4) may be appealed within 14 days upon its receipt to Sofia Administrative Court. The appeal shall be lodged via the Governor of the National Social Security Institute who shall forward it to the Court along with the case file within 7 days.

(3) (Amended, SG No. 30/2006, effective 12.07.2006, renumbered from Paragraph 2, SG No. 100/2010, effective 1.01.2011) The court shall hear the cases according to the procedure established by the Administrative Procedure Code.

#### Stay of Execution by Court

**Article 118a.** (New, SG No. 45/2002) (1) A judicial appeal of the decisions of the director of the local division of the National Social Security Institute, issued regarding the orders under Item 2 of Article 117 (1) herein, shall not stay the execution of the said decisions.

(2) (Amended, SG No. 30/2006, effective 1.03.2007) Execution may be stayed by the administrative court under the terms established by Article 177a (2) and (4) herein in respect of the decisions issued regarding the orders under Item 2 (c) of Article 117 (1) herein. The request for stay of execution shall be submitted simultaneously with the lodgement of the appeal, and the court shall pronounce within seven days.

(3) A refusal by court to stay execution shall be unappealable.

#### Cassation Appeal

**Article 119.** (Amended, SG No. 30/2006, SG No. 41/2007) The judgments of the administrative court shall be subject to cassation appeal according to the procedure established by the Administrative Procedure Code.

#### Exemption from Stamp Duty

**Article 120.** (1) The insured persons and the pensioners shall not pay any stamp duty for cases under this Chapter.

(2) If the appeal is granted, the appellant shall be entitled to an award of the costs incurred and the fee paid for a defence counsel in proportion to the part granted.

## PART TWO

### SUPPLEMENTARY SOCIAL INSURANCE

(Heading amended, SG No. 67/2003)

#### TITLE ONE

(New, SG No. 67/2003)

### SUPPLEMENTARY SOCIAL INSURANCE COMPANIES

#### Chapter Nine

### INCORPORATION, LICENSING AND MANAGEMENT OF SUPPLEMENTARY SOCIAL INSURANCE COMPANIES

(Heading amended, SG No. 67/2003)

## **Section I**

### **(New, SG No. 67/2003)**

#### **General Provisions**

##### Implementation of Supplementary Social Insurance

**Article 120a.** (New, SG No. 67/2003, supplemented, SG No. 56/2006) Supplementary social insurance shall be implemented through participation in universal and/or occupational pension funds, supplementary voluntary retirement insurance funds and/or funds for supplementary voluntary retirement insurance under occupational schemes and in supplementary voluntary unemployment or vocational-training insurance funds, which shall be incorporated and managed by retirement insurance companies or by supplementary voluntary unemployment and/or vocational-training insurance companies licensed according to the procedure established by this Code.

##### Regulation and Control

**Article 120b.** (1) (New, SG No. 67/2003) The State shall exercise effective regulation and control over the activity of supplementary social insurance companies and funds for the purpose of protecting the interests of the insured persons and the pensioners.

(2) The supervision over the activity of supplementary social insurance companies and funds shall be exercised by the Financial Supervision Commission, hereafter referred to as "the Commission".

(3) The Commission and the Deputy Chairperson of the Commission in charge of the Social Insurance Supervision Department, hereafter referred to as "the Deputy Chairperson of the Commission", shall exercise the supervisory powers thereof in accordance with this Code and the Financial Supervision Commission Act.

## **Section II**

### **(New, SG No. 67/2003)**

#### **Retirement Insurance Companies**

##### Definition

**Article 121.** (Amended, SG No. 67/2003) (1) (Supplemented, SG No. 56/2006) "Retirement insurance company" shall be a joint-stock company licensed in accordance with this Code and registered under the Commerce Act or under the legislation of another Member State.

(2) The objects of a retirement insurance company shall be limited to supplementary retirement insurance.

(3) A retirement insurance company may not effect commercial transactions which are not directly related to the activity thereof.

(4) Retirement insurance companies may establish not-for-profit associations for representation of common interests and for implementation of joint projects.

(5) A retirement insurance company may not participate in any civil-law companies and in any commercial corporations as a general partner, nor acquire any shares in other retirement insurance companies.

(6) A retirement insurance company shall pursue the activity thereof according to the provisions of this Code and in accordance with its articles of association and the rules of organization and operation of the supplementary retirement insurance fund managed thereby.

##### Business Name

**Article 121a.** (New, SG No. 67/2003) (1) The business name of a retirement insurance company shall mandatorily include a collocation of the words "retirement" and "insurance" or any derivatives of the said words.

(2) Companies which do not hold a licence to carry out supplementary retirement insurance activity may not use in the business names thereof any collocation of the words referred to in Paragraph 1 or any words of equivalent meaning in the Bulgarian or any foreign language.

#### Promoters and Shareholders

**Article 121b.** (New, SG No. 67/2003) (1) (Amended, SG No. 56/2006) The promoters and shareholders of retirement insurance companies may be:

1. resident natural or legal persons;
2. natural persons who are nationals of another Member State;
3. legal persons having their registered office in another Member State;
4. non-resident legal persons, registered as a social insurance, commercial insurance or other financial institution under the national law thereof, if they present bank references from a first-class foreign bank confirmed by the Bulgarian National Bank.

(2) The persons covered under Paragraph 1 may hold shares only in a single retirement insurance company which carries out an activity in Bulgaria.

#### Shares and Capital

**Article 121c.** (New, SG No. 67/2003) (1) A retirement insurance company may issue solely registered dematerialized shares entitling the holder to a single vote.

(2) The minimum amount of capital of a retirement insurance company shall be BGN 5,000,000.

(3) The capital must be fully paid up in cash at the time of submission of the application for obtaining a pension licence.

(4) A retirement insurance company must, at any time, dispose of equity capital (capital base) amounting to not less than 50 per cent of the minimum amount of capital referred to in Paragraph 2.

(5) A retirement insurance company may not distribute dividends in amounts and in a manner which would lead to a breach of the requirements referred to in Paragraph 4.

(6) When the equity capital (capital base) of a retirement insurance company falls below the amount specified in Paragraph 4, the said company shall notify, within three days, the Deputy Chairperson of the Commission, submitting a rehabilitation programme for bringing the equity capital into conformity with the requirements of the Code within three months.

(7) The Deputy Chairperson of the Commission shall approve or shall refuse to approve the rehabilitation programme within seven days after receipt of the said programme.

(8) During the period of implementation of the rehabilitation programme, the retirement insurance company may not distribute dividends and must transfer to the Reserve Fund the entire amount of the profit after levy of due taxes.

(9) In case of disapproval of the programme or of a failure to implement the approved programme, the Deputy Chairperson of the Commission shall take the actions under Item 5 of Article 344 (1) herein.

(10) The requirements to the composition and structure of the equity capital (capital base) of a retirement insurance company and to the minimum liquid resources of the company and the supplementary retirement insurance funds managed thereby shall be established by an ordinance of the Commission.

(11) (New, SG No. 56/2006) Where it carries out an activity abroad, provides cover against biometrical risks or guarantees a minimum level of return or amount of the pensions, the retirement insurance company which manages a fund for supplementary voluntary retirement insurance under occupational schemes shall hold on a permanent basis, in addition to the technical provisions referred to in Item 2 of Article 213a (1) herein, own funds to serve as a buffer for fulfilment of the obligations assumed.

(12) (New, SG No. 56/2006) The amount of own funds referred to in Paragraph 11 shall be determined on the basis of the types of risks covered and the assets held in respect of the relevant occupational schemes. The said assets shall be held free of all foreseeable liability and shall serve as a safety capital to absorb discrepancies between the anticipated and the actual expenses and profits.

(13) (New, SG No. 56/2006) Rules established by the ordinance referred to in Paragraph 10 shall apply to the calculation of the minimum amount of the own funds referred to in Paragraph 11.

## Loans

**Article 121d.** (New, SG No. 67/1003) (1) A retirement insurance company may not extend loans or become a guarantor to third parties.

(2) A retirement insurance company may contract a loan amounting to up to 10 per cent of the equity capital (capital base) of the company if the loan is intended for acquisition of tangible fixed assets which are directly necessary for the performance of the activity of the company and the term of the loan is not longer than three months.

(3) A retirement insurance company may not issue bonds.

## Requirements to Members of Managing and Supervisory Bodies

**Article 121e.** (New, SG No. 67/1003) (1) Both natural and legal persons may be members of the managing or of the supervisory bodies of a retirement insurance company.

(2) Eligibility for membership shall be limited to natural persons and to representatives of legal persons who:

1. have graduated from a higher educational establishment;
2. have not been convicted for a premeditated offence at public law;
3. have not been members of managing or supervisory bodies of, nor general partners in, any commercial corporation or cooperative dissolved by reason of bankruptcy in case any creditor has been left unsatisfied, or in case bankruptcy proceedings have been initiated thereagainst;
4. have not been members of managing or supervisory bodies of any commercial banks which have adjudicated bankrupt or whereagainst bankruptcy proceedings have been initiated;
5. are not disqualified from occupying a position of property accountability;
6. are not spouses of any other members of the same managing or supervisory bodies, nor any lineal or collateral relatives to any such members up to the fourth degree of consanguinity, nor any affines thereto up to the fourth degree of affinity;
7. are not members of a managing or supervisory body of any other company having the same objects;
8. are not members of managing or supervisory bodies of any legal persons, nor be themselves natural persons included in the list under the Act on Information Regarding Non-Performing Loans;
9. have not carried on, and do not carry on, security or similar business;
10. have not been partners or shareholders, nor members of a managing or supervisory body of any commercial corporation carrying on security or similar business.

(3) Eligibility for membership shall be limited to legal persons which:

1. have not been members of managing or supervisory bodies of, nor general partners in, any commercial corporation dissolved by reason of bankruptcy in case any creditor has been left unsatisfied, or in case bankruptcy proceedings have been initiated thereagainst;
2. are not members of a managing or supervisory body of any legal person, nor be themselves legal persons included in the list under the Act on Information Regarding Non-Performing Loans;
3. satisfy the conditions covered under Items 4, 7, 9 and 10 of Paragraph 2.



(4) A member of the managing or supervisory body of a retirement insurance company may not be a partner or a shareholder, a member of a managing or supervisory body or a person referred to in Article 123c (1) herein, wherewith the retirement insurance company has contractual relations, or of a person connected therewith, of the custodian bank or of a person connected therewith.

(5) The members of the managing or supervisory body of a retirement insurance company and persons connected therewith may not be parties to any transactions with the retirement insurance company, except in their capacity as shareholders of the said company or as persons insured in the funds managed by the said company.

(6) (Amended, SG No. 103/2005) The Chairperson of the Management Board, the Chairperson of the Board of Directors, the Executive Director and the Managerial Agent must fulfil the conditions covered under Paragraphs (2), (4) and (5) and have a permanent address or hold a durable residence permit for Bulgaria.

(7) In the event of any change in the circumstances covered under Paragraphs (2) through (6), the retirement insurance company shall notify the Deputy Chairperson of the Commission within 14 days after occurrence of the said change.

#### Liability of Members of Managing and Supervisory Bodies

**Article 121f.** (New, SG No. 67/1003) The members of the managing or of the supervisory body of a retirement insurance company shall incur personal pecuniary liability for any detriment caused thereby upon management of the supplementary retirement insurance fund which are directly and immediately resulting from the culpable acts or omissions thereof.

#### Requirements to Shareholders

**Article 121g.** (New, SG No. 67/2003) (1) Any shareholders, who own directly or through connected persons 10 per cent and more than 10 per cent of the capital of the company, or who can exercise control over the company, must:

1. comply with the conditions covered under Items 2 to 5 and Items 7 and 8 of Article 121e (2) herein, where they are natural persons;
2. comply with the conditions covered under Article 121e (3) herein, where they are legal persons.

(2) (Amended, SG No. 56/2006, effective 15.07.2006) Any person, who intended to acquire, whether directly and/or through connected persons, 10 per cent and more than 10 per cent of the shares in a single retirement insurance company, as well as to increase subsequently the shareholding thereof, as a result of which the said person will acquire or exceed, whether directly and/or through connected persons, 10, 20, 33, 50, 66 and 75 per cent or will reach 100 per cent of the shares in single retirement insurance company, must request advance authorization from the Deputy Chairperson of the Commission.

(3) (New, SG No. 56/2006, effective 15.07.2006) To obtain an authorization referred to in Paragraph 2, the person shall submit an application completed in a standard form endorsed by the Deputy Chairperson of the Commission, attaching thereto:

1. documents, including declarations, certifying the relevant circumstances referred to in Article 121b (2), Items 2 to 5, 7 and 8 of Article 121e (2) and Article 122a (3) herein;
2. a declaration completed in a standard form endorsed by the Deputy Chairperson of the Commission, as to whether the person is or is not connected with another shareholder in the retirement insurance company;
3. a current certificate of entry in the Commercial Register: applicable to a legal person;
4. the annual financial statements for the last three years, as well as a financial statement for the last quarter preceding the submission of the application: applicable to a legal person.

(4) (New, SG No. 56/2006, effective 15.07.2006) The Deputy Chairperson of the Commission may furthermore require other data, evidence and information in connection with the documents covered under Paragraph 3.

(5) (Renumbered from Paragraph 3, SG No. 56/2006, effective 15.07.2006) The Deputy Chairperson of the Commission shall grant or refuse to grant the authorization referred to in Paragraph 2 within one month after receipt of the application or, where additional information and documents have been required, within one month after receipt of the said information and documents.

(6) (Renumbered from Paragraph 4 and amended, SG No. 56/2006, effective 15.07.2006) The Deputy Chairperson of the

Commission shall refuse to issue an authorization referred to in Paragraph 2 if:

1. the requirements of this Code are not complied with;
2. the documents submitted are false or make a false statement;
3. the person who intends to acquire shares or the shareholder who intends to increase the shareholding thereof may endanger the financial stability of the company and of the supplementary retirement insurance funds managed thereby.

(7) (New, SG No. 43/2010) The Deputy Chairperson of the Commission may refuse to grant the authorization in cases where the actual owners of the person concerned cannot be identified.

## Pension Licence

**Article 122.** (Amended, SG No. 67/2003) (1) To carry out a supplementary retirement insurance activity, a joint-stock company must obtain a pension licence from the Commission.

(2) The pension licence shall entitle the holder to carry out a supplementary retirement insurance activity after obtaining a supplementary retirement insurance fund management authorization from the Deputy Chairperson of the Commission. Any such authorization shall be issued separately for each fund.

## Documents Required for Obtaining Pension Licence

**Article 122a.** (New, SG No. 67/2003) (1) To obtain a licence to carry out a supplementary retirement insurance activity, a company shall submit to the Commission an application in writing, enclosing therewith:

1. the minutes of proceedings at the Statutory Meeting;
2. the articles of association as adopted at the Statutory Meeting;
3. the decision of the Supervisory Board on election of a Management Board and the decision of the competent governing body regarding the manner of representation of the company and the persons who will represent the said company;
4. rules of procedure of the Management Board and the Supervisory Board, or rules of procedure of the Board of Directors;
5. a certificate issued by a domestic bank on payment up of the minimum required capital;
6. a business plan for the activity of the retirement insurance company for a three-year period, containing information on the types of supplementary retirement insurance funds which the company intends to incorporate;
7. documents, including declarations, certifying compliance with the requirements under Articles 121e and 121g (1) herein;
8. (amended, SG No. 34/2006) a list of shareholders, stating their Standard Public Registry Personal Numbers, standard identification codes or other analogous identification data in case of non-residents, the amount of shareholding thereof, as well as information on whether any of the shareholders are connected with one another;
9. information on the internal controls and the information system of the company.
10. a draft contract with the custodian bank;
11. (new, SG No. 21/2012) documents showing the company's remuneration policy.

(2) The Deputy Chairperson of the Commission may furthermore require other data, evidence and information in connection with the documents covered under Paragraph 1.

(3) Any persons who own 10 per cent and more than 10 per cent of the shares, whether directly or through connected persons, or who can exercise control over the company, shall submit:

1. (amended, SG No. 43/2010) declarations completed in a standard form endorsed by the Deputy Chairperson of the Commission, regarding the actual owners and the origin of the financial resources wherewith payments have been effected towards subscribed shares, proving that these financial resources are not borrowed;

2. a declaration to the effect that the said persons have not defaulted on any obligations to the State or the municipalities;
  3. certificates of any ascertained and paid tax liabilities for the last preceding three years.
- (4) (Amended, SG No. 21/2012) Upon any intervening change in the documents or circumstances covered under Items 2 to 4, 6, 9 and 11 of Paragraph 1, the company shall notify the Deputy Chairperson of the Commission within 14 days after recording of the said change or after a decision is made.

#### Issuance and Refusal to Issue Pension Licence

**Article 122b.** (New, SG No. 67/2003) (1) Within two months after receipt of the documents covered under Article 122a herein, the Deputy Chairperson of the Commission shall submit to the Commission a motion for the issuance or refusal to issue a pension licence.

(2) If the Deputy Chairperson of the Commission has requested additional information and documents or has issued prescriptions for elimination of non-conformities with the provisions of this Code, the time limit referred to in Paragraph 1 shall be three months.

(3) The Commission shall render a reasoned decision within one month after submission of the motion referred to in Paragraph 1, whereby the Commission shall issue or shall refuse to issue a pension licence.

(4) The Commission shall inform the applicant company in writing of the decision within seven days after adoption of the said decision.

(5) The pension licence shall be issued for an indeterminate duration.

(6) In case of refusal, the applicant may not reapply for a licence earlier than six months after the date of the refusal.

(7) The decision of the Commission referred to in Paragraph 3 shall be promulgated in the State Gazette.

#### Grounds for Refusal

**Article 122c.** (New, SG No. 67/2003) (1) (Redesignated from Article 122c, SG No. 43/2010) The Commission shall refuse to issue a pension licence where:

1. the documents required have not been submitted or they do not conform to the requirements of this Code, or the non-conformities in the cases under Article 122b herein have not been eliminated;
2. the paid up capital is below the established minimum;
3. (amended, SG No. 43/2010) some of the members of the managing and supervisory bodies or the shareholders who own 10 per cent and more than 10 per cent in the capital of the company, whether directly or through related parties, do not comply with the requirements covered under Article 121e and Article 121g (1) herein, or where the members concerned, by their activities or decision-making influence, may compromise the security of the company or its operations;
4. documents containing untrue information or data have been presented;
5. (new, SG No. 43/2010) in the judgement of the Commission, the operations to be carried out by the applicant do not ensure the necessary reliability and financial stability;
6. (new, SG No. 43/2010) in the judgement of the Commission, the value of the assets held by the persons who have subscribed 10 and more percent of the capital and/or their operations, in terms of scale and financial results, do not correspond to the figures declared for the purpose of acquiring participating interest in the applicant and raise doubts as to the reliability and capacity of these persons to provide, when necessary, capital support to the applicant;
7. (new, SG No. 43/2010) the origin of the funds contributed by the persons who have subscribed 10 or more percent of the capital is unclear or illegal;
8. (new, SG No. 43/2010) considerable difficulties may arise with respect to exercising effective supervision, because of the relatedness between the applicant and other persons;

9. (new, SG No. 43/2010) in the judgement of the Commission, requirements or difficulties in respect of applying separate statutory or administrative instruments issued by a third state which regulate one or more legal or natural persons whom the applicant is related to will hinder the efficient exercise of supervision by the Commission.

(2) (New, SG No. 43/2010) The Commission may refuse to issue a pension licence in cases where it is unfeasible to identify the actual owners of a shareholder who holds, directly or through related parties, 10 and more percent of the company capital.

#### Recording in Commercial Register

**Article 122d.** (New, SG No. 67/2003) (1) (Amended, SG No. 34/2006) The Registry Agency shall record the said company in the Commercial Register with supplementary retirement insurance as objects thereof after presentation of the pension licence issued by the Commission.

(2) (Amended, SG No. 34/2006, repealed, SG No. 109/2013, effective 20.12.2013).

#### Register of Pension Licences

**Article 122e.** (New, SG No. 67/2003, amended and supplemented, SG No. 56/2006) The Commission shall maintain a public register of licensed retirement insurance companies, of supplementary retirement insurance funds managed thereby, and of occupational schemes.

#### Licence Revocation

**Article 122f.** (New, SG No. 67/2003) (1) A pension licence as issued shall be revoked by the Commission on a motion by the Deputy Chairperson of the Commission where the retirement insurance company:

1. fails to commence the operations for which it has been licensed within six months after obtaining the licence;
2. performs other commercial activity apart from the one directly related to supplementary retirement insurance;
3. is transformed with another retirement insurance company through division by the formation of new companies, merger by acquisition, or merger by the formation of a new company;
4. is dissolved by resolution of the Shareholders' General Meeting;
5. is insolvent;
6. the authorizations thereof for management all supplementary retirement insurance funds established thereby are revoked;
7. has submitted documents, which have served as grounds for issuance of the licence, which contain untrue data.

(2) In addition to the cases covered under Paragraph 1, the Deputy Chairperson of the Commission may submit a motion for revocation of the pension licence as issued where the retirement insurance company:

1. breaches the requirements of Articles 121e and 121g herein;
2. obstructs the exercise of supervision and/or fails to comply with the coercive administrative measures that have been imposed thereon;
3. fails to fulfil the obligations thereof to the insured persons in the funds managed thereby and commits systematic violations of Article 123h (1) herein;
4. fails to comply with the principle of voluntary selection of a supplementary retirement insurance fund;
5. concludes transactions which affect the financial stability of the supplementary retirement insurance funds managed thereby, thereby jeopardizing the interests of the insured persons;
6. systematically violates the provisions of this Code and the instruments on the application thereof.

(3) The Commission shall render a reasoned decision within one month after submission of a motion for revocation of the licence.

## Obligations of Retirement Insurance Company after Pension Licence Revocation

**Article 122g.** (New, SG No. 67/2003) (1) After revocation of the pension licence, the retirement insurance company may not conclude new contracts or offer new conditions for supplementary retirement insurance, nor modify the said conditions, including the time limit and the amount of contributions under social insurance contracts as concluded.

(2) The revocation of the licence shall not exempt the retirement insurance company from the obligations thereof under concluded contracts.

## Obligation of Commission after Pension Licence Revocation

**Article 122h.** (New, SG No. 67/2003, amended, SG No. 34/2006) The Commission shall transmit a communication on the revocation of the pension licence to the Registry Agency. The decision to revoke the pension licence shall be promulgated in the State Gazette and shall be inserted in at least two national daily newspapers.

## Responsible Actuary

**Article 122i.** (New, SG No. 103/2005) (1) Actuarial services of a retirement insurance company and of the supplementary retirement insurance funds managed thereby shall be provided solely by a responsible actuary. A responsible actuary shall be a natural person possessing a licensed competence recognized by the Commission, who organizes, manages and is responsible for the actuarial services of the company and the funds managed thereby.

(2) To be eligible for occupation of the position of a responsible actuary, a person must:

1. have not been convicted of a premeditated offence at public law;
2. during the three years last preceding the commencement date of insolvency as determined by the court, have not been member of a managing or supervisory body of, or general partner in, any corporation whereagainst bankruptcy proceedings have been instituted or which has been dissolved by bankruptcy leaving any creditor unsatisfied;
3. have not been adjudicated bankrupt, nor be the subject of bankruptcy proceedings;
4. be not under disqualification from occupying a position of property accountability;
5. have attained higher education leading to the award of the educational qualification degree of Master, having covered a length of instruction in higher mathematics according to requirements established by an ordinance of the Commission;
6. possess at least three years experience as an actuary at national social insurance institutions, a retirement insurance company, a reinsurer, a health insurance company, at bodies exercising supervision over the activity of such persons, or as an academic degree-holding lecturer in insurance or actuarial science;
7. possess a responsible actuary licensed competence recognized by the Commission after successful passing of an examination.

(3) The terms and procedure for recognition of the licensed competence and for conduct of the examination and for recognition of the licensed competence referred to in Item 7 of Paragraph 2, as well as for recognition of a licensed competence attained in a Member State, shall be established by an ordinance of the Commission. The responsible actuary licensed competence, recognized according to the procedure established by the Insurance Code or under the Health Insurance Act shall be recognized for the purposes of this Code, where the licensed competence examination taken includes assessment of knowledge in the field of retirement insurance.

(4) Acting on a motion by the Deputy Chairperson of the Commission, the Commission shall revoke the licensed competence of a responsible actuary if it is ascertained that the holder:

1. has ceased to satisfy the requirements covered under Items 1 to 4 of Paragraph 2;
2. upon provision of actuarial services to a retirement insurance company and to the supplementary retirement insurance fund managed thereby, has committed gross or systematic violations of this Code, of the instruments of secondary legislation for the application thereof, or of the rules of organization and operation of the supplementary retirement insurance funds managed by the relevant retirement insurance company;

3. has stated false particulars or has submitted a document making a false statement on the basis of which the licensed competence thereof has been recognized;

4. (new, SG No. 97/2007) has not practised the activity for more than two successive years since recognition of the licensed competence or since vacation of office as responsible actuary, unless the holder has carried out activity as an actuary.

(5) In the cases of revocation of a licensed competence under Paragraph 4, the person may reapply for recognition of a responsible actuary licensed competence not earlier than three years after the entry into effect of the decision. The actuary licensed competence of the holder, recognized according to the procedure established by the Insurance Code or of the Health Insurance Act, shall be presumed revoked as well upon revocation of the licensed competence on any of the grounds under Paragraph 4.

#### Additional Qualifying Requirements for Responsible Actuary of Retirement Insurance Company

**Article 122j.** (New, SG No. 103/2005) (1) To be eligible for occupation of the position of a responsible actuary of a retirement insurance company, a person must:

1. not be a spouse or lineal or collateral relative or affine to any member of the managing or supervisory body of the retirement insurance company up to the fourth degree of consanguinity or affinity;

2. not be a member of a managing or supervisory body of another company with the same objects;

3. not be a partner or a shareholder, a member of a managing or supervisory body of a person referred to in Article 123c (1) herein, wherewith the retirement insurance company has entered into contractual relations, or of a person connected therewith, of the custodian bank or of a person connected therewith;

4. not be a party to any transactions with the company and the supplementary retirement insurance funds managed thereby, save in the capacity of a shareholder in the company or a person insured in some of the said funds;

5. have a permanent address or hold a durable residence permit for Bulgaria.

(2) The responsible actuary shall be elected by the Shareholders' General Meeting of the retirement insurance company after submitting to the said General Meeting a declaration certifying compliance with the conditions covered under Paragraph 1. The retirement insurance company shall notify the Deputy Chairperson of the Commission of the resolution passed on election of a responsible actuary within seven days after the date of passage of the said resolution, attaching to the notification a certified copy of the declaration.

(3) The responsible actuary shall notify the retirement insurance company of any change in any circumstances covered under Paragraph 1 within seven days after learning of the said change.

(4) Upon change in any circumstances covered under Paragraph 1 or upon revocation of a responsible actuary licensed competence under Article 122i (4) herein, the Shareholders' General Meeting of the retirement insurance company shall be obligated to remove the responsible actuary and to elect a replacement within three months after learning of the circumstances.

#### Actuarial Services

**Article 123.** (Amended, SG No. 67/2003, SG No. 103/2005) (1) The responsible actuary shall perform the following functions:

1. elaborate the biometric tables referred to in Item 2 of Article 169 (1) and Item 2 of Article 246 (1) herein and the actuarial assumptions for the pension schemes offered, which shall be endorsed by the managing body of the retirement insurance company;

2. be responsible for the proper application of actuarial methods in the operation of the retirement insurance company;

3. be responsible for the true and accurate determination of the amount of the pension reserves for payment of lifelong pensions from the relevant fund and of all obligations to the insured persons, the pensioners or the survivors thereof;

4. (new, SG No. 56/2006) be responsible for the correct calculation of the technical provisions referred to in Item 2 of Article 213a (1) herein;

5. (renumbered from Item 4, SG No. 56/2006) annually, on or before the 31st day of March, prepare an actuarial report on the preceding year and present the said report to the managing body of the retirement insurance company and to the Deputy Chairperson of the Commission.

(2) (Amended, SG No. 56/2006) The Deputy Chairperson of the Commission shall determine the format and the mandatory content of the annual actuarial report referred to in Item 5 of Paragraph 1.

(3) Upon discharge of the duties thereof, the responsible actuary shall have access to all necessary information, and the managing bodies and the employees of the retirement insurance company shall be obligated to cooperate therewith.

#### Custodian Bank

**Article 123a.** (New, SG No. 67/2003) (1) All assets of a supplementary retirement insurance fund shall be kept at a single custodian bank on the basis of a contract for custodian services concluded between the retirement insurance company managing the fund and the custodian bank.

(2) (Supplemented, SG No. 41/2007) A "custodian bank of a supplementary compulsory retirement insurance fund and of a supplementary voluntary retirement insurance fund", within the meaning given by this Code, may be a bank which:

1. is a domestic bank or a foreign bank which has received an authorization to carry on banking business within the territory of Bulgaria through a branch;

2. (amended, SG No. 39/2005, effective 14.05.2005) has received an authorization to effect transactions in securities, including transactions under Article 54 (1) of the Public Offering of Securities Act;

3. (amended, SG No. 67/2008) has received an authorization for carrying out activity as a depository or fiduciary institution;

4. whose licence, activity, transactions or operations are not limited to a degree which would impede or render impossible the appropriate fulfilment of obligations under this Code or under the contract;

5. (supplemented, SG No. 59/2006, amended, SG No. 27/2014) has not been subject to measures under Items 11 and 14 of Article 65 (2) of the Banking Act or under Items 16, 23 or 24 of Article 103 (2) of the Credit Institutions Act during the last preceding twelve months;

6. has sufficient capital, human and information resources for the efficient performance of its custodian functions and obligations according to the requirements of this Code and the statutory instruments on its application;

7. (repealed, SG No. 41/2007).

(3) (New, SG No. 41/2007) A custodian bank of a fund for supplementary voluntary retirement insurance under occupational schemes may be a bank:

1. referred to in Article 2 (5) of the Credit Institutions Act;

2. holding a licence which includes activity as a depository or custodian institution;

3. whose licence, activity, transactions or operations are not limited to a degree which would impede or render impossible the appropriate fulfilment of obligations under this Code or under the contract;

4. which has sufficient capital, human and information resources for the efficient performance of its custodian functions and obligations according to the requirements of this Code and the statutory instruments on its application.

(4) (Renumbered from Paragraph 3, SG No. 41/2007) The custodian bank shall:

1. keep and report on client accounts and registers in the specialized domestic depository institutions the dematerialized securities owned by the supplementary retirement insurance fund;

2. account and keep on client accounts and registers at banks or at specialized depository institutions abroad the foreign securities owned by a supplementary retirement insurance fund;

3. keep all documents certifying ownership of the dematerialized securities, as well as the physical securities of the

supplementary retirement insurance fund;

4. keep accounts and maintain accounting records and a register of all assets separately for each supplementary retirement insurance fund and separate from its own assets and from the assets deposited by other clients;

5. keep all payment documents certifying the receipt and the investment of the cash resources of the supplementary retirement insurance fund;

6. keep all documents and orders originating from the respective retirement insurance company in connection with the investment of the resources and the safe custody of the assets of the supplementary retirement insurance fund.

(5) (Renumbered from Paragraph 4, SG No. 41/2007) All financial resources of the supplementary retirement insurance fund shall be delivered to the custodian bank. Within five working days, the retirement insurance company shall give written instructions to the custodian bank as to the investment of the financial resources received.

(6) (Renumbered from Paragraph 5, SG No. 41/2007) The custodian bank shall transact in the financial resources, in the physical and dematerialized securities of the fund only if there is a written instruction from the persons authorized by the retirement insurance company according to the contract.

(7) (Renumbered from Paragraph 6, amended, SG No. 41/2007) The custodian bank shall not execute an instruction under Paragraph 6 on investment in any assets other than the assets regulated in this Code.

(8) (Renumbered from Paragraph 7, SG No. 41/2007) At the end of each working day, the custodian bank shall transmit to the Deputy Chairperson of the Commission information regarding the financial resources received, the transactions concluded and the assets of the supplementary retirement insurance fund.

(9) (Renumbered from Paragraph 8, SG No. 41/2007) In the exercise of its powers, the custodian bank shall inform the Deputy Chairperson of the Commission immediately of any established violation of this Code on the part of the retirement insurance company.

#### Contract for Custodian Services

**Article 123b.** (New, SG No. 67/2003) (1) The contract between the custodian bank and the retirement insurance company shall be submitted to the Deputy Chairperson of the Commission within three days after the date of its conclusion and shall mandatorily state:

1. the rights and obligations of the custodian bank and of the retirement insurance company;
2. the procedure and manner of fulfilment of the obligations under Item 1;
3. the liability of the custodian bank, inter alia in the cases of subcontracting by the custodian bank of any functions under this contract;
4. the fees paid by the retirement insurance company to the custodian bank;
5. the procedure and manner for exchange of information between the custodian bank and the retirement insurance company;
6. the procedure and manner for termination of the contract.

(2) (Supplemented, SG No. 41/2007) A bank included in the list under Paragraph 12, as well as a bank referred to in Article 123a (3) herein, may not conclude a contract for custodian services with a retirement insurance company if:

1. the said bank is a shareholder in the said company or is a person connected therewith;
2. the said bank is a lender or a creditor of the said company;
3. the said bank is identical or connected with an investment intermediary wherewith the company is in contractual relations.

(3) The retirement insurance company may conclude a contract for custodian services with only one custodian bank for each of the supplementary retirement insurance funds managed by the said company. The custodian bank may conclude a contract for custodian services with more than one retirement insurance company.



(4) The fees paid to the custodian bank under the contract for custodian services shall be for the account of the retirement insurance company.

(5) The contract between the retirement insurance company and the custodian bank may be terminated by each party by one month's written notice, and the retirement insurance company shall notify the Deputy Chairperson of the Commission within three days after the dispatch or receipt of any such notification. This notice period shall not apply to cases of a mandatory prescription by the Deputy Chairperson of the Commission for replacement of the custodian bank.

(6) In case of termination of the contract for custodian services, the custodian bank shall:

1. transfer all exigible and due financial resources on the account of the pension fund to the new custodian bank according to the instructions given by the retirement insurance company;

2. execute the order of the retirement insurance company for transfer of the dematerialized securities held by the said bank on the register of fund from the account of the fund with the said bank to an account with the new custodian bank wherewith the said securities are to be registered;

3. deliver to the retirement insurance company, as per inventory, all physical securities, ownership documents and other documents related to the performance of the contract for custodian services.

(7) The custodian bank shall carry out the activities under Paragraph 6 within a time limit agreed with the retirement insurance company which, however, may not be longer than 30 days after the date of signature of the contract for custodian services between the retirement insurance company and the new custodian bank. The retirement insurance company shall immediately delivery the documents under Item 3 of Paragraph 6 to the new custodian bank for safekeeping.

(8) The procedures concerning the replacement of one custodian bank by another custodian bank shall be followed in a manner guaranteeing fulfilment of the obligations to preserve the assets of the supplementary retirement insurance fund.

(9) The Bulgarian National Bank, acting through the Banking Supervision Department, shall notify the Commission promptly of any measure or sanction imposed, which limits the licence, the transactions or the operations of the custodian bank to an extent as would impede or render impossible the appropriate fulfilment of obligations under this Code or under the contract.

(10) If the custodian bank is adjudicated bankrupt, the assets of the supplementary retirement insurance kept at the said bank by virtue of this Code, with the exception of bank deposits within the meaning given by Item 1 of § 1 of the Bank Deposit Guarantee Act , shall not be included in the bankruptcy estate.

(11) The Bulgarian National Bank, after consultation with the Commission, shall issue an ordinance on the application of Article 123a herein.

(12) (Supplemented, SG No. 41/2007) The Bulgarian National Bank, in consultation with the Commission, shall endorse lists of the banks which may be custodians of a supplementary compulsory retirement insurance fund and of a supplementary voluntary retirement insurance fund.

(13) (New, SG No. 41/2007) The Deputy Chairperson of the Commission shall notify the Bulgarian National Bank of each contract for custodian services as concluded or terminated within three days after receipt of the notification under Paragraph 1 or under Paragraph 5, as the case may be.

Contract with Investment Intermediary and with Persons Having the Right to Provide Investment Advice Concerning Securities

(Heading amended, SG No. 17/2006)

**Article 123c.** (New, SG No. 67/2003) (1) (Amended, SG No. 17/2006, SG No. 41/2009, effective 2.06.2009) All transactions in securities involving the asset management of supplementary retirement insurance funds, with the exception of any transactions outside a regulated market referred to in Items 1 and 11 of Article 176 (1) herein, shall be executed by an investment intermediary on the basis of a contract concluded with the retirement insurance company.

(2) A retirement insurance company may not conclude a contract with an investment intermediary if the said intermediary is a person connected with the said company.

(3) The choice of an investment intermediary shall be approved by the managing bodies of the retirement insurance company.

(4) (New, SG No. 17/2006, amended, SG No. 52/2007, SG No. 77/2011) The retirement insurance company shall mandatorily conclude a contract for investment advice concerning financial instruments with a person who meets the requirements of Article 12 of the Markets in Financial Instruments Act or Article 86 of the Collective Investment Schemes and Other Undertakings for Collective Investments Act.

(5) (New, SG No. 17/2006) The investment adviser, which has concluded a contract under Paragraph 4 with a retirement insurance company, may not be:

1. a member of a managing or supervisory body or a managerial agent of the retirement insurance company or of a person connected therewith;
2. a broker under contract with an investment intermediary;
3. an investment adviser under contract with an investment intermediary, an investment company, a management company or with another retirement insurance company.

(6) (New, SG No. 17/2006) The members of a managing or supervisory body and the investment adviser of a management company which has concluded a contract under Paragraph 4 with a retirement insurance company must not be members of a managing or supervisory body or managerial agents of the retirement insurance company or a person connected therewith.

(7) (Renumbered from Paragraph 4 and supplemented, SG No. 17/2006) The retirement insurance company shall notify the Deputy Chairperson of the Commission of the contracts concluded under Paragraphs (1) and (4) within seven days after the conclusion thereof or after the termination thereof.

#### Contract with Social Insurance Intermediary

**Article 123d.** (New, SG No. 67/2003) (1) Retirement insurance companies may conclude contracts with natural- or legal-person social insurance intermediaries.

(2) Natural-person social insurance intermediaries, as well as persons authorized by legal-person social insurance intermediaries, shall have the right to conclude social insurance contracts and receive applications for supplementary retirement insurance on behalf of, and for the account of, the retirement insurance company, as well as to perform other activities related to supplementary retirement insurance pursuant according to the written contract concluded with the company.

(3) For the performance of their functions, social insurance intermediaries and authorized persons shall comply with the principle of voluntary choice and shall diligently explain the rights and obligations arising from the social insurance contract, and keep the commercial secret and the good commercial reputation of the retirement insurance companies.

(4) Any person who has carried on or is carrying on security or similar business, including any person who has been or is a partner or shareholder, or member of a managing or a supervisory body of a commercial corporation carrying on security or similar business, may not be a social insurance intermediary or a person authorized by a social insurance intermediary.

(5) Employers may not act as social insurance intermediaries on behalf of a retirement insurance company for their factory and office workers.

(6) Social insurance intermediaries, as well as person authorized by legal-person social insurance intermediaries, may not work for more than one retirement insurance company.

(7) Within 14 days, the retirement insurance company shall notify the Commission of the conclusion or termination of every contract with a social insurance intermediary, as well as of the authorization of natural persons by legal-person social insurance intermediaries.

(8) The Commission shall include the social insurance intermediaries and the authorized persons in the general register of social insurance intermediaries.

(9) The retirement insurance company shall provide every social insurance intermediary and, respectively, the persons authorized by legal-person social insurance intermediaries, with an identification document to prove their authorization during the implementation of their activity. The standard form of the said document shall be endorsed by the Deputy Chairperson of the Commission.

## Revenues of Company

**Article 123e.** (New, SG No. 67/2003) (1) Retirement insurance company revenues shall originate from fees and deductions as established in this Code, as well as from the management of their own assets.

(2) The retirement insurance company may distribute among its shareholders profit derived from the management of its supplementary retirement insurance funds and of its own assets according to the procedure established by the Commerce Act and this Code.

## Internal Controls

**Article 123f.** (New, SG No. 67/2003) (1) The retirement insurance company shall establish a specialized internal controls unit whereof the management shall be appointed and dismissed by the managing bodies of the company.

(2) The Shareholders' General Meeting shall adopt rules of organization and operation of the internal controls unit.

## Information System

**Article 123g.** (New, SG No. 67/2003, amended, SG No. 19/2010) To perform its supplementary retirement insurance activities, the company shall set up and maintain an information system which has to comply with the requirements laid down by a regulation of the Commission.

(2) (Amended, SG No. 100/2010, effective 1.01.2011) The information system shall enable the electronic exchange of data in compliance with the rules laid down by the Administrative Commission referred to in Article 71 of Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems, as well as the related national data exchange.

## Provision of Information

**Article 123h.** (New, SG No. 67/2003) (1) In accordance with its articles of association and with the rules of the respective supplementary retirement insurance fund, each retirement insurance company shall be obligated:

1. to familiarize the insured persons and social insurance contributors with the rules of the supplementary retirement insurance fund and with all clauses amending and supplementing the said rules;
2. annually, not later than the 31st day of May, to transmit to the insured persons, at no charge to them, a statement of the individual accounts of the said persons for the last preceding calendar year, using a standard form endorsed by the Deputy Chairperson of the Commission;
3. apart from the case under Paragraph 2, to afford an opportunity for each person insured in the fund to receive information concerning the individual account thereof upon request.

(2) (New, SG No. 56/2006) In addition to the information covered under Paragraph 1, each retirement insurance company which manages a fund for supplementary voluntary retirement insurance under occupational schemes shall provide the persons insured in the said fund, as well as to other holding entitlement under the occupational scheme:

1. annual information regarding:

- (a) any change in the scheme arising from clauses amending and supplementing the statutory framework or the rules of organization and operation of the fund for supplementary voluntary retirement insurance under occupational schemes;
- (b) the amount of resources accrued, the types of payments and the manners of receiving the said payments upon acquisition of entitlement to the relevant type of pension;
- (c) the risks associated with the investment and the management of the occupational scheme and the persons who assume the said risks;

2. upon request:

- (a) the annual financial statement and the annual report referred to in Article 252 (2) for the scheme under which they are insured;

- (b) information referred to in Article 251c herein regarding the investment policy of the fund for supplementary voluntary retirement insurance under occupational schemes and regarding the structure of the investment portfolio;
- (c) information regarding the procedure and manner of transfer of the resources accrued on their individual accounts in the funds for supplementary voluntary retirement insurance under occupational schemes managed by another retirement insurance company, upon discontinuance of the activity, on the basis of which they are insured under the relevant occupational scheme;
- (d) (new, SG No. 41/2007) detailed and material information regarding the level which retirement benefits must reach according to the conditions of the relevant occupational scheme: in case of work on a cross-border basis;
- (e) (new, SG No. 41/2007) the amount of payments upon termination of the insurance according to the conditions of the relevant occupational scheme: in case of work on a cross-border basis.
- (3) (Renumbered from Paragraph 2, SG No. 56/2006) The retirement insurance company, the social insurance intermediaries and the persons authorized thereby may not provide to third parties the information at their disposal regarding the insured persons, pensioners, their survivors and social insurance contributors, with the exception of cases provided for in other laws.
- (4) (New, SG No. 109/2013, effective 1.01.2014) The retirement insurance companies shall provide to the Executive Director of the National Revenue Agency information regarding any remunerations under Article 143h(1), point 4 of the Tax and Social-Insurance Procedure Code, paid/charged to persons, who are local persons of another European Union Member State not later than 30th day of April of the year, following the year of payment/charging of such remunerations, under the procedure of Article 73a(2) of the Income Taxes on Natural Persons Act.

#### Requirements to Advertising

**Article 123i.** (New, SG No. 67/2003) (1) The retirement insurance company shall be obligated:

1. not to advertise for any products or services which it does not provide at the moment, nor a future return on investment;
  2. not to hide or conceal any material facts and circumstances, and not to include in the advertisement thereof any vague formulations of the results achieved, any untrue or misleading data;
  3. not to organize any lotteries.
- (2) The Deputy Chairperson of the Commission shall endorse the requirements to the contents of the advertising or written information materials of pension funds and retirement insurance companies.
- (3) All advertising expenses of the retirement insurance company and the supplementary retirement insurance funds managed thereby shall be for the account of the retirement insurance company.

### Section III

**(New, SG No. 67/2003)**

## **Supplementary Voluntary Unemployment and/or Vocational-Training Insurance Companies**

#### Definition

**Article 123j.** (New, SG No. 67/2003) (1) Supplementary voluntary unemployment and/or vocational-training insurance companies, hereinafter referred to as "unemployment and/or vocational-training insurance companies", shall be joint-stock companies licensed according to the procedure established by this Code and registered under the Commerce Act.

(2) The objects of unemployment and/or vocational-training insurance companies shall be limited to supplementary voluntary unemployment and/or vocational-training insurance.

(3) Unemployment and/or vocational-training insurance companies may not effect any commercial transactions which are not directly related to their business.

(4) Unemployment and/or vocational-training insurance companies may establish not-for-profit associations for representation of common interests and for implementation of joint projects.

(5) Unemployment and/or vocational-training insurance companies may not participate in any civil-law companies and in any commercial corporations as general partners, nor acquire any shares in other unemployment and/or vocational-training insurance companies.

(6) An unemployment and/or vocational-training insurance company shall pursue the activity thereof according to the provisions of this Code and in accordance with its articles of association and with the rules of the supplementary voluntary unemployment or vocational-training insurance managed thereby.

## Shares and Capital

**Article 123k.** (New, SG No. 67/2003) (1) An unemployment and/or vocational-training insurance companies may issue solely registered dematerialized shares entitling the holder to a single vote.

(2) The minimum amount of capital of an unemployment and/or vocational-training insurance company shall be BGN 500,000.

(3) The capital must be fully paid up in cash at the time of submission of the application for obtaining a licence to carry out supplementary voluntary unemployment and/or vocational-training insurance activity.

(4) An unemployment and/or vocational-training insurance company must, at any time, dispose of equity capital (capital base) amounting to not less than 50 per cent of the minimum amount of capital referred to in Paragraph 2.

(5) Unemployment and/or vocational-training insurance companies may not distribute dividends in amounts and in a manner which would lead to a breach of the requirements referred to in Paragraph 4.

(6) When the equity capital (capital base) of an unemployment and/or vocational-training insurance company falls below the amount specified in Paragraph 4, the said company shall notify, within three days, the Deputy Chairperson of the Commission, submitting a rehabilitation programme for bringing the equity capital into conformity with the requirements of the Code within three months.

(7) The Deputy Chairperson of the Commission shall approve or shall refuse to approve the rehabilitation programme within seven days after receipt of the said programme.

(8) During the period of implementation of the rehabilitation programme, unemployment and/or vocational-training insurance companies may not distribute dividends.

(9) In case of disapproval of the programme or of a failure to implement the approved programme, the Deputy Chairperson of the Commission shall take the actions under Item 5 of Article 344 (1) herein.

(10) The requirements to the composition and structure of the equity capital (capital base) of an unemployment and/or vocational-training insurance company and to the minimum liquid resources of the company and the supplementary voluntary unemployment or vocational-training insurance funds managed thereby shall be established by the ordinance under Article 121c (10) herein.

## Business Name

**Article 123l.** (New, SG No. 67/2003) (1) The business name of the unemployment and/or vocational-training insurance company shall mandatorily include a collocation of the words "supplementary", "voluntary", "insurance", "unemployment" and "vocational-training" or any derivatives of the said words.

(2) Any companies which do not hold a licence to carry out supplementary voluntary unemployment and/or vocational-training insurance activity may not use in the business names thereof any collocation of the words referred to in Paragraph 1 or any words of equivalent meaning in the Bulgarian or any foreign language.

## Applicable Provisions

**Article 123m.** (New, SG No. 67/2003) The provisions of Section II of Chapter Nine herein shall apply to any unregulated matters regarding the incorporation, licensing, management, representation and activity of unemployment and/or vocational-training insurance companies, including the contracts with custodian banks and with the persons under Article 123c

herein.

## **Section IV**

**(New, SG No. 21/2012)**

### **Remuneration Policy of Supplementary Social Insurance Companies**

#### Remuneration Policy

**Article 123n.** (New, SG No. 21/2012) Supplementary social insurance companies shall adopt and implement a remuneration policy in respect of the persons working for them.

(2) The Commission shall, by an ordinance, lay down the requirements applicable to the remuneration policy and the manner of its disclosure.

## **TITLE TWO**

**(New, SG No. 67/2003)**

### **SUPPLEMENTARY COMPULSORY RETIREMENT INSURANCE**

#### **Chapter Nine "A"**

**(New, SG No. 67/2003)**

#### **GENERAL PROVISIONS**

##### Procedures for Implementation

**Article 124.** (Amended, SG No. 67/2003) (1) Supplementary compulsory retirement insurance shall be implemented under the terms and according to the procedure established by this Title on the basis of a contract concluded by the insured person with a retirement insurance company or on the basis of a non-discretionary allocation under the terms established by Article 137 (4) and Article 140 (4) herein.

(2) The social insurance relationship with the retirement insurance company shall arise as from the date of conclusion of the social insurance contract or as from the date of non-discretionary allocation to a supplementary compulsory retirement insurance fund.

##### Principles

**Article 125.** (1) Supplementary compulsory retirement insurance shall be performed in observance of the following principles:

1. mandatory participation;
2. separate legal personality of the retirement insurance company and the of the universal and the occupational pension funds;
3. transparency, separateness and exclusivity of the activity;
4. licensing system and State regulation;
5. mandatory periodic reporting and disclosure of information;
6. fair competition among the retirement insurance companies;
7. representation of the interests of the insured persons.

(2) Supplementary compulsory retirement insurance shall be implemented through pension schemes on a fully funded principle on the basis of defined contributions.

##### Management of Resources of Pension Fund

**Article 126.** (Supplemented, SG No. 17/2006) The resources of the pension fund shall be managed by the retirement insurance company exercising the care of responsible merchantship and observing the principles of reliability, liquidity, profitability and diversification in the best interest of the insured persons.

#### Insured Persons

**Article 127.** (1) (Effective 1.01.2002, amended, SG No. 64/2000, SG No. 67/2003, SG No. 100/2011, effective 1.01.2012) All persons born after the 31st day of December 1959 shall be compulsorily insured for a supplementary pension at a universal pension fund, provided that the said persons are insured in the Pensions Fund of the public social insurance.

(2) (Supplemented, SG No. 100/2011, effective 1.01.2012) Persons working under the conditions of Work Categories I and II, which are insured in the Pensions Fund of the public social insurance, shall furthermore be compulsorily insured at an occupational pension fund for an early-retirement pension regardless of age.

(3) (Amended, SG No. 106/2013, effective 1.01.2014) The individual coefficient under Article 70 herein for persons under Paragraph 1 shall be reduced on the basis of the ratio between the amounts of the social insurance contributions to the universal pension fund and to the Pension Fund for Work Category III of the persons born prior to 1 January 1960, according to a procedure established by an act of the Council of Ministers.

(4) (New, SG No. 119/2002, amended, SG No. 67/2003) As from the 1st day of January 2004, the persons under Item 4 of Article 4 (1) herein shall be insured at a universal pension fund for a supplementary pension.

(5) (New, SG No. 67/2003, effective 1.01.2004, supplemented, SG No. 43/2008, amended and supplemented, SG No. 99/2012, effective 1.01.2013) Employees of the National Intelligence Service, the Defence Information Service of the Ministry of Defence and the State Agency for National Security shall not be insured at a universal pension fund for a supplementary pension.

#### Personal Nature of Social Insurance

**Article 128.** (1) (Redesignated from Article 128, SG No. 1/2002) Supplementary compulsory retirement insurance shall be personal. Each person insured at an occupational and at a universal pension fund shall have an individual social insurance number and an individual social insurance account.

(2) (New, SG No. 1/2002, amended, SG No. 67/2003, SG No. 105/2005) The National Revenue Agency and the retirement insurance companies shall keep the data concerning the persons under Item 4 of Article 4 (1) herein in separate registries according to the Classified Information Protection Act.

(3) (New, SG No. 67/2003, amended, SG No. 105/2005) The data concerning persons under Paragraph 2 shall be provided according to a procedure established by the Executive Director of the National Revenue Agency and the Chairperson of the State Commission on Information Security.

#### Individual Account

**Article 129.** (Amended, SG No. 67/2003) (1) The supplementary compulsory retirement insurance contributions and the resources transferred from another supplementary compulsory retirement insurance fund shall be recorded and accrued on the individual account of each insured person at the date of receipt of the said contributions and resources on the account of the fund.

(2) Each insured person may have only one individual account at a universal and, respectively, at an occupational pension fund. The contributions made, the amounts transferred and the deductions shall be recorded on the individual account.

(3) The individual account shall be kept in terms of Bulgarian leva and units. The supplementary compulsory retirement insurance contributions and the resources transferred from another fund shall be accounted in terms of units and fractions of units.

(4) Deductions, as a percentage of each social insurance contribution, shall be made before determination of the units under Paragraph 3.

(5) Each unit shall represent a proportional part of the net assets of the fund. All units in a fund shall be equal in value, which shall be determined and declared according to Paragraph 9.

- (6) The value of all units and fractions of units in the fund shall be equal to the net asset value of the fund.
- (7) The return on investment of the resources of the fund shall be included upon determination of the value per unit according to Paragraph 5.
- (8) No reallocation of resources and units among individual accounts shall be admissible.
- (9) The procedure and manner for calculation and declaration of the value per unit, as well as the requirements to the keeping of the individual account, shall be established by the ordinance referred to in Article 181 herein.
- (10) On the day of receipt of the first contribution at a supplementary compulsory retirement insurance fund or on the day of first reporting of the resources accrued on the individual accounts in units, the value per unit shall be equal to BGN 1.
- (11) The resources accrued on the individual account of the insured persons shall not be subject to enforced execution.

#### Social Insurance Risks

**Article 130.** (Repealed, SG No. 67/2003).

#### Amount of Pension

**Article 131.** (1) (Redesignated from Article 131, SG No. 1/2002) A pension shall be determined on the basis of the amount accrued on the individual account from the contributions made and from the return on the investment of the said contributions, reduced by the fees and deductions provided for in this Title, and depending on the life expectancy after retirement in accordance with the endorsed biometric tables.

(2) (New, SG No. 1/2002) Where the amount of the pension is up to 20 per cent of the social old-age pension, the amount shall be paid to the pensioner in a lump sum or by instalments upon acquisition of entitlement.

#### State Regulation and Control

**Article 132.** (Repealed, SG No. 67/2003).

## Chapter Ten

### **SUPPLEMENTARY COMPULSORY RETIREMENT INSURANCE FUNDS** **(Heading amended, SG No. 67/2003)**

#### Incorporation, Management and Representation of Pension Funds

**Article 133.** (Amended, SG No. 67/2003) (1) Supplementary compulsory retirement insurance shall be implemented through participation in universal and/or occupational pension funds which shall be incorporated and managed by retirement insurance companies licensed according to the procedure established by this Code.

(2) In the relationships thereof with third parties, occupational and universal pension funds shall be represented solely by licensed retirement insurance companies.

(3) The retirement insurance companies and the universal and occupational pension funds shall have separate legal personality.

(4) A retirement insurance company may incorporate and manage only one universal and one occupational pension fund.

(5) Universal and occupational pension funds shall be established at will.

#### Liability of Retirement Insurance Companies

**Article 134.** (Amended, SG No. 67/2003) (1) Retirement insurance companies shall be liable by the property thereof to the insured persons for any losses which have occurred as a result of fulfilment in bad faith of the obligations thereof regarding the management and representation of the respective pension funds. In case of bankruptcy, the amounts in the pension reserve under Article 192 (2) herein shall not be included in the assets of the retirement insurance companies.



(2) The assets of the pension funds shall be excluded from the liability of the said funds for any losses resulting from actions of the companies which have incorporated the said funds, nor for any losses from the activity of the retirement insurance company which manages and represents the fund.

#### Business Name of Pension Fund

**Article 135.** (1) The business name of a pension fund shall mandatorily include a collocation of the words "pension", "occupational" or "universal" and "fund" or any derivatives of the said words, as well as an indication of the type of the fund.

(2) Only a fund registered in accordance with this Code may use in its business name, in the description of the activities thereof or in advertising any collocation of the words "pension", "occupational" or "universal" and "fund" or any derivatives of the said words.

#### Prohibition of Acquisition by Prescription

**Article 136.** The assets of a universal and/or occupational fund may not be acquired by prescription.

#### Universal Pension Fund

**Article 137.** (1) A universal pension fund shall be incorporated by a licensed retirement insurance company by decision of the governing bodies of the said company.

(2) A licensed retirement insurance company may incorporate only one universal pension fund.

(3) (Supplemented, SG No. 56/2006, effective 15.07.2006) The insured persons shall participate in a universal pension fund through a personal application submitted to the retirement insurance company within three months after occurrence of the social insurance obligation. The procedure for submission of the application and the requirements to the form and content thereof shall be established by an ordinance of the Commission.

(4) (Amended, SG No. 67/2003, SG No. 112/2003, SG No. 105/2005) Any persons, who have not chosen a universal pension fund according to the procedure established by Paragraph 3, shall be allocated on a non-discretionary basis to one of the registered universal funds in a manner and according to a procedure established by the National Revenue Agency and the Commission.

(5) (Repealed, SG No. 67/2003).

#### Minimum Number of Participants in Universal Pension Fund

**Article 138.** (Repealed, SG No. 67/2003).

#### Entitlement upon Social Insurance at Universal Pension Funds

**Article 139.** (1) Social insurance at a universal pension fund shall entitle the insured person to:

1. (amended, SG No. 67/2003) a supplementary lifelong old-age pension after acquisition of entitlement to a contributory-service and retirement-age pension under Part One herein;

2. (amended, SG No. 1/2002, SG No. 67/2003, SG No. 41/2009, effective 1.07.2009) a lump-sum payment of up to 50 per cent of the resources accrued on the individual account in case of lifelong, permanently reduced working capacity exceeding 70.99 per cent;

3. a lump-sum payment or payment by instalments of amounts to the survivors of a deceased person or of a pensioner under the terms and according to the procedure established by this Title.

(2) (Repealed, SG No. 67/2003).

#### Occupational Pension Fund

**Article 140.** (1) An occupational pension fund shall be incorporated by a licensed retirement insurance company by decision of the governing bodies of the said company.

(2) A licensed retirement insurance company may incorporate only one occupational pension fund.

(3) (Supplemented, SG No. 56/2006, effective 15.07.2006) Insured persons shall participate in an occupational pension fund through a personal application submitted to the retirement insurance company within three months after occurrence of the social insurance obligation. The procedure for submission of the application and the requirements to the form and content thereof shall be established by the ordinance referred to in Article 137 (3) herein.

(4) (Amended, SG No. 67/2003, SG No. 112/2003, SG No. 105/2005) Any persons, who have not chosen an occupational pension fund according to the procedure established by Paragraph 3, shall be allocated on a non-discretionary basis to the registered occupational funds in a manner and according to a procedure established by the National Revenue Agency and the Commission.

(5) (Repealed, SG No. 67/2003).

#### Participants in Occupational Pension Fund

**Article 141.** (Repealed, SG No. 67/2003).

#### Entitlement Upon Social Insurance at Occupational Pension Fund

**Article 142.** (1) Social insurance at an occupational pension fund shall entitle the insured person to:

1. (amended, SG No. 100/2010, effective 1.01.2011) a fixed-period early-retirement occupational pension for under the conditions laid down in Article 168;
2. (supplemented, SG No. 1/2002, amended, SG No. 67/2003, SG No. 41/2009, effective 1.07.2009) a lump-sum payment of up to 50 per cent of the resources accrued on the individual account in case of lifelong, permanently reduced working capacity exceeding 70.99 per cent;
3. (amended, SG No. 67/2003) a lump-sum payment or payment by instalments of amounts to the survivors of a deceased insured person or of a pensioner under the terms and according to the procedure established by this Title.

(2) (Repealed, SG No. 67/2003).

#### Rules of Organization and Operation of Supplementary Compulsory Retirement Insurance Fund

**Article 143.** (1) (Amended, SG No. 56/2006) The rules of organization and operation of a supplementary compulsory retirement insurance fund shall be adopted by the managing bodies of the retirement insurance company.

(2) The rules of organization and operation of the pension fund must state:

1. the business name of the fund;
2. the business name, registered office and address of the place of management of the retirement insurance company which manages the fund;
3. the terms for supplementary compulsory retirement insurance, differentiated for a universal and for an occupational pension fund;
4. (amended, SG No. 67/2003) the terms and procedure for conclusion of social insurance contracts or pension contracts, the procedure for amending and supplementing the said contracts and the terms for termination of the said contracts;
5. (amended, SG No. 67/2003) the terms and procedure for keeping of individual accounts and for provision of statements of individual account to the insured person;
6. (supplemented, SG No. 67/2003) the period and the manner of allocation of the return on investment and the principal objectives and restrictions on the investment policy of the fund;
7. the amount of fees and deductions charged by the retirement insurance company;
8. the terms, procedure and time limits for payment of pensions and of the lump-sum payments or payments by instalments;
9. the terms, procedure and time limits for transfer of the resources accrued on the individual account;

10. the terms and procedure for amending and supplementing the Rules;
11. an express specification of the manner and procedure for notices and communications related to the activity of the pension fund;
12. the methods and intervals of valuation of the assets of the fund;
13. (supplemented, SG No. 67/2003) the rights and obligations of the retirement insurance company, of the persons under Article 123d (2) herein, of the insured person, the employers and the other social insurance contributors;
14. (new, SG No. 67/2003) the procedure and manner for establishment of a reserve for payment of lifelong pensions;
15. (new, SG No. 67/2003) the procedure and manner of guaranteeing a minimum rate of return on investment of the resources of the insured persons.

#### Rules of Supplementary Compulsory Retirement Insurance Fund, How Amended and Supplemented

**Article 144.** (1) (Amended, SG No. 67/2003) Any clauses amending and supplementing the rules referred to in Article 143 (2) herein shall be approved by the Deputy Chairperson of the Commission. The Deputy Chairperson of the Commission shall pronounce within one month after receipt of the application. The applicant shall be notified in writing within seven days of the decision made.

(2) (Amended, SG No. 67/2003) The retirement insurance company shall notify the insured persons of the specific clauses amending and supplementing the rules of organization and operation of the pension fund in person or by means of an insertion in two national daily newspapers within one week after receipt of the decision of the Deputy Chairperson of the Commission.

#### Pension Fund Management Authorization

**Article 145.** (Amended, SG No. 8/2003, SG No. 67/2003) (1) A universal or occupational pension fund management authorization shall be issued by the Deputy Chairperson of the Commission. Any licensed retirement insurance company wishing to obtain such an authorization shall submit a written request to the Commission, enclosing therewith:

1. the resolution of the General Meeting of the licensed retirement insurance company on incorporation of a universal or occupational pension fund;
2. the rules of organization and operation of the universal or the occupational pension fund;
3. actuarial assumptions concerning the pension schemes offered and the name and personal data of the actuary;
4. standard forms of social insurance and pension contracts;
5. tentative agreements with a custodian bank and with an investment intermediary;
6. a financial statement of the company at the last date of the preceding month;
7. information on the software and hardware of the information system of the fund;
8. information on the organizational structure of the company and the human resources available thereto;
9. (amended, SG No. 34/2006) a current certificate of entry of the retirement insurance company in the Commercial Register.

(2) The Deputy Chairperson of the Commission may require other data and additional information in connection with the documents under Paragraph 1 and allow a time limit for submission of the said data and information.

#### Time Limit for Consideration of Request for Pension Fund Management Authorization

**Article 146.** (Amended, SG No. 67/2003) (1) The Deputy Chairperson of the Commission shall render a decision within one month after submission of the request under Article 145 herein, and where additional information and documents have been required, within one month after the submission of the said information and documents.

(2) Where a request for issuance of an authorization has been accepted with missing or non-conforming documents, the Deputy Chairperson of the Commission shall notify the retirement insurance company within 14 days of the non-conformities and shall

allow a time limit for their curing.

(3) The Deputy Chairperson of the Commission shall notify the applicant in writing of the decision under Paragraph 1 within seven days after adoption of the said decision.

#### Refusal to Issue Pension Fund Management Authorization

**Article 147.** (Amended, SG No. 67/2003) (1) The Deputy Chairperson of the Commission shall refuse to issue an authorization where:

1. after expiry of the time limit allowed under Article 146 (1) and (2) herein, the additional documents or information have not been submitted or the non-conformities have not been cured;
2. the requirements of this Code are not fulfilled;
3. the retirement insurance company lacks sufficient financial, human and information resources.

(2) In case of refusal, the retirement insurance company may not reapply for a universal or occupational pension fund management authorization earlier than six months after the date of the refusal.

#### Recording by Court

**Article 148.** (Amended, SG No. 67/2003) (1) The district court exercising jurisdiction over the registered office of the fund shall record in its register the universal or the occupational pension fund, respectively, if the retirement insurance company has submitted an application for recording within six months after receipt of the authorization by the Deputy Chairperson of the Commission.

(2) The application for recording by the court shall state:

1. the business name, registered office and address of the place of management of the retirement insurance company;
2. the business name of the pension fund;
3. the forenames, patronymics and surnames and the Standard Public Registry Personal Numbers of the persons who manage and represent the retirement insurance company.

(3) A universal or occupational fund shall be recorded in the register of the district court exercising jurisdiction over the registered office thereof.

(4) The existence of a supplementary compulsory retirement insurance fund as a legal person shall commence as from the date of recording in the court register.

#### Revocation of Fund Management Authorization

**Article 149.** (Amended, SG No. 67/2003) The Deputy Chairperson of the Commission shall revoke a universal or occupational fund management authorization in the following cases:

1. establishment of the fact that the documents used as basis for issuance of the authorization contain untrue data;
2. failure to file an application for court registration within six months after receipt of a universal or occupational fund management authorization;
3. transformation of the retirement insurance company when the management of the fund is transferred to another retirement insurance company;
4. dissolution of the fund through merger by acquisition or merger by the formation of another supplementary compulsory retirement insurance fund;
5. existence of real and imminent jeopardy to the interests of the insured persons;
6. revocation of the licence of the retirement insurance company managing the fund.

## Documents Required for Recording

**Article 150.** (1) The following documents shall be submitted to the court for the purpose of recording of a universal and/or of occupational pension fund:

1. (amended, SG No. 67/2003) a universal or occupational pension fund management authorization;
2. (amended, SG No. 67/2003) the rules of organization and operation of the universal or occupational pension fund;
3. the articles of association of the retirement insurance company which manages and represents the pension fund;
4. (amended, SG No. 34/2006) a current certificate of entry of the retirement insurance company in the Commercial Register;
5. (amended, SG No. 64/2000) a list of the members of the managing bodies of the retirement insurance company;
6. a pension licence of the retirement insurance company;
7. (amended, SG No. 67/2003) the resolution of the General Meeting of the retirement insurance company on establishment of a supplementary compulsory retirement insurance fund;
8. the forename, patronymic and surname and the Standard Public Registry Personal Number of the persons who manage and represent the retirement insurance company.

(2) The business name of the universal and/or occupational pension fund; the business name, registered office and address of the place of management of the retirement insurance company which has established the fund; the manner of representation of the retirement insurance company shall be recorded in the court register.

## Time Limit for Pronouncement by Court

**Article 151.** The court shall consider the application for recording within 14 days after the date of submission of the said application.

## Refusal to Record

**Article 152.** The court shall refuse to effect the recording if the requirements established in this Title are not fulfilled.

## Obligation to Submit Transcript of Judgment of Court

**Article 153.** (Amended, SG No. 8/2003, SG No. 67/2003) The retirement insurance company shall be obligated to submit to the Commission a certified transcript of the judgment of court on recording within seven days after receipt of the said judgment.

## Responsibility for Recording Costs

**Article 154.** All costs incurred in connection with the recording of the occupational and/or universal fund and all actions taken for the purpose of its incorporation and recording shall be effected on behalf and for the account of the retirement insurance company.

## Obligations of Retirement Insurance Company after Revocation of Pension Fund Management Authorization

**Article 154a.** (New, SG No. 67/2003) (1) After revocation of a universal or occupational pension fund management authorization, the retirement insurance company may not conclude new contracts or offer new conditions for supplementary compulsory retirement insurance, nor modify the conditions under social insurance contracts concluded for the respective fund.

(2) Revocation of a universal or occupational pension fund management authorization shall not exempt the retirement insurance company from its obligations under concluded contracts.

## Obligations of Deputy Chairperson of Commission after Revocation of Pension Fund Management Authorization

**Article 154b.** (New, SG No. 67/2003) The Deputy Chairperson of the Commission shall transmit a communication on the revocation of a universal or occupational pension fund management authorization to the court which has effected the recording, shall cause promulgation of the communication in the State Gazette and shall insert the said communication in at least two national daily newspapers.

## Board of Trustees

**Article 155.** (1) The interests of the persons insured in the funds shall be represented by a Board of Trustees.

(2) The Board of Trustees shall consist of an equal number of representatives of the nationally representative organizations of factory and office workers and of employers and one representative of the retirement insurance company.

(3) (Amended, SG No. 8/2003, SG No. 67/2003) The rights and obligations of the Board of Trustees shall be regulated by an act of the Council of Ministers on a motion by the Commission.

(4) The proposals and decisions of the Board of Trustees shall have an advisory nature in respect of the retirement insurance company.

## Supervision

**Article 156.** (Amended, SG No. 8/2003, repealed SG No. 67/2003).

## Chapter Eleven

### SOCIAL INSURANCE CONTRIBUTIONS

#### Type and Rates of Social Insurance Contributions

**Article 157.** (1) (Amended, SG No. 112/2004) The rates of supplementary compulsory retirement insurance shall be:

1. for a universal pension fund:

(a) for 2005: 3 per cent;

(b) for 2006: 4 per cent;

(c) for 2007: 5 per cent;

(d) (new, SG No. 100/2010, effective 1.01.2011) as of 2017: 7 per cent

2. for an occupational pension fund:

(a) 12 per cent: for persons working under Work Category I conditions;

(b) 7 per cent: for persons working under Work Category II conditions.

(2) (New, SG No. 112/2004, repealed, SG No. 99/2009, effective 1.01.2010).

(3) (Amended, SG No. 1/2002, renumbered from Paragraph 2, SG No. 112/2004, amended, SG No. 109/2008, effective 1.01.2009) As of 1 January 2009 the contributions to universal pension funds shall be covered by social insurance contributors and insured persons as follows:

1. (supplemented, SG No. 100/2010, effective 1.01.2011) 2.2 percent at the expense of the insured person, and 2.8 per cent as of 1 January 2017;

2. (supplemented, SG No. 100/2010, effective 1.01.2011) 2.8 percent at the expense of the social insurance contributor, and 4.2 per cent as of 1 January 2017.

(4) (Renumbered from Paragraph 3, SG No. 112/2004, supplemented, SG No. 99/2009, effective 1.01.2010) Contributions to occupational pension funds shall be entirely for the account of the social insurance contributors, while persons under Article 4a(1) shall pay contributions to occupational pension funds for their own account;

(5) (Renumbered from Paragraph 4, SG No. 112/2004, supplemented, SG No. 99/2009, effective 1.01.2010, amended, SG No. 100/2011, effective 1.01.2012) Self-insured persons and persons under Article 4a(1) shall be insured at a universal pension fund entirely for their own account.

(6) (New, SG No. 1/2002, renumbered from Paragraph 5, SG No. 112/2004, amended, SG No. 100/2010, effective 1.01.2011) Supplementary compulsory retirement insurance contributions shall be remitted on the income for which public social retirement insurance contributions are due, with the exception of Article 9 (6) and (7).

(7) (New, SG No. 67/2003, renumbered from Paragraph 6, SG No. 112/2004) Social insurance contributions for supplementary compulsory retirement insurance in an occupational pension fund for persons who receive a contributory-service and retirement-age pension shall be transferred to the Pensions Fund of public social insurance.

#### Transfer of Social Insurance Contribution

**Article 158.** (Supplemented, SG No. 99/2009, effective 1.01.2010) Supplementary compulsory retirement insurance contributions shall be transferred simultaneously with the public social insurance contributions. Insurance contributions of persons under Article 4a(1) shall be deducted and paid as per the procedure laid down in Article 4a(7).

#### Collection of Social Insurance Contributions

**Article 159.** (1) (Amended, SG No. 105/2005, SG No. 99/2009, effective 1.01.2010) Social insurance contributions for additional mandatory pension insurance and interest thereof shall be collected by the National Revenue Agency.

(2) (New, SG No. 94/2012, effective 1.01.2013) The social insurance contributors and the self-insured persons shall remit the social insurance contributions under Paragraph 1 to the respective account for supplementary compulsory retirement insurance of the competent territorial directorate of the National Revenue Agency.

(3) (Amended, SG No. 105/2005, renumbered from Paragraph 2, SG No. 94/2012, effective 1.01.2013) The social insurance contributions under Paragraph 1 shall be transferred to a special account for compulsory supplementary retirement insurance at the National Revenue Agency.

(4) (Amended, SG No. 105/2005, repealed, SG No. 56/2006, new, SG No. 94/2012, effective 1.01.2013, amended, SG No. 98/2013, effective 1.12.2013, SG No. 18/2014, effective 4.03.2014) In case of existence of a number of obligations, prior to the start of the compulsory collection thereof, he may elect which of them he would repay. If he had not elected thereof, filing of the obligations shall be carried out under the procedure of Article 169(5) and (6) of the Tax and Social-Insurance Procedure Code.

(5) (Amended, SG No. 105/2005, repealed, SG No. 56/2006, new, SG No. 94/2012, effective 1.01.2013) In case of discrepancy between the data submitted concerning the insured persons and the social insurance contributions remitted for supplementary compulsory retirement insurance, the transfers to the retirement insurance company shall be made in proportion to the social insurance contributions for persons, calculated in accordance with the data under Article 5(4), point 1.

(6) (Amended, SG No. 1/2002, SG No. 105/2005, renumbered from Paragraph 3, SG No. 94/2012, effective 1.01.2013) Within 30 days after the receipt of the contributions, the National Revenue Agency shall transfer them from the special account to an account of the respective pension fund named by the retirement insurance company which manages the said fund.

(7) (Amended, SG No. 105/2005, SG No. 56/2006 renumbered from Paragraph 6 and amended, SG No. 94/2012, effective 1.01.2013) For any unjustifiable delay of the transfer of amounts under Paragraph 6, the National Revenue Agency shall owe legal interest for the period of delay.

(8) (Amended, SG No. 105/2005, renumbered from Paragraph 7, SG No. 94/2012, effective 1.01.2013) The relationships between the National Revenue Agency and the retirement insurance company shall be regulated by contract.

(9) (Amended, SG No. 105/2005, renumbered from Paragraph 8, SG No. 94/2012, effective 1.01.2013) The retirement insurance company shall be liable to the insured persons solely for the social insurance contributions actually transferred by the National Revenue Agency.

## Chapter Twelve

### TAX RELIEF

#### Tax Exemption

**Article 160.** (1) The income of the universal and of the occupational pension fund shall not be taxable according to the procedure established by the Corporate Income Tax Act.

(2) The return on investment of the assets of the occupational and universal fund, as allocated to the individual accounts of the insured persons, shall not be taxable within the meaning given by the Income Taxes on Natural Persons Act.

(3) The services related to supplementary compulsory retirement insurance shall not be taxable according to the procedure established by the Value Added Tax Act.

(4) The financial result of the licensed supplementary compulsory retirement insurance companies shall be reduced by the pension reserve established under the terms of Article 192 (2) herein, as well as by the return on the investment of the said reserve.

#### Deduction of Personal Contributions from Taxable Income

**Article 161.** The personal social insurance contributions for supplementary compulsory retirement insurance at a universal pension fund by natural persons shall be deductible from the income thereof before taxation in a manner, according to a procedure and at rates established by the Income Taxes on Natural Persons Act.

#### Contributions Allowed as Expense

**Article 162.** The contributions of employers for supplementary compulsory retirement insurance shall be allowed as operating expense under the Corporate Income Tax Act.

## Chapter Thirteen

## RIGHTS OF INSURED PERSONS

#### Restrictions on Social Insurance at Pension Fund

**Article 163.** Insured persons shall have the right to be insured at only one occupational and/or one universal pension fund.

#### Non-Liability for Obligations

**Article 164.** Insured persons and the pension fund shall not be liable for any obligations incurred by the retirement insurance company which has incorporated and manages the said fund.

#### Insured Persons' Entitlement

**Article 165.** (Amended, SG No. 67/2003) (1) Persons insured at a universal pension fund shall be entitled to a supplementary lifelong old-age pension, and persons insured at an occupational fund shall be entitled to a fixed-period early-retirement occupational pension.

(2) The pensions under Paragraph 1 shall be personal.

#### Pension Types

**Article 166.** (Repealed, SG No. 67/2003).

#### Entitlement to Supplementary Lifelong Old-Age Pension

**Article 167.** (Amended, SG No. 67/2003) (1) Entitlement to a supplementary lifelong old-age pension shall arise when the insured person acquires entitlement to a contributory-service and retirement-age pension under the terms established by Part One of this Code.

(2) (Amended, SG No. 100/2010, effective 1.01.2011) If the insured person so wishes, the supplementary compulsory retirement insurance fund may pay a supplementary lifelong old-age pension five years prior to attainment of the age required for entitlement to a contributory-service and retirement-age pension under Article 68 (1) herein, provided that the resources accrued on the individual account of the person allow the granting of such a pension at an amount not less than the amount of



the minimum contributory-service and retirement-age pension under Article 68 (1) herein.

### Entitlement to Occupational Pension

**Article 168.** (Amended, SG No. 67/2003, SG No. 112/2004, SG No. 100/2010, effective 1.01.2011) (1) As of 1 January 2015, persons insured in a occupational pension fund shall acquire the entitlement to an early-retirement pension if the following conditions are met:

1. no fewer than 10 years of contributory service under the conditions of Work Category I and an age shorter than the age under Article 68(1) by 12 years and 6 months (for women) or by 10 years and 6 months (for men);

2. no fewer than 15 years of contributory service under the conditions of Work Category II and an age shorter than the age under Article 68(1) by 7 years and 6 months (for women) or by 5 years and 6 months (for men).

(2) As of 31 December 2015, the age under Paragraph 1(1) and (2) shall be decreased, from the first day of each successive calendar year by, 6 months. until women and men who have worked under the conditions of Work Category I reach an age shorter than the age under Article 68(1) by 8 years and women and men who have worked under the conditions of Work Category II reach an age shorter than the age under Article 68(1) by 3 years.

(3) The required length of contributory service shall be proved by a statement issued by the National Social Security Institute.

### Determining Amount of Pension

**Article 169.** (Amended, SG No. 67/2003) (1) The amount of the supplementary lifelong old-age pension shall be determined on the basis of:

1. the resources accrued on the individual account;
2. the biometric tables, as approved by the Deputy Chairperson of the Commission;
3. the technical interest rate, as approved by the Deputy Chairperson of the Commission.

(2) The amount of the fixed-period early-retirement occupational pension shall be determined on the basis of:

1. the amounts accrued on the individual account;
2. the period of receipt;
3. the technical interest rate, as approved by the Deputy Chairperson of the Commission.

### Pension Contract

**Article 169a.** (New, No. SG No. 67/2003) (1) A pension contract shall be concluded between the retirement insurance company and the pensioner upon acquisition of entitlement to a pension under the terms established by this Title.

(2) The pension contract shall mandatorily state:

1. (amended, SG No. 39/2005, SG No. 34/2006) the business name, registered office, address of the place of management, commercial registration, number and date of pension licence and standard identification code of the retirement insurance company;
2. the names and personal data on the pensioner;
3. the type and amount of the pension and the manner of its recalculation;
4. the period of receipt of the pension;
5. the procedure and manner for payment of the pension;
6. the rights of the survivors of the pensioner;
7. the procedure and manner for provision of information to the pensioner;

8. the costs of the payment of the pension;
9. conditions for termination of the contract.

#### Rights of Survivors

**Article 170.** (Amended, SG No. 67/2003) (1) Upon death of the insured person, the resources accrued on the individual account thereof shall be paid in a lump sum or by instalments to the survivors, the surviving spouse, the descendants or the ascendants, observing the order of succession and the amount of the succession shares under the Succession Act.

(2) Upon death of a pensioner of a universal or occupational fund, the survivors under Paragraph 1 shall be paid the balance on his or her individual account.

(3) Where the insured person or the pensioner has no survivors under Paragraph 1, the resources accrued on the individual account in a universal fund shall be transferred to the pension reserve, and the resources accrued on the individual account in an occupational fund shall be transferred to the state budget.

#### Right to Transfer

**Article 171.** (Amended, SG No. 67/2003) (1) An insured person shall have the right to switch participation in a supplementary compulsory retirement insurance fund and to transfer the resources accrued on the individual account from one fund to another fund of the same type, managed by another retirement insurance company, if two years have lapsed since the conclusion of the first social insurance contract of the said person or since the date of the non-discretionary allocation of the said person to a fund after the social insurance obligation thereof has arisen.

(2) Apart from cases under Paragraph 1, participation in a supplementary compulsory retirement insurance fund may be switched after the lapse of one year since the conclusion of a social insurance contract for the said fund.

(3) The insured persons may switch without restraint the participation thereof in the fund if they dissent with any modifications effected in the rules of the said fund, if the said persons submit an application to this effect within three months after the notification referred to in Article 144 (2) herein, except where the said modifications arise from a revision of the statutory framework.

(4) (Repealed, SG No. 112/2003).

(5) The procedure and manner of switching participation and transferring the amounts accrued on the insured person's individual account from one supplementary compulsory retirement insurance fund to another fund of the same type, managed by another retirement insurance company, shall be established by an ordinance of the Commission.

#### Right to Withdraw Accrued Amounts

**Article 172.** The insured person shall have the right, upon retirement, to withdraw in a lump sum or to transfer the resources accrued on the individual account from the occupational fund to a universal fund, if he or she does not meet the requirements under Article 168 herein for entitlement to occupational pension.

#### Right to Free Information

**Article 173.** (1) The insured person shall have the right to information at no charge to him or her regarding the resources accrued in the individual account thereof, regarding the rate of return from the management of the said resources and regarding the pension entitlement arising from the resources accrued at least once within a calendar year in manner and according to a procedure established by the rules of the retirement insurance company.

(2) Upon death of the insured person, the right under Paragraph 1 shall be acquired by the persons under Article 170 (1) herein.

#### Alerting Function

**Article 174.** (1) (Amended, SG No. 8/2003, SG No. 67/2003) The insured person and the persons under Article 170 (1) herein shall have the right to alert the Board of Trustees and the Commission of any violations in the activity of the retirement insurance company.

(2) (Amended, SG No. 8/2003, SG No. 67/2003) The Board of Trustees or the Commission, as the case may be, shall be obligated to reply in writing to each complaint within two months after the date of receipt thereof.

## Chapter Fourteen

### ASSETS AND INVESTMENT

#### Investment Principles

**Article 175.** The resources of a universal and occupational pension fund shall be invested observing the principles of reliability, liquidity, profitability and diversification.

#### Investment

(Heading amended, SG No. 67/2003)

**Article 176.** (Amended and supplemented, SG No. 67/2003, amended, SG No. 17/2006) (1) A retirement insurance company may invest the financial resources of a supplementary compulsory retirement insurance fund solely in:

1. securities issued or guaranteed by the Bulgarian State, the obligations whereunder constitute government or government-guaranteed debt;
2. (amended, SG No. 60/2011, effective 5.08.2011) shares other than such referred to in Items 3 and 10, which have been admitted to trading on a regulated securities market, as well as in rights referred to in Item 3 of § 1 of the Supplementary Provisions of the Public Offering of Securities Act;
3. shares in any special purpose investment company licensed according to the procedure established by the Special Purpose Investment Companies Act, as well as in rights referred to in Item 3 of § 1 of the Supplementary Provisions of the Public Offering of Securities Act, issued upon an increase of the capital of the company;
4. municipal securities issued by Bulgarian municipalities according to the Municipal Debt Act;
5. (effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union - SG No. 17/2006) bank deposits with banks which are assigned a credit rating and which have been granted authorization to carry on banking business within the territory of the Republic of Bulgaria;
6. mortgage bonds issued according to the Mortgage Bonds Act, which have been admitted to trading on a regulated securities market;
7. (new, SG No. 41/2009, effective 2.06.2009) corporate bonds issued or underwritten by certain banks, whereby the resolution of the Shareholders' General Meeting and the offer to contract a bond loan contain an obligation to require admittance of the said bonds to trading on a regulated market and to have the bonds admitted to trading on a regulated market within a period not exceeding six months after the issuing of the said bonds; the aforementioned banks shall be institutions in which the stake held by the state exceeds 50 per cent and which have obtained approval to carry out banking activities according to the legislation of the Republic of Bulgaria, or another EU Member State, with a view to funding long-term and short-term infrastructure and development projects.
8. (renumbered from Item 7, amended, SG No. 41/2009, effective 2.06.2009) corporate bonds other than those referred to in Items 6 and 7, which have been admitted to trading on a Bulgarian regulated market;
9. (renumbered from Item 8, amended, SG No. 41/2009, effective 2.06.2009) secured corporate bonds in respect of which the resolution of the Shareholders' General Meeting and the offer to contract a bond loan contain an obligation to require admittance of the said bonds to trading on a regulated market, as well as to have the bonds admitted to trading on a regulated market within a period not exceeding six months after the issuing of the said bonds, and where it is stipulated that the provisions of the Public Offering of Securities Act regarding the bondholders' trustee and the securing a public bond issue will apply, *mutatis mutandis*, to the said bonds.
10. (renumbered from Item 9, SG No. 41/2009, effective 2.06.2009, amended, SG No. 77/2011) shares and/or units issued

by collective investment schemes according to the procedure established by the Collective Investment Schemes and Other Undertakings for Collective Investments Act;

11. (renumbered from Item 10, SG No. 41/2009, effective 2.06.2009) debt securities issued or guaranteed by:

- (a) (amended, SG No. 56/2006) member states or the central banks thereof;
- (b) states specified in an ordinance of the Commission, or the central banks thereof;
- (c) the European Central Bank or by the European Investment Bank;

12. (amended, SG No. 56/2006, renumbered from Item 11, SG No. 41/2009, effective 2.06.2009) securities admitted to trading on regulated securities markets in Member States:

- (a) debt securities issued by foreign municipalities;
- (b) (amended, SG No. 41/2009, effective 2.06.2009) debt securities other than such referred to in Littera (a) and Item 11;
- (c) shares included in indexes on regulated securities markets;

13. (renumbered from Item 12, SG No. 41/2009, effective 2.06.2009) securities admitted to trading on regulated securities markets in States specified in an ordinance of the Commission:

- (a) rated debt securities, issued by foreign municipalities;
- (b) (amended, SG No. 41/2009, effective 2.06.2009) rated debt securities other than such referred to in Littera (a) and Item 11;
- (c) shares included in indexes on regulated securities markets;

14. (amended, SG No. 56/2006, renumbered from Item 13, amended, SG No. 41/2009, effective 2.06.2009) shares and/or units of a collective investment scheme which invests the assets thereof only in securities and deposits referred to in Items 1 to 9, 11, 12, 13 and 15 and which has its registered office or whose management company has its registered office in a Member State, or in a State specified in an ordinance of the Commission, as the case may be;

15. (effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union - SG No. 17/2006, amended, SG No. 56/2006, renumbered from Item 14, SG No. 41/2009, effective 2.06.2009) bank deposits with banks which are assigned a credit rating and which have been granted authorization to carry on banking business according to the legislation of a Member State, or of a State specified in an ordinance of the Commission;

16. (effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union - SG No. 17/2006, amended, SG No. 56/2006, renumbered from Item 15, SG No. 41/2009, effective 2.06.2009) investment estate in Bulgaria, in a Member State.

(2) The Commission shall determine by an ordinance:

- 1. (amended, SG No. 41/2009, effective 2.06.2009) the minimum level of the ratings referred to in Items 5 and 15 of Paragraph 1 and the rating agencies which assign the said ratings;
- 2. (amended, SG No. 41/2009, effective 2.06.2009) the States referred to in Item 11 (b), Items 13, 14 and 15 of Paragraph 1 and the regulated markets in the said States, on which the securities referred to in Item 13 of Paragraph 1 are traded;
- 3. (amended, SG No. 41/2009, effective 2.06.2009) the indexes referred to in Item 12 (c) and Item 13 (c) of Paragraph 1.

(3) The managing body of the retirement insurance company shall endorse internal rules for the procedures to monitor, measure and manage the risk associated with the investments of a supplementary compulsory retirement insurance fund, and shall submit the said rules to the Deputy Chairperson of the Commission within seven days after the said rules are endorsed or, respectively, amended and supplemented.

Investment Prohibition and limitations on the transactions with assets of a supplementary compulsory retirement insurance fund

**Article 177.** (Supplemented, SG No. 67/2003, SG No. 38/2005, amended, SG No. 17/2006) (1) A retirement insurance

company may not invest the financial resources of a supplementary compulsory retirement insurance fund in:

1. any securities which are not fully paid up;
2. any securities issued by the retirement insurance company which manages the said fund or by persons connected with the said company;
3. any securities issued by the custodian bank of the fund, by any persons referred to in Article 123c (1) herein or by persons connected therewith.

(2) The assets of a supplementary compulsory retirement insurance fund may not be acquired by:

1. the retirement insurance company which manages the said fund, with the exception of the cases provided for in this Code;
2. any supplementary retirement insurance fund managed by the retirement insurance company;
3. any member of a managing or supervisory body of the retirement insurance company;
4. any person referred to in Article 123c (4) herein or any member of a managing or supervisory body of any such person;
5. any persons connected with the persons covered under Items 1 to 4.

(3) A supplementary compulsory retirement insurance fund may not acquire any assets of the persons covered under Paragraph 2.

(4) The prohibition on acquisition referred to in Paragraphs (2) and (3) shall not apply in the cases of trade in securities on a regulated market.

(5) Acting on behalf and for the account of a supplementary compulsory retirement insurance fund managed thereby, a retirement insurance company may not acquire or transfer any securities on a regulated securities market by means of cross trades or by means of transactions which, according to the trading rules of the relevant regulated securities market, are subject only to registration on the said market.

(6) It shall be inadmissible to use any investment estate owned by a supplementary compulsory retirement insurance fund for the needs of the retirement insurance company which manages the said fund and of the persons connected with the said company.

#### Investments in Single Issuer

**Article 177a.** (New, SG No. 17/2006) (1) A retirement insurance company and the supplementary compulsory retirement insurance companies managed thereby may not separately acquire more than 7 per cent of the shares in a single issuer or a participating interest by means of which the company or the funds, whether jointly or separately, may designate, whether directly or indirectly, more than one-half of the members of the managing body or may in any other way exert decisive influence on decision-making in connection with the business of the issuer.

(2) A retirement insurance company and a supplementary compulsory retirement insurance fund managed thereby may not acquire shares issued by a single issuer.

#### Investment Restrictions

**Article 178.** (Amended, SG No. 8/2003, amended and supplemented, SG No. 67/2003, amended, SG No. 38/2005, SG No. 17/2006) (1) (Amended, SG No. 41/2009, effective 2.06.2009) The total value of the investments of a supplementary compulsory retirement insurance fund in financial instruments issued by a single issuer, excluding those under Items 1, 7 and 11 (a) and (b) of Article 176(1) may not exceed 5 per cent of the assets of the said fund. The total value of the fund's resources invested in financial instruments issued by a single issuer and related parties thereof may not exceed 10 per cent of the fund's assets. Where the issuer is a bank, the aforementioned restriction shall also include any bank deposits of the fund with the said bank, currency forward contracts, interest rate swap agreements, repo transactions and reverse repo transactions with this bank.

(2) (Amended, SG No. 41/2009, effective 2.06.2009) No more than 20 per cent of the assets of a supplementary compulsory retirement insurance fund as a whole may be invested in any securities referred to in Item 2, Item 12 (c) and Item 13 (c) of

Article 176 (1) herein.

(3) No more than 5 per cent of the assets of a supplementary compulsory retirement insurance fund may be invested in any securities referred to in Item 3 of Article 176 (1) herein.

(4) (Amended, SG No. 41/2009, effective 2.06.2009) No more than 15 per cent of the assets of a supplementary compulsory retirement insurance fund as a whole may be invested in any securities referred to in Item 4, Item 12 (a) and Item 13 (a) of Article 176 (1) herein.

(5) (Amended, SG No. 41/2009, effective 2.06.2009) No more than 25 per cent of the assets of a supplementary compulsory retirement insurance as a whole fund may be invested in any bank deposits referred to in Items 5 and 15 of Article 176 (1) herein, whereas investments in bank deposits with a single bank may not exceed 5 per cent of the assets of the said fund.

(6) No more than 30 per cent of the assets of a supplementary compulsory retirement insurance fund may be invested in any mortgage bonds referred to in Item 6 of Article 176 (1) herein.

(7) (New, SG No. 41/2009, effective 2.06.2009) No more than 10 per cent of the assets of a supplementary compulsory retirement insurance fund as a whole may be invested in any securities referred to in Item 7 of Article 176 (1) herein.

(8) (Renumbered from Paragraph 7, amended, SG No. 41/2009, effective 2.06.2009) No more than 25 per cent of the assets of a supplementary compulsory retirement insurance fund as a whole may be invested in any securities referred to in Item 8, Item 12 (b) and Item 13 (b) of Article 176 (1) herein.

(9) (Renumbered from Paragraph 8, amended, SG No. 41/2009, effective 2.06.2009) No more than 5 per cent of the assets of a supplementary compulsory retirement insurance fund may be invested in any securities referred to in Item 9 of Article 176 (1) herein.

(10) (Renumbered from Paragraph 9, amended, SG No. 41/2009, effective 2.06.2009) No more than 15 per cent of the assets of a supplementary compulsory retirement insurance fund as a whole may be invested in any securities referred to in Items 10 and 14 of Article 176 (1) herein, whereas the investments in securities of any collective investment schemes managed by one and the same management company may not exceed 5 per cent of the assets of the said fund.

(11) (Renumbered from Paragraph 10, SG No. 41/2009, effective 2.06.2009) No more than 20 per cent of the assets of a supplementary compulsory retirement insurance fund may be denominated in any currency other than Bulgarian leva and euro.

(12) (Renumbered from Paragraph 11, amended, SG No. 41/2009, effective 2.06.2009) No more than 5 per cent of the assets of a supplementary compulsory retirement insurance fund may be investment in any investment estate referred to in Item 16 of Article 176 (1) herein.

#### Prohibition to Contract and Extend Loans

**Article 179.** (Amended, SG No. 17/2006) A retirement insurance company may neither contract nor extend any loans on behalf and for the account of a supplementary compulsory retirement insurance fund, nor act as a guarantor of any third parties committing the assets of any such fund.

#### Repo Transactions and Reverse Repo Transactions

**Article 179a.** (New, SG No. 17/2006) Acting on behalf and for the account of a supplementary compulsory retirement insurance fund managed thereby, a retirement insurance company may conclude repo transactions and reverse repo transactions in securities covered under Article 176 (1) herein amounting to up to 5 per cent of the assets of the fund as a whole as determined at the end of the business day last preceding the date of conclusion of the latest repo transaction or of the latest reverse repo transaction.

#### Transactions for Reduction of Investment Risk

**Article 179b.** (New, SG No. 17/2006) (1) For the purpose of reducing the investment risk associated with the assets of the pension funds, a retirement insurance company may conclude transactions which provide for deferral of the fulfilment of the obligations thereunder until a specified future date or within a stated time period.

(2) The following shall qualify as transactions under Paragraph 1:

1. (amended, SG No. 56/2006) the transactions in financial-futures contracts traded on regulated securities markets in the Republic of Bulgaria, in Member States, or on regulated securities markets in States specified in an ordinance of the Commission;
2. (amended, SG No. 56/2006) the transactions in options traded on regulated securities markets in the Republic of Bulgaria, in Member States, or on regulated securities markets in States specified in an ordinance of the Commission;
3. the forward exchange rate contracts;
4. the interest-rate swaps.

(3) The Commission shall issue an ordinance establishing the terms for conclusion of transactions under Paragraph 1, as well as the requirements and restrictions applicable to the said transactions.

#### Disclosure of Information

**Article 180.** (Amended, SG No. 67/2003, SG No. 17/2006) (1) Annually, not later than the 31st day of March, a retirement insurance company shall be obligated to post on the Internet site thereof information regarding the volume and structure of the investments disaggregated by types of assets and issuers of securities for each supplementary compulsory retirement insurance fund managed by the said company. The said information shall be prepared using data current at the end of the preceding year.

(2) The Deputy Chairperson of the Commission shall endorse requirements to retirement insurance companies regarding:

1. the content of the information referred to in Paragraph 1;
2. the determination and public disclosure by the retirement insurance company of the investment results achieved in the management of a supplementary compulsory retirement insurance fund.

#### Violation of Restrictions

**Article 180a.** (New, SG No. 67/2003, amended, SG No. 17/2006) (1) A retirement insurance company shall be obligated to bring the assets of the supplementary compulsory retirement insurance fund into conformity with the requirements of Articles 178 and 179a herein and with the quantitative restrictions on the said assets as established in the rules of organization and operation of the fund within three months after the date when the relevant investment restriction was exceeded, where the said exceeding is due to:

1. a change in the market price or in the price used to make a subsequent valuation of an asset of the fund;
2. a change in the total value of the assets of the fund;
3. acquisition of rights referred to in Item 3 of § 1 of the Supplementary Provisions of the Public Offering of Securities Act by the fund in its capacity as shareholder in a specific issuer;
4. reduction of the capital of a specific issuer.

(2) In the cases covered under Paragraph 1, until the assets of the supplementary compulsory retirement fund are brought into conformity with the statutory requirements, the retirement insurance company may not acquire any assets covered under Article 176 (1) herein for the account of the fund in respect of which assets the restriction has been violated.

#### Asset Valuation

**Article 181.** (Amended, SG No. 8/2003, SG No. 67/2003) The procedure and manner for valuation of the assets and liabilities of supplementary retirement insurance funds and of the retirement insurance company, the net asset value of the fund and the calculation and declaration of the value per unit, as well as the requirements to the keeping of individual accounts, shall be established by an ordinance of the Commission.

#### Contract with Investment Intermediary

**Article 182.** (Repealed, SG No. 67/2003).

#### Contract with Depository Banks

**Article 183.** (Amended, SG No. 8/2003, repealed, SG No. 67/2003).

Actuarial Services

**Article 184.** (Amended, SG No. 8/2003, repealed, SG No. 67/2003).

## **Chapter Fifteen**

### **ACCOUNTING AND REPORTING**

Requirements to Accounts of Retirement insurance Companies and Pension Funds

**Article 185.** (Amended, SG No. 67/2003) (1) The retirement insurance company shall organize and keep its accounts and prepare its financial statements and the financial statements of the supplementary compulsory retirement insurance funds managed thereby in compliance with the provisions of the Accountancy Act , the applicable accounting standards and the provisions of this Code.

(2) The Deputy Chairperson of the Commission shall determine the type, the format and the content of the statements and the notes thereto, which shall be presented to the Commission by the supplementary retirement insurance companies.

Pension Fund Accounts

**Article 186.** (Amended, SG No. 67/2003) The retirement insurance company shall keep separate accounts for each supplementary compulsory retirement insurance fund managed thereby and shall prepare separate financial statements for each of the said funds.

Monthly Reports

**Article 186a.** (New, SG No. 67/2003) (1) (Supplemented, SG No. 112/2003) The company shall be obligated to submit to the Deputy Chairperson of the Commission its monthly report and monthly reports of the supplementary compulsory retirement insurance funds managed thereby not later than 20 days after the end of each month.

(2) A monthly report shall include a financial statement with contents under Article 26 (1) of the Accountancy Act and notes.

Annual Financial Statements

**Article 187.** (Amended, SG No. 67/2003) (1) The annual financial statements of a retirement insurance company and of the pension funds managed thereby shall be audited and certified by two registered auditors or by a specialized audit enterprise as designated by the General Meeting of the company.

(2) The registered auditors and the specialized audit enterprises shall be obligated to conduct an impartial audit in good faith and to respect official secrecy.

Governance Report

**Article 188.** (Amended, SG No. 67/2003) The governance report and the annual financial statement of the pension fund shall be adopted by the General Meeting of the retirement insurance company.

Promulgation of Statement

**Article 189.** (Amended, SG No. 67/2003) The annual financial statements of the retirement insurance company and of the pension funds managed thereby, as adopted by the General Meeting, shall be promulgated simultaneously in the State Gazette.

Obligation to Present Statements

**Article 190.** (1) (Amended SG No. 8/2003, SG No. 67/2003, SG No. 112/2003) The retirement insurance company shall present to the Deputy Chairperson of the Commission the annual financial statements of the Company and of the funds managed thereby, audited and certified according to the procedure established by Article 187 (1) herein, auditors' reports and a governance report within three months after the end of the financial year.



(2) (Amended, SG No. 8/2003, SG No. 67/2003) Retirement insurance companies shall be obligated to present to the Commission, upon request, financial statements showing the financial position thereof and the position of the pension funds managed thereby.

## Chapter Sixteen

### PENSION RESERVES

#### Guarantees for Fulfilment of Obligations

**Article 191.** The retirement insurance company which manages an occupational and/or a universal pension fund shall guarantee by its assets the fulfilment of the obligations to the persons insured in the fund.

#### Reserves of Retirement Insurance Company

**Article 192.** (1) The retirement insurance company shall be obligated to establish general reserves according to the procedure established by the Commerce Act.

(2) (Amended, SG No. 8/2003, supplemented, SG No. 67/2003) The retirement insurance company which manages a universal pension fund shall mandatorily establish a pension reserve according to a procedure established by an ordinance of the Commission.

(3) The pension reserve shall cover the payment of pensions to persons who have lived longer than the actuarial assumptions.

(4) Retirement insurance companies may not distribute dividends to the shareholders thereof before establishment of the reserves.

#### Minimum Rate of Return

**Article 193.** (Amended, SG No. 67/2003) (1) Retirement insurance companies shall be obligated to achieve a minimum rate of return upon management of the assets of supplementary compulsory retirement insurance funds.

(2) The minimum rate of return shall be determined by the Deputy Chairperson of the Commission at the end of each quarter, as a percentage, separately for universal and occupational pension funds, on the basis of the return achieved by management of the assets of all funds of the respective type for the preceding 24-month period.

(3) The minimum rate of return for the respective types of pension funds shall represent 60 per cent of the average rate of return achieved or 3 percentage points lower than the average, whichever of the two figures is smaller.

(4) The minimum rate of return shall be declared by the Deputy Chairperson of the Commission by the end of each month succeeding the reporting quarter.

(5) Where a supplementary compulsory retirement insurance fund achieves a rate of return that is lower than the minimum, the retirement insurance company managing the fund shall be obligated, within ten days after the declaration of the said return, to cover the difference up to the minimum from reserves that have been established for this purpose.

(6) In order to guarantee the minimum rate of return, reserves shall be established at the pension fund and at the retirement insurance company.

(7) (Supplemented, SG No. 112/2003) Where the rate of return achieved by a universal or an occupational pension fund exceeds by over 40 per cent the average rate of return achieved for the respective type of pension fund or exceeds the average by 3 percentage points, whichever of the two figures is greater, the resources resulting from return above this percentage shall be set aside for a reserve by the respective fund. The value of the reserve may not exceed 1 per cent of the fund assets.

(8) The retirement insurance company shall establish, out of its own funds, a reserve for each supplementary compulsory retirement insurance fund managed thereby to an amount not be less than 1 per cent and not more than 3 per cent of the assets of the respective fund.

(9) If the rate of return achieved by the universal and the occupational pension fund is below the guaranteed minimum, the

difference shall be covered from the reserve within the fund. Where the resources in the reserve within the fund are insufficient, the retirement insurance company shall cover the deficit from the resources of the reserve under Paragraph 8.

(10) The resources of the reserves under Paragraphs (7) and (8) shall be invested in compliance with the provisions of Articles 175 to 180 herein.

(11) Allocations for establishment of the reserve under Paragraph 8 shall be allowed as expense of the retirement insurance company and shall not be taxable according to the procedure established by the Corporate Income Tax Act.

(12) The manner and procedure for determining the minimum rate of return, for covering the difference up to the minimum rate of return and for establishment and use of the reserves under Paragraphs (7) and (8) shall be regulated by an ordinance of the Commission.

## **Chapter Seventeen**

**(Repealed, SG No. 67/2003)**

# **TRANSFORMATION, DISSOLUTION, LIQUIDATION AND BANKRUPTCY OF SUPPLEMENTARY COMPULSORY RETIREMENT INSURANCE FUNDS**

### **Transformation of Pension Fund**

**Article 194.** (Amended, SG No. 8/2003, repealed, SG No. 67/2003).

### **Bankruptcy Proceedings**

**Article 195.** (Amended SG No. 8/2003, repealed, SG No. 67/2003).

### **Rights of Trustee in Bankruptcy**

**Article 196.** (Repealed, SG No. 67/2003).

### **Rights of Insured Person**

**Article 197.** (Repealed, SG No. 67/2003).

### **Obligations of Deputy Chairperson in Charge of Social Insurance**

### **Supervision Department of Financial Supervision Commission**

**Article 198.** (Repealed, SG No. 67/2003).

### **Time Limit for Exercise of Rights of Insured Persons**

**Article 199.** (Repealed, SG No. 67/2003).

### **Applicability of Supplementary Voluntary Retirement Insurance Act**

**Article 200.** (Repealed, SG No. 67/2003).

## **Chapter Eighteen**

# **FEES AND DEDUCTIONS**

### **Mandatory Fees**

**Article 201.** (1) Fees and deductions in favour of the retirement insurance companies for implementation of the supplementary compulsory retirement insurance and for management of pension funds are hereby introduced as follows:

1. a percentage of each social insurance contribution: in a manner, according to a procedure and at a rate established in the rules of organization and operation of the pension fund; the maximum rate may not exceed 5 per cent of the amount paid transferred to the pension fund;

2. (amended, SG No. 67/2003) an investment fee at a rate not exceeding 1 per cent annually on the net asset value depending on the period during which the said net assets have been managed by the retirement insurance company.

(2) (Amended, SG No. 8/2003, SG No. 67/2003) The deduction under Item 2 of Paragraph 1 shall be allocated according to a procedure and in a manner established by the Commission.

#### Additional Fee

**Article 202.** (Amended, SG No. 67/2003) (1) The retirement insurance company may charge an additional fee not exceeding BGN 20 for each transfer of the resources accrued on the individual account from one fund to another. The said fee shall be paid by the insured person.

(2) The fee under Paragraph 1 shall not be paid for switching due to dissent with revisions of the Rules of the supplementary compulsory retirement insurance fund.

(3) (New, SG No. 19/2010, amended, SG No. 60/2011, effective 5.08.2011) Retirement insurance companies may charge an additional fee not exceeding BGN 20 for the purpose of transferring resources accrued on a given individual account to the EU pension schemes according to Article 343a(1)(2). The said fee shall be paid by the insured person.

#### Fees Established by Statute

**Article 203.** Retirement insurance companies may not charge any fees and deductions other than those specified in this Chapter.

## Chapter Nineteen

**(Repealed, SG No. 67/2003)**

### ADMINISTRATIVE PENALTY LIABILITY

#### Section I

**(Repealed, SG No. 67/2003)**

#### Liability for Violations of Provisions of Public Social Insurance Legislation

##### Grounds

**Article 204.** (Amended, SG No. 64/2000, repealed, SG No. 67/2003).

##### Ascertainment of Violations

**Article 205.** (Repealed, SG No. 67/2003).

#### Section II

**(Repealed, SG No. 67/2003)**

#### Liability for Violations of Provisions of Supplementary Compulsory Retirement Insurance Legislation

##### Liability for Operation without Pension Licence

**Article 206.** (Repealed, SG No. 67/2003).

Liability for Violations and Failure to Comply with Prescriptions

**Article 206a.** (New, SG No. 8/2003, repealed, SG No. 67/2003).

Ascertainment of Violations

**Article 207.** (Amended, SG No. 8/2003, repealed, SG No. 67/2003).

Application of Coercive Administrative Measures

**Article 208.** (New, SG No. 8/2003, repealed, SG No. 67/2003).

## **TITLE THREE**

**(New, SG No. 67/2003)**

## **SUPPLEMENTARY VOLUNTARY RETIREMENT INSURANCE**

### **Chapter Twenty**

**(New, SG No. 67/2003)**

### **GENERAL PROVISIONS**

#### Principles

**Article 209.** (1) (Amended, SG No. 56/2006) Supplementary voluntary retirement insurance shall be implemented in a supplementary voluntary retirement insurance and in a fund for supplementary voluntary retirement insurance under occupational schemes, hereinafter referred to as "supplementary voluntary retirement insurance funds", in observance of the following principles:

1. voluntary participation;
2. separate legal personality of the retirement insurance company and the supplementary voluntary retirement insurance funds;
3. transparency, separation and exclusivity of operation;
4. authorization system and State regulation;
5. mandatory periodic reporting and disclosure of information;
6. fair competition among retirement insurance companies;

(2) (Amended, SG No. 56/2006) Social insurance in the supplementary voluntary retirement insurance funds shall be carried out on a fully-funded principle on the basis of social insurance contributions fixed in advance.

(3) (Supplemented, SG No. 17/2006, amended, SG No. 56/2006) The resources of a supplementary voluntary retirement insurance funds shall be managed by the retirement insurance company exercising the care of responsible merchantship and observing the principles of reliability, liquidity, profitability and diversification, in the best interest of the insured persons.

#### Insured Persons

**Article 210.** (1) (Amended, SG No. 56/2006) Every natural person, who has attained the age of 16 years, may voluntarily insure himself or herself or be insured in supplementary voluntary retirement insurance funds under the terms and according to the procedure established by this Title.

(2) (Supplemented, SG No. 56/2006) Supplementary voluntary retirement insurance shall be personal. Each person insured at a supplementary voluntary retirement insurance fund and a fund for supplementary voluntary retirement insurance under occupational schemes shall have an individual social insurance number and an individual account.

## Participation in Supplementary Voluntary Retirement Insurance Funds

**Article 211.** (Amended, SG No. 56/2006) The participation in a supplementary voluntary retirement insurance funds shall commence as from the moment of conclusion of a social insurance contract.

## Entitlement upon Social Insurance at Supplementary Voluntary Retirement Insurance Funds

(Heading amended, SG No. 56/2006)

**Article 212.** (1) (Redesignated from Article 212, SG No. 56/2006) Social insurance at a supplementary voluntary retirement insurance fund shall give rise to entitlement to:

1. a personal old-age or invalidity pension;
2. a survivor pension: upon death of the insured person or of a person who receives a pension under this Title;
3. a lump-sum payment or payment by instalments of the resources accrued on the individual account;
4. a lump-sum payment or payment by instalments of resources to the survivors of a deceased insured person or of a pensioner.

(2) (New, SG No. 56/2006) Social insurance under occupational pension schemes of social insurance contributor enterprises established according to the legislation of the Republic of Bulgaria shall entitle the insured person to:

1. a fixed-period old-age pension;
2. a lump-sum payment or payment by instalments of the resources accrued on the individual account;
3. a lump-sum payment or payment by instalments of resources to the survivors of a deceased insured person or of a pensioner.

## Reserves of Retirement Insurance Company

**Article 213.** (1) The retirement insurance company shall be obligated to establish general reserves according to the procedure established by the Commerce Act and pension reserves.

(2) A retirement insurance company, which manages a supplementary voluntary retirement insurance fund and pays lifelong pensions, shall mandatorily establish a pension reserve according to a procedure established by the Commission.

(3) The pension reserve under Paragraph 2 shall cover the payment of pensions to persons who have lived longer than the actuarial assumptions.

(4) Retirement insurance companies may not distribute dividends to the shareholders thereof before establishment of the reserves.

## Technical Provisions

**Article 213a.** (New, SG No. 56/2006) (1) To ensure the accurate fulfilment of obligations under pension contracts, any retirement insurance company which manages a fund for supplementary voluntary retirement insurance under occupational schemes:

1. hold at all times an amount of assets corresponding to the financial commitments;
2. mandatorily establish technical provisions, where providing cover against biometrical risks, guaranteeing a minimum level of return or amount of the pensions.

(2) The assets for cover of the technical provisions referred to in Item 2 of Paragraph 1 shall be formed and maintained at the fund for supplementary voluntary retirement insurance under occupational schemes separately from the rest of the assets of the fund, and separate accounts shall be kept on this.

(3) The types of provisions, the procedure and methods for the formation thereof, as well as the maximum technical interest rate shall be determined by an ordinance of the Commission.

(4) The calculation of technical provisions shall take place every year and shall be certified by the responsible actuary of the retirement insurance company. The actuarial methods used and the procedure and manner for calculation of the provisions shall be determined by the ordinance referred to in Paragraph 3.

(5) The calculation of the technical provision shall be executed so that:

1. the minimum amount of the technical provisions shall be determined by reliable and fair actuarial calculations and assumptions, taking account of all commitments arising from pension contracts concluded; the minimum amount must be sufficient for payment of all pensions granted;

2. the economic and actuarial assumptions chosen for the valuation of the liabilities shall be chosen prudently, taking account of an appropriate margin for adverse deviation;

3. the technical interest rate shall be determined in accordance with the requirements of the ordinance referred to in Paragraph 3, by taking into account:

(a) the yield of the assets corresponding to the technical provisions, and the future investment returns, and/or

(b) the market yields of rated debt securities, issued or guaranteed by the government of a Member State;

4. the biometric tables used for the calculation of technical provisions shall be determined with regard to the main characteristics of the group of persons whereto pensions have been granted under occupational schemes with cover for biometrical risk, as well as the expected changes in the risks;

5. the method and the actuarial assumptions upon calculation of technical provisions shall remain constant, except in the cases of changes of legal, demographic or economic circumstances underlying the assumptions.

#### Funding of Technical Provisions

**Article 213b.** (New, SG No. 56/2006) (1) The retirement insurance company shall have at all times sufficient and appropriate assets to cover the technical provisions provided for in the ordinance referred to in Article 213a (3) herein in connection with all commitments with risks covered.

(2) The technical provisions must be fully funded at all times in respect of the total range of occupational schemes managed. Upon breach of this obligation, the Deputy Chairperson shall apply the measure referred to in Item 17 of Article 344 (1) herein.

## Chapter Twenty-One

(New, SG No. 67/2003)

### SUPPLEMENTARY VOLUNTARY RETIREMENT INSURANCE FUNDS

#### Definition

**Article 214.** (1) (Amended, SG No. 56/2006) Supplementary voluntary retirement insurance funds shall be incorporated and managed by licensed retirement insurance companies.

(2) (Amended, SG No. 56/2006) Supplementary voluntary retirement insurance funds shall be incorporated by resolution of the General Meeting of the retirement insurance company.

(3) (Amended, SG No. 56/2006) One retirement insurance company may incorporate and manage one supplementary voluntary retirement insurance fund and one fund for supplementary retirement insurance under occupational schemes.

(4) (Amended, SG No. 56/2006) Supplementary voluntary retirement insurance funds shall be managed and represented by the retirement insurance company.

(5) (Amended, SG No. 56/2006) The retirement insurance company and the supplementary voluntary retirement insurance funds shall have separate legal personality.

(6) Supplementary voluntary retirement insurance funds shall be established at will.

(7) (Amended, SG No. 56/2006) The registered office and the address of the place of management of the supplementary voluntary retirement insurance funds shall be mandatorily coincident with the registered office and the address of the place of management of the retirement insurance company.

#### Liability of Retirement Insurance Company

**Article 215.** (1) (Amended, SG No. 56/2006) The retirement insurance company shall be liable to the insured persons by the property of the company for any losses which have occurred as a result of fulfilment in bad faith of the obligations of the company regarding the management and representation of the supplementary voluntary retirement insurance funds.

(2) The retirement insurance company shall guarantee by its assets the fulfilment of the obligations thereof to the insured persons and the pensioners.

(3) (Amended, SG No. 56/2006) Supplementary voluntary retirement insurance funds shall not be liable for any obligations and for any losses of the retirement insurance company which manages and represents the said fund.

#### Business Name

**Article 216.** (1) The business name of the supplementary voluntary retirement insurance fund shall mandatorily include a collocation of the business name of the retirement insurance company and the words "retirement", "voluntary" and "fund" or any derivatives of the said words.

(2) (New, SG No. 56/2006) In addition to the content under Paragraph 1, the business name of the fund for supplementary voluntary retirement insurance under occupational schemes shall also include the words "occupational schemes".

(3) (Renumbered from Paragraph 2 and amended, SG No. 56/2006) Only funds registered in accordance with this Code may use in the business names thereof a collocation of the words referred to in Paragraphs (1) and (2) or any words of equivalent meaning in the Bulgarian or any foreign language.

#### Prohibition of Acquisition by Prescription

**Article 217.** (Amended, SG No. 56/2006) The assets of supplementary voluntary retirement insurance funds may not be acquired by prescription.

#### Supplementary Voluntary Retirement Insurance Funds Management Authorization

**Article 218.** (Amended, SG No. 34/2006, SG No. 56/2006) (1) A management authorization for a supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary retirement insurance under occupational schemes shall be issued by the Deputy Chairperson of the Commission.

(2) Any licensed retirement insurance company wishing to obtain an authorization referred to in Paragraph 1 shall submit a written request to the Commission, enclosing therewith:

1. the resolution of the General Meeting of the licensed retirement insurance company on incorporation of a supplementary voluntary retirement insurance fund or a fund for supplementary voluntary retirement insurance under occupational schemes;
2. the rules of organization and operation of the fund;
3. actuarial assumptions concerning the pension schemes offered and the names and personal data of the actuary;
4. standard forms of social insurance and pension contracts;
5. a tentative agreement with a custodian bank and with an investment intermediary;
6. a financial statement of the company as at the last day of the preceding month;
7. information on the software and hardware of the information system of the company;
8. information on the organizational structure of the company and the human resources available thereto;
9. documentary proof of payment of a fee for examination of documents.

(3) In addition to the documents covered under Paragraph 2, the Deputy Chairperson of the Commission may require additional information in connection with the said documents and set a time limit for submission of the said information.

Time Limit for Consideration of Request for Management Authorization for Supplementary Voluntary Retirement Insurance Fund or Fund for Supplementary Voluntary Retirement Insurance under Occupational Schemes

(Heading amended, SG No. 56/2006)

**Article 219.** (1) The Deputy Chairperson of the Commission shall render a decision within one month after submission of the request under Article 218 herein, and where additional information and documents have been required, within one month after submission of the said information and documents.

(2) Where a request for issuance of an authorization has been accepted with missing or non-conforming documents, the Deputy Chairperson of the Commission shall notify the retirement insurance company of the non-conformities within 14 days and shall allow a time limit for their curing.

(3) The Deputy Chairperson of the Commission shall notify the applicant in writing of the decision under Paragraph 1 within seven days after adoption of the said decision.

Refusal to Issue Supplementary Voluntary Retirement Insurance Fund Management Authorization or Management Authorization for Fund for Supplementary Voluntary Retirement Insurance under Occupational Schemes

(Heading supplemented, SG No. 56/2006)

**Article 220.** (Amended, SG No. 67/2003) (1) The Deputy Chairperson of the Commission shall refuse to issue an authorization where:

1. after expiry of the time limit allowed under Article 219 (1) and (2) herein, the additional documents or information have not been submitted or the non-conformities have not been cured;
2. the requirements of this Code are not fulfilled;
3. the retirement insurance company lacks sufficient financial, human and information resources.

(2) (Supplemented, SG No. 56/2006) In case of refusal, the retirement insurance company may not reapply for a supplementary voluntary retirement insurance fund management authorization or a management authorization for a fund for supplementary voluntary retirement insurance under occupational schemes earlier than six months after the date of the refusal.

Recording by Court

**Article 221.** (1) (Supplemented, SG No. 56/2006) The district court exercising jurisdiction over the registered office of the supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary retirement insurance under occupational schemes shall record in its register the fund if the retirement insurance company has submitted an application for recording within six months after receipt of the authorization by the Deputy Chairperson of the Commission.

(2) The application for recording by the court shall state:

1. the business name, registered office and address of the place of management of the retirement insurance company;
2. the business name of the pension fund;
3. the forenames, patronymics and surnames and the Standard Public Registry Personal Numbers of the persons who manage and represent the retirement insurance company.

(3) The following documents shall be enclosed with the application under Paragraph 2:

1. a certified copy of the licence to carry out supplementary retirement insurance activity held by the retirement insurance company;
2. the articles of association of the retirement insurance company;
3. (amended, SG No. 34/2006) a current certificate of entry of the retirement insurance company in the Commercial Register;



4. (supplemented, SG No. 56/2006) the resolution of the General Meeting of the retirement insurance company on incorporation of a supplementary voluntary retirement insurance fund or a fund for supplementary voluntary retirement insurance under occupational schemes;

5. (supplemented, SG No. 56/2006) the rules of organization and operation of the supplementary voluntary retirement insurance fund; or of the fund for supplementary voluntary retirement insurance under occupational schemes;

6. (supplemented, SG No. 56/2006) the supplementary voluntary retirement insurance fund management authorization or the management authorization for a fund for supplementary voluntary retirement insurance under occupational schemes from the Deputy Chairperson of the Commission.

(4) (Supplemented, SG No. 56/2006) The business name of the supplementary voluntary retirement insurance fund or of the fund for supplementary voluntary retirement insurance under occupational schemes; the business name, registered office and address of the place of management of the retirement insurance company which has incorporated the fund; the manner of representation of the retirement insurance company shall be recorded in the register of the district court.

(5) (Supplemented, SG No. 56/2006) The existence of a supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary retirement insurance under occupational schemes as a legal person shall commence as from the date of recording in the court register.

#### Time Limit for Pronouncement by Court

**Article 222.** (Supplemented, SG No. 56/2006) The court shall consider the application for recording of a supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary retirement insurance under occupational schemes within 14 days after the date of submission of the said application.

#### Submission of Transcript of Judgment of Court

**Article 223.** (Supplemented, SG No. 56/2006) The retirement insurance company shall be obligated to submit to the Commission a certified transcript of the judgment of court on recording of a supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary retirement insurance under occupational schemes within seven days after receipt of the said judgment.

#### Responsibility for Recording Costs

**Article 224.** (Supplemented, SG No. 56/2006) All costs incurred in connection with the incorporation, the obtaining of a management authorization and the recording of a supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary retirement insurance under occupational schemes shall be for the account of the retirement insurance company.

#### Revocation of Fund Management Authorization

**Article 225.** (1) (Redesignated from Article 225 and supplemented, SG No. 56/2006) The Deputy Chairperson of the Commission shall revoke a supplementary voluntary retirement insurance fund management authorization or a management authorization for a fund for supplementary voluntary retirement insurance under occupational schemes upon:

1. ascertainment that the documents which served as grounds for the issuance of the authorization contain untrue data;
2. (supplemented, SG No. 56/2006) failure to submit an application for recording at the court within six months after receipt of the supplementary voluntary retirement insurance fund management authorization or of the management authorization for a fund for supplementary voluntary retirement insurance under occupational schemes;
3. transformation of a retirement insurance company whereby the management of the fund is transferred to another retirement insurance company;
4. (supplemented, SG No. 56/2006) dissolution of the fund due to merger by acquisition or merger by the formation of another supplementary voluntary retirement insurance fund or a fund for supplementary voluntary retirement insurance under occupational schemes;
5. existence of a real and imminent jeopardy to the interests of the insured persons;

6. revocation of the pension licence of the retirement insurance company managing the fund.

(2) (New, SG No. 56/2006) The Deputy Chairperson of the Commission may revoke the management authorization for a fund for supplementary voluntary retirement insurance under occupational schemes upon systematic violations of the applicable labour and social legislation, the statutory requirements related to the investment activity and the disclosure of information.

Obligations of Retirement Insurance Company after Revocation of

Supplementary Voluntary Retirement Insurance Fund Management Authorization or of Management Authorization for Fund for Supplementary Voluntary Retirement Insurance under Occupational Schemes

(Heading supplemented, SG No. 56/2006)

**Article 226.** (1) (Supplemented, SG No. 56/2006) After revocation of a supplementary voluntary retirement insurance fund management authorization or of a management authorization for a fund for supplementary voluntary retirement insurance under occupational schemes, the retirement insurance company may not conclude new contracts or offer new conditions for supplementary voluntary retirement insurance, nor modify the said conditions, including the time limit and the amount of contributions under social insurance contracts as concluded.

(2) The revocation of the authorization shall not exempt the retirement insurance company from the obligations thereof under concluded contracts.

Obligations of Deputy Chairperson of Commission after Revocation of Supplementary Voluntary Retirement Insurance Fund Management Authorization or of Management Authorization for Fund for Supplementary Voluntary Retirement Insurance under Occupational Schemes

(Heading supplemented, SG No. 56/2006)

**Article 227.** (Supplemented, SG No. 56/2006) The Deputy Chairperson of the Commission shall transmit a communication on the revocation of the supplementary voluntary retirement insurance fund management authorization or of the management authorization for the fund for supplementary voluntary retirement insurance under occupational schemes to the court which has effected the recording, shall cause promulgation of the communication in the State Gazette and shall insert the said communication in at least two national daily newspapers.

Rules of Organization and Operation of Supplementary Voluntary

Retirement Insurance Fund and of Fund for Supplementary Voluntary Retirement Insurance under Occupational Schemes

(Heading supplemented, SG No. 56/2006)

**Article 228.** (1) (Amended and supplemented, SG No. 56/2006) The rules of organization and operation of a supplementary voluntary retirement insurance fund or of a fund for supplementary voluntary retirement insurance under occupational schemes shall be adopted by the managing bodies of the retirement insurance company.

(2) (Amended, SG No. 56/2006) The rules of organization and operation of the supplementary voluntary retirement insurance fund must state:

1. the business name of the fund;
2. the business name, registered office, and address of the place of management of the retirement insurance company which manages the fund;
3. the conditions for supplementary voluntary retirement insurance;
4. the terms and procedure for conclusion of social insurance or pension contracts, the procedure for amending and supplementing such contracts, and the terms for the termination thereof;
5. the types of pension schemes and the description thereof;
6. the procedure for raising social insurance contributions;

7. the persons who are entitled to a survivor pension;
8. the terms and procedure for keeping individual accounts and for provision of account statements to the insured person;
9. (amended, SG No. 17/2006) the investment policy, the principal objectives of and restrictions on the investment activity;
10. (new, SG No. 17/2006) the quantitative restriction (as a percentage of the assets of a supplementary voluntary retirement insurance fund) on each investment covered under Article 176 (1) herein, which the retirement insurance company will observe upon management of the assets of the fund;
11. (renumbered from Item 10, SG No. 17/2006) the amount of fees and deductions charged by the retirement insurance company;
12. (renumbered from Item 11, SG No. 17/2006) the terms, procedure and time limits for payment of pensions and for making lump-sum and deferred payments;
13. (renumbered from Item 12, SG No. 17/2006) the terms, procedure and time limits for transfer of the resources accrued on the individual account;
14. (renumbered from Item 13, SG No. 17/2006) the terms and procedure for amending and supplementing the Rules;
15. (renumbered from Item 14, SG No. 17/2006) an express mention of the manner and procedure for notices and communications related to the operation of the pension fund;
16. (renumbered from Item 15, SG No. 17/2006) the methods and intervals of valuation of the assets of the fund;
17. (renumbered from Item 16, SG No. 17/2006) the rights and obligations of the retirement insurance company, of the insured person, of the employers and the other social insurance contributors.

(3) (New, SG No. 56/2006) The rules of organization and operation of a fund for supplementary voluntary retirement insurance under occupational schemes shall state:

1. the information referred to in Items 1, 2, 4, 6, 8 to 10 and 12 to 15 of Paragraph 2;
2. the procedure and time limits for payment of pensions and of the lump-sum payments or payments by instalments;
3. the rights and obligations of the retirement insurance company, the social insurance contributors and the insured persons.

#### Rules of Supplementary Voluntary Retirement Insurance Funds, How Amended and Supplemented

(Heading amended, SG No. 56/2006)

**Article 229.** (1) (Amended, SG No. 56/2006) Any clauses amending and supplementing the Rules under Article 228 (2) and (3) herein shall be approved by the Deputy Chairperson of the Commission. The Deputy Chairperson of the Commission shall pronounce within one month after receipt of the application. The applicant shall be notified in writing within seven days of the decision.

(2) The retirement insurance company shall notify the insured persons of the specific clauses amending and supplementing the rules of organization and operation of the pension fund either in person or by means of insertion in two national daily newspapers, within one week after receipt of the authorization from the Deputy Chairperson of the Commission.

#### Documents Required for Registration of Occupational Scheme

**Article 229a.** (New, SG No. 56/2006) (1) The retirement insurance company or the non-resident institution, as the case may be, shall submit to the Deputy Chairperson of the Commission a written request for registration of an occupational scheme, completed in a standard form endorsed by the said Deputy Chairperson, enclosing therewith:

1. an abstract transcript of the conditions of the collective bargaining agreement or, respectively, of the collective employment contract related to the occupational scheme;
2. a copy of the social insurance contract between the sponsoring undertaking and the company or the non-resident institution, as the case may be.

(2) The application referred to in Paragraph 1 shall be submitted within ten days after conclusion of the social insurance contract.

(3) The Deputy Chairperson of the Commission may require other information as well in connection with the documents covered under Paragraph 1 and may allow a time limit for submission of the said information which may not be longer than 14 days.

(4) Upon any intervening change in the documents or circumstances covered under Paragraph 1, the company or the non-resident institution, as the case may be, shall notify the Deputy Chairperson of the Commission within 14 days after learning of the said change.

#### Occupational Scheme Registration

**Article 229b.** (New, SG No. 56/2006) (1) Within seven days after submission of an application referred to in Article 229a (1) herein or of a notification referred to in Article 229a (4) herein, the Deputy Chairperson of the Commission shall issue a directive on registration of the occupational scheme in a public register of occupational schemes.

(2) The Commission shall keep a public register of occupational schemes in respect of which a directive under Paragraph 1 has been issued. The following particulars shall be recorded in the said register:

1. business name, registered office and address of the place of management, commercial registration and standard identification code of the sponsoring undertaking or the respective particulars of the non-resident sponsoring undertaking;

2. business name, registered office and address of the place of management, commercial registration and standard identification code and number of the pension licence of the retirement insurance company or the respective particulars of the non-resident institution.

#### Cross-Border Activities of Retirement Insurance Company

**Article 229c.** (New, SG No. 56/2006) (1) Any retirement insurance company managing a fund for supplementary voluntary retirement insurance under occupational schemes may work on a cross-border basis, concluding a social insurance contract with a non-resident sponsoring undertaking. The relationships between the non-resident sponsoring undertaking and the insured persons shall be regulated by the labour and social insurance legislation of the other Member State. The scheme shall be managed according to the labour and social legislation of the other Member State applicable to social insurance and within the framework of the management authorization for a fund for supplementary voluntary retirement insurance under occupational schemes as issued by the Deputy Chairperson of the Commission.

(2) Before conclusion of the contract referred to in Paragraph 1, the retirement insurance company shall notify the Deputy Chairperson of the Commission in writing of:

1. the host Member State;

2. the business name and the address of the non-resident sponsoring undertaking in the host Member State;

3. the main characteristics of the occupational scheme which is to be managed by the company.

(3) Within three months after receipt of a notification referred to in Paragraph 2, the Deputy Chairperson of the Commission shall communicate the information contained in the said notification to the competent supervisory authority in the host Member State and shall notify immediately the retirement insurance company, which has submitted the notification, of the communication of the said information.

(4) Should any coercive administrative measures have been applied in respect of the retirement insurance company according to the procedure established by Items 3 and 14 to 17 of Article 344 (1) and Items 1 and 3 of Article 344 (2) herein, as well as in all other cases specified by law, the information referred to in Paragraph 3 shall not be communicated to the competent supervisory authority and the retirement insurance company may not conclude a social insurance contract under Paragraph 1.

(5) After receipt from the competent supervisory authority of the host Member State, whose labour and social legislation is applicable to the scheme, of the relevant provisions of labour and social legislation of the said State, as well as of all provisions applicable in the case, related to the investment activity and the disclosure of information, the Deputy Chairperson of the Commission shall communicate immediately the information received from the competent supervisory authority to the retirement

insurance company.

(6) The retirement insurance company may start to manage the occupational scheme immediately after receipt of the information referred to in Paragraph 5 or, in the event of non-receipt of the said information, within two months. The company shall notify the Deputy Chairperson of the Commission in case the said company starts to manage an occupational scheme, and shall periodically provide data on the management of the said scheme to the said Deputy Chairperson.

(7) Notwithstanding the receipt of the information referred to in Paragraph 5, upon management of an occupational scheme the retirement insurance company shall comply with the provisions of the labour and social legislation of the other Member State which are relevant to social insurance under the said schemes, as well as all applicable provisions related to the investment activity and the disclosure of information.

(8) In the case of cross-border activity, the retirement insurance company shall be obligated to inform the insured persons, the pensioners and the other beneficiaries under the occupational scheme, according to the requirements of the legislation of the host Member State.

(9) The competent supervisory authority of the host Member State shall notify the Deputy Chairperson of the Commission of any change in the applicable labour and social legislation which may affect the characteristics of the occupational scheme, insofar as it concerns the operation thereof, as well as of any change in the relevant provisions related to the investment activity and the disclosure of information which concern the scheme managed by the retirement insurance company. The Deputy Chairperson of the Commission shall notify immediately the retirement insurance company of any such changes.

(10) The competent supervisory authority of the host Member State shall exercise supervision as to compliance with the relevant social and labour legislation and the provisions related to the investment activity and the disclosure of information upon management of an occupational scheme.

(11) Upon detection of any breaches of the applicable legislation and the provisions referred to in Paragraph 10, the competent supervisory authority of the host Member State shall notify immediately the Deputy Chairperson of the Commission.

(12) Upon receipt of a notification referred to in Paragraph 11, the Deputy Chairperson of the Commission, in consultation with the competent supervisory authority of the host Member State, shall take the measures necessary to put a stop to the breaches by the retirement insurance company.

(13) In case the retirement insurance company fails to comply with the coercive administrative measures applied, or should no such measures have been applied thereto by the Deputy Chairperson of the Commission, the competent authority of the host Member State may, after informing the Deputy Chairperson of the Commission, apply appropriate measures in accordance with the national legislation thereof.

(14) All authorizations referred to in Paragraph 1 shall be kept on record in a special register at the Social Insurance Department of the Commission.

(15) The procedure and manner for provision of the data referred to in Paragraph 6 shall be determined by the Deputy Chairperson of the Commission.

#### Management of Occupational Scheme by Non-resident Institution

**Article 229d.** (New, SG No. 56/2006) (1) A sponsoring undertaking may allocate the management of an occupational scheme to a non-resident institution in compliance with the labour and social legislation of the Republic of Bulgaria and the collective bargaining agreement or collective employment contract concluded.

(2) Within two months after receipt of the information covered under Items 1 to 3 of Article 229c (2) herein from the competent supervisory authority of the home Member State, the Deputy Chairperson of the Commission shall communicate to the said authority, in writing, all provisions applicable in the case, related to the investment activity and the disclosure of information. The Deputy Chairperson of the Commission shall notify the competent supervisory authority of the home Member State of any change in Bulgarian labour and social legislation, as well as of any change in the relevant provisions related to the investment activity and the disclosure of information, which concern the scheme managed by the non-resident institution.

(3) The Deputy Chairperson of the Commission shall exercise supervision as to compliance with Bulgarian social and labour legislation and the applicable provisions related to the investment activity and the disclosure of information by the non-resident

institution. In case of any detected breach, the said Deputy Chairperson shall notify immediately the competent supervisory authority of the home Member State and shall coordinate the measures necessary to put a stop to the breach by the said institution as proposed by the competent supervisory authority.

(4) If, despite the measures applied by the competent supervisory authority of the home Member State or because appropriate measures are lacking in the said home Member State, the non-resident institution persists in breaching the provisions referred to in Paragraph 1, the Deputy Chairperson of the Commission may, after informing the competent supervisory authority:

1. apply:

(a) coercive administrative measures;

(b) sanctions;

2. prevent the non-resident institution from managing an occupational scheme for the relevant sponsoring undertaking.

Provision of Information to the European Insurance and Occupational Pensions Authority and the European Commission

**Article 229e.** (New, SG No. 21/2012) The Commission shall inform the European Insurance and Occupational Pensions Authority of the following circumstances:

1. the issuance of a permit to operate a fund for supplementary voluntary retirement insurance under occupational schemes;

2. the Member States where the retirement insurance company operates in relation to the management of an occupational scheme of a foreign enterprise which is a social insurance contributor;

3. the imposition of measures under Article 344, Paragraph 1, Items 3 and 14 to 17, Paragraph 2, Item 3, and Article 346a, Paragraph 1, Item 2.

(2) The Commission shall inform the European Insurance and Occupational Pensions Authority of the provisions of a prudential nature in the Bulgarian legislation in the field of supplementary voluntary retirement insurance under occupational schemes. The Commission shall update such information regularly, at least once per two years.

(3) The Commission shall inform the European Commission and the European Insurance and Occupational Pensions Authority in case of significant difficulties in implementing Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision, and shall cooperate with these bodies to find an adequate solution.

## **Chapter Twenty-Two**

**(New, SG No. 67/2003)**

### **SOCIAL INSURANCE CONTRIBUTIONS AND INDIVIDUAL ACCOUNT**

#### **Social Insurance Contributions**

**Article 230.** (1) (Amended, SG No. 56/2006) Social insurance contributions shall be made for social insurance at supplementary voluntary retirement insurance funds.

(2) The contributions under Paragraph 1 shall be in cash and may be monthly, for another period, or lump-sum.

(3) (Supplemented, SG No. 56/2006) Contributions under Paragraph 1 to a supplementary voluntary retirement insurance fund may be made:

1. by natural persons: for their own account;

2. by employers who or which are social insurance contributors: for their factory and office workers;

3. by authorities which are social insurance contributors: for:

- (a) civil servants;
- (b) (amended, SG No. 64/2007) judges, prosecutors, investigators, state enforcement agents, recordation judges and judicial officers;
- (c) (amended, SG No. 82/2006, supplemented, SG No. 25/2009, effective 1.06.2009, amended, SG No. 35/2009, effective 12.05.2009) servicemen under the Republic of Bulgaria Defence and Armed Forces Act , civil servants under the Ministry of Interior Act , and civil servants under the Implementation of Penal Sanctions and Detention in Custody Act;
- (d) commissioning entities which are social insurance contributors: for persons wherewith a contract commissioning management or contract has been concluded;

4. by third-party social insurance contributors, whether natural or legal persons: in favour of third parties.

(4) (New, SG No. 56/2006) Contributions to a fund for supplementary voluntary retirement insurance under occupational schemes may be made:

1. by sponsoring enterprises established according to the legislation of the Republic of Bulgaria and of any other Member State for the persons ensured thereby in an occupational scheme;
2. by natural persons insured under an occupational scheme.

(5) (Renumbered from Paragraph 4, amended and supplemented, SG No. 56/2006) Contributions by the social insurance contributors covered under Paragraph 3 shall be remitted to the individual account of the insured person and shall be kept separately from the personal contributions and from the contributions by the third-party social insurance contributor.

(6) (New, SG No. 56/2006) The contributions by the sponsoring undertaking referred to in Paragraph 4 shall be remitted to the individual account of the insured person and shall be kept separately from the personal contributions.

(7) (Renumbered from Paragraph 5 and supplemented, SG No. 56/2006) Remittance of social insurance contributions by social insurance contributors and sponsoring undertakings shall not obligate the insured person to make contributions for his or her own account.

(8) (New, SG No. 56/2006) Contributions for retirement insurance under an occupational scheme established in the Republic of Bulgaria shall continue to be made by or on behalf of a posted insured person who participates in such a scheme during the period of his or her posting in another Member State.

(9) (New, SG No. 56/2006) Where the contributions in respect of any person continue to be made to an occupation scheme in another Member State, the posted insured person and, where applicable, the sponsoring undertaking, shall be exempted from any obligation to make social insurance contributions to an occupational scheme in Bulgaria.

## Prohibition of Discrimination

**Article 231.** (1) (Redesignated from Article 231, SG No. 56/2006) A social insurance contributor may not refuse supplementary voluntary retirement insurance to any factory and office workers thereof by reason of nationality, origin, sex, sexual orientation, race, skin colour, age, political or other persuasions, religion or belief, membership of trade-union and other public organizations and movements, marital, social and property status, and existence of mental and physical disabilities.

(2) (New, SG No. 56/2006) In compliance with the provision of Paragraph 1, upon social insurance under an occupational scheme, there shall be no discrimination whatsoever on the basis of sex, either directly or indirectly, by reference in particular to marital or family status, especially as regards:

1. the scope of the schemes and the conditions of access thereto;
2. the obligation to make social insurance contributions and the calculation of contributions;
3. the calculation of retirement benefits, including supplementary benefits due in respect of spouses and dependants, and the conditions governing the duration and retention of entitlement to retirement benefits.

## Collective Bargaining

**Article 232.** (1) (Redesignated from Article 232, SG No. 56/2006) Supplementary voluntary retirement insurance implemented by the employer may be a subject of collective bargaining.

(2) (New, SG No. 56/2006) Social insurance under occupational schemes shall be mandatorily regulated in a collective bargaining agreement or in a collective employment contract of a minimum content under Article 237 (3) herein.

#### Obligation to Transfer Social Insurance Contribution

**Article 233.** (1) (Redesignated from Article 233, SG No. 56/2006) Social insurance contributors shall be obligated, if the insured person so wishes, to withhold the social insurance contribution which is for the account of the said person from the remuneration of the said person for the relevant month and to transfer the said contribution to the relevant supplementary voluntary retirement insurance fund.

(2) (New, SG No. 56/2006) Sponsoring undertakings shall withhold the social insurance contribution which is for the account of the insured person from the remuneration of the said person for the relevant month and to transfer the said contribution to the fund for supplementary voluntary retirement insurance under occupational schemes.

#### Individual Account

**Article 234.** (1) (Supplemented, SG No. 56/2006) The contributions to supplementary voluntary retirement insurance funds and the resources transferred from another supplementary voluntary retirement insurance fund shall be recorded and accrued on the individual account of each insured person at the date of receipt of the said contributions and resources on the account of the fund.

(2) (Supplemented, SG No. 56/2006) Each insured person may have only one individual account at a supplementary voluntary retirement insurance fund and/or one account at a fund for supplementary voluntary retirement insurance under occupational schemes. The contributions made, the amounts transferred and the deductions shall be recorded on the individual account.

(3) The individual account shall be kept in terms of Bulgarian leva and units. The supplementary voluntary retirement insurance contributions and the resources transferred from another fund shall be accounted in terms of units and fractions of units.

(4) Deductions, as a percentage of each social insurance contribution, shall be made before their accounting in units under Paragraph 3.

(5) Each unit shall represent a proportional part of the net assets of the fund. All units in a fund shall be equal in value, which shall be determined and declared according to Paragraph 9.

(6) The value of all units and fractions of units in the fund shall be equal to the net asset value of the fund.

(7) The return on investment of the resources of the fund shall be included upon determination of the value per unit according to Paragraph 5.

(8) No reallocation of resources among individual accounts shall be admissible.

(9) The procedure and manner for calculation and declaration of the value per unit, as well as the requirements to the keeping of the individual account, shall be established by an ordinance of the Commission.

(10) (Amended, SG No. 56/2006) On the day of receipt of the first contribution to each of the funds or on the day of first reporting of the resources accrued on the individual accounts in units, the value per unit shall be equal to BGN 1.

(11) The resources accrued on the individual accounts of the insured persons shall not be subject to enforced execution.

(12) During the accrual of resources on the individual accounts of the insured persons, no other deductions except the ones specified in this Code can be made.

(13) (New, SG No. 56/2006) Upon granting of a pension under an occupational scheme with cover for biometrical risks and/or with a guaranteed minimum level of return and/or a given amount of the pension, the resources accrued on the individual account of the insured person or part thereof shall be transferred to the assets referred to in Article 213a (2) herein under the terms of the social insurance contract and of the occupational scheme.

## Chapter Twnty-Three



## **(New, SG No. 67/2003)**

# **CONTRACTS**

### **Conclusion of Social Insurance Contract**

**Article 235.** (1) (Amended, SG No. 56/2006) The supplementary voluntary retirement insurance contract shall regulate the supplementary voluntary retirement insurance relations and shall be concluded between:

1. the retirement insurance company, of the one part, and the insured person, the social insurance contributor or the third-party social insurance contributor, of the other part: applicable to insurance in a supplementary voluntary insurance fund;
2. the retirement insurance company, of the one part, and the sponsoring undertaking, of the other part: applicable to insurance in a fund for supplementary voluntary insurance under occupational schemes.

(2) Where the social insurance contract is concluded between a social insurance contributor and a retirement insurance company, the said contract shall be in favour of the insured persons.

(3) (Amended, SG No. 56/2006) In the cases under Item 1 of Paragraph 1, an advance written consent of the beneficiary of the contract shall be required upon conclusion of the contract.

(4) (New, SG No. 56/2006) In the cases of insurance in a fund for supplementary voluntary retirement insurance under occupational schemes, upon conclusion of the social insurance contract, the sponsoring undertaking shall present to the retirement insurance company the collective bargaining agreement or an abstract transcript of the collective employment contract, as the case may be, setting forth the conditions of the occupational scheme, and a list of the insured persons included in the said scheme.

### **Restrictions on Insured Persons' Rights**

**Article 236.** (1) (Supplemented, SG No. 56/2006) The social insurance contract for insurance in a supplementary voluntary insurance fund may restrict the right of the insured person:

1. to withdraw or transfer the resources for supplementary voluntary retirement insurance remitted in his or her favour for the account of a third-party social insurance contributor;
2. to transfer the resources for voluntary retirement insurance remitted in his or her favour by an employer or persons under Item 3 of Article 230 (3) herein.

(2) The restrictions under Item 2 of Paragraph 1 shall not apply where:

1. the social insurance contract has been terminated;
2. the employment relationship, the civil-service relationship or the contract for management or control have been terminated.

(3) (New, SG No. 56/2006) In the cases of insurance under an occupational scheme, the restrictions on the rights of the insured persons and the lifting of the said restrictions shall be entirely regulated in the collective employment contract or in the collective bargaining agreement, as the case may be, on the occupational scheme.

### **Contents of Social Insurance Contract**

**Article 237.** (1) (Redesignated from Article 237, SG No. 56/2006) The social insurance contract shall mandatorily state:

1. (amended, SG No. 39/2005, SG No. 34/2006, SG No. 56/2006) the names and addresses of the contracting parties, the commercial registration and the standard identification code of the supplementary voluntary retirement insurance fund or of the fund for supplementary voluntary retirement insurance under occupational schemes, the pension licence and the commercial registration of the retirement insurance company which manages the supplementary voluntary retirement insurance fund and the standard identification code or the respective particulars of the non-resident institution;
2. the subject and scope of social insurance;

3. the rate of the social insurance contribution;
4. the terms, procedure and mode of payment of the social insurance contribution and of the supplementary pension by the fund;
5. the date of conclusion and the effective date of the social insurance contract;
6. the terms for termination of the contract;
7. the amount of fees and deductions.

(2) (New, SG No. 56/2006) In addition to the information covered under Paragraph 1, the social insurance contract for insurance in a fund for supplementary voluntary retirement insurance under occupational schemes shall furthermore contain a full description of the scheme.

(3) (New, SG No. 56/2006) The occupational scheme shall define:

1. the conditions and scope of the insurance;
2. the types of retirement benefits;
3. the amount of the social insurance contribution.

#### Term of Validity

**Article 238.** The social insurance contract shall be open-ended and shall be drawn up and signed in as many copies as are the parties thereto.

#### Obligations to Provide Fund's Rules

**Article 239.** (Supplemented, SG No. 56/2006) Upon conclusion of a contract for voluntary retirement insurance or in a fund for supplementary voluntary retirement insurance under occupational schemes, the insured person, the social insurance contributor or a third-party social insurance contributor shall receive, upon request, a certified copy of the Rules of the fund effective at the date of conclusion of the contract.

#### Termination of Social Insurance Contract

**Article 240.** (1) (Supplemented, SG No. 56/2006) The social insurance contract for insurance in a supplementary voluntary retirement insurance fund or in a fund for supplementary voluntary retirement insurance under occupational schemes may not be terminated unilaterally by the retirement insurance company save in the cases provided for in this Code.

(2) The social insurance contract shall mandatorily be terminated in the following cases:

1. upon death of the insured person;
2. when the insured person, acting of his or her own accord, switches to another retirement insurance company;
3. upon lump-sum withdrawal of the entire amount accrued on the individual account;
4. (new, SG No. 56/2006) upon death of a third-party social insurance contributor if a natural person.

(3) (New, SG No. 56/2006) The social insurance contract for insurance in a fund for supplementary retirement insurance under occupational schemes shall be terminated upon the transfer of the occupational scheme to another fund for supplementary voluntary retirement insurance under occupational schemes.

#### Pension Contract

**Article 241.** (1) A pension contract with the retirement insurance company shall be signed upon acquisition of entitlement to pension under the terms established by this Title.

(2) The pension contract shall mandatorily contain the essential elements covered under Article 169a (2) herein.

## Advisory Board

**Article 242.** (1) The interests of the persons insured at a supplementary voluntary retirement insurance fund shall be represented by an Advisory Board.

(2) The requirements to the composition, rights and obligations of the Advisory Board shall be established by an ordinance of the Council of Ministers on a motion by the Commission.

## Chapter Twenty-Four

**(New, SG No. 67/2003)**

### RIGHTS OF INSURED PERSONS

#### Personal Old-Age Pension

**Article 243.** (Amended, SG No. 112/2003, SG No. 56/2006) (1) Entitlement to a personal old-age pension upon insurance in a supplementary voluntary retirement insurance shall arise upon acquisition of entitlement to contributory-service and retirement-age pension according to the procedure established by Part One herein.

(2) (Amended, SG No. 100/2010, effective 1.01.2011) If the insured person so wishes, the supplementary voluntary retirement insurance fund may pay a personal old-age pension upon attainment of the age required for entitlement to a contributory-service and retirement-age pension under Article 68 (1) to herein or within five years prior to the attainment of the said age.

(3) The pension upon insurance in a supplementary voluntary retirement insurance may be lifelong or fixed-period at the election of the insured person.

(4) The entitlement to a personal old-age pension upon insurance in a fund for supplementary voluntary retirement insurance under occupational schemes shall arise upon attainment of the age of 60 years for women and men.

(5) The pension referred to in Paragraph 4 shall be fixed-period according to the conditions of the occupational scheme.

(6) According to the conditions of the occupational scheme, as stipulated in the collective bargaining agreement or in the collective employment contract, as the case may be, the fund for supplementary voluntary retirement insurance under occupational schemes may pay the insured person the old-age pension for up to five years prior to attainment of the age of 60 years.

#### Personal Invalidity Pension

**Article 244.** (1) (Supplemented, SG No. 56/2006) Entitlement to a personal invalidity pension upon insurance in a supplementary voluntary retirement insurance fund shall arise as from the date of disablement as indicated in the decision of the Territorial Medical Expert Board or of the National Medical Expert Board.

(2) The personal invalidity pension may be lifelong or fixed-period depending on the decision of the authorities under Paragraph 1.

#### Rights of Survivors

**Article 245.** (1) (Amended, SG No. 56/2006) The persons who are entitled to a survivor pension from a supplementary voluntary retirement insurance fund shall be determined in the Rules of the fund and shall be specified in the social insurance contract.

(2) Upon death of the insured person and where there is no person under Paragraph 1, the resources accrued on the individual account shall be due to the legal heirs.

(3) Where there are no persons under Paragraph 1 and no legal heirs, the resources accrued on the individual account shall remain in the reserve for payment of lifelong pensions.

(4) Upon death of a pensioner and where there are no persons under Paragraph 1, the legal heirs shall be paid the balance of resources on the individual account of the said pensioner.

(5) Where there are no persons under Paragraph 1 and no successors to deceased pensioner, the resources due shall remain in the pension reserve.

(6) (New, SG No. 56/2006) The persons, who are entitled to a lump-sum payment or payment by instalments from a fund for supplementary voluntary retirement insurance under occupational schemes upon death of the insured person or pensioner, shall be determined in the collective bargaining agreement or the collective employment contract.

(7) (New, SG No. 56/2006) Where there are no persons referred to in Paragraph 6, the resources accrued on the individual account shall be due according to the Succession Act.

#### Amount of Pension

**Article 246.** (1) The amount of the lifelong pension under this Title shall be determined on the basis of:

1. the resources accrued on the individual account;
2. biometric tables, as approved by the Deputy Chairperson of the Commission;
3. the technical interest rate, as approved by the Deputy Chairperson of the Commission.

(2) The amount of the fixed-period pension under this Title shall be determined on the basis of:

1. the amount accrued on the individual account;
2. the period of receipt;
3. the technical interest rate, as approved by the Deputy Chairperson of the Commission.

(3) (New, SG No. 100/2007, amended, SG No. 20/2013) The use of gender as an actuarial factor in determining the amount of the lifelong pension in a voluntary retirement insurance fund shall not be permissible.

(4) (New, SG No. 100/2007) The retirement insurance company shall update the tables referred to in Item 2 of Paragraph 1 upon:

1. material changes in the underlying official statistical data;
2. material changes which have occurred, in its estimated, in the life expectancy of the insured persons in the pool of the supplementary voluntary retirement insurance fund.

(5) (New, SG No. 100/2007) The updated tables shall be presented for approval to the Deputy Chairperson of the Commission together with the actuarial research which justify the changes.

(6) (New, SG No. 100/2007) In case of substantial changes in the official statistical data on which the tables referred to in Item 2 of Paragraph 1 are based, the Deputy Chairperson of the Commission may obligate the retirement insurance company to effect the necessary changes in the said tables and to present them for approval.

(7) (New, SG No. 100/2007) In the cases under Paragraphs (5) and (6), the Deputy Chairperson of the Commission shall render a decision within one month after receipt of the tables and shall notify the retirement insurance company in writing of the decision within seven days after its adoption.

(8) (New, SG No. 100/2007) The Deputy Chairperson of the Commission shall refuse to approve the changes in the tables referred to in Item 2 of Paragraph 1 where:

1. (new, SG No. 20/2013) if the requirements of the Code had not been fulfilled;
2. (renumbered from Item 1, SG No. 20/2013) the changes are not in conformity with the up-to-date official national statistical data;
3. (renumbered from Item 2, SG No. 20/2013) the actuarial research presented by the retirement insurance company does not

justify the changes sought;

4. (renumbered from Item 3, SG No. 20/2013) appropriate actuarial methods have not been used in preparation of the said tables;

5. (renumbered from Item 4, SG No. 20/2013) technical errors and other non-conformities have been committed in the calculations.

Right to Transfer from Supplementary Voluntary Retirement Insurance Fund or from Fund for Supplementary Voluntary Retirement Insurance under

Occupational Schemes

(Heading amended, SG No. 56/2006)

**Article 247.** (1) Not more frequently than once within a calendar year, the insured person shall have the right to transfer the resources accrued on the individual account or part of the said resources from one supplementary voluntary retirement insurance fund to another such fund, incorporated and managed by another retirement insurance company.

(2) Apart from the cases under Paragraph 1, the insured person shall have the right to transfer the resources accrued on the individual account to another fund managed by another retirement insurance company, in case of dissent with revisions introduced in the rules of organization and operation of the fund, if the said person submits an application to this end within three months after the notification under Article 229 (2) herein.

(3) Not more frequently than once within a calendar year, the insured person shall have the right to transfer the resources accrued on the individual account thereof from personal social insurance contributions or part of the said resources to an individual account of a spouse or of lineal relatives up to the second degree of consanguinity at the same or at another supplementary voluntary retirement insurance fund.

(4) (New, SG No. 56/2006) Upon termination of the legal relationship between the sponsoring undertaking and the insured person, the said person shall have the right to transfer the resources accrued from personal social insurance contributions on the individual account or part of the said resources from one fund for supplementary voluntary retirement insurance under occupational schemes to another such fund, managed by another retirement insurance company.

(5) (New, SG No. 56/2006) The occupational scheme may be transferred from one fund for supplementary voluntary retirement insurance under occupational schemes to another relevant fund, managed by another retirement insurance company, on the basis of a supplemental agreement between the parties to the collective bargaining agreement or to the collective employment contract, as the case may be.

(6) (Renumbered from Paragraph 4 and amended, SG No. 56/2006) The procedure and manner for transfer of the resources accrued on the individual account shall be established by the ordinance referred to in Article 171 (5) herein.

Right to Withdraw and Be Paid Resources Accrued

**Article 248.** (Amended, SG No. 56/2006) (1) The insured person shall have the right to withdraw:

1. the resources accrued on the individual account from personal social insurance contributions: at any time, applicable to insurance in a supplementary voluntary retirement insurance fund;

2. the resources accrued from contributions paid by the social insurance contributor: only upon acquisition of entitlement to a personal old-age or invalidity pension.

(2) Upon acquisition of entitlement to a personal old-age or invalidity pension from supplementary voluntary retirement insurance funds, the insured person shall have the right to choose between the respective type of pension under the terms established by this Title and a lump-sum payment or payment by instalments of the resources accrued on the individual account of the said person.

Preservation of Rights when Moving from One Member State to Another

**Article 248a.** (New, SG No. 56/2006) (1) The persons insured under an occupational scheme, in respect of whom social insurance contributions under the said scheme are no longer being made as a consequence of their moving from the Republic of

Bulgaria to another Member State, shall preserve the rights thereof to the same extent as for the insured persons in respect of whom social insurance contributions are no longer being made but who remain within the Republic of Bulgaria.

(2) Paragraph 1 shall furthermore apply to other persons holding entitlement under the relevant occupational scheme.

#### Cross-Border Payments

**Article 248b.** (New, SG No. 56/2006) Payments for any persons insured under an occupational scheme, as well as for any other persons holding entitlement under any such scheme, shall be made in other Member States net of the taxes and transactions charges due.

## Chapter Twenty-Five

**(New, SG No. 67/2003)**

## INVESTMENTS

#### Procedure for Investment

**Article 249.** (Amended, SG No. 17/2006, SG No. 56/2006) The provisions of Chapter Fourteen herein shall apply to the investments of - supplementary voluntary retirement insurance funds, with the exception of Articles 178a and 180a herein.

#### Investment of Resources

**Article 250.** (Amended, SG No. 56/2006) The requirements for a minimum rate of return shall not apply to investment of the resources of supplementary voluntary retirement insurance funds.

#### Investment Restrictions

**Article 251.** (Amended, SG No. 17/2006) (1) (Amended, SG No. 56/2006, SG No. 41/2009, effective 2.06.2009) No more than 5 per cent of the assets of supplementary voluntary retirement insurance funds may be invested in securities issued by a single issuer, whereupon no more than 10 per cent of the said assets may be invested in securities issued by a single issuer and the persons connected therewith. This restriction shall not apply to investments in any securities referred to in Items 1 and 11 of Article 176 (1) herein.

(2) (Amended, SG No. 56/2006) No more than 5 per cent of the assets of supplementary voluntary retirement insurance funds may be invested in bank deposits with a single bank.

(3) (Amended, SG No. 56/2006) No more than 30 per cent of the assets of supplementary voluntary retirement insurance funds may be denominated in any currency other than Bulgarian leva and euro.

(4) (Amended, SG No. 56/2006) No more than 10 per cent of the assets of supplementary voluntary retirement insurance funds may be invested in any securities referred to in Item 3 of Article 176 (1) herein.

(5) (Amended, SG No. 56/2006, SG No. 41/2009, effective 2.06.2009) No more than 10 per cent of the assets of supplementary voluntary retirement insurance funds may be invested in any securities referred to in Item 9 of Article 176 (1) herein.

(6) (Amended, SG No. 56/2006) No more than 10 per cent of the assets of supplementary voluntary retirement insurance funds may be invested in any securities of collective investment schemes managed by one and the same management company.

(7) (Amended, SG No. 56/2006, SG No. 41/2009, effective 2.06.2009) No more than 10 per cent of the assets of supplementary voluntary retirement insurance funds may be invested in investment estate referred to in Item 16 of Article 176 (1) herein, and the investment in a single estate may not exceed 5 per cent of the assets of any such funds.

(8) (New, SG No. 56/2006) No more than 5 per cent of the resources accrued in any occupational scheme may be invested in securities issued by the sponsoring undertaking.

(9) (New, SG No. 56/2006) No more than 10 per cent of the resources accrued in any occupational scheme may be invested

in securities issued by the sponsoring undertaking which established the scheme and the persons connected therewith.

(10) (New, SG No. 56/2006) A non-resident institution may invest the resources related to an activity under Article 229d herein complying with the following restrictions:

1. no more than 30 per cent of the resources may be invested in securities which are not admitted to trading on a regulated securities market;
2. no more than 5 per cent of the resources may be invested in securities issued by a single issuer;
3. no more than 10 per cent of the resources may be invested in securities issued by the issuer and the persons connected therewith;
4. no more than 30 per cent of the resources may be denominated in currencies other than Bulgarian leva and euro.

#### Violation of Restrictions

**Article 251a.** (New, SG No. 17/2006, amended, SG No. 56/2006) (1) A retirement insurance company shall be obligated to bring the assets of the supplementary voluntary retirement insurance funds into conformity with the requirements of Articles 179a and 251 herein and with the quantitative restrictions on the said assets as established in the rules of organization and operation of the funds within three months after the date when the relevant investment restriction was exceeded, where the said exceeding is due to:

1. a change in the market price or in the price used to make a subsequent valuation of an asset of the funds;
2. a change in the total value of the assets of the funds;
3. acquisition of rights referred to in Item 3 of § 1 of the Supplementary Provisions of the Public Offering of Securities Act in its capacity as shareholder in a specific issuer;
4. reduction of the capital of a specific issuer.

(2) In the cases covered under Paragraph 1, until the assets of the supplementary voluntary retirement funds are brought into conformity with the statutory requirements, the retirement insurance company may not acquire any assets in respect of which the restriction has been violated for the account of the fund.

#### Investing Resources Held to Cover Technical Provisions

**Article 251b.** (New, SG No. 56/2006) (1) The resources held to cover the technical provisions referred to in Item 2 of Article 213a (1) herein shall be invested in a manner appropriate to the nature and duration of the expected future retirement benefits.

(2) The assets referred to in Paragraph 1 may not be pledged, mortgaged or otherwise encumbered.

(3) The assets held to cover the technical provisions shall be diversified and allocated in such a way as to avoid excessive reliance on any particular category of such assets, on the market whereon the said assets are traded, or on any particular investment.

(4) Investment in a category of assets exposing the holder to excessive risk concentration due to the essence of the said assets or the characteristics of the issuer, as well as the share of assets of low liquidity held to cover the technical provisions, shall be kept to prudent levels.

(5) The procedure and manner for investing the resources held to cover the technical provisions, the investment restrictions applicable thereto and the valuation of the assets covering the provisions shall be established by an ordinance of the Commission.

#### Investment Policy

**Article 251c.** (New, SG No. 56/2006) The retirement insurance company managing a fund for supplementary voluntary retirement insurance under occupational schemes shall prepare a statement of investment policy principles regarding management of the fund, which shall be reviewed every three years as well as without delay after any significant change. The minimum content of the said statement shall be determined by the Deputy Chairperson of the Commission and shall include the

investment risk measurement methods, the risk-management techniques implemented and the strategic asset allocation with respect to the nature and duration of pension liabilities, as well as other conditions relevant to the scheme managed. The statement of investment policy shall be submitted to the Deputy Chairperson of the Commission within three months after the end of the relevant financial year.

## **Chapter Twenty-Six**

**(New, SG No. 67/2003)**

### **ACCOUNTING AND REPORTING**

#### **Accounts of Supplementary Voluntary Retirement Insurance Fund**

**Article 252.** (1) (Redesignated from Article 252 and amended, SG No. 56/2006) The retirement insurance company shall organize and keep the accounts and shall prepare the financial statements of the supplementary voluntary retirement insurance funds managed thereby in accordance with the provisions of Chapter Fifteen herein.

(2) (New, SG No. 56/2006) The retirement insurance company or the non-resident institution shall draw up an annual report for each occupational scheme, which shall contain accounts of the resources accrued and the fees and deductions made. The type, format and content of the annual report shall be determined by the Deputy Chairperson of the Commission.

(3) (New, SG No. 56/2006) The annual reports referred to in Paragraph 2 shall be submitted by the sponsoring undertaking under the occupational pension scheme and to the Deputy Chairperson of the Commission within three months after the end of the financial year.

## **Chapter Twenty-Seven**

**(New, SG No. 67/2003)**

### **TAX RELIEF**

#### **Tax Exemption**

**Article 253.** (1) (Amended, SG No. 95/2009, effective 1.01.2010) The income of the supplementary voluntary retirement insurance funds; as well as similar income directly connected with voluntary retirement insurance carried out by persons who are registered under the legislation of another EU Member State and who may, in compliance with the legislation concerned, perform voluntary retirement insurance operations, shall not be taxable according to the procedure established by the Corporate Income Tax Act.

(2) The return on investment of the assets of the supplementary voluntary retirement insurance fund, as allocated to the individual accounts of the insured persons, shall not be taxable according to the procedure established by the Income Taxes on Natural Persons Act.

(3) The services related to supplementary retirement insurance shall not be taxable according to the procedure established by the Value Added Tax Act.

(4) The financial result of the retirement insurance company shall be reduced by:

1. the own funds of the company which cover a deficit in the pension reserves;
2. the return on the investment of the resources of the pension reserves.

#### **Deducting Personal Contributions from Taxable Income**

**Article 254.** The personal contributions for supplementary voluntary retirement insurance made by natural persons shall be deductible from the income of the said persons before taxation according to a procedure, in a manner and at rates established by the Income Taxes on Natural Persons Act.



## Expense Allowed

**Article 255.** The contributions of social insurance contributors for supplementary voluntary retirement insurance shall be allowed as expense according to a procedure, in a manner and at rates established by the Corporate Income Tax Act.

## Chapter Twenty-Eight

(New, SG No. 67/2003)

## FEES AND DEDUCTIONS

### Mandatory Fees

**Article 256.** The retirement insurance company shall charge fees and deductions for the management of the supplementary voluntary retirement insurance funds as follows:

1. a lump-sum entrance fee for the opening of an individual social insurance account: not exceeding BGN 10;
2. a deduction as a percentage of each social insurance contribution: up to 7 per cent;
3. an investment fee at a rate not exceeding 10 per cent of the realized return on investment of the resources.

### Additional Fees

**Article 257.** (1) The retirement insurance company may charge additional fees in the following cases:

1. (supplemented, SG No. 56/2006) upon each transfer of the resources accrued on the individual account from one supplementary voluntary retirement insurance fund or fund for supplementary voluntary retirement insurance under occupational schemes to another, managed by another retirement insurance company;
2. upon each withdrawal (in whole or in part) of the resources accrued on the individual account prior to acquisition of entitlement to a personal old-age pension of invalidity pension;
3. where the insured person requests a statement of the status of the individual account thereof more than once annually;
4. (new, SG No. 19/2010, amended, SG No. 60/2011, effective 5.08.2011) when transferring funds accrued in a given individual account to the EU pension schemes according to Article 343a(1)(2).

(2) The fees under Items 1 and 2 of Paragraph 1 shall not be paid:

1. (amended, SG No. 56/2006) upon transfer or withdrawal due to dissent with revisions of the Rules of the supplementary voluntary retirement insurance funds;
2. (amended, SG No. 56/2006) upon transformation or dissolution of the retirement insurance company or of the supplementary voluntary retirement insurance funds;
3. by the survivors of a deceased insured person or pensioner.

### Amount of Fees and Deductions

**Article 258.** (1) (Amended, SG No. 56/2006) The specific amount of the fees and deductions under this Chapter shall be determined by the Rules of the supplementary voluntary retirement insurance funds.

(2) The fees under Article 257 (1) herein shall not amount to more than BGN 20.

### Fees Established by Statute

**Article 259.** Retirement insurance companies may not charge any fees and deductions other than those specified in this Chapter.

# **TITLE FOUR**

**(New, SG No. 67/2003)**

## **SUPPLEMENTARY VOLUNTARY UNEMPLOYMENT AND/OR VOCATIONAL-TRAINING INSURANCE**

### **Chapter Twenty-Nine**

**(New, SG No. 67/2003)**

#### **GENERAL PROVISIONS**

##### Principles

**Article 260.** (1) Supplementary voluntary unemployment and/or vocational-training insurance shall be implemented in observance of the following principles:

1. voluntary participation;
2. separate legal personality of the social insurance company and of the supplementary voluntary unemployment or vocational-training fund;
3. transparency, separation and exclusivity of operation;
4. authorization system and State regulation;
5. mandatory periodic reporting and disclosure of information;
6. fair competition among the social insurance companies.

(2) Supplementary voluntary unemployment and/or vocational-training insurance shall be implemented on a fully-funded principle on the basis of social insurance contributions fixed in advance in the contract with the social insurance company.

##### Management of Resources of Supplementary Voluntary Unemployment or Vocational-Training Insurance Funds

**Article 261.** The resources of the supplementary voluntary unemployment or vocational-training fund shall be managed exercising the care of responsible merchantship and observing the principles of reliability, liquidity, profitability and diversification, in the best interest of the insured persons.

##### Insured Persons

**Article 262.** (1) The following persons may voluntarily insure themselves or be insured at the supplementary voluntary unemployment or vocational-training funds:

1. factory and office workers;
2. civil servants;
3. (amended, SG No. 64/2007) judges, prosecutors, investigators, state enforcement agents, recordation judges and judicial officers;
4. (amended, SG No. 82/2006, supplemented, SG No. 25/2009, effective, 1.06.2009, amended, SG No. 35/2009, effective 12.05.2009) servicemen under the Republic of Bulgaria Defence and Armed Forces Act , civil servants under the Ministry of Interior Act , and civil servants under the Implementation of Penal Sanctions and Detention in Custody Act;
5. fiduciaries under contracts for management and control of commercial corporations;
6. (amended, SG No. 112/2003) persons registered as practitioners of a liberal profession or a skilled craft, or agricultural producers or tobacco producers;

7. persons performing work as sole traders, owners or partners in commercial corporations;
8. persons placed in a job abroad by a Bulgarian job placement intermediation service;
9. persons who perform other work without entering into an employment relationship;
10. (new, SG No. 99/2009, effective 1.01.2010) maritime persons.

(2) The persons under Paragraph 1 shall be insured by means of conclusion of a contract with the unemployment and/or vocational-training insurance company under the terms and according to the procedure established by this Title.

Participation in Supplementary Voluntary Unemployment or

Vocational-Training Insurance Fund

**Article 263.** Participation in a supplementary voluntary unemployment or vocational-training insurance fund shall commence as from the moment of conclusion of the social insurance contract.

Rights upon Social Insurance at Supplementary Voluntary Unemployment or Vocational-Training Insurance Fund

**Article 264.** (1) Social insurance at a supplementary voluntary unemployment insurance fund shall give rise to entitlement to a cash unemployment benefit.

(2) Social insurance at a supplementary voluntary vocational-training insurance fund shall give rise to entitlement to payment of resources for training upon a need stated by the insured person or the social insurance contributor, whether together or separately.

(3) The insured persons shall be entitled to dispose of the resources accrued on the individual account thereof under the terms and according to the procedure established by this Title, the Rules of the funds and the social insurance contracts.

(4) Social insurance contributors shall be entitled to dispose of the resources accrued on the account thereof under the terms and according to the procedure established by this Title, the Rules of the funds and the social insurance contracts.

## **Chapter Thirty**

**(New, SG No. 67/2003)**

# **SUPPLEMENTARY VOLUNTARY UNEMPLOYMENT OR VOCATIONAL-TRAINING INSURANCE FUNDS**

Incorporation, Management and Representation

**Article 265.** (1) Supplementary voluntary unemployment and/or vocational-training insurance shall be implemented through participation in a supplementary voluntary unemployment or vocational-training insurance fund, which shall be incorporated and managed by licensed unemployment and/or vocational-training insurance companies.

(2) The supplementary voluntary unemployment or vocational-training insurance fund shall be incorporated by a resolution of the General Meeting of the unemployment and/or vocational-training insurance company, which shall also adopt the Rules of the said fund.

(3) An unemployment and/or vocational-training insurance company may incorporate and manage only one supplementary voluntary unemployment insurance fund and one supplementary voluntary vocational-training fund.

(4) The supplementary voluntary unemployment or vocational-training insurance fund shall be managed and represented by the managing bodies of the social insurance company.

(5) The unemployment and/or vocational-training insurance company and the supplementary voluntary unemployment insurance fund or the supplementary voluntary vocational-training insurance fund shall have separate legal personality.

(6) Supplementary voluntary unemployment or vocational-training insurance funds shall be incorporated at will.

(7) The registered office and the address of the place of management of the supplementary voluntary unemployment or vocational-training insurance fund shall be mandatorily coincident with the registered office and the address of the place of management of the social insurance company.

#### Liability of Unemployment and/or Vocational-Training Insurance Company

**Article 266.** (1) The unemployment and/or vocational-training insurance company shall be liable to the insured persons by the property of the company for any losses which have occurred as a result of fulfilment in bad faith of the obligations of the company regarding the management and representation of the supplementary voluntary unemployment or vocational-training insurance funds.

(2) The social insurance company under Paragraph 1 shall guarantee by its assets the fulfilment of the obligations thereof to the insured persons.

(3) The supplementary voluntary unemployment or vocational-training insurance fund shall not be liable for any obligations and for any losses of the social insurance company which manages and represents the said fund.

#### Business Name of Unemployment or Vocational-Training Fund

**Article 267.** (1) The business name of an unemployment or vocational-training fund shall mandatorily include a collocation of the words "supplementary", "voluntary", "insurance", "unemployment", "vocational-training" and "fund" or any derivatives of the said words, as well as an indication of the type of the fund.

(2) Only a fund registered in accordance with this Code may use in its business name any collocation of the words under Paragraph 1 or any words of equivalent meaning in the Bulgarian or any foreign language.

#### Prohibition of Acquisition by Prescription

**Article 268.** The assets of a supplementary voluntary unemployment or vocational-training insurance fund may not be acquired by prescription.

#### Supplementary Voluntary Unemployment or Vocational-Training Insurance Fund Management Authorization

**Article 269.** (1) A supplementary voluntary unemployment or vocational-training insurance fund management authorization shall be issued by the Deputy Chairperson of the Commission. Any licensed unemployment and/or vocational-training insurance company wishing to obtain an authorization shall submit a written request, enclosing therewith:

1. the resolution of the General Meeting of the licensed social insurance company on incorporation of a supplementary voluntary unemployment or vocational-training insurance fund;
2. the rules of organization and operation of the fund;
3. standard forms of social insurance contracts;
4. a tentative agreement with a custodian bank and with an investment intermediary;
5. information on the software and hardware of the information system of the fund;
6. a financial statement of the company at the last day of the preceding month;
7. information on the organizational structure of the company and the human resources available thereto;
8. (amended, SG No. 34/2006) a current certificate of entry of the social insurance company in the Commercial Register.

(2) The Deputy Chairperson of the Commission may require other data and additional information in connection with the documents under Paragraph 1 and allow a time limit for the submission of the said data and information.

#### Time Limit for Consideration of Request for Supplementary Voluntary Unemployment or Vocational-Training Insurance Fund Management Authorization

**Article 270.** (1) The Deputy Chairperson of the Commission shall issue or refuse issuance of an authorization within one month after receipt of the request under Article 269 herein, and where additional information and documents have been required, within one month after submission of the said information and documents.

(2) Where a request for issuance of an authorization has been accepted with missing or non-conforming documents, the Deputy Chairperson of the Commission shall notify the social insurance company of the non-conformities within 14 days and shall allow a time limit for their curing.

(3) The Deputy Chairperson of the Commission shall notify the applicant in writing of the decision under Paragraph 1 within seven days after adoption of the said decision.

Refusal to Issue Supplementary Voluntary Unemployment or

Vocational-Training Insurance Fund Management Authorization

**Article 271.** (1) The Deputy Chairperson of the Commission shall refuse to issue an authorization where:

1. after expiry of the time limit allowed under Article 270 (1) and (2) herein, the additional documents or information have not been submitted or the non-conformities have not been cured;
2. the requirements of this Code are not fulfilled;
3. the social insurance company lacks sufficient financial, human and information resources.

(2) In case of refusal, the social insurance company may not reapply for a supplementary voluntary unemployment or vocational-training insurance fund management authorization earlier than six months after the date of the refusal.

Recording by Court

**Article 272.** (1) The district court exercising jurisdiction over the registered office of the supplementary voluntary unemployment or vocational-training insurance fund shall record in its register the fund if the social insurance company has submitted an application for registration within six months after receipt of the authorization by the Deputy Chairperson of the Commission.

(2) The application for recording by the court shall state:

1. the business name, registered office and address of the place of management of the company;
2. the business name of the unemployment or vocational training-insurance fund;
3. the forenames, patronymics and surnames and the Standard Public Registry Personal Numbers of the persons who manage and represent the social insurance company.

(3) The following documents shall be enclosed with the application:

1. a certified copy of the licence of the unemployment and/or vocational-training insurance company;
2. the articles of association of the unemployment and/or vocational-training insurance company;
3. (amended, SG No. 34/2006) a current certificate of entry of the unemployment and/or vocational-training insurance company in the Commercial Register;
4. the resolution of the General Meeting of the company on incorporation of a supplementary voluntary unemployment or vocational-training insurance fund;
5. the Rules of the supplementary voluntary unemployment or vocational-training insurance fund;
6. the supplementary voluntary unemployment or vocational-training insurance fund management authorization from the Deputy Chairperson of the Commission.

(4) The business name of the supplementary voluntary unemployment or vocational-training insurance fund; the business name, registered office and address of the place of management of the company which has incorporated the fund; the manner of

representation of the company shall be recorded in the register of the district court.

(5) The existence of a supplementary voluntary unemployment or vocational-training insurance fund shall commence as from the date of recording of the said fund in the court register.

#### Time Limit for Pronouncement by Court

**Article 273.** The court shall consider the application for recording of a supplementary voluntary unemployment or vocational-training insurance fund within 14 days after the date of submission of the said application.

#### Submission of Transcript of Judgment of Court

**Article 274.** The unemployment and/or vocational-training insurance company shall be obligated to submit to the Commission a certified transcript of the judgment of court on recording of a supplementary voluntary unemployment or vocational-training insurance fund within seven days after receipt of the said judgment.

#### Recording Costs

**Article 275.** All costs incurred on the incorporation, on obtaining of a management authorization and on recording of a supplementary voluntary unemployment or vocational-training insurance fund shall be for the account of the supplementary unemployment and/or vocational-training insurance company.

#### Revocation of Fund Management Authorization

**Article 276.** The Deputy Chairperson of the Commission shall revoke a supplementary voluntary unemployment or vocational-training insurance fund management authorization upon:

1. ascertainment that the documents which served as grounds for the issuance of the authorization contain untrue data;
2. failure to submit an application for recording at the court within six months after receipt of the supplementary voluntary unemployment or vocational-training insurance fund management authorization;
3. transformation of the social insurance company whereby the management of the fund is transferred to another social insurance company;
4. dissolution of the fund due to merger by acquisition or merger by the formation of another supplementary voluntary unemployment or vocational-training insurance fund;
5. existence of a real and imminent jeopardy to the interests of the insured persons;
6. revocation of the licence of the social insurance company managing the fund.

#### Obligations of Social Insurance Company after Revocation of

#### Supplementary Voluntary Unemployment or Vocational-Training Insurance Fund

#### Management Authorization

**Article 277.** (1) After revocation of a supplementary voluntary unemployment or vocational-training insurance fund management authorization, the unemployment and/or vocational-training insurance company may not conclude new contracts or offer new conditions for supplementary voluntary unemployment or vocational-training insurance, nor modify the said conditions, including the time limit and the amount of contributions under contracts as concluded.

(2) The revocation of the authorization shall not exempt the social insurance company from the obligations thereof under concluded contracts.

#### Obligations of Deputy Chairperson of Commission after Revocation of Supplementary Voluntary Unemployment or Vocational-Training Insurance Fund Management Authorization

**Article 278.** The Deputy Chairperson of the Commission shall transmit a communication on the revocation of a supplementary voluntary unemployment or vocational-training insurance fund management authorization to the court which has effected the recording, shall cause promulgation of the communication in the State Gazette and shall insert the said communication in at least

two national daily newspapers.

## Rules of Organization and Operation of Supplementary Voluntary

### Unemployment or Vocational-Training Insurance Fund

**Article 279.** (1) The rules of organization and operation of a supplementary voluntary unemployment or vocational-training insurance fund shall be adopted by the Shareholders' General Meeting of the unemployment and/or vocational-training insurance company.

(2) The rules of organization and operation of the fund must state:

1. the business name of the fund;
2. the business name, registered office, and address of the place of management of the social insurance company which manages the fund;
3. the terms and procedure for conclusion of social insurance contracts, the procedure for amending and supplementing the said contracts, and the conditions for the termination thereof;
4. the terms and procedure for keeping individual accounts of persons insured against unemployment and/or for vocational training and of social insurance contributor accounts for vocational training and for presentation of statements of the said accounts;
5. the period and manner of allocation of the return on investment and the principal objectives and restrictions on the investment policy of the fund;
6. the amount of fees and deductions charged by the social insurance company;
7. the terms, procedure and time limits for payment of unemployment benefits and resources for training;
8. the terms, procedure and time limits for transfer of the resources accrued on the individual account and on the social insurance contributor account;
9. the terms and procedure for amending and supplementing the Rules;
10. the manner and procedure for submission of notices and communications related to the activity of the fund;
11. the methods and intervals of valuation of the assets of the fund;
12. the rights and obligations of the social insurance company, of the insured person and of the social insurance contributors.

### Rules of Supplementary Voluntary Unemployment or Vocational-Training Insurance Fund, How Amended and Supplemented

**Article 280.** (1) Any clauses amending and supplementing the Rules under Article 279 (2) herein shall be approved by the Deputy Chairperson of the Commission. The Deputy Chairperson shall pronounce within one month after receipt of the application. The applicant shall be notified in writing within seven days of the decision made.

(2) The unemployment and/or vocational-training insurance company shall notify the insured persons of the specific clauses amending and supplementing the rules of organization and operation of the fund in person or by means of an insertion in two national daily newspapers within seven days after receipt of the decision of the Deputy Chairperson of the Commission.

## Chapter Thirty-One

(New, SG No. 67/2003)

## SOCIAL INSURANCE CONTRIBUTIONS AND ACCOUNTS

### Type and Rate of Social Insurance Contributions

**Article 281.** (1) Social insurance contributions shall be remitted by the insured person and/or by the social insurance contributor thereof for social insurance at a supplementary voluntary unemployment or vocational-training insurance fund.

(2) The social insurance contributions under Paragraph 1 shall be in cash and may be monthly, for another period, or lump-sum.

#### Social Insurance Contributions

**Article 282.** (1) Contributions under Article 281 herein may be made:

1. by natural persons: for their own account;

2. by employers who or which are social insurance contributors: for their factory and office workers;

3. by authorities which are social insurance contributors for:

(a) civil servants;

(b) (amended, SG No. 64/2007) judges, prosecutors, investigators, state enforcement agents, recordation judges and judicial officers;

(c) (amended, SG No. 82/2006, supplemented, SG No. 25/2009, effective, 1.06.2009, amended, SG No. 35/2009, effective 12.05.2009) servicemen under the Republic of Bulgaria Defence and Armed Forces Act , civil servants under the Ministry of Interior Act , and civil servants under the Implementation of Penal Sanctions and Detention in Custody Act;

(d) commissioning entities which are social insurance contributors: for persons wherewith a contract commissioning management or control has been concluded;

(e) commissioning entities which are social insurance contributors: for persons wherewith a contract has been concluded for performance of other work without entering into an employment relationship.

(2) Remittance of social insurance contributions by the social insurance contributor shall not obligate the insured person to make contributions for his or her own account.

#### Prohibition of Discrimination

**Article 283.** A social insurance contributor may not refuse supplementary voluntary unemployment and/or vocational-training insurance to any factory and office workers by reason of nationality, origin, sex, sexual orientation, race, skin colour, age, political or other persuasions, religion or belief, membership of trade-union and other public organizations and movements, marital, social and property status, and existence of mental or physical disabilities.

#### Collective Bargaining

**Article 284.** Supplementary voluntary unemployment and/or vocational-training insurance implemented by the social insurance contributor, with or without the participation of the factory or office worker, may be a subject of collective bargaining.

#### Obligation to Transfer Social Insurance Contribution

**Article 285.** Where social insurance contributions are remitted simultaneously by the insured person and by the social insurance contributor, or by the insured person only, if the insured person so wishes, the social insurance contributor shall withhold the social insurance contribution, which is for the account of the insured person, from the remuneration thereof for the relevant month and shall transfer the said contribution to the unemployment and/or vocational-training insurance fund.

#### Individual Account and Social Insurance Contributor Account

**Article 286.** (1) The personal social insurance contributions by the insured person and the social insurance contributions by the social insurance contributor for supplementary voluntary unemployment insurance shall be accrued on an individual account of the insured person and shall be kept on separate accounts.

(2) The personal social insurance contributions for supplementary voluntary vocational-training insurance shall be accrued on an individual account of the insured person.



(3) The social insurance contributor contributions for vocational training by the social insurance contributor shall be accrued on the social insurance contributor account.

## **Chapter Thirty-Two**

**(New, SG No. 67/2003)**

# **RIGHTS OF INSURED PERSONS AND SOCIAL INSURANCE CONTRIBUTORS**

## **Section I**

**(New, SG No. 67/2003)**

### **Rights of Persons Insured against Unemployment**

#### **Cash Benefit**

**Article 287.** (1) A person insured against unemployment at a voluntary fund shall be entitled to a cash unemployment benefit for a period not longer than 12 months to an amount not exceeding the resources accrued on the individual account from personal social insurance contributions and the contributions by the social insurance contributor and the return on the investment of the said contributions, less the fees and deductions provided for in this Title.

(2) (Amended, SG No. 82/2006, SG No. 64/2007, SG No. 35/2009, effective 12.05.2009) Upon termination of the contractual relationship with the social insurance contributor on the insured person's own initiative or with the insured person's consent, or due to the insured person's culpable behaviour in pursuance of Items 1 and 2 of Article 325, Articles 326 and 330 of the Labour Code, Items 1, 2 and 5 of Article 103 (1), Articles 105 and 107 of the Civil Servants Act, Items 1 and 6 of Article 162, Article 163 and Items 2 and 3 of Article 165 of the Republic of Bulgaria Defence and Armed Forces Act, Items 4, 6 and 8 of Article 245 (1) of the Ministry of Interior Act, Article 165, Paragraph 1, items 2, 3 and 5 and Article 271, items 2, 3 and 5 of the Judiciary System Act, the unemployment benefit shall be determined at an amount not exceeding the resources accrued on the individual account from personal social insurance contributions and the return on the investment of the said resources less the fees and deductions provided for in this Title, and 10 per cent of the resources accrued from social insurance contributions by the social insurance contributor and the return on the investment of the said resources less the fees and deductions provided for in this Title, for a period not longer than 12 months.

(3) If the insured person so wishes, the amount under Paragraph 1 or (2) may be paid thereto in a lump sum.

#### **Commencement of Entitlement to Cash Benefit**

**Article 288.** Entitlement to cash unemployment benefit of persons under Items 1 to 5 and Item 9 of Article 262 (1) herein shall arise as from the date of termination of the contractual relationship, and for persons under Items 6 to 8 of Article 262 (1) herein the said entitlement shall arise on the date of termination of the activity.

#### **Rights of Survivors upon Death of Insured Person**

**Article 289.** (1) Upon death of the insured person, the resources accrued on the individual account thereof from personal social insurance contributions and from social insurance contributions by the social insurance contributor shall be paid in a lump sum to the survivors.

(2) If there are no persons under Paragraph 1, the resources accrued on the individual account shall remain in the state budget.

#### **Right to Transfer Resources to Another Supplementary Voluntary**

#### **Unemployment Insurance Fund**

**Article 290.** The person insured against unemployment shall have the right to transfer the resources accrued on the individual account thereof from personal social insurance contributions or part of the said resources from one supplementary voluntary unemployment insurance fund to another such fund, incorporated and managed by another unemployment and/or vocational-training insurance company, provided that one year has elapsed since the conclusion of the social insurance contract.

## Right to Transfer Resources to Spouse or Lineal Relatives

**Article 291.** Not more frequently than once within a calendar year, the insured person shall have the right to transfer the resources accrued on the individual account thereof from personal social insurance contributions or part of the said resources to an individual account of his or her spouse or of lineal relatives up to the second degree of consanguinity at the same or at another supplementary voluntary unemployment insurance fund.

## Right to Withdraw Resources Accrued on Individual Account

**Article 292.** The person insured against unemployment shall have the right to withdraw the resources accrued on the individual account from personal social insurance contributions at any time.

## Reallocation of Resources

**Article 293.** In the cases under Article 287 (2) herein, the balance of the resources accrued on the individual account of the insured person from social insurance contributions by the social insurance contributor shall be reallocated to the accounts of the rest of the persons insured by the said social insurance contributor according to a procedure and in a manner determined in the social insurance contract.

## Section II

**(New, SG No. 67/2003)**

## Rights of Persons Insured for Vocational Training

### Resources for Training

**Article 294.** The person insured at a supplementary voluntary vocational-training insurance fund shall be entitled to resources for training for:

1. initial vocational training for persons who do not possess such training;
2. further training;
3. retraining;
4. higher educational degree.

### Entitlement to Use and Amount of Resources for Training

**Article 295.** (1) Entitlement to use resources for training from the individual account of the insured person at a supplementary voluntary vocational-training fund shall arise upon declaration by the insured person of a need to acquire initial vocational training, further training, retraining or a higher educational degree.

(2) Payments under Paragraph 1 shall be effected up to the amount of the resources accrued on the individual account of the insured person from social insurance contributions and the return on the investment of the said resources less the fees and deductions provided for in this Title, on the basis of supporting documents and other documents presented by the training organization.

(3) The entitlement to use resources for training from the social insurance contributor account at a supplementary voluntary vocational-training fund shall arise upon declaration by the social insurance contributor of the need of acquisition of initial vocational training, further training, retraining, or higher educational degree with the written consent of the insured person.

(4) Payments under Paragraph 3 shall be effected up to the amount of the resources accrued in the social insurance contributor account from social insurance contributions and the return on the investment of the said resources less the fees and deductions provided for in this Title, on the basis of supporting documents and other documents presented by the training organization.

(5) The maximum amount of the sums under Paragraph 4 per insured person may not exceed the quintuple average amount of the resources accrued for the insured persons from contributions by this social insurance contributor.

## Rights of Survivors upon Death of Insured Person

**Article 296.** (1) Upon death of the person insured for vocational training, the resources accrued on the individual account thereof from personal social insurance contributions shall be paid in a lump sum to the survivors.

(2) Where there are no persons under Paragraph 1, the resources accrued on the individual account shall remain in the state budget.

## Right to Transfer Resources to Another Supplementary Voluntary

### Vocational-Training Insurance Fund

**Article 297.** The insured person shall have the right to transfer the resources accrued on the individual account thereof or part of the said resources from one supplementary voluntary vocational-training insurance fund to another such fund, incorporated and managed by another unemployment and/or vocational-training insurance company, provided that one year has elapsed since the conclusion of the social insurance contract.

## Right to Transfer Resources to Spouse or to Lineal Relatives

**Article 298.** Not more frequently than once within a calendar year, the insured person shall have the right to transfer the resources accrued on the individual account thereof from personal social insurance contributions or part of the said resources to an individual account of his or her spouse or of lineal relatives up to the second degree of consanguinity at the same fund or at another supplementary voluntary vocational-training insurance fund.

## Right to Withdraw Resources Accrued on Individual Account

**Article 299.** The person insured for vocational training shall have the right to withdraw the resources accrued on the individual account from personal social insurance contributions at any time.

## Section III

**(New, SG No. 67/2003)**

## Rights of Social Insurance Contributors

### Reallocation of Resources from Social Insurance Contributor Account

**Article 300.** (1) In case of termination of vocational-training insurance, the resources accrued on the social insurance contributor account and the return on the investment of the said resources less the fees and deductions provided for in this Title shall be reallocated to the individual accounts of the insured persons according to a procedure and in a manner determined by the social insurance contributor.

(2) In cases where the insured person does not have an individual account, the social insurance company shall open such an account.

(3) The social insurance company shall notify the social insurance contributor and the insured persons of the transfer under Paragraph 1 or of the opening of an individual account under Paragraph 2.

## Right to Transfer Resources to Another Supplementary Voluntary

### Vocational-Training Insurance Fund

**Article 301.** Not more frequently than once within a calendar year, the social insurance contributor shall have the right to transfer the resources accrued on the social insurance contributor account from social insurance contributions for the insured persons or part of the said resources from one supplementary voluntary vocational-training fund to another such fund, incorporated and managed by another unemployment and/or vocational-training insurance company.

## Procedure for Transfer

**Article 302.** The procedure and manner for transfer of the resources under Articles 290, 297 and 301 herein shall be

established by an ordinance of the Commission.

## Right to Information

**Article 303.** Upon written request, the social insurance contributor shall have the right to receive once a year, at no charge to himself, herself or itself, information regarding the resources accrued on the social insurance contributor account, regarding the rate of return on the investment of the said resources and regarding the social insurance rights arising from the resources accrued.

## Chapter Thirty-Three

(New, SG No. 67/2003)

### CONTRACTS

#### Conclusion of Social Insurance Contracts

**Article 304.** (1) The supplementary voluntary unemployment and/or vocational-training insurance contract shall be concluded in writing and shall regulate the supplementary voluntary unemployment and/or vocational-training insurance relations between the unemployment and/or vocational-training insurance company, of the one part, and the insured person or social insurance contributor, of the other part.

(2) Where the social insurance contract is concluded between the social insurance contributor and the unemployment and/or vocational-training insurance company, the said contract shall be in favour of the insured persons.

(3) An advance written consent from the beneficiary of the social insurance contract under Paragraph 2 shall be required for conclusion of the said contract.

(4) The supplementary voluntary unemployment and/or vocational-training insurance contract shall be open-ended.

#### Contents of Social Insurance Contract

**Article 305.** The social insurance contract shall mandatorily state:

1. (amended, SG No. 39/2005, SG No. 34/2006) the names and addresses of the contracting parties, the court registration and BULSTAT Code of the supplementary voluntary unemployment or vocational-training insurance fund, the licence and the commercial registration of the social insurance company which manages the supplementary voluntary unemployment and vocational-training insurance fund and the standard identification Code;

2. the subject and scope of social insurance;

3. the rate of the social insurance contribution;

4. the terms, procedure and mode of payment of the social insurance contribution, the cash unemployment benefits, the resources for training, and the reallocation of the resources under Articles 293 and 300 herein;

5. the date of conclusion and the effective date of the social insurance contract;

6. the terms for termination of the contract;

7. the amount of fees and deductions.

## Chapter Thirty-Four

(New, SG No. 67/2003)

### INVESTMENTS

## Procedure for Investment

**Article 306.** (1) The provisions of Chapter Fourteen herein shall apply to the investments of a voluntary unemployment or vocational-training insurance fund, save insofar as otherwise provided for in this Chapter.

(2) The requirements for a minimum rate of return shall not apply upon investment of the resources of a voluntary unemployment or vocational-training insurance fund.

## Investment of Resources

**Article 307.** The resources of a supplementary voluntary unemployment or vocational-training insurance fund may be invested solely in:

1. securities issued or guaranteed by the State;
2. securities admitted to trading on regulated securities markets;
3. bank deposits;
4. mortgage bonds issued by domestic banks according to the Mortgage Bonds Act;
5. municipal bonds.

## Investment Restrictions

**Article 308.** (1) No more than 80 per cent of the assets of the supplementary voluntary unemployment or vocational-training insurance fund may be invested in securities issued or guaranteed by the State.

(2) No more than 60 per cent of the assets of the supplementary voluntary unemployment or vocational-training insurance fund may be invested in bank deposits, and no more than 10 per cent in a single bank.

(3) No more than 30 per cent of the assets of the supplementary voluntary unemployment or vocational-training insurance fund may be invested in mortgage bonds, and the investments in mortgage bonds issued by a single bank may not exceed 10 per cent of the assets of the fund.

(4) No more than 10 per cent of the assets of the supplementary voluntary unemployment or vocational-training insurance fund may be invested in municipal bonds, and the investments in municipal bonds issued by a single municipality may not exceed 5 per cent of the assets of the fund.

(5) No more than 10 per cent of the assets of the supplementary voluntary unemployment or vocational-training insurance fund may be invested in shares issued by Bulgarian issuers and traded on regulated markets.

(6) No more than 20 per cent of the assets of the supplementary voluntary unemployment or vocational-training insurance fund may be invested in corporate bonds issued by Bulgarian issuers and traded on regulated markets.

## Chapter Thirty-Five

(New, SG No. 67/2003)

### ACCOUNTING AND REPORTING

#### Accounts of Supplementary Voluntary Unemployment or Vocational-Training Insurance Fund

**Article 309.** The unemployment and/or vocational-training insurance company shall organize and keep the accounts and shall prepare the financial statements and the financial statements of the supplementary voluntary unemployment or vocational-training insurance funds managed thereby in accordance with the provisions of Chapter Fifteen herein.

## Chapter Thirty-Six

(New, SG No. 67/2003)

### TAX RELIEF

## Tax Exemption

**Article 310.** (1) (Amended, SG No. 95/2009, effective 1.01.2010) The income of the supplementary voluntary unemployment or/and vocational-training insurance funds, as well as similar income directly connected with voluntary unemployment or/and vocational-training insurance carried out by persons who are registered under the legislation of another EU Member State and who may, in compliance with the legislation concerned, perform voluntary unemployment or/and vocational-training insurance operations, shall not be taxable according to the procedure established by the Corporate Income Tax Act.

(2) The return on investment of the assets of the supplementary voluntary unemployment or vocational-training insurance fund, as allocated to the individual accounts of the insured persons, shall not be taxable according to the procedure established by the Income Taxes on Natural Persons Act.

(3) The services related to supplementary voluntary unemployment and/or vocational-training insurance shall not be taxable according to the procedure established by the Value Added Tax Act.

## Deduction of Personal Contributions from Taxable Income

**Article 311.** The personal contributions for supplementary voluntary unemployment and/or vocational-training insurance by natural persons shall be deductible from the income thereof before taxation according to a procedure, in a manner and at rates established by the Income Taxes on Natural Persons Act.

## Expense Allowed

**Article 312.** The contributions of social insurance contributors for supplementary voluntary unemployment and/or vocational-training insurance shall be allowed as expense according to a procedure, in a manner and at rates established by the Corporate Income Tax Act.

## Chapter Thirty-Seven

**(New, SG No. 67/2003)**

## FEES AND DEDUCTIONS

### Fees and Deductions Established by Statute

**Article 313.** The unemployment and/or vocational-training insurance company shall charge fees and deductions for the management of the supplementary voluntary unemployment or vocational-training insurance funds as follows:

1. a lump-sum entrance fee for each insured person: not exceeding BGN 10;
2. a deduction as a percentage of each social insurance contribution: up to 5 per cent for each fund separately;
3. an investment fee at a rate not exceeding 10 per cent of the realized return on investment of the resources of the supplementary voluntary unemployment or vocational-training insurance fund.

### Additional Fees

**Article 314.** (1) The unemployment and/or vocational-training insurance company may charge additional fees in the following cases:

1. upon each transfer of resources accrued on the individual accounts from one supplementary voluntary unemployment or vocational-training insurance fund to another such fund, managed by another social insurance company;
2. upon each withdrawal (in whole or in part) of the resources accrued on the individual accounts.

(2) The fees under Paragraph 1 shall not be charged upon transfer or withdrawal due to dissent with revisions of the Rules of the supplementary voluntary unemployment or vocational-training insurance fund, transformation or dissolution of the social

insurance company or of the supplementary voluntary unemployment or vocational-training insurance fund.

#### Amount of Fees and Deductions

**Article 315.** (1) The specific amount of the fees and deductions under this Chapter shall be determined by the Rules of the supplementary voluntary unemployment or vocational-training insurance fund.

(2) The fees under Article 314 (1) herein shall not amount to more than BGN 20.

#### Fees Established by Statute

**Article 316.** Unemployment and/or vocational-training insurance companies may not charge any fees and deductions other than those specified in this Chapter.

## TITLE FIVE

(New, SG No. 67/2003)

## TRANSFORMATION, DISSOLUTION AND BANKRUPTCY OF SUPPLEMENTARY SOCIAL INSURANCE COMPANIES AND FUNDS

### Chapter Thirty-Eight

(New, SG No. 67/2003)

## TRANSFORMATION, DISSOLUTION AND BANKRUPTCY

#### Conditions for Transformation of Supplementary Social Insurance Company

**Article 317.** (1) A supplementary social insurance company shall be transformed on an advance authorization from the Commission under the following terms:

1. proven solvency after the transformation;
2. retention of the rights of the insured persons and of the pensioners.

(2) An advance authorization from the Commission for the Protection of Competition shall be required upon merger by acquisition or merger by the formation of a new supplementary social insurance company.

(3) When a resolution on transformation has been passed by the Shareholders' General Meeting, the company shall notify the Deputy Chairperson of the Commission within seven days after the date of the resolution.

#### Transformation of Supplementary Social Insurance Company

**Article 318.** (1) Supplementary social insurance companies may be transformed through merger by acquisition, merger by the formation of a new company, division by acquisition and division by the formation of new companies.

(2) Upon transformation through merger by the formation of a new company, division by acquisition or division by the formation of new companies, the newly formed legal entities must be joint-stock companies whereof objects shall be supplementary retirement insurance or unemployment and/or vocational training insurance, respectively.

(3) Upon merger by the formation of a new supplementary social insurance company or merger by acquisition, the supplementary social insurance funds managed by the said companies shall be acquired by or shall merge with the funds of the relevant type. If the funds managed are of a different type, the activities concerning the management thereof shall pass to the acquiring company upon merger by acquisition or to the newly formed company upon merger by the formation of a new company.

(4) In the cases of division by acquisition or division by the formation of new supplementary social insurance companies, the supplementary social insurance funds shall not be transformed, with the management thereof being assumed by one of the

companies, or each of the said companies assuming the management of funds of a specific type.

#### Requirements for Pension Reserves upon Transformation of Retirement Insurance Companies

**Article 319.** Upon transformation of retirement insurance companies, the established pension reserves:

1. shall retain the intended purpose thereof in the company whereto the said reserves are transferred;
2. may not be divided by the formation of new reserves or by acquisition;
3. may be merged by acquisition or by the formation of new reserves of the same intended purpose.

#### Transformation of Supplementary Social Insurance Funds

**Article 320.** (1) A supplementary social insurance fund may be transformed only through merger by the formation of new funds or through merger by acquisition, subject to the condition that the rights of the insured persons and the pensioners are retained.

(2) A supplementary social insurance fund may not be divided by the formation of new funds or by acquisition, nor be transformed into a commercial corporation, a not-for-profit association or a cooperative.

(3) Upon merger by acquisition or merger by the formation of new supplementary social insurance funds, the acquiring fund or the newly formed fund shall be legal successor to the funds which will cease to exist.

(4) If the supplementary social insurance company is not transformed, a supplementary social insurance fund managed thereby may be transformed only through merger by acquisition into a relevant fund managed by another supplementary social insurance company, subject to advance authorization from the Commission for the Protection of Competition.

#### Supplementary Social Insurance Company Transformation Authorization

**Article 321.** (1) In order to obtain a transformation authorization, a supplementary social insurance company shall submit a request to the Commission, enclosing therewith:

1. a General Meeting resolution;
2. an authorization from the Commission for the Protection of Competition - in the cases under Article 317 (2) herein;
3. a transformation plan;
4. other requisite documents.

(2) The request referred to in Paragraph 1 shall be submitted not later than three months after the date of the Shareholders' General Meeting resolution on transformation of the company.

(3) The companies newly formed as a result of the transformation shall be licensed according to the procedure established by Articles 122a to 122d herein.

(4) (Supplemented, SG No. 112/2003) Where, as a result of the transformation of the companies it is necessary to issue a supplementary social insurance funds management authorization, the provisions of Articles 145, 218 and 269 herein shall apply, *mutatis mutandis*.

(5) In the cases under Paragraphs (3) and (4), the documents for licensing and for obtaining a fund management authorization shall be submitted simultaneously with the request for obtaining a transformation authorization.

#### Procedure for Issuance of Supplementary Social Insurance Company Transformation Authorization

**Article 322.** (1) Within two months after receipt of a request under Article 321 (1), the Deputy Chairperson of the Commission shall lay before the Commission a motion to grant or to refuse to grant a transformation authorization and motions for issuance of licences in the cases under Article 321 (3) herein.

(2) If the Deputy Chairperson of the Commission has required additional information and documents, or has issued instructions for curing of non-conformities with the law, the time limit under Paragraph 1 may be extended by one month.



(3) The Commission shall render a reasoned decision to grant or to refuse to grant a transformation authorization within one month after submission of the motion under Paragraph 1.

(4) The Commission shall refuse to issue a transformation authorization where:

1. some of the documents required is missing or non-conforming;
2. the requirements of this Code and of the instruments on its implementation are not fulfilled.

(5) Simultaneously with the authorization under Paragraph 3, the Commission shall issue licences to the newly formed companies.

(6) Within one week after the issuance of the authorization under Paragraph 3, the Deputy Chairperson of the Commission shall:

1. issue a management authorization for the newly formed supplementary social insurance funds;
2. revoke the authorization issued to the funds which will cease to exist.

(7) The supplementary social insurance company shall be obligated to observe the transformation plan and may not introduce any modifications therein.

#### Procedure for Issuance of Supplementary Social Insurance Fund

##### Transformation Authorization

**Article 323.** (1) A supplementary social insurance fund shall be transformed under the terms established by Article 320 (4) herein by authorization of the Deputy Chairperson of the Commission.

(2) In order to obtain an authorization under Paragraph 1, the company, following a decision of the competent bodies thereof, shall submit a request to the Deputy Chairperson of the Commission, enclosing therewith a fund transformation plan, an authorization from the Commission for the Protection of Competition and other requisite documents.

(3) The Deputy Chairperson of the Commission shall pronounce within one month after submission of a request under Paragraph 2, and where additional information and documents have been requested, within one month after receipt of the said information and documents.

#### Dissolution of Supplementary Social Insurance Company

**Article 324.** A supplementary social insurance company shall be dissolved:

1. voluntarily: by resolution of the Shareholders' General Meeting;
2. coercively: by revocation of the pension licence or of the licence for supplementary voluntary unemployment and/or vocational-training insurance;
3. upon adjudication in bankruptcy.

#### Dissolution of Supplementary Social Insurance Company by General Meeting Resolution

**Article 325.** (1) Under the terms established by Item 1 of Article 324 herein, a supplementary social insurance company shall be dissolved through liquidation, and the supplementary social insurance funds managed by the said company shall be dissolved through merger by acquisition into relevant funds managed by other supplementary social insurance companies.

(2) Upon dissolution according to the procedure established by Paragraph 1, the established pension reserves shall retain the intended purpose thereof, may not be divided, and shall be acquired by reserves of the same intended purpose in other retirement insurance companies.

#### Conditions for Voluntary Dissolution

**Article 326.** (1) Voluntary dissolution of supplementary social insurance companies shall be effected with an advance authorization by the Commission under the following conditions:

1. proven solvency;
2. retaining the rights of the insured persons and of the pensioners.

(2) After the Shareholders' General Meeting has passed a resolution on dissolution, the company shall notify the Deputy Chairperson of the Commission within seven days after the date of the resolution.

#### Voluntary Dissolution Authorization

**Article 327.** (1) In order to obtain a dissolution authorization, the supplementary social insurance company shall submit a request to the Commission, enclosing therewith:

1. a General Meeting resolution;
2. an authorization from the Commission for the Protection of Competition;
3. a liquidation plan;
4. other requisite documents.

(2) The supplementary social insurance company liquidation plan must furthermore contain an annex regulating the terms, procedure and manner for merger by acquisition of the pension reserves and for transfer of the resources on the insured persons' individual accounts and the guarantees for pensioners.

(3) The request under Paragraph 1 shall be submitted not later than two months after the date of the Shareholders' General Meeting resolution on dissolution of the company.

#### Procedure for Authorization Issuance

**Article 328.** (1) Within two months after receipt of the request, the Deputy Chairperson of the Commission shall lay before the Commission a motion to grant or to refuse to grant a voluntary dissolution authorization.

(2) If the Deputy Chairperson of the Commission has requested additional information or documents, the time limit under Paragraph 1 may be extended by one month.

(3) Within one month after submission of the motion under Paragraph 1, the Commission shall render a reasoned decision to grant or to refuse to grant a voluntary dissolution authorization for the company.

(4) The Commission shall refuse to issue an authorization where:

1. some of the requisite documents is missing or there are irregularities in the said documents;
2. the requirements of this Code and of the instruments on its implementation are not complied with.

(5) Simultaneously with the authorization, the Commission shall revoke the licence of the dissolved company.

(6) Within one week after the issuance of the authorization under Paragraph 3, the Deputy Chairperson of the Commission shall revoke the authorizations for management of the funds.

#### Court Proceeding

**Article 329.** The supplementary social insurance company shall submit the requisite documents to the district court exercising jurisdiction over the registered office of the said company immediately after receipt of the decisions under Article 328 (3) and (6) herein on dissolution of the company, on institution of liquidation proceedings and on expungement of the funds managed by the said company, submitting also present certified copies of the said decisions.

#### Monthly Reports

**Article 330.** The liquidator shall notify the Commission of the progress of proceedings and shall present to it a financial statement and a report on the performance of the liquidator on a monthly basis, not later than the 15th day of each month.

#### Coercive Dissolution

**Article 331.** (1) Coercive dissolution proceedings shall be instituted for each supplementary social insurance company whose supplementary social insurance licence has been revoked in pursuance of Items 2 and 6 of Article 122f(1) and Article 122f(2) herein.

(2) After revocation of the licence, the Commission shall appoint a conservator until appointment of a liquidator.

(3) The proceedings shall be instituted by the district court exercising jurisdiction over the registered office of the company on a petition by the Commission. The said petition shall only indicate the grounds for revocation of the licence, and a certified transcript of the decision to revoke the licence shall be attached to the said petition.

(4) If the petition meets the requirements of Paragraph 1, the court shall institute proceedings for liquidation of the supplementary social insurance company and shall appoint a liquidator.

(5) Within three months after the appointment thereof, the liquidator shall prepare and present to the Social Insurance Supervision Department a liquidation plan together with the annex referred to in Article 327 (2) herein and shall conclude contracts with other supplementary social insurance companies for:

1. merger by acquisition of the relevant funds of the company which will cease to exist into funds managed by such other companies;

2. transfer of the resources on the individual accounts of the insured persons and of the pensioners to relevant funds managed by supplementary social insurance companies under terms and according to a procedure established by an ordinance of the Commission.

(6) Within one month after receipt of the liquidation plan, the Deputy Chairperson of the Commission shall render a decision to approve the terms, procedure and manner for satisfaction of the insured persons and the pensioners, provided for in the said plan and in the annex, or imposing other such terms, procedure and manner.

(7) Upon revocation of a supplementary social insurance fund management authorization, the provisions of Paragraphs (2) to (6) shall apply, *mutatis mutandis*.

#### Retention of Intended Purpose of Pension Reserves

**Article 332.** Upon dissolution of a retirement insurance company according to the procedure established by Article 331 herein, the established pension reserves shall retain the intended purpose thereof and shall be acquired by reserves of the same intended purpose in the relevant retirement insurance companies, in accordance with the plan and the contracts under Article 331 (5) herein.

#### Bankruptcy of Supplementary Social Insurance Company

**Article 333.** (1) Bankruptcy proceedings against a supplementary social insurance company shall be instituted when the supplementary social insurance licence has been revoked in pursuance of Item 5 of Article 122f(1) herein.

(2) The supplementary social insurance company shall be insolvent where:

1. it has not settled an exigible cash liability thereof for more than seven days, or

2. the total value of the liabilities thereof exceeds the total value of the assets thereof.

(3) Only the Commission may petition the court to institute bankruptcy proceedings against a supplementary social insurance company.

(4) The petition of the Commission shall specify the grounds for revocation of the licence. A certified transcript of the decision to revoke the licence shall be enclosed with any such petition.

(5) A rehabilitation plan may not be proposed during the bankruptcy proceedings against a supplementary social insurance company.

(6) The Commission shall appoint a conservator until the appointment of a trustee in bankruptcy by the court.

#### Bankruptcy Proceedings

**Article 334.** (1) The court shall institute the case on the day of receipt of the petition of the Commission under Article 333 (3) herein and shall schedule a hearing for not later than ten days after the institution of the case.

(2) Sitting in camera, The Court shall consider the petition with the participation of a prosecutor, summoning the Commission and the supplementary social insurance company.

(3) By the judgment thereof, the Court shall:

1. declare the company's insolvency and determine its commencement date;
2. institute bankruptcy proceedings;
3. adjudicate the supplementary social insurance company in bankruptcy;
4. terminate the powers of the company's bodies;
5. rule a general hold and lien;
6. deprive the company of the right to manage and dispose of the property included in the bankruptcy estate;
7. decree commencement of realization of the property included in the bankruptcy estate and distribution of the proceeds;
8. appoint a trustee in bankruptcy.

#### Disqualifications for Trustee in Bankruptcy

**Article 335.** A person who is a temporary trustee in bankruptcy or a trustee in bankruptcy of another merchant may not be a trustee in bankruptcy of a supplementary social insurance company. This circumstance shall be established by a declaration submitted by the trustee in bankruptcy upon the appointment thereof by the court.

#### Obligations of Trustee in Bankruptcy

**Article 336.** (1) Within three months after his or her appointment, the trustee in bankruptcy shall prepare and present to the Deputy Chairperson of the Commission a plan on:

1. merger by acquisition of supplementary social insurance funds of the company in bankruptcy into relevant funds managed by other supplementary social insurance companies;
2. transfer of the resources on the individual accounts of the insured persons and the pensioners from the funds managed by the company in bankruptcy to other relevant supplementary social insurance funds under terms and according to a procedure established by an ordinance of the Commission.

(2) Within one month after receipt of the trustee in bankruptcy's plan, the Deputy Chairperson of the Commission shall render a decision to approve the terms, procedure and manner for satisfaction of the insured persons and the pensioners, provided for in the said plan, or imposing other such terms, procedure and manner.

(3) Upon bankruptcy of a retirement insurance company, the established pension reserves shall retain the intended purpose thereof and shall be acquired by reserves of the same intended purpose in the relevant retirement insurance companies in accordance with the plan under Paragraph 1.

(4) The trustee in bankruptcy shall submit a report on the performance thereof to the court and to the Commission every month not later than the 29th day of the month, and upon request, immediately. The Deputy Chairperson of the Commission may conduct on-site examinations to certify the accuracy of the reports.

#### Control over Acts of Trustee in Bankruptcy

**Article 337.** (1) The Deputy Chairperson of the Commission may control the acts of the trustee in bankruptcy related to the management of the supplementary social insurance company property and check the business books and the cash in hand.

(2) Upon ascertainment of any violations, the Deputy Chairperson of the Commission may submit motions to the court for discharge of the trustee in bankruptcy and for appointment of a new trustee in bankruptcy.

## Sale of Company as Going Concern

**Article 338.** (1) On a motion by the trustee in bankruptcy or by the Commission, the court may allow the sale of a supplementary social insurance company as a going concern.

(2) The court may allow the transaction under Paragraph 1 provided that there is a favourable written opinion by the Commission. The Commission shall pronounce within 30 days after receipt of the request from the court.

(3) The court shall verify whether the transaction is not in conflict with the law and whether it does not prejudice the interests of the insured persons and pensioners of the funds managed by the company.

(4) Transfer of ownership prior to conclusive payment of the price shall be inadmissible.

(5) The going concern of a supplementary social insurance company in bankruptcy may be sold only to another licensed supplementary social insurance company.

(6) The transaction shall furthermore be admissible where the joint-stock company is incorporated for this purpose and if it obtains a supplementary social insurance licence from the Commission. In such case, the Court shall approve the transaction after the issuance of the licence.

(7) If the company under Paragraph 6 meets the requirements, the Commission shall issue a licence which shall grant the right to provide supplementary social insurance. The said licence shall be issued only if the applicant has sufficient capital which would allow it to provide supplementary social insurance according to the established requirements after the company has satisfied the claims of the creditors under the terms of the transaction.

(8) The buyer shall be liable only for the liabilities it has assumed under the terms of the transaction as approved by the Court. The rest of the claims and non-exercised rights shall be extinguished.

(9) The court shall terminate the bankruptcy proceedings after execution of the transaction.

(10) The acts of the court referred to in Paragraphs (1) to (9) shall be unappealable.

## Close of Bankruptcy Proceedings

**Article 339.** (1) Bankruptcy proceedings shall be closed by a judgment of the court when the property of the supplementary social insurance company has been distributed.

(2) By the judgment thereof under Paragraph 1, the Court decree the expungement of the company in the Commercial Register.

## Rights of Insured Persons and Pensioners Upon Transformation and Dissolution

**Article 340.** (1) Upon transformation or dissolution of a supplementary social insurance company or of a supplementary social insurance fund, the company to whose fund the individual account of the insured person has been transferred, shall mandatorily notify the said person of the transfer and of his or her rights within one month after the transfer.

(2) Pensioners and social insurance contributors paying contributions at their own expense shall likewise be according to the procedure established by Paragraph 1.

(3) In the cases under Paragraph 1, within one month after the notification the insured persons shall have the right to:

1. transfer the resources accrued on the individual account thereof to another fund of the same type: applicable to supplementary compulsory retirement insurance;

2. transfer the resources accrued on the individual account thereof to another supplementary voluntary social insurance fund or withdraw in a lump sum the resources accrued on the individual account thereof from personal contributions: applicable to supplementary voluntary social insurance.

(4) In the cases under Paragraph 1, within one month after the notification, social insurance contributors shall have the right to transfer the resources accrued on the account thereof to another voluntary unemployment or vocational training insurance fund.

(5) Persons who have not exercised their rights under Paragraph 3 within the fixed time limit shall be presumed to have confirmed tacitly their participation in the respective supplementary social insurance fund to which their individual account has been transferred as a result of the transformation or dissolution.

(6) In the cases under Paragraph 3, the restrictions on switching shall not apply.

#### Applicability of Commerce Act

**Article 341.** Insofar as this Chapter does not provide otherwise, the provisions of the Commerce Act shall apply, mutatis mutandis, in respect to the transformation, dissolution and bankruptcy of supplementary social insurance companies.

#### Archiving

**Article 342.** (1) Upon transformation of a supplementary social insurance company or fund, the managing body shall be responsible for delivery of the records of the company and the funds managed by it and the inventories of the said records to the successor company within six months after execution of the transformation.

(2) Upon liquidation of a supplementary social insurance company, within six months after the date of liquidation, the documents that are subject to permanent storage shall be transferred to the respective state archive together with:

1. the minutes and the decisions of the governing bodies;
2. the files of the insured persons, pensioners, social insurance intermediaries and employees of the company;
3. the contracts under Articles 123, 123b and 123c herein;
4. banking, cash and accounting documentation.

#### Definition of Requirements

**Article 343.** The Commission shall determine by an ordinance the requirements to the contents of:

1. the plan for transformation of a supplementary social insurance company and of a supplementary social insurance fund;
2. the annex to the liquidation plan of a supplementary social insurance company;
3. the trustee in bankruptcy's plan upon bankruptcy of a supplementary social insurance company;
4. the documents under Item 4 of Article 321 (1), Article 323 (2) and Item 4 of Article 327 (1) herein.

## PART TWO "A"

(New, SG No. 19/2010)

### **INTERRELATION WITH THE PENSION SCHEMES OF THE EUROPEAN UNION, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN INVESTMENT BANK (Heading amended, SG No. 60/2011, effective 5.08.2011)**

#### **Chapter Thirty-eight "A"**

(New, SG No. 19/2010)

### **TRANSFER OF PENSION RIGHTS FROM AND TO THE PENSION SCHEMES OF THE EUROPEAN UNION, THE EUROPEAN CENTRAL BANK AND THE EUROPEAN INVESTMENT BANK (Heading amended, SG No. 60/2011, effective 5.08.2011)**

Entitlement to transfer pension rights to the EU pension schemes

(Heading amended, SG No. 60/2011, effective 5.08.2011)

**Article 343a.** (New, SG No. 19/2010) (1) (Amended, SG No. 60/2011, effective 5.08.2011) Any person insured according to the Bulgarian legislation who has been appointed as an official of an institution or body of the European Union shall be entitled to transfer to the EU pension schemes, jointly or separately at their discretion, the following:

1. the actuarial equivalent of retirement pension rights from the Pensions Fund of the public social insurance;
2. funds from the insured person's individual account held with a universal pension fund and/or an occupational pension fund and /or a fund for supplementary voluntary retirement insurance under occupational schemes.

(2) (Amended, SG No. 60/2011, effective 5.08.2011) The group of people who shall be entitled to such transfers, the prerequisites and time limits to fulfil a transfer shall be governed by the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union, as laid down by Regulation (EEC, Euratom, ECSC) No 259/68 of the Council of 29 February 1968.

(3) The transfer of capital referred to in Paragraph 1(1) shall be fulfilled if no employment related pension has been granted from the public social insurance.

(4) The transfer of capital referred to in Paragraph 1(2) shall be fulfilled if no pension has been granted from the relevant fund for supplementary retirement insurance and if no contract has been concluded for one-time/deferred payment of the individual account capital.

(5) (Amended, SG No. 60/2011, effective 5.08.2011) The restrictions governing transfers under Article 171(1) and (2), Article 236(3) and Article 247(4) shall not apply with respect to transferring capital to the EU pension schemes.

(6) Any bank transfer costs shall be paid by the National Social Security Institute or by the retirement insurance company which executes the relevant transfer.

Consequences from transferring pension rights in the EU pension schemes

(Heading amended, SG No. 60/2011, effective 5.08.2011)

**Article 343b.** (New, SG No. 19/2010) (1) (Amended, SG No. 60/2011, effective 5.08.2011) No contributory service in respect whereof an actuarial equivalent under Item 1 of Article 343a(1) has been transferred may be used to determine the entitlement and amount of a pension related to work under Bulgarian legislation.

(2) (Amended, SG No. 60/2011, effective 5.08.2011) The act of transferring the funds under Item 2 of Article 343a(1) to the account of an institution or body of the European Union shall extinguish the right to pension from the relevant fund for supplementary voluntary retirement insurance, and the individual account held with this fund shall be closed.

(3) Persons who have transferred their pension rights from the public social insurance and have kept their rights in a fund for supplementary retirement insurance shall:

1. (amended, SG No. 60/2011, effective 5.08.2011) acquire the right to pension from a universal pension fund upon retirement under the EU pension schemes, or when reaching the age required for a contributory-service and retirement-age pension under Article 68(1), or under the conditions laid down in Article 167(2).
2. acquire the right to pension from a fund for supplementary voluntary retirement insurance under occupational schemes when reaching the age of 60 or within 5 years before reaching this age.
3. (amended, SG No. 60/2011, effective 5.08.2011) be entitled to withdraw their capital from an occupational pension fund upon retirement under the EU pension schemes or under a universal pension fund.

Entitlement to transfer pension rights from the EU pension schemes

(Heading amended, SG No. 60/2011, effective 5.08.2011)

**Article 343c.** (New, SG No. 19/2010) (1) (Amended, SG No. 60/2011, effective 5.08.2011) Any person insured under the EU pension schemes in respect of an employment relationship with an institution or body of the European Union which has been terminated shall be entitled to transfer, as the person may choose, the funds reflecting the rights acquired under the said

pension scheme to:

1. the Pensions Fund of the public social insurance, as well as to a universal pension fund, if the person concerned was born after 31 December 1959, or
2. a fund for supplementary voluntary retirement insurance which pays lifelong pensions, or
3. insurance company which is entitled to carry out activities under Section I(1)(b), Insurance for pension or rent, of Appendix No. 1 to the Insurance Code.

(2) (Amended, SG No. 60/2011, effective 5.08.2011) The category of persons who are entitled to transfers, the prerequisites and time limits to fulfil such transfers shall be governed by the Staff Regulations of Officials of the European Union and the Conditions of Employment of Other Servants of the European Union.

(3) The capital under Paragraph 1(1) shall be transferred when the person commences to carry on work which is subject to compulsory insurance according to this Code.

Consequences from transferring pension rights from the EU pension schemes to the public social insurance and to funds for supplementary compulsory retirement insurance

(Heading amended, SG No. 60/2011, effective 5.08.2011)

**Article 343d.** (New, SG No. 19/2010) (1) (Amended, SG No. 60/2011, effective 5.08.2011) When a person has elected one of the options under Item 1 of Article 343c(1), the National Social Security Institute shall distribute the funds received from the EU pension scheme in the following sequence:

1. Where funds have been transferred to the EU pension scheme as per the procedure provided for in Article 343a, the amount equal to the amount of the funds transferred, updated as at the transfer date, shall be paid back to the Pensions Fund of the public social insurance system, as well as to the relevant types of funds for supplementary retirement pension from which the funds were previously transferred;

2. out of the amount remaining after the distribution of the funds referred to in Item 1, or, respectively, the funds received, where no funds have been transferred to the EU pension scheme as per the procedure provided for in Article 343a, funds shall be transferred as follows;

(a) in respect of persons born before 1 January 1960, the transfer shall be to the Pensions Fund of the public social insurance system; the funds to be transferred shall be calculated based on the remuneration on which the person was insured as at the time of termination of his/her employment relations with an EU body, the contribution amount as at the time of transfer and the actual periods of contributory service in the EU, as well as all other periods of contributory service recognised by the EU, except for those served in Bulgaria;

(b) in respect of persons born after 31 December 1959, the transfer shall be to the Pensions Fund of the public social insurance system and to the universal pension fund chosen by the person; the funds to be transferred shall be calculated based on the remuneration on which the person was insured as at the time of termination of his/her employment relations with an EU body, the relevant contribution amounts as at the time of transfer and the actual periods of contributory service in the EU, as well as all other periods of contributory service recognised by the EU, except for those served in Bulgaria.

(2) (Amended, SG No. 60/2011, effective 5.08.2011) When calculating the funds under Item 2 of Paragraph 1, the limitation provision concerning the maximum amount of monthly contributory income in the Republic of Bulgaria, as valid at the time of transfer, shall apply.

(3) (Amended, SG No. 60/2011, effective 5.08.2011) The amount remaining after the transfer of the funds referred to in Paragraph 1 shall be transferred to a fund for supplementary voluntary retirement insurance, as chosen by the person concerned.

(4) (Amended and supplemented, SG No. 60/2011, effective 5.08.2011) The sum total of the length of service under Article 343b(1) and the actual length of service in the European Union, as well as periods of contributory service in other countries and/or international organisations recognised and included in the EU contributory service, shall be recognised as contributory service in the Republic of Bulgaria.



Consequences from transferring pension rights from the EU pension schemes to funds for supplementary voluntary retirement insurance only

(Heading amended, SG No. 60/2011, effective 5.08.2011)

**Article 343e.** (New, SG No. 19/2010, amended, SG No. 60/2011, effective 5.08.2011) Persons who have elected to transfer the funds reflecting their pension rights from the EU pension schemes to a fund for supplementary voluntary retirement insurance only shall:

1. not be entitled to withdraw these funds before they acquire the right to pension under Item 3;
2. not be entitled to one-time or deferred payment of the capital under Article 248(2);
3. (amended, SG No. 100/2010, effective 1.01.2011) acquire the right to pension from this chosen fund when they reach the age required for a contributory-service and retirement-age pension under Article 68(1);
4. be entitled to receive only a life pension from this fund.

Entitlement to transfer pension rights to and from the pension schemes of the European Central Bank and the European Investment Bank

**Article 343f.** (New, SG No. 60/2011, effective 5.08.2011) (1) In case of transfer of pension rights from and to the pension schemes of the European Central Bank and the European Investment Bank, the provisions of Articles 343a to 343e shall apply accordingly.

(2) The group of people who shall be entitled to such transfers and the prerequisites and time limits to fulfil a transfer shall be governed by Conditions of Employment adopted by the Executive Board of the European Central Bank pursuant to Article 36 of the Statute of the European System of Central Banks and of the European Central Bank, or, respectively, by the Staff Pension Scheme Regulations of the European Investment Bank adopted by the Board of Directors of the European Investment Bank pursuant to Article 31 of the Rules of Procedure of the European Investment Bank adopted by the Board of Governors of the European Investment Bank pursuant to Article 7 of the Statute of the European Investment Bank.

Regulations

**Article 343g.** (New, SG No. 19/2010, previous Article 343f, amended, SG No. 60/2011, effective 5.08.2011) By an ordinance, the Council of Ministers shall determine:

1. the procedure governing the transfer of pension rights from and to the pension schemes of the European Union, the European Central Bank and the European Investment Bank;
2. the calculation method concerning the actuarial equivalent referred to in Item 1 of Article 343a(1);
3. the update method referred to in Item 1 of Article 343d(1).

## **PART THREE**

**(New, SG No. 67/2003)**

## **COERCIVE ADMINISTRATIVE MEASURES AND ADMINISTRATIVE PENALTY LIABILITY**

### **Chapter Thirty-Nine**

**(New, SG No. 67/2003)**

### **COERCIVE ADMINISTRATIVE MEASURES**

Types

**Article 344.** (1) (Supplemented, SG No. 19/2010) For the purpose of prevention and cessation of violations under Part Two and Part Two "A" of this Code and of the statutory instruments on the application thereof, for prevention and elimination of the harmful consequences of such violations, as well as where the exercise of supervisory activities is obstructed, untrue and misleading data are submitted or the interests of the insured persons or of the pensioners are jeopardized, the Deputy Chairperson of the Commission may apply the following coercive administrative measures:

1. issue mandatory prescriptions for undertaking of specific measures with a time limit established thereby;
2. issue mandatory prescriptions for introduction of necessary revisions in the Rules of the supplementary social insurance funds;
3. prohibit the conclusion of new social insurance contracts for a specific period of time;
4. convene the Shareholders' General Meeting or schedule a meeting of the Management Board of Supervisory Board (the Board of Directors) for adoption of a decision on the measures that must be undertaken;
5. impose a written obligation on the retirement insurance company to increase its capital within a specified time limit;
6. prohibit temporarily the distribution of dividends;
7. bar a shareholder temporarily from exercising the voting power thereof, if the requirements of Article 121g (1) and (2) herein have been breached;
8. order a shareholder in writing to transfer the shares owner thereby within a specified time limit, if the requirements of Article 121g (1) and (2) herein have been breached;
9. obligate the supplementary social insurance company to terminate its contractual relationships thereof with a custodian bank, with an investment or with a social insurance intermediary if they do not satisfy the eligibility requirements provided for in this Code;
10. stay the execution of a decision or order of the governing bodies of the supplementary social insurance company which concerns the supplementary social insurance activity if the requirements of the statutory instruments on supplementary social insurance are breached by the said decision;
11. suspend the use and circulation of documents which have not been endorsed according to the relevant procedure;
12. suspend the circulation of advertisements and information materials, as well as the conduct of lotteries, if they do not satisfy the requirements Article 123i herein;
13. appoint an external auditor for the account of the supplementary social insurance company;
14. revoke a supplementary social insurance fund management authorization;
15. (new, SG No. 56/2006) prohibit or restrict an activity of a retirement insurance company;
16. (new, SG No. 56/2006) prevent a retirement insurance company from accepting and managing resources under a relevant occupational scheme;
17. (new, SG No. 56/2006) prohibit or restrict the cross-border activities of the retirement insurance company.

(2) The Commission, acting on a motion by the Deputy Chairperson of the Commission, may apply the following coercive administrative measures:

1. appoint a conservator in the cases provided for in this Code;
2. order in writing the dismissal of one or more persons authorized to manage and represent a supplementary social insurance company;
3. revoke a supplementary social insurance licence.

(3) The Commission may inform the public of the measures applied under Paragraphs (1) and (2) or of any activity which jeopardizes the interests of the insured persons or of the pensioners.

(4) The measures under Paragraphs (1) and (2) shall be applied in respect of the controlled entities, the employees thereof, persons who perform managerial functions in the supplementary social insurance company or persons authorized to conclude social insurance contracts and to receive applications for social insurance, as well as persons holding 10 per cent and more than 10 per cent of the capital of the company.

(5) (Amended, SG No. 59/2006) Upon systematic violations of this Code and of the statutory instruments on the application thereof by a custodian bank, the Commission may put recommend to the Bulgarian National Bank the application of measures under Article 103 (2) of the Credit Institutions Act.

(6) (New, SG No. 41/2007) Acting at the request of a supervisory body of the home Member State of a non-resident institution, the Deputy Chairperson of the Commission may prevent a custodian bank established within the territory of the Republic of Bulgaria from executing an order by the said institution regarding any assets of the occupational scheme deposited by the said institution. In such a case, the Deputy Chairperson shall notify immediately the Bulgarian National Bank.

(7) (Renumbered from Paragraph 6, SG No. 41/2007) Upon application of coercive administrative measures under Paragraphs (1) and (2), the provisions of the Administrative Procedure Code shall not apply regarding the explanations and objections of the parties concerned.

## Proceedings

**Article 345.** (1) Coercive administrative measures under Article 344 (1) herein shall be applied by means of a reasoned written order issued by the Deputy Chairperson of the Commission, which shall be communicated to the party concerned within seven days after the rendition of the said order.

(2) Coercive administrative measures under Article 344 (2) herein shall be applied by means of a reasoned decision in writing adopted by the Commission, which shall be communicated to the party concerned within seven days after the rendition of the said decision.

## Appeal

**Article 346.** (1) Any order under Article 345 (1) herein shall be subject solely to administrative appeal before the Commission according to the procedure established by the Administrative Procedure Code.

(2) Any decision under Article 345 (2) herein shall be subject to immediate execution and shall not be subject to judicial appeal.

## Coercive Administrative Measures Applicable to Non-resident Institution

**Article 346a.** (New, SG No. 56/2006) (1) Upon non-compliance with the provisions of Bulgarian labour and social legislation relevant to an occupational scheme, including such related to the investment activity and the disclosure of information, the Deputy Chairperson of the Commission may apply the following coercive administrative measures in respect of the non-resident institution managing the said scheme:

1. direct in writing that a stop be put to the breaches committed and that the harmful consequences thereof be eliminated within a specified time limit;
2. prevent the institution from managing the occupational scheme.

(2) The measures covered under Paragraph 1 shall be applied in the presence of the circumstances referred to in Article 229d (3) and (4) herein.

## Chapter Forty

(New, SG No. 67/2003)

## CONSERVATOR

### Conservator

**Article 347.** (1) The conservator shall be a natural person.

(2) The conservator must satisfy the eligibility requirements of Article 121e (2) herein, as well as:

1. be not in any relations with the supplementary social insurance company or with any debtor of the said company giving rise to reasonable doubt as to the impartiality of the conservator;
2. be not a spouse, a lineal or collateral relative up to the sixth degree of consanguinity or an affine up to the third degree of affinity to any member of a managing or supervisory body of the supplementary social insurance company whose powers have been suspended by the act of appointment of the conservator;
3. be not a bankrupt debtor not reinstated in his or her rights.

(3) The conservator shall declare in writing to the Commission the circumstances under Paragraph 2. The conservator shall be obligated to inform the Commission immediately of any changes in the said circumstances.

#### Rights and Obligations of Conservator

**Article 348.** (1) The powers of the Supervisory Board and of the Management Board or of the Board of Directors, as the case may be, of the supplementary social insurance company shall be suspended upon the appointment of a conservator and shall be exercised thereby, save insofar as the act of the appointment of the conservator provides for any restrictions.

(2) Any acts performed and transactions effected on behalf and for the account of the supplementary social insurance company without advance authorization from the conservator shall be void.

(3) The conservator shall have unlimited access to the premises of the supplementary social insurance company, to the accounting and other documentation, and to the property of the said company.

(4) The employees of the supplementary social insurance company shall be obligated to cooperate with the conservator upon the exercise of the powers thereof.

(5) The conservator shall exercise the powers thereof with the care of sound stewardship and shall take all necessary measures for protection of the interests of the insured persons. The conservator shall be liable for any detriment wilfully inflicted thereby.

(6) The conservator shall be accountable for the work thereof only to the Commission and, upon request, shall present a report thereto immediately.

(7) The conservator shall receive a remuneration for the work thereof, which shall be fixed by the Commission and shall be for the account of the supplementary social insurance company.

(8) The powers of the conservator shall be terminated after the appointment of a liquidator or of a trustee in bankruptcy.

(9) The Commission may terminate the powers of the conservator at any time and appoint a replacement.

(10) The Commission may issue mandatory directions to the conservation in connection with the work thereof.

## **Chapter Forty-One**

**(New, SG No. 67/2003)**

### **ADMINISTRATIVE PENALTY LIABILITY**

#### **Section I**

**(New, SG No. 67/2003)**

#### **Liability for Violations of Provisions of Legislation Regarding Public Social Insurance**

## Grounds

**Article 349.** (1) (Supplemented, SG No. 112/2003, SG No. 105/2005, amended, SG No. 105/2006, SG No. 99/2009, effective 1.01.2010, SG No. 100/2011, effective 1.01.2012) Any person who violates the provisions of Part One of this Code, of any statutory instruments on the application of the said provisions, or who fails to comply with a mandatory prescription of a control authority, shall be liable to a fine of BGN 100 or exceeding this amount but not exceeding BGN 2,000 for each individual case, and the insurers who are legal entities or sole proprietors a property sanction in the amount of BGN 500 or exceeding this amount but not exceeding BGN 2,000 for each individual case shall also be imposed.

(2) (Repealed, SG No. 105/2005).

(3) (New, SG No. 99/2009, effective 1.01.2010) Any social insurance contributor who fails to timely submit to the relevant territorial office of the National Social Security Institute documents with respect to payment of benefits for temporary disability, occupational rehabilitation or maternity, or who submits such documents with information incorrectly completed therein, shall be liable to a pecuniary sanction or penalty of BGN 500 up to BGN 2,000, unless subject to a severer sanction, and the culpable official, unless subject to a severer sanction, shall be liable to a pecuniary sanction or penalty of BGN 100 up to BGN 1,000 for each individual case.

(4) (Amended, SG No. 105/2005, supplemented, SG No. 105/2006, renumbered from Paragraph 3, SG No. 99/2009, effective 1.01.2010) Any person, who draws up any document making a false statement or provides untrue data under Article 5 (4) herein for the purpose of groundless receipt of social insurance payments, shall be liable to a fine of BGN 500 for each particular case, unless subject to a severer sanction.

(5) (Renumbered from Paragraph 4, amended, SG No. 99/2009, effective 1.01.2010) For a repeated violation under Paragraphs 1, 3 and 4, the culpable person shall be liable to a pecuniary sanction and/or penalty of two times the amount initially imposed.

## Liability for Wrongful Custody of Documents on Contributory Service and Income

**Article 349a.** (New, SG No. 104/2005, effective 27.12.2005) (1) Any legal person, which fails to submit to the local division of the National Social Security Institute the original documents of dissolved social insurance contributors which have no legal successor, on the basis of which contributory service and contributory income are established, shall be liable to a pecuniary penalty of BGN 500 or exceeding this amount but not exceeding BGN 2,000.

(2) Any natural person, who fails to submit to the local division of the National Social Security Institute the original documents of dissolved social insurance contributors which have no legal successor, on the basis of which contributory service and contributory income are established, shall be liable to a fine of BGN 50 or exceeding this amount but not exceeding BGN 1,000.

## Ascertainment of Violations

**Article 350.** (New, SG No. 67/2003) (1) (Supplemented, SG No. 105/2006) Violations under Article 349 and Article 349a herein shall be ascertained by written statements drawn up by the control authorities of the National Social Security Institute.

(2) The penalty decrees shall be issued by the director of the local division of the National Social Security Institute or by an official authorized thereby.

(3) The ascertainment of violations, the issuance, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

## Section II

(New, SG No. 67/2003)

## Liability for Violation of Provisions of Legislation Regarding Supplementary Social Insurance

## Liability for Violations of Statutory Framework

**Article 351.** (New, SG No. 67/2003) (1) (Supplemented, SG No. 112/2003, SG No. 19/2010) Any person, who violates or suffers a violation of the provisions of Part Two or Part Two "A" of this Code or of any statutory instruments on the application of the said provisions, shall be liable to a fine of BGN 200 or exceeding this amount but not exceeding BGN 10,000, unless subject to a severer sanction.

(2) For any violations under Paragraph 1, legal persons shall be liable to a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 50,000.

(3) For a repeated breach under Paragraph 1, the sanction shall be a fine of BGN 500 or exceeding this amount but not exceeding BGN 20,000, and for a repeated violation under Paragraph 2, the sanction shall be a pecuniary penalty of BGN 20,000 or exceeding this amount but not exceeding BGN 100,000.

(4) Any income accrued from wrongfully performed activity shall be forfeited to the State to the extent to which the said income cannot be restituted to the injured parties.

#### Liability for Non-compliance with Coercive Administrative Measure

**Article 352.** (New, SG No. 67/2003) (1) Any person, who fails to comply with a coercive administrative measure applied by the Commission or by the Deputy Chairperson of the Commission, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 10,000.

(2) For violations under Paragraph 1, legal persons shall be liable to a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 50,000.

#### Liability for Operation without Licence

**Article 353.** (New, SG No. 67/2003) (1) Any legal person, which carries out supplementary retirement insurance activity without holding a licence and supplementary social funds management authorizations, shall be liable to a pecuniary penalty of BGN 10,000 or exceeding this amount but not exceeding BGN 100,000.

(2) Any person, who intentionally creates conditions for conclusion of social insurance contracts with a legal person not holding a licence and supplementary social insurance funds management authorizations, shall be liable to a fine of BGN 1,000 or exceeding this amount but not exceeding BGN 20,000.

#### Written Statements, Penalty Decrees and Appeal

**Article 354.** (New, SG No. 67/2003) (1) (Supplemented, SG No. 19/2010) The violations of the provisions of Part Two and Part Two "A" of this Code shall be ascertained by written statements drawn up by officials authorized by the Deputy Chairperson of the Commission.

(2) The penalty decrees shall be issued by the Deputy Chairperson of the Commission or by an official authorized thereby.

(3) The ascertainment of violations, the issuance, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

### Section III

**(New, SG No. 67/2003)**

#### **Liability for Non-fulfilment of Obligations to Declare Data to National Revenue Agency and to Remit Compulsory Social Insurance Contributions**

**Article 355.** (New, SG No. 105/2005) (1) (Amended, SG No. 105/2006, SG No. 99/2009, effective 1.01.2010, SG No. 94/2012, effective 1.01.2013) Any person who violates the provisions of Article 5(4) and Article 6(8) as well as the statutory instruments regulating their application, shall be liable to a fine of BGN 50 or exceeding this amount but not exceeding BGN 500 with respect to natural persons who are not traders, and a fine of BGN 500 or exceeding this amount but not exceeding BGN 5,000 with respect to sole traders and legal persons, unless subject to a severer sanction.

(2) (Supplemented, SG No. 99/2009, effective 1.01.2010) Any person, who draws up any document making a false statement

or who provides untrue data under Article 5(4) herein for the purpose of evading payment of compulsory social insurance contributions and who fails to timely submit a statement containing the information under Article 5(4), or a declaration by a self-insured person, shall be liable to a fine of BGN 500 for each particular case, unless subject to a severer sanction.

(3) (Supplemented, SG No. 99/2009, effective 1.01.2010, repealed, SG No. 94/2012, effective 1.01.2013).

(4) (Amended, SG No. 99/2009, effective 1.01.2010) For a repeated violation under Paragraph 1, the culpable person shall be liable to a fine of BGN 500 or exceeding this amount but not exceeding BGN 2,000, or a pecuniary sanction of BGN 1,000 for each individual case, but not exceeding BGN 10,000; for a repeated violation under Paragraph 2, the culpable person shall be liable to a fine of BGN 500 for each individual case, but not exceeding BGN 10,000.

(5) The written statements ascertaining the administrative violations shall be drawn up by the authorities of the National Revenue Agency, and the penalty decrees shall be issued by the Executive Director of the National Revenue Agency or an official designated thereby.

(6) The ascertainment of violations, the issuance, appeal against and execution of penalty decrees shall follow the procedure established by the Administrative Violations and Sanctions Act.

## **SUPPLEMENTARY PROVISIONS**

**(Title amended, SG No. 21/2012)**

§ 1. (Amended and supplemented, SG No. 64/2000, amended, SG No. 1/2002, SG No. 67/2003) (1) Within the meaning given by Part One of this Code:

1. "Enterprise" shall be any place where work is performed by hired workers.

2. (Amended, SG No. 105/2006, supplemented, SG No. 99/2009, effective 1.01.2010) "Net remuneration" shall be the remuneration obtained by debiting the remuneration as paid or charged with the compulsory social insurance contributions, determined by statute, for the account of the persons and with the taxes under the Income Taxes on Natural Persons Act . Where remunerations have not been charged in the accounts, the minimum contributory income under Article 6(2)(3), or the minimum employment salary for Bulgaria where no minimum contributory income is set, is what shall be taken into account when determining the cash benefits, until the remuneration is charged in the accounts.

3. (New, SG No. 105/2006, amended, SG No. 99/2009, effective 1.01.2010) "Insured person" shall be a natural person who performs labour activities in respect of which the said person is subject to compulsory social insurance under Article 4 and Article 4a(1) herein and for whom social insurance contributions have been paid or become due. Social insurance in respect of any person who has commenced labour activities as per Article 10 shall also continue during the periods referred to in Items 1,2,3 and 5 of Article 9(2). Self-insured persons and persons under Article 4a(1) shall be presumed to be insured for as long as their social insurance contributions due have been paid;

4. (Renumbered from Item 3, SG No. 105/2006) The consolidated budget of public social insurance shall comprise the budgets of the Pensions Fund, the common disease and Maternity Fund, the Employment Injury and Occupational Disease Fund, the Unemployment Fund, the Non-Work-Contingent Pensions Fund, and the budget of the National Social Security Institute.

5. (Amended, SG No. 12/2003, renumbered from Item 4, SG No. 105/2006) "Registered agricultural producers and tobacco producers" shall be the natural persons who produce plant and/or animal production intended for sale and who are registered according to the established procedure.

5a. (New, SG No. 99/2009, effective 1.01.2010) "Maritime person" shall be any natural person who holds a position under an employment relationship as a crew member of a vessel registered in the ship register of a Member State of the European Union, notwithstanding whether the person is onshore or on board the vessel, a marine licence and a certificate of additional and/or specialised qualification obtained as per the procedure laid down in the ordinance under Article 87(1) of the Merchant Shipping Code.

6. (Renumbered from Item 5, SG No. 105/2006) "Related parties" shall be:

- (a) any two persons of whom one participates in the management of the other or of a subsidiary of the other;
- (b) any number of persons whose managing or supervisory body has, as a member, one and the same legal or natural person, even where the legal person is a representative of another legal person;
- (c) (amended, SG No. 104/2005) any corporation or natural person owning more than 50 per cent of the voting interests or shares in the company;
- (d) any number of persons whereof the activity is controlled by a third party or by a subsidiary of a third party;
- (e) any number of persons who jointly control a third party or a subsidiary of a third party;
- (f) any partners, including in companies under Article 357 of the Obligations and Contracts Act.

7. (Renumbered from Item 6, SG No. 105/2006) "Control", within the meaning given by Item 5, shall be exercised where the controlling party:

- (a) holds, including through a subsidiary or by virtue of an agreement with another party, more than 50 per cent of the number of votes in the General Meeting of a company or another legal person, or
- (b) is able to appoint, whether directly or indirectly, more than one half of the members of the managing body of a legal person.

8. (Renumbered from Item 7, SG No. 105/2006) "Social insurance contributions in significant amounts" shall be such contributions exceeding BGN 3,000.

9. (New, SG No. 112/2003, renumbered from Item 8, SG No. 105/2006) "Unprocessed plant and animal production" shall be any primary product obtained from plants and animals which is used in its natural form, without being subject to technological processing and treatment, as a result of which any physico-chemical changes have occurred in the composition.

10. (New, SG No. 19/2010) "Minimum wage rates" shall be the rates laid down by the national legislation and/or by the practice of the host country.

11. (New, SG No. 100/2011, effective 1.01.2012, amended, SG No. 106/2013, effective 1.01.2014) "Contributory-service and retirement-age pension" under Section III of Chapter Four shall be a pension under Article 68, Article 69, Article 69a and § 4 and 5 of the Transitional and Final Provisions.

(2) Within the meaning given by Part Two of this Code:

1. "Pension scheme" shall be a specific financial mechanism for determining pension obligations and payments calculated using statistical (actuarial) methods;

1a. (New, SG No. 56/2006) "Occupational scheme" shall be rules for supplementary voluntary retirement insurance stipulated in a collective bargaining agreement or in a collective employment contract between the sponsoring undertaking and the persons referred to in Article 4 (1) and Items 5 and 6 of Article 4 (3) herein.

2. "Statistical (actuarial) methods" shall be a set of statistical methods and rules which are applied for the purpose of determining the expected revenues from future contributions and investments, as well as for determining the amounts due for payment of future pensions from the retirement insurance company;

2a. (New, SG No. 56/2006) "Collective bargaining agreement" shall be any agreement reached between the parties to an occupational scheme and having as a subject the regulation of the rights and obligations under any such scheme.

3. "Connected persons" shall be:

- (a) (amended, SG No. 17/2006) any two persons, of whom one controls the other person or a subsidiary thereof;
- (b) any number of persons whereof the activity is controlled by a third party;
- (c) any number of persons who jointly control a third party;



(d) (amended, SG No. 17/2006) spouses, lineal relatives up to any degree and collateral relatives up to the fourth degree of consanguinity, including affines up to the third degree of affinity inclusive;

(e) (new, SG No. 17/2006) any two persons, of whom one holds, whether directly or through a person controlled thereby, 20 per cent or more than 20 per cent of the capital or of the number of votes in the General Meeting of another legal person.

4. (Amended, SG No. 17/2006) "Control" shall be in effect where a person:

(a) holds, inter alia through a subsidiary or by virtue of an agreement entered into with another person, more than 50 per cent of the number of votes in the General Meeting of a company or another legal person, or

(b) may designate, whether directly or indirectly, more than one-half of the members of the managing or supervisory body of a legal person, or

(c) by virtue of a law, instrument of incorporation or agreement manages, represents and/or determines the investment policy of another person, or

(d) may in any other way exert decisive influence on decision-making in connection with the business of a legal person.

5. "Security business" shall be the commercial business of ensuring protection to natural and legal persons or to the property thereof against criminal trespass.

6. "Similar business" shall be any business which can be reasonably inferred to be similar to, or to cover, security business.

7. "Technical interest rate" shall be the interest rate which is applied upon calculation of the amount of pensions and of pension reserves.

8. (Repealed, SG No. 56/2006).

9. "Systematic violations" shall be three or more violations of this Code and of the statutory instruments on the application thereof within one calendar year.

10. "Third-party social insurance contributor" shall be a natural or legal person who or which makes social insurance contributions to a supplementary voluntary retirement insurance fund in favour of a natural person wherewith the said contributor is not in an employment or civil-service relationship or wherewith the said contributor has not concluded a contract commissioning control or management.

11. (Supplemented, SG No. 56/2006) "Insured person" shall be a natural person in whose name and on whose account social insurance contributions for a supplementary pension have been remitted or are remitted to a supplementary retirement insurance fund or to a fund for supplementary voluntary retirement insurance under occupational schemes under terms and according to a procedure established by a law, the rules of organization and operation of the fund and the social insurance contract, a collective bargaining agreement or a collective employment contract.

11a. (New, SG No. 56/2006) "Sponsoring undertaking" shall be a social insurance contributor, within the meaning given by Article 5 herein, or any undertaking or any other organization which includes or consists of one or more natural or legal persons, which acts as an employer, a commissioning entity or in a self-employed capacity or combines these three capacities and which pays contributions into an institution for occupational retirement insurance, and in respect of which the labour and social legislation of another Member State is applicable.

12. "Pensioner" shall be a natural person who receives a personal or a survivor supplementary pension from a supplementary retirement insurance fund.

13. "Supplementary pension" shall be a lifelong or fixed-period monthly payment from a supplementary retirement insurance fund to a pensioner, to survivors of an insured person or to survivors of a pensioner.

14. (New, SG No. 17/2006) "Secured corporate bonds" shall be a bond issue for which security is provided to an amount of not less than 100 per cent of the claims on principal.

15. (New, SG No. 17/2006) "Repo transaction" and "reverse repo transaction" shall be any agreement whereupon securities are transferred assuming a commitment to repurchase the said securities (or to exchange the said securities for securities of the same characteristics) at a set price on a set future date or on a date as the transferor shall determine. Any such agreement shall

be a repo transaction in respect of the party selling the securities and a reverse repo transaction in respect of the party that purchases the said securities.

16. (New, SG No. 17/2006, amended, SG No. 77/2011) "Collective investment scheme" shall be an enterprise within the meaning given by Item 10 of § 1 of the Supplementary Provisions of the Collective Investment Schemes and Other

Undertakings for Collective Investments Act.

17. (New, SG No. 17/2006) "Cross trade" shall be a transaction of two mutually executable orders entered by one and the same member of a regulated securities market.

18. (New, SG No. 17/2006) "Rated debt securities" shall be debt securities which have been assigned an investment-grade credit rating by an internationally recognized rating agency.

19. (New, SG No. 17/2006) "Option" shall be a security expressing the holder's right to purchase or sell a specified number of securities at a price fixed in advance within a stated time period or at a specified future date.

20. (New, SG No. 17/2006) "Financial-futures contract" shall be a security which expresses the holder's right and obligation to purchase or sell a specified number of securities at a fixed price at a specified future date.

21. (New, SG No. 17/2006) "Forward exchange rate contract" shall be a contract for purchase and sale of a specified amount of foreign currency at a fixed future date at a pre-agreed exchange rate and conditions of execution.

22. (New, SG No. 17/2006) "Investment estate" shall be land, a right in rem to land, building and/or parts of building, which are acquired for the purpose of deriving income from:

(a) rental, lease or tenancy;

(b) sale;

(c) adding value through building development, extending or heighening or performing improvements for the purpose of allocation of the estate for management.

23. (New, SG No. 17/2006) "Interest-rate swap" shall be a contract between two parties for exchange of interest payments based on a conventional principal for a specified period of time.

24. (New, SG No. 56/2006) "Member State" shall be a Member State of the European Union or any other Contracting Party to the Agreement on the European Economic Area.

25. (New, SG No. 56/2006) "Non-resident institution" shall be any organization in a Member State, irrespective of its legal form, which:

(a) is established separately from the employer;

(b) carries out activities directly related to retirement insurance;

(c) operates on fully funded principle, and

(d) provides retirement benefits in the context of an occupational activity on the basis of an agreement or a contract agreed individually or collectively:

(aa) between the employer (employers) and the worker (workers) or their respective representatives;

(bb) with self-employed persons, according to the legislation of the home Member State and in accordance with Bulgarian legislation.

26. (New, SG No. 56/2006) "Home Member State" shall be the Member State in which the institution is registered and has its main administration, or in the cases where it is not registered, where the institution has its main administration.

27. (New, SG No. 56/2006) "Host Member State" shall be the Member State whose social and labour legislation relevant to the field of retirement insurance systems is applicable to the relationships between the sponsoring undertaking and the insured persons.

28. (New, SG No. 56/2006) "Biometrical risks" shall be the risks linked to death or longevity and, in respect of cross-border occupational schemes, to the risk of disability as well.

29. (New, SG No. 41/2009, effective 2.06.2009) "Infrastructure projects" shall be projects for development and construction of highway infrastructure and first class auto transport and rail infrastructure; airports; ports; communication systems; facilities for production and transmission of energy and energy resources; water supply, sewerage and waste water facilities; facilities for storage and processing of domestic and construction waste, as well as other projects intended to create new infrastructure and improve existing infrastructure at national, regional or municipal level in Bulgaria or other EU Member State.

30. (New, SG No. 99/2009, effective 1.01.2010) "Maritime person" shall be any natural person who holds a position under an employment relationship as a crew member of a vessel registered in the ship register of a Member State of the European Union, notwithstanding whether the person is onshore or on board the vessel, a marine licence and a certificate of additional and/or specialised qualification obtained as per the procedure laid down in the ordinance under Article 87(1) of the Merchant Shipping Code.

(3) (New, SG No. 19/2010) Within the meaning given by Part Two "A" of this Code:

1. (Amended, SG No. 60/2011, effective 5.08.2011) "EU pension schemes" shall mean the pension schemes governed by the Staff Regulations of Officials of the European Union and the Conditions of employment of other servants of the European Union.

2. (Amended, SG No. 60/2011, effective 5.08.2011) "Institution or body of the European Union" shall mean any institution or body to which the Staff Regulations of Officials of the European Union and the Conditions of employment of other servants of the European Union apply.

3. "Actuarial equivalent of retirement pension rights" shall be the current amount of all future retirement pension payments which the relevant insured person would receive upon his/her retirement and which correspond to the insured person's length of contributory service.

(4) (Renumbered from Paragraph 3, SG No. 19/2010) Within the meaning given by Part Three of this Code:

1. "Repeated violation" shall be any violation committed within one year after the entry into effect of the penalty decree whereby the offender was penalized for a violation of the same type.

**§ 1a.** (New, SG No. 21/2012) This Code introduces the requirements of:

1. Council Directive 79/7/EEC of 19 December 1978 on the progressive implementation of the principle of equal treatment for men and women in matters of social security.

2. Council Directive 86/378/EEC of 24 July 1986 on the implementation of the principle of equal treatment for men and women in occupational social security schemes.

3. Council Directive 98/49/EC of 29 June 1998 on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community.

4. Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision.

5. Directive 2006/54/EC of the European Parliament and of the Council of 5 July 2006 on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation.

6. Directive 2010/78/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 98/26/EC, 2002/87/EC, 2003/6/EC, 2003/41/EC, 2003/71/EC, 2004/39/EC, 2004/109/EC, 2005/60/EC, 2006/48/EC, 2006/49/EC and 2009/65/EC in respect of the powers of the European Supervisory Authority (European Banking Authority), the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority) (OJ, L 331/120 of 15 December 2010).

7. (New, SG No. 58/2012, effective 1.08.2012) Directive 2010/41/EU of the European Parliament and of the Council of 7 July 2010 on the application of the principle of equal treatment between men and women engaged in an activity in a self-employed capacity and repealing Council Directive 86/613/EEC (OJ, L 180/1 of 15 July 2010).

## TRANSITIONAL AND FINAL PROVISIONS

§ 2. (1) Any persons whose employment relationships were terminated prior to the 31st day of December 1999 and who have acquired entitlement to pension under the Pensions Act as superseded, may retire until 30th day of June 2000 under the terms established by the repealed Act if this is more favourable for the said persons.

(2) Cash benefits to any persons who are on leave for temporary disability or for pregnancy and child-birth at the 1st day of January 2000 shall be paid in the amounts and for the durations under Title Three of the Labour Code of 1951 as superseded, if this is more favourable for the said persons.

(3) (Amended, SG No. 74/2002) Upon calculation of the cash benefits for temporary disability or for pregnancy and child-birth of persons insured under Item 3 of Article 4 (1) herein, the remuneration received for the relevant position until the 31st day of December 1999 inclusive shall be taken into consideration.

§ 3. (1) (Redesignated from § 3, SG No. 64/2000) Until the 31st day of December 2003 inclusive, any persons under Articles 6 and 7 of the Pensions Act as superseded may retire under the terms established by the provisions of the said articles.

(2) (New, SG No. 64/2000) Any commissioned and non-commissioned officers under Article 7 of the Pensions Act as superseded, whose ranks are abolished and who acquire the status of civil servants who are civilians, according to § 89 (1) of the Transitional and Final Provisions of the Act to Amend the Ministry of Interior Act (State Gazette No. 29 of 2000), may retire under the terms and within the time limit under Paragraph 1. At retirement, the length of service of any such persons shall count as length of service logged in commissioned and non-commissioned officer positions.

(3) (New, SG No. 67/2003) Any commissioned and non-commissioned officers of the Ministry of Interior, who until the 31st day of December 2003 have logged the length of service required for acquisition of entitlement to pension under Article 7 of the Pensions Act as superseded, may retire under the terms established by the said article until the 31st day of December 2005. Pension shall be granted as from the date of the discharge in compliance with the provision of Article 94 herein.

§ 4. (1) (Amended, SG No. 64/2000, SG No. 33/2008, SG No. 100/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012, SG No. 111/2013, effective 1.01.2014) Prior to 31 December 2014 inclusive, any persons who have worked for ten years under the conditions of Work Category I or for fifteen years under the conditions of Work Category II may retire upon reaching the age of 47 years and 8 months for women and 52 years and 8 months for men in Work Category I and 52 years and 8 months for women and 57 years and 8 months for men in Work Category II, if the sum of their contributory service and age totals 94 for women and 100 for men.

(2) (Amended, SG No. 64/2000, SG No. 33/2008, SG No. 100/2010, effective 1.01.2011) Prior to the 31 December 2014 inclusive, any persons who have logged ten years of contributory service under the conditions laid down in Article 104(3) may retire before attainment of the age under Article 68 herein subject to the condition that the sum total of the age and contributory service thereof equals 90 and they have attained the age of 52 years for men and 47 years for women.

(3) (New, SG No. 64/2000, amended, SG No. 38/2005, effective 1.01.2005, SG No. 33/2008, SG No. 100/2010, effective 1.01.2011) Prior to 31 December 2014 inclusive, if the employment contract of persons who work under the conditions laid down in Article 104(3) is terminated in pursuance of Items 1 and 2 of Article 328(1) of the Labour Code, the persons concerned may retire no earlier than the date when they attain the age of 45 if the sum of their contributory service and age totals 90 and their contributory service under the conditions laid down in Article 104(3) is 10 years.

(4) (Renumbered from Paragraph 3, SG No. 64/2000, amended, SG No. 1/2002, repealed, SG No. 100/2010, effective 1.01.2011).

(5) (New, SG No. 38/2005, amended, SG No. 106/2013, effective 1.01.2014) For the purposes of assessing the entitlement to pension under Paragraph 1, the contributory service within Work Category I shall supplement the contributory service within Work Category II without transformation.

(6) (New, SG No. 60/2011, effective 18.06.2011) Where the persons referred to in Paragraphs 1, 2 and 3 apply for a pension from the public social insurance system, they shall submit, along with the pension request, an application requesting that

the funds in their individual account with the occupational pension fund be transferred to the Pensions Fund of the public social insurance system. The transfer application shall be submitted through a local division of the National Social Security Institute to the relevant retirement insurance company managing the retirement insurance fund, together with the request for a pension from the public social insurance system. Within 7 days after the pension is granted, the local division of the National Social Security Institute shall forward the request to the retirement insurance company.

(7) (New, SG No. 60/2011, effective 18.06.2011) In the cases referred to in Paragraph 6, the retirement insurance company shall transfer the funds to the Pensions Fund of the public social insurance system within one month after receiving the request. Where there are no accumulated funds in the relevant individual account, the retirement insurance company shall notify the National Social Security Institute thereof.

**§ 4a.** (New, SG No. 100/2010, effective 1.01.2011, declared unconstitutional by the Constitutional Court of the Republic of Bulgaria - SG No. 45/2011

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(1) The resources available on 1 January 2011 in the individual accounts of women born from 1 January 1955 to 31 December 1959 (inclusive) and men born from 1 January 1952 to 31 December 1959 (inclusive) who were insured in an occupational pension fund prior to 31 December 2010 shall be transferred to the Pensions Fund of the public social insurance.

(2) Prior to 31 January 2011, the Financial Supervision Commission shall prepare information about the resources available on 31 December 2010 in the individual accounts of persons under Paragraph 1 and submit it to the Minister of Finance, the Governor of the National Social Security Institute and the Executive Director of the National Revenue Agency.

(3) Before the information under Paragraph 2 is prepared, the Governor of the National Social Security Institute shall present the Financial Supervision Commission and the retirement insurance companies with information about the persons under Paragraph 1 who:

1. are employed under the conditions of Work Category I or II, as ascertained on 31 December 2010;
2. had passed away before 31 December 2010.

(4) The resources available in the individual accounts of the persons under Paragraph 1, excluding those in the accounts of deceased persons, shall be transferred to the Pensions Fund of the public social insurance by 31 March 2011.

(5) Any supplementary compulsory retirement insurance contributions paid in an occupational pensions fund for the persons under Paragraph 1 shall be transferred by the National Revenue Agency to the Pensions Fund of the public social insurance.

(6) If the persons under Paragraph 1 retire under the conditions laid down in Article 68, they shall be entitled to a one-time payment by the National Social Security Institute comprising the sums transferred from the occupational pension fund in which they were insured prior to 31 December 2010 and the insurance contributions paid after that date to the Pensions Fund of the public social insurance in the amounts under Article 157(1)(2) within 6 months upon their request submission.

(7) In the event of death of persons under Paragraph 1 who did not exercise their pension under § 4, their survivors (spouse or direct relatives in descending or ascending line) shall be entitled to a one-time payment by the National Social Security Institute comprising the sums transferred from the occupational pension fund in which the deceased was insured prior to 31 December 2010 and the insurance contributions paid after that date to the Pensions Fund of the public social insurance in the amounts under Article 157(1)(2) within 6 months upon their request submission

(8) On 31 March 2011 and in the beginning of each successive calendar year, the National Social Security Institute shall earmark an estimate of the resources necessary to pay the amounts under Paragraphs 6 and 7.

(9) The date of transfer of the resources of the persons under Paragraph 1 to the Pensions Fund of the public social insurance shall also be the date of termination of their relations with the retirement insurance company managing the occupational pension fund in which the persons have been insured. The individual accounts of the persons concerned shall also be closed on the same date.

(10) Any procedures related to the selection or change of occupational pension funds and the transfer of resources from one

occupational pension fund to another in respect of the persons under Paragraph 1 shall be terminated on 31 December 2010.

(11) Women born before 1 January 1955 and men born before 1 January 1952 and persons born after 31 December 1959 who are insured in occupational pension funds may retire under the conditions laid down in § 4 prior to 31 December 2014 (inclusive), and the resources accrued in their individual accounts shall be transferred to the Pensions Fund of the public social insurance.

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**§ 4b.** (New, SG No. 60/2011, effective 5.08.2011) (1) (Effective 18.06.2011, SG No. 60/2011) The insurance relations of women born in the period from 1 January 1955 to 31 December 1959 inclusive and men born in the period from 1 January 1952 to 31 December 1959 inclusive with the retirement insurance company managing the occupational pension fund wherein such persons were insured as at 31 December 2010, where such relations have been terminated pursuant to § 4a(9) and the persons concerned have not retired by 17 June 2011 in accordance with the terms and conditions of § 4(1) - (3), shall be reinstated as of 18 June 2011, with such persons' individual accounts with the relevant occupational pension funds being reopened as of the said date.

(2) (Effective, 18.06.2011, SG No. 60/2011) Persons under Paragraph 1 retiring in accordance with the terms and conditions of Articles 68, 69 and 69a shall have the right to a one-off payment by the National Social Security Institute of the funds transferred pursuant to § 4a(1) from the occupational pension fund wherewith they were insured as at 31 December 2010 and the insurance contributions paid for them between that date and 17 June 2011 inclusive to the Pensions Fund of the public social insurance system, the amount whereof being determined under Item 2 of Article 157(1), such payment to be effected within 6 months after a reimbursement request is submitted.

(3) (Effective, 18.06.2011, SG No. 60/2011) In case the working capacity of a person under Paragraph 1 is reduced for life by more than 70.99 percent, such person shall have the right to a one-off payment by the National Social Security Institute of 50 percent of the funds transferred pursuant to § 4a(1) from the occupational pension fund wherewith they were insured as at 31 December 2010 and the insurance contributions paid for them between that date and 17 June 2011 inclusive to the Pensions Fund of the public social insurance system, the amount whereof being determined under Item 2 of Article 157(1), such payment to be effected within 6 months after a reimbursement request is submitted.

(4) (Effective, 18.06.2011, SG No. 60/2011) In case of death of a person referred to in Paragraph 1 who has not exercised his/her pension rights under § 4(1), (2) and (3), the survivors of such person (spouse or direct relatives in descending or ascending line) shall have the right to a one-off payment by the National Social Security Institute of the funds transferred pursuant to § 4a(1) from the occupational pension fund wherewith the deceased was insured as at 31 December 2010 and the insurance contributions paid for him/her between that date and 17 June 2011 inclusive to the Pensions Fund of the public social insurance system, the amount whereof being determined under Item 2 of Article 157(1), such payment to be effected within 6 months after a reimbursement request is submitted. Where the deceased has no survivors (spouse or direct relatives in descending or ascending line), such funds shall be paid into the state budget.

(5) (Effective, 18.06.2011, SG No. 60/2011) For the persons referred to in Paragraph 1 who have not exercised their pension rights under § 4(1), (2) and (3), provided that no payment is made for them under Paragraph 2, 3 or 4 by 31 December 2014, the National Social Security Institute shall transfer the funds transferred pursuant to § 4a(1) from the occupational pension fund wherewith such persons were insured as at 31 December 2010 and the insurance contributions paid for them between that date and 17 June 2011 inclusive to the Pensions Fund of the public social insurance system, the amount whereof being determined under Item 2 of Article 157(1), to the account of the occupational pension fund wherewith the persons referred to in Paragraph 1 are insured as at 31 December 2014. Such funds shall be transferred by 15 July 2015.

(6) (Effective, 18.06.2011, SG No. 60/2011) In the cases referred to in Paragraph 3, the National Social Security Institute shall transfer the remainder of the funds transferred pursuant to § 4a(1) from the occupational pension fund wherewith the persons concerned were insured as at 31 December 2010; and the insurance contributions paid for them between that date and 17 June 2011 inclusive to the Pensions Fund of the public social insurance system, the amount whereof being determined under Item 2 of Article 157(1), to the account of the occupational pension fund wherewith the persons referred to in Paragraph

1 are insured as at 31 December 2014. Such funds shall be transferred by 15 July 2015.

(7) (Effective, 18.06.2011, SG No. 60/2011) The procedures related to the election or change of participation in an occupational pension fund which have been terminated pursuant to § 4a(10) shall be resumed as of 18 June 2011.

(8) The persons referred to in Paragraph 1 who have not elected an occupational pension fund shall elect one within three months in accordance with the procedure provided for in Article 140(3).

(9) (New, SG No. 99/2012, effective 1.01.2013) The amounts referred to in Paragraphs 2, 3 and 4 shall be reinstated by an order issued by the officer charged with the management of the control over the expenses of the public social insurance at the respective territorial branch of the National Social Security Institute. These orders shall be handed over in accordance with the procedure of Article 110, Paragraph 4 and can be appealed against in accordance with the procedure set out in Chapter Eight.

**§ 5.** (1) (Amended, SG No. 67/2003, SG No. 109/2008, SG No. 100/2010, effective 1.01.2011, supplemented, SG No. 99/2012, effective 1.01.2013, amended, SG No. 111/2013, effective 1.01.2014) Prior to 31 December 2020 inclusive, teachers shall acquire entitlement to a contributory-service and retirement-age pension 3 years before the attainment of their age under Article 68(1) if their contributory service is 25 years and 8 months for women and 30 years and 8 months for men.

(2) (Amended, SG No. 1/2002, SG No. 67/2003, SG No. 112/2004, SG No. 100/2010, effective 1.01.2011, SG No. 106/2013, effective 1.01.2014) The persons under Paragraph 1 shall be paid a fixed-period early-retirement pension from the Teachers Pension Fund at an amount determined according to the procedure established by Article 70 herein and reduced by 0.1 per cent for each month short of the age required under Article 68 (1) herein.

(3) (Amended, SG No. 64/2000, SG No. 112/2004, SG No. 100/2011, effective 1.01.2012, SG No. 99/2012, effective 1.01.2013, SG No. 106/2013, effective 1.01.2014, SG No. 111/2013, effective 1.01.2014, SG No. 27/2014, effective 1.01.2014) Teachers who have acquired entitlement to a pension under the terms established by Paragraph 1 and retire under the terms established by Article 68 (1) and (2) herein, shall be paid contributory-service and retirement-age pensions from the Pensions Fund and a supplement from the Teachers Pension Fund amounting to 0.33 per cent of the pension for each month for which a contribution has been paid to the Fund after the acquiring of an entitlement to pension under Paragraph 1.

(4) (New, SG No. 67/2003, amended, SG No. 100/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012, SG No. 99/2012, effective 1.01.2013, SG No. 111/2013, effective 1.01.2014, SG No. 27/2014, effective 1.01.2014) Teachers who have logged the length of contributory service as teachers required under Paragraph 1 and who retire after attainment of the age under Article 68 (1), shall be paid a pension in full amount from the Teachers Pension Fund attainment of the age under Article 68 (3). After the attainment of the age under Article 68 (3), the pension shall be paid for the account of the Pensions Fund.

(5) (Renumbered from Paragraph 4, SG No. 67/2003, repealed, SG No. 99/2012, effective 1.01.2013).

(6) (New, SG No. 15/2013, effective 1.01.2014) The annual budget of the Teachers Pension Fund shall be adopted along with the Public Social Insurance Budget Act for the relevant year in the form of an appendix to that Act.

(7) (New, SG No. 15/2013, effective 1.01.2014) If the Public Social Insurance Budget Act for the relevant year is not adopted by the National Assembly prior to the beginning of the relevant year, the revenues of the Teachers Pension Fund shall be collected and expenditure shall be incurred pursuant to the applicable legislation.

(8) (New, SG No. 106/2013, effective 1.01.2014) Persons occupying positions of teachers and the recognition of contributory service as teachers' one in the meaning of this Code shall be defined in the ordinance referred to in Article 106.

**§ 5a.** (New, SG No. 64/2000, effective 1.08.2000, amended, SG No. 1/2002, SG No. 112/2003, SG No. 104/2005) Not later than the 31st day of December 2006, the social insurance contributions for registered agricultural producers and tobacco producers who perform only agricultural activities shall be paid on the basis of a contributory income which is not less than 25 per cent of the minimum monthly amount of the contributory income.

**§ 6.** (Supplemented, SG No. 64/2000, SG No. 1/2002, amended, SG No. 112/2003) (1) (Amended, SG No. 112/2004, SG No. 105/2006, SG No. 99/2009, SG No. 100/2010, effective 1.01.2011, SG No. 99/2012, effective 1.01.2013, SG No. 106/2013, effective 1.01.2014) The maximum aggregate of one or several pensions granted prior to 31 December 2018, net of the supplements thereto, shall be determined, reckoned from the 1st day of July of each calendar year, as equal to 35 per cent of the maximum contributory income for the same calendar year as fixed by the Public Social Insurance Budget Act.

(2) The supplement under Article 84 herein shall be calculated on the basis of the amount as limited under Paragraph 1.

(3) Paragraphs (1) and (2) shall not apply to any persons who have served as President and Vice President of the Republic of Bulgaria, Chairman of the National Assembly, Prime Minister or a judge at the Constitutional Court.

(4) (Repealed, SG No. 89/2012, effective 1.01.2013).

(5) Paragraphs (1) and (2) shall not apply to war-disabled persons upon attainment of the age under Article 68 herein. (5) Paragraphs (1) and (2) shall not apply to war-disabled persons upon attainment of the age under Article 68 herein.

**§ 6a.** (New, SG No. 89/2012, effective 1.01.2013) Any pensions for special merit granted up to 31 December 2012 under the revoked Article 91 shall retain their value set according to the arrangements that obtain hitherto. No pension for special merit under the revoked Article 91 shall be received in addition to another type of pension; no pension for special merit under the revoked Article 91 shall be transformed into a hereditary pension and/or received alongside any state-funded monetary awards under the Awards of merit for exceptional services to the Bulgarian state and nation Act.

**§ 6b.** (New, SG No. 106/2013, effective 1.01.2014) In 2014, entitlement to pension for contributory service and retirement age under Article 68, Paragraph 1 shall be acquired upon attainment of the age of 60 years and 8 months for women and 63 years and 8 months for men and 34 years and 8 months of contributory service for women and 37 years and 8 months of contributory service for men, and entitlement to pension under Article 68, Paragraph 3 shall be acquired upon attainment of the age of 65 years and 8 months for both women and men and at least 15 years of actual contributory service.

**§ 7.** (1) Any pensions granted until the 31st day of December 1999 inclusive shall be recalculated according to the provisions of this Code without changing the individual coefficient.

(2) Recalculation shall be made if this is more favourable for the pensioner.

(3) (New, SG No. 35/2001) The individual coefficient of any persons whose pensions have been granted under the Pensions Act as superseded and which include any contributory income for the period after the 31st day of December 1996, shall be recalculated on a single occasion, with the average monthly contributory income of the person for the period after the 31st day of December 1996 shall being related to the national average monthly contributory income for the same period.

(4) (New, SG No. 35/2001) The pensions of any persons under Paragraph 3 shall be recalculated automatically as from the 1st day of July 2001 under Article 70 (1) of this Code.

**§ 7a.** (New, SG No. 69/2008) (1) Work-contingent pensions granted by the 31st day of December 2007 shall be recalculated as of 1 October 2008 by multiplying the individual coefficient of the person by the national average monthly contributory income for 2007 - BGN 398.17, afterwards the amount of the pension shall be determined pursuant to the procedure established by Articles 70, 75 and 79.

(2) The recalculation of the pensions under paragraph 1 shall be preformed if that is more favourable for the person.

**§ 8.** Any pensions and supplements thereto, which were received at the 31st day of December 1999, granted under repealed laws, shall continue to be received.

**§ 8a.** (New, SG No. 35/2009, effective 12.05.2009) When acquiring entitlement under this Code the length of career military



service under the repealed Republic of Bulgaria Defence and Armed Forces Act (promulgated in the State Gazette, No. 112/1995, amend. No. 67/1996, No. 122/1997, No. 70, 93, 152 and 153/1998, No. 12, 67 and 69/1999, No. 49 and 64/2000, No. 25 and 34/2001, No. 1, 40, 45 and 119/2002, No. 50, 86, 95 and 112/2003, No. 93 and 111/2004, No. 27, 38, 76, 88 and 105/2005, No. 30, 36, 56, 82, 91 and 102/2006, No. 11, 41, 46 and 59/2007, Decision No. 9 of the Constitutional Court of 2007 - No. 68/2007, amend. No. 89 and 109/2007, No. 13/2008, Decision No. 2 of the Constitutional Court of 2008 - No. 28/2008; amend. No. 36, 43 and 102/2008; repealed No. 35/2009) shall be deemed military service.

**§ 9.** (Amended, SG No. 102/2005) (1) The time counting as length of employment service and as length of employment service required for retirement logged until the 31st day of December 1999 according to the provisions effective theretofore shall count as contributory service under this Code.

(2) (Repealed, SG No. 100/2010, effective 1.01.2011).

(3) (Repealed, SG No. 100/2010, effective 1.01.2011).

(4) (Repealed, SG No. 100/2010, effective 1.01.2011).

(5) (Repealed, SG No. 100/2010, effective 1.01.2011).

(6) (Amended, SG No. 100/2010, effective 1.01.2011) In case of death of the person concerned before the expiry of the deferred payment plan under the repealed paragraph 4(2), the remainder of outstanding contributions shall not be collected from the survivors of the said person. If a survivor pension is granted, only the period during which social insurance contributions have been remitted according to the deferred payment plan shall count as contributory service.

(7) (Repealed, SG No. 100/2010, effective 1.01.2011).

(8) (Amended, SG No. 105/2006, repealed, SG No. 100/2010, effective 1.01.2011).

(9) (Supplemented, SG No. 109/2008, repealed, SG No. 100/2010, effective 1.01.2011).

**§ 9a.** (New, SG No. 104/2005) The provision of Item 9 of Article 20 (9) herein shall apply for 2006.

**§ 10.** (Repealed, SG No. 1/2002).

**§ 10a.** (New, SG No. 45/2002) Articles 117a and 118a herein shall furthermore apply to any disputes pending before the director of the local division of the National Social Security Institute and before the courts. A request for stay of execution may be submitted by the liable persons within 14 days after the entry into force of the revisions of this Code adopted on the 23rd day of April 2002.

**§ 11.** (Repealed, SG No. 1/2002).

**§ 11a.** (New, SG No. 112/2003, supplemented, SG No. 112/2004) Any persons covered under Item 4 of Article 4 (1) herein, with the exception of those covered under Article 127 (5) herein, who have chosen a universal pension fund prior to the 1st day of January 2003, shall participate in the fund chosen thereby as from the 1st day of January 2004. In respect of any such persons, the time limit referred to in Article 171 (1) herein shall be deemed to have started to run on the 1st day of January 2004.

**§ 11b.** (New, SG No. 103/2005) (1) The ordinance referred to in Item 5 of Article 122i (2) and in Article 122i (3) shall be

adopted within one year after the entry into force of the Insurance Code. The first examination for attainment of an actuary licensed competence shall be conducted within six months after the entry into force of the said ordinance.

(2) Within three years after the entry into force of the Insurance Code, the retirement insurance companies shall be obligated to conclude contracts for actuarial services with persons possessing a recognized responsible actuary licensed competence.

(3) Until expiry of the time limit referred to in Paragraph 2, the persons who have obtained an actuary licence according to the procedure established by Ordinance No. 14 of 2004 Establishing a Procedure and Manner for Licensing of Actuaries of Retirement Insurance Companies and of Supplementary Retirement Insurance Funds Managed Thereby (State Gazette No. 46 of 2004) may discharge the duties of a responsible actuary upon performance of actuarial services of retirement insurance companies and of the supplementary retirement insurance funds managed thereby, as well as be elected as responsible actuaries of retirement insurance companies and of the supplementary retirement insurance funds managed thereby.

**§ 11c.** (New, SG No. 100/2007, repealed, SG No. 20/2013).

**§ 11d.** (New, SG No. 20/2013) (1) The prohibition under Article 246(3) shall apply to the pension contracts for payment of lifelong pensions from 22 voluntary retirement insurance funds, executed after 20-th of December 2012.

(2) As regards pension contracts, executed prior to 20-th of December 2012 inclusive, the use of gender as an actuarial factor in the calculation of lifelong pensions shall be permissible in case the retirement insurance company would use reliable and regularly updated public statistical information, showing the determining importance of gender. The parties under the first sentence may agree that the calculation of pensions, paid after the 20-th of December 2012 shall be performed based on the biometric tables, which are to be used for calculating the amounts of pensions under the pension contracts, entered into after that date.

**§ 12.** This Code shall supersede:

1. Title Three of the Labour Code of 1951 (promulgated in Transactions of the Presidium of the National Assembly No. 91 of 1951; corrected in No. 93 of 1951; amended and supplemented, Nos. 91 and 92 of 1957, State Gazette Nos. 24, 36, and 92 of 1963, Nos. 1, 61, 90 and 99 of 1965, No. 15 of 1968; corrected in No. 33 of 1968; amended and supplemented in No. 68 of 1970, Nos. 53 and 81 of 1973, No. 27 of 1975, No. 63 of 1976, No. 32 of 1977, No. 57 of 1981, No. 44 of 1984, Nos. 26 and 27 of 1986, No. 46 of 1989, Nos. 52 and 100 of 1992, No. 104 of 1995, No. 28 of 1996 and No. 155 of 1998).

2. The Pensions Act (promulgated in Transactions of the Presidium of the National Assembly No. 91 of 1957; corrected in No. 92 of 1957; amended and supplemented in No. 104 of 1959, No. 51 of 1961, No. 105 of 1962; State Gazette No. 103 of 1964, No. 92 of 1965, Nos. 25 and 101 of 1966, No. 102 of 1967, Nos. 59 and 97 of 1969, Nos. 48 and 63 of 1970, Nos. 3 and 61 of 1971, Nos. 36 and 65 of 1972, No. 53 of 1973, No. 34 of 1974, Nos. 3, 36 and 53 of 1975, Nos. 2 and 63 of 1976, No. 80 of 1979, No. 90 of 1980, No. 9 of 1981, No. 28 of 1983, Nos. 44 and 69 of 1984, Nos. 70 and 81 of 1985, Nos. 6 and 46 of 1989; corrected in No. 61 of 1989; amended and supplemented in No. 99 of 1989, Nos. 6, 30 and 81 of 1990, No. 12 of 1991, No. 52 of 1992; modified by Judgment No. 11 of the Constitutional Court of Republic of Bulgaria of 1992, promulgated in No. 64 of 1992; amended in No. 85 of 1992, No. 102 of 1993, No. 49 of 1994, Nos. 68 and 104 of 1995, Nos. 22 and 67 of 1996, No. 46 of 1997; modified by Judgment No. 12 of the Constitutional Court of Republic of Bulgaria of 1997, promulgated in No. 89 of 1997; amended in No. 123 of 1997, Nos. 153 and 155 of 1998, Nos. 57 and 69 of 1999).

3. The Act Denying Pensions to Persons Who Have Been Involved in Fascist Activities (promulgated in the State Gazette No. 9 of 1948; amended in No. 176 of 1949, No. 71 of 1964).

**§ 13.** (1) Decree No. 256 on Mutual Social Insurance of Workers' Productive Cooperative Members (promulgated in Transactions of the Presidium of the National Assembly No. 63 of 1953; corrected in No. 82 of 1953; amended in No. 17 of 1955, No. 69 of 1956, No. 62 of 1958; corrected in No. 82 of 1958; amended in No. 68 of 1960, No. 38 of 1962; State Gazette No. 50 of 1963, No. 21 of 1964, No. 32 of 1968, Nos. 26 and 27 of 1986) shall be repealed.

(2) The activity of public social insurance of the Council for Mutual Social Insurance of Workers' Productive Cooperative Members, as well as its assets and liabilities of the said Council for claims for social insurance contributions and social insurance payments, shall pass to public social insurance.

(3) The balance of assets and liabilities of the Council for Mutual Social Insurance of Workers' Productive Cooperative Members shall pass to the Central Union of Workers' Productive Cooperatives.

(4) The period during which the persons have been insured under the Decree on Mutual Social Insurance of Workers' Productive Cooperative Members shall count as contributory service regardless of its duration.

**§ 14.** (1) The Social Security Fund Act (promulgated in the State Gazette No. 104 of 1995; amended in Nos. 55 and 123 of 1997, Nos. 59 and 155 of 1998, No. 12 of 1999) shall be repealed.

(2) The property under § 5 (2) of the repealed Social Security Fund Act shall be disposed of by the Supervisory Board of the National Social Security Institute.

**§ 15.** The Labour Code (promulgated in the State Gazette Nos. 26 and 27 of 1986; amended and supplemented in No. 6 of 1988, Nos. 21, 30 and 94 of 1990, Nos. 27, 32 and 104 of 1991, Nos. 23, 26, 88 and 100 of 1992; modified by Judgment No. 12 of the Constitutional Court of Republic of Bulgaria of 1995, promulgated in No. 69 of 1995; amended in No. 87 of 1995, Nos. 2, 12 and 28 of 1996, No. 124 of 1997, No. 22 of 1998; modified by Judgment No. 11 of the Constitutional Court of Republic of Bulgaria of 1998, promulgated in No. 52 of 1998; amended in Nos. 56, 83, 108 and 133 of 1998, Nos. 51 and 67 of 1999) shall be amended as follows:

1. Article 114 shall be repealed.

2. Article 163 (1) shall be amended to read as follows:

"Article 163. (1) A female factory or office worker shall be entitled to 135 days of pregnancy and child-birth leave for each child, of which 45 days prior to the confinement."

3. (Effective 17.12.1999) In Article 333 (1) and (3), the words "Item 5 of Article 330 (2) herein" shall be replaced by "Item 6 of Article 330 (2) herein".

**§ 16.** The Protection in Unemployment and Employment Promotion Act (promulgated in the State Gazette No. 120 of 1997, amended in No. 155 of 1998, Nos. 26, 50, 65, 67, 68 and 84 of 1999) shall be amended as follows:

1. In sentence one of Article 20 (2), the words "ratio of 7 to 1" shall be replaced by "the following ratio:

(a) for 2000 and 2001: 80 to 20;

(b) for 2002: 75 to 25;

(c) for 2003: 70 to 30;

(d) for 2004: 65 to 35;

(e) for 2005: 60 to 40;

(f) for 2006: 55 to 45;

(g) for 2007 and thereafter: 50 to 50."

2. Article 109 shall be repealed.

**§ 17.** In the Supplementary Voluntary Retirement Insurance Act (promulgated in the State Gazette No. 65 of 1999), in Article 109, the word "fine" shall be replaced by "pecuniary penalty".

**§ 18.** The Health Insurance Act (promulgated in the State Gazette No. 70 of 1998; amended in Nos. 93 and 153 of 1998, Nos. 62, 65, 67 and 69 of 1999) shall be amended and supplemented as follows:

1. In Article 6:

(a) Paragraph 2 shall be amended to read as follows:

"(2) The National Health Insurance Fund shall consist of a head office, of regional health insurance funds and their municipal branches with offices in accordance with a list approved by the Council of Ministers."

(b) in Paragraph 3 the word "central" shall be deleted

2. In Article 23 (2), the word "temporary" shall be deleted and the phrase "off-budget accounts and funds" shall be replaced by "credits from other institutions".

3. In Article 29:

(a) in Paragraph 2, the words "Public Social Insurance Fund" shall be replaced by "the public social insurance budget";

(b) a new Paragraph 4 shall be added:

"(4) Should the draft of a National Health Insurance Budget Act be not passed by the National Assembly until the commencement of the budget year, the insurance revenues shall be collected and the insurance expenses shall be incurred in conformity with the budget for the last preceding year as endorsed, and up to one-twelfth of the expenses, provided for in the budget for the last preceding year, shall be spent on the maintenance of the National Health Insurance Fund."

4. Article 33 shall be amended to read as follows:

"Article 33. The following shall be covered by compulsory insurance provided by the National Health Insurance Fund:

1. all Bulgarian citizens who are not citizens of another State as well;

2. all Bulgarian citizens who are citizens of another State as well and reside permanently within the territory of the Republic of Bulgaria;

3. all foreign citizens or stateless persons who have been permitted long-term residence in the Republic of Bulgaria, save as otherwise provided by an international treaty whereto the Republic of Bulgaria is a party;

4. all persons who have been recognized refugee status or who have been afforded a right of asylum in Bulgaria."

5. Article 39 shall be amended to read as follows:

"Article 39. (1) Any person which or who is under obligation to remit health insurance contributions under this Act shall be obligated to provide the local divisions of the National Social Security Institute with particulars regarding the insured persons each month as from the inception of the grounds for entitlement to health insurance by means of submission of declarations completed in a standard form endorsed by the National Social Security Institute and the National Health Insurance Fund.

(2) Any persons, paying health insurance for members of the family thereof under this Act, shall provide particulars regarding any such members by means of submission of declarations completed in a standard form endorsed by the National Social Security Institute and the National Health Insurance Fund.

(3) In the cases where the persons prepay contributions under this Act, the said persons shall complete a declaration covering the period of prepayment in a standard form endorsed by the National Social Security Institute and the National Health Insurance Fund.

(4) Any foreigners staying for a short term in the Republic of Bulgaria, as well as any persons holding dual Bulgarian and foreign nationality, who are not covered by health insurance according to the procedure established by this Act, shall pay the value of the medical care delivered thereto unless an international treaty, whereto the Republic of Bulgaria is a party, applies to any such persons."

6. Article 40 shall be amended as follows:

(a) Paragraph 1 shall be amended to read as follows:

"(1) The health insurance contribution in respect of any insured person, due at a rate set according to the procedure established by Article 29 (3) herein, shall be charged on an income arrived at as follows and shall be remitted as follows:

1. in respect of any person deriving income from employment relationships, civil-service relationships or legal relationships which have arisen in pursuance of special statutes: the taxable income under the Income Taxes on Natural Persons Act:

(a) the contribution for persons working under employment relationships shall be remitted by the employer or by the central-government department and the insured person in the following ratio:

- for 2000 and 2001: 80 to 20;
- for 2002: 75 to 25;
- for 2003: 70 to 30;
- for 2004: 65 to 35;
- for 2005: 60 to 40;
- for 2006: 55 to 45;
- for 2007 and thereafter: 50 to 50.

(b) the contribution for persons working under civil-service relationships and relations which have arisen in pursuance of special statutes shall be remitted by the employer and shall be for the account of the executive budget;

(c) the employer or central-government department shall remit the contributions simultaneously with the payment of the remunerations; when paying remunerations, the employer or central-government department shall deduct the contributions due by the insured persons and the contributions for the family members insured thereby;

2. any sole trader, any natural person who has formed a single-member limited liability company, any partner in a commercial corporation, and any person registered as practitioner of a liberal profession or a skilled craft by registration, shall be charged health insurance contributions on a declared monthly income which may not be lower than the double amount of the national minimum wage, and annually on the taxable income in accordance with the information in their tax return:

(a) contributions shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

(b) the monthly contributory income, with respect to the calculation of the annual amount of the contribution, shall be determined by dividing the annual taxable income by the period during which the respective activity is performed;

(c) in case of annual taxation, contributions shall be remitted in the terms determined for paying taxes under the Income Taxes on Natural Persons Act;

3. contributions for persons who do not declare any income under Item 2 and who work without entering into an employment relationship under a contract with an enterprise or another organization as a client, shall be remitted every month on the taxable income from the enterprise or organization by deducting the, from the compensation of the person; contributions shall be remitted by the enterprise or organization on or before the 10th day of the month next succeeding the month wherefor the said contributions are due; the income of any such persons shall be equalized annually in accordance with Item 2 (b) and (c);

4. in respect of pensioners: the amount of the pension or the sum total of the pensions, net of the supplements thereto; contributions shall be for the account of the executive budget and shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

5. in respect of pensioners receiving pensions under international agreements, entirely for the account of a foreign social insurance institute: the double amount of the national minimum wage; contributions shall be for the account of the person and shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

6. in respect of persons receiving benefits for temporary disability through sickness, pregnancy, child-birth or child-care: the amount of the benefit; contributions shall be for the account of the employer or the central-government department and shall be equal to the part of the contribution due from them, payable upon payment of benefits; when the person is insured for his or her account, contributions shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

7. in respect of persons deriving income on different grounds, indicated in Items 1, 2, 3, 4, 5 and 6: contributions shall be charged on the sum of contributory incomes;

8. in respect of recipients of unemployment benefits: the amount of the benefit; contributions shall be for the account of the Vocational Training and Unemployment Fund and shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

9. in respect of persons and family members entitled to social assistance, as well as for parentless children who have not attained the age of 18 years, who are not subject to social insurance on other grounds: one national minimum wage; contributions shall be for the account of the municipal budgets and shall be remitted on or before the 10th day of each month next succeeding the month wherefor the said contributions are due;

10. in respect of conscripts, war veterans and war-disabled persons, any persons disabled in the course of, or in connection with, national defence, in natural disasters and accidents, and Ministry of Interior employees who have sustained an injury in the line of duty, who are not subject to other social insurance; in respect of any persons undergoing a procedure for recognition of refugee status or for affording a right of asylum, in respect of any persons remanded in custody or any persons deprived of their liberty, in respect of any persons without an income who has been placed in a child-care home, in a pre-school child-care home, or in a public-care institution; in respect of university students without income until attainment of the age of 26 years: one national minimum wage; contributions shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due, and shall be transferred through the respective central-government department for the account of the executive budget or the municipal budgets;

11. in respect of persons on unpaid leave who are not subject to social insurance on other grounds: one national minimum wage; contributions shall be for the account of the employer and shall be remitted upon payment of remunerations by the respective enterprise or another organization;

12. in respect of ministers of the Bulgarian Orthodox Church and any other religion recognized according to a statutorily established procedure, who are not under employment relationships: one national minimum wage; contributions shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due by the central governing body of the respective religion;

13. in respect of family members who are not insured: 5 per cent of the contribution for each insured family member; contributions shall be for the account of the insured person; when the insured person receives income under Items 1, 3 and 6, the contribution shall be deducted by the employer (enterprise), central-government department or organization upon payment of remunerations; in respect of any persons working under an employment relationship or a civil-service relationships or relationships derived from special statutes, contributions shall be deducted and remitted by the employer or central-government department upon payment of remunerations or benefits; if the person is insured for his or her account, as well as for persons insured under Item 3, contributions shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due;

14. any persons who are not subject to social insurance under Items 1 to

13 shall be insured on a contributory income declared by them, which may not be less than the double amount of the national minimum wage; contributions shall be for their account and shall be remitted on or before the 10th day of the month next succeeding the month wherefor the said contributions are due; if such persons are subject to annual taxation, there shall be annual balancing of contributions in accordance with Item 2."

(a) Paragraph 3 shall be amended to read as follows:

"(3) In respect of each person covered under Item 7 of Paragraph 1, contributions shall be charged on the sum total of the contributory income in the manner determined for the respective type of income but on not more than ten times the national minimum wage."

7. Article 41 shall be amended to read as follows:

"Article 41. (1) The contributions under this Act shall be credited to the accounts whereon health insurance contributions are raised at the local divisions of the National Social Security Institute, wherefrom the said contributions shall be transferred daily to the account of the Head Office of the National Social Security Institute whereon health insurance contributions are raised.

(2) The amounts of health insurance contributions, collected at the National Social Security Institute, shall be transferred to the resource-raising account of the National Health Insurance Fund at the end of each working day."

8. Article 42 shall be amended as follows:

(a) Paragraph 1 shall be amended to read as follows:

"(1) The contributory income, whereupon the health insurance contribution shall be computed, shall be ascertained according to pay-rolls and other documents on remunerations paid, according to pension records, cashed-in medical certificates, paid unemployment benefits and according to the tax returns under the Personal Income Tax Act."

(b) Paragraph 3 shall be amended to read as follows:

"(3) Persons shall submit a declaration to the payer of the income or to the relevant bodies for family members who are obliged to pay contributions. The annual return under the Personal Income Tax Act shall show the health contributions paid during the year and amounts due upon annual balancing, if any such amounts are established."

(c) a new Paragraph 4 shall be added to read as follows:

"(4) The employers, the tax services, the municipal authorities, the central-government departments, the contracting enterprises and organizations and the self-insured shall be obligated to submit the requisite information under Article 42 (1) and (3) herein to the National Social Security Institute and to the National Health Insurance Fund."

9. Article 43 shall be amended to read as follows:

"Article 43. Any persons insured under Items 2, 5 and 14 of Article 40 (1) herein may prepay the health insurance contributions for themselves and for their family members for a time period of their choice."

10. Article 44 shall be amended to read as follows:

"Article 44. The health insurance contributions shall be paid by any of the following modes:

1. by bank transfer;
2. by postal money order."

11. In Item 8 of Article 45 (1), the word "and" shall be added after the word "dentist".

12. In Article 55 (6), the words "Article 32 herein" shall be replaced by the words "Article 31 (3) herein".

13. Article 63 shall be amended to read as follows:

(a) in Item 1 the words "the quantity and types of medical care received by the respective person and their price" shall be deleted;

(b) in Item 2 the words "information on activities performed by him and amounts paid" shall be deleted;

(c) Item 3 shall be amended to read as follows:

"3. register of manufacturers, importers and distributors of medicinal drugs and pharmacies which have concluded contracts with the National Health Insurance Fund;"

14. Article 64 shall be amended to read as follows:

"Article 64. Each health insured shall have the right to receive from the National Health Insurance Fund the available information regarding the medical care which the said insured has used during the last preceding five years and the price of the said care according to a procedure established by the Fund."

15. Article 69 shall be amended to read as follows:

"Article 69. On a monthly basis, the National Social Security Institute shall be obligated to provide the National Health Insurance Fund with information regarding the health insured persons and the amount of the health insurance contributions collected therefrom."

16. In Article 73 (1), Item 1 shall be deleted.

17. There shall be inserted a new Article 73a:

"Article 73a. Financial control over the revenues of the National Health Insurance Fund from health insurance contributions and

due interest shall be exercised by the controlling authorities of the National Social Security Institute according to the procedure established by the Social Insurance Code."

18. In Article 77 , after the words "and the National Social Security Institute" shall be added after the words "the control authorities of the National Health Insurance Fund".

19. Article 104 shall be amended as follows:

(a) in Paragraph 1, the words "BGN 50 to 100 for each unpaid contribution" shall be replaced by the words "BGN 500 to 1,000";

(b) in Paragraph 2, the words "monthly BGN 200 for each unpaid contribution" shall be replaced by the words "BGN 2,000".

20. Article 105 shall be amended as follows:

(a) in Paragraph 1, the words "financial inspectors of the National Social Security Institute" shall be replaced by the words "control authorities of the National Social Security Institute and the National Health Insurance Fund";

(b) Paragraph 2 shall be amended to read as follows:

"(2) The penalty decrees shall be issued by the Governor of the National Social Security Institute, by the Director of the National Health Insurance Fund or by the director of the respective regional health insurance fund and by the director of the respective local division of the National Social Security Institute."

21. Article 107 shall be amended to read as follows:

"Article 107. Imposition of any penalty under Articles 103 and 104 herein shall not excuse the offender from the obligation to pay the contributions due with period legal interest as applicable."

22. Article 109 shall be amended to read as follows:

"Article 109. (1) Any health insured persons, who are obligated to remit contributions for themselves and for their family members, who have not remitted more than three contributions due, shall pay the medical services they receive to service providers. When the insured person pays to the National Social Security Institute all contributions due, his or her entitlement shall be reinstated as from the date of payment of the contributions due; the sums paid for medical care as delivered shall be non-refundable.

(2) Non-remittance of contributions, which is not the fault of the insured persons, shall not deprive them of their social insurance entitlement. Amounts paid by such persons for medical services in such cases shall be refundable."

23. In Article 110 , the words "six months" shall be replaced by the words "one month".

24. § 1 of the Supplementary Provisions shall be amended as follows:

(a) Item 3 shall be amended to read as follows:

"3. "Family members" shall be a spouse and any child who has not attained the age of 18 years or, if pursuing the studies thereof, who has not attained the age of 26 years or, if legally incapable or permanently disabled, irrespective of age.";

(b) a new Item 8 shall be added to read as follows:

"8. "Enterprise" shall refer to any legal person, sole trader and unincorporated association which or who carries on commercial activities."

25. § 19 of the Transitional and Final Provisions shall be amended as follows:

(a) the existing text shall be redesignated to become Paragraph 1;

(b) a new Paragraph 2 shall be added:

"(2) The Council of Ministers, acting on a motion by the National Social Security Institute and the National Health Insurance Institute, shall adopt an ordinance on the application of Article 39 and Section V of Chapter Two of this Act."



**§ 19.** In the Corporate Income Tax Act (promulgated in the State Gazette No. 115 of 1997; corrected in No. 19 of 1998; amended in Nos. 21 and 153 of 1998, Nos. 12, 50, 51, 64, 81 and 103 of 1999), in Article 23 (3) there shall be added the following new Items 16 and 17:

"16. the resources on a separate account established according to Article 139 (2) of the Compulsory Social Insurance Code - by licensed retirement insurance companies;

17. the income derived from investment of the resources under Item 16."

**§ 20.** The Ministry of Interior Act (promulgated in the State Gazette No. 122 of 1997; modified by Judgment No. 3 of the Constitutional Court of 1998, promulgated in No. 29 of 1998; amended in Nos. 70, 73 and 153 of 1998, No. 30 of 1999) shall be amended and supplemented as follows:

1. In Article 229:

(a) in Paragraph 1, Items 3 and 4 shall be repealed;

(b) Paragraph 3 shall be amended to read as follows:

"(3) Commissioned and non-commissioned officers shall receive their gross remuneration for the time of paid leave depending on the amount of the remuneration at the time of use of the leave."

2. Article 230 shall be amended to read as follows:

"Article 230. Commissioned and non-commissioned officers shall be entitled to a leave for working in health-hazardous conditions, for performance of social and civic duties; for temporary disability through pregnancy, child-birth and adoption, for child-care, for nursing and feeding of a small child, upon death or serious illness of a parent, for two or more living children, for an entrance examination at an educational establishment, as well as to an unpaid leave under the terms, according to the procedure and for the durations provided for in the Labour Code."

**§ 21.** The Foreign Investments Act (promulgated in the State Gazette No. 97 of 1997; amended in No. 99 of 1997, Nos. 29 and 153 of 1998) shall be amended as follows:

1. Article 30 shall be amended to read as follows:

"Article 30. Any factory and office worker who is a foreign citizen shall be provided with social insurance according to the procedure established by Bulgarian legislation."

2. Article 32 shall be amended to read as follows:

"Article 32. Bulgarian legislation shall apply in any matters of employment relationships with any employer covered under Article 29 herein which are not regulated by the employment contract."

**§ 22.** (1) (Amended, SG No. 109/2008, effective 1.01.2009) The Teachers Pension Fund established under the Social Security Fund Act as superseded shall continue to exist until its transformation into a universal pension fund.

(2) (Amended, SG No. 15/2013, effective 1.01.2014) The Supervisory Board of the National Social Security Institute, acting on a motion by the Governor, shall endorse the budget of the Teachers Pension Fund.

(3) The resources accrued in the Teachers Pension Fund shall be disbursed on payment of pensions and supplements according to § 5 (2) and (3) herein.

(4) (Amended, SG No. 114/2003) Any temporarily idle resources of the Teachers Pension Fund may be invested under the terms and according to the procedure established by Article 28 herein.

(5) The Governor of the National Social Security Institute shall be a first-level spending unit for the resources of the Teachers Pension Fund, and the directors of local divisions of the National Social Security Institute shall be second-level spending units.

(6) The provisions of Title One of this Code regarding management, control and disputes, as well as incurrence of administrative penalty liability, shall furthermore apply to the collection and disbursement of the resources of the Teachers Pension Fund.

(7) (New, SG No. 112/2004, supplemented, SG No. 109/2008, effective 1.01.2009) The social insurance contribution to the Teachers Pension Fund shall be at the rate of 4.3 per cent and shall be entirely at the expense of the social insurance contributor.

**§ 22a.** (New, SG No. 120/2002, amended, No. 114/2003, SG No. 115/2004, SG No. 105/2005) Any contributions due for public social insurance, for health insurance, for the Teachers Pension Fund and for supplementary compulsory retirement insurance by public-financed enterprises within the meaning given by Item 1 of § 1 of the Supplementary Provision of the Accountancy Act, shall be charged, remitted and reported according to the procedure established by the 2006 State Budget of the Republic of Bulgaria Act.

**§ 22b.** (New, SG No. 105/2006) The cash benefits for the persons who are on leave for temporary disability, occupational rehabilitation, for pregnancy and child-birth and for child-care at the 1st day of January 2007, in respect of whom payment of a benefit has commenced, as well as the unpaid cash benefits and allowances applying to any periods prior to the said date, shall be paid according to the hitherto effective procedure. The documents claiming social security payments shall mandatorily state the single identification code of the social insurance contributor or the self-insured person.

**§ 22c.** (New, SG No. 105/2006) Any charged but unpaid remunerations shall be ignored upon determination of the contributory income on the basis of which the cash benefits for temporary disability, pregnancy and child-birth, occupational rehabilitation and for unemployment are calculated for the period until the 31st day of December 2006.

**§ 22d.** (New, SG No. 105/2006, amended, SG No. 113/2007) Pensions granted in 2007 shall be re-estimated ex officio, where the 1,5 per cent for determining their amount was applied to insurance service acquired in 2007 pursuant to Article 70, paragraph 1, second sentence.

**§ 22e.** (New, SG No. 105/2006, amended, SG No. 100/2010, effective 1.01.2011) The persons referred to in § 3 and 4 herein, who have acquired entitlement to contributory-service and retirement-age pension, shall be entitled to a supplementary life-long pension from a universal pension fund upon attainment of the age under Article 68 (1).

**§ 22f.** (New, SG No. 105/2006) (1) The mothers (male adopters), in respect of whom the period of entitlement to the benefit referred to in Article 50 herein has not lapsed at the 1st day of January 2007 but 315 calendar days have not lapsed since the commencement of the said period, shall be entitled to a benefit for pregnancy and child-birth for the balance to the end of the said period.

(2) The mothers (male adopters), in respect of whom the period of entitlement to the benefit referred to in Article 50 herein has lapsed at the 1st day of January 2007 but 315 calendar days have not lapsed since the commencement of the said period, shall be entitled to a benefit for pregnancy and child-birth for the balance to the end of the said period.

**§ 22g.** (New, SG No. 109/2008, effective 1.01.2009) The amount of unemployment benefits shall be determined and the benefits shall be paid to those whose employment relationships have been terminated prior to 1 January 2009 according to the hitherto effective procedure.

**§ 22h.** (New, SG No. 109/2008, effective 1.01.2009) (1) For 2009, as of 1 April, the maximum amount of the pensions granted (one or more in number), less the additions thereto, shall be BGN 700.

(2) Pensions granted with a commencement date prior to 31 March 2009 shall be recalculated as provided for by Article 70 by applying 1.1 percent for each year of insured length of service, without changes being made to the income based on which the pension is calculated.

**§ 22i.** (New, SG No. 109/2008, effective 1.01.2009) (1) For 2009, pensions granted with a commencement date prior to 31 March 2009 shall be updated as of 1 July by applying the percentage under Article 100 minus 10 points.

(2) The percentage referred to in Paragraph 1 shall also apply to the minimum amount of pensions for insured length of service and retirement age.

(3) The updating referred to in Paragraphs (1) and (2) shall take place after a decision of the Supervisory Board of the National Social Security Institute.

**§ 22j.** (New, SG No. 109/2008, effective 1.01.2009) (1) Mothers (adoptive parents) for whom the term of the benefits under Article 50 has not expired by 1 January 2009 shall have the right to benefits for pregnancy and childbirth for the time remaining until the completion of 410 calendar days.

(2) Mothers (adoptive parents) for whom the term of the benefits under Article 50 has expired prior to 1 January 2009 but from the start of such term fewer than 410 calendar days have elapsed, shall have the right to benefits for pregnancy and childbirth for the time remaining until the end of this period.

**§ 22k.** (New, SG No. 109/2008, effective 1.01.2009) Those dismissed in the period from 1 January 2009 to 31 December 2009 inclusive and entitled to unemployment benefits shall receive the following amounts of such benefits:

a) 130 percent of the amount of benefits determined under Article 54b(1) and (2) - for the first half of the period for which the benefits are due;

b) 70 percent of the amount of benefits determined under Article 54b(1) and (2) - for the second half of the period for which the benefits are due.

**§ 22l.** (New, SG No. 41/2009, effective 1.07.2009) (1) Persons in respect of whom expert decisions for determining a permanently reduced working capacity have been appealed until 1 July 2009, may submit a disability pension request within 6 months after the aforementioned date. In such cases the pension shall be granted from the date of entitlement acquisition according to the appealed expert decision determining a permanently reduced working capacity, in the amount under Article 98(7). If the request has been submitted upon the expiration of the sixth-month period, the pension shall be granted from the request submission date.

(2) Persons in respect of whom expert decisions for determining a permanently reduced working capacity have been appealed until 1 July 2009 by medical panels at the regional offices of the National Social Security Institute shall be granted disability pensions in the amount under Article 98(7), from the date of entitlement acquisition according to the appealed expert decision determining a permanently reduced working capacity.

**§ 22m.** (New, SG No. 99/2009, effective 1.01.2010) As of 1 January 2010, pensions under Article 98(7) and § 22l shall be determined in accordance with Article 98(9) and (10).

**§ 22n.** (New, SG No. 49/2010, effective 1.07.2010, amended SG No. 98/2010, effective 1.01.2011, SG No. 100/2011, effective 1.01.2012) For the period prior to 31 December 2012:

1. the insurer shall pay to the insured person for the first, second and third working day of the temporary disability 70 per cent of the average daily gross remuneration for the month when the temporary disability has occurred, but not less than 70 per cent of the average daily contracted remuneration.

2. (repealed, SG No. 98/2010, effective 1.01.2011).

3. (repealed, SG No. 98/2010, effective 1.01.2011).

**§ 22o.** (New, SG No. 58/2010, effective 30.07.2010) (1) Until the 31st day of December 2010 the contributory service of the factory and office workers who work part-time according to the procedure established by § 3b, Paragraph (1) of the Transitional Provisions of the Labour Code, shall count entirely regardless of the duration of the working hours.

(2) Until the 31st day of December 2010 the period of unpaid leave according to the procedure established by § 3e, Paragraph (1) of the Transitional Provisions of the Labour Code, shall count as contributory service without making social insurance contributions.

**§ 22p.** (New, SG No. 94/2012, effective 1.07.2013) Article 159(5) shall also apply to social insurance contributions for supplementary compulsory retirement insurance, the payment deadline for which would have expired prior to 1 July 2013.

**§ 23.** This Code shall enter into force on the 1st day of January 2000, with the exception of:

1. Article 20 (3) herein, which shall enter into force on the 1st day of January 2001;
2. Article 64 (3) and (4) herein, which shall enter into force on the 1st day of January 2004;
3. Article 127 (1) herein, which shall enter into force on the 1st day of January 2002;
4. Item 3 of § 15 herein, which shall enter into force on the date of promulgation of the Code in the State Gazette.

Act to Amend and Supplement the Compulsory Social Insurance Code

(Promulgated, SG No. 64/2000, amended, SG No. 1/2001)

#### TRANSITIONAL AND FINAL PROVISIONS

§ 39. Any cases instituted until the 31st day of December 1999 on actions for establishment of employment injuries or occupational diseases shall be considered by the courts according to the procedure established by the Code of Civil Procedure.

.....

§ 42. (Amended, SG No. 1/2001) For 2001, the time limit referred to in Article 140 (3) of the Compulsory Social Insurance Code shall be the 31st day of January 2001.

.....

Act to Amend and Supplement the Compulsory Social Insurance Code

(Promulgated, SG No. 1/2002, effective 1.01.2002, amended, SG No. 119/2002, effective 1.01.2003)

#### TRANSITIONAL AND FINAL PROVISIONS

§ 83. Article 110 (11) of the Compulsory Social Insurance Code shall furthermore apply to any amounts collected under deficit deeds drawn up before the 1st day of January 2000.

§ 84. (1) Any claims and obligations for payment of unemployment benefits and allowances and for overremitted social insurance contributions to the Occupational Training and Unemployment Fund shall pass to the Unemployment Fund.

(2) The unemployment cash benefits and allowances, granted at the 31st day of December 2001, shall be paid at the amounts and within the durations provided for in Section III of Chapter Four as repealed of the Protection in Unemployment and Employment Promotion Act.

(3) (Amended, SG No. 74/2002) Unemployment insurance for any persons under Item 4 of Article 4 (1) of the Compulsory Social Insurance Code shall commence on the 1st day of January 2003.

§ 85. (1) Until the 31st day of December 2003 inclusive, cash unemployment benefits under Chapter Four "A" of the Compulsory Social Insurance Code shall be granted and paid by the National Employment Agency.

(2) Until the 31st day of December 2003 inclusive, cash unemployment benefits shall be granted, modified, refused, suspended,

terminated, resumed and re-granted by a decision of the director of the local division of the National Employment Agency.

(3) Until the 31st day of December 2003 inclusive, cash unemployment benefits received in the cases under Article 54f and Article 54g (2), shall be restituted on the basis of a decision of the director of the local division of the National Employment Agency.

(4) The decisions under Paragraphs (2) and (3) shall be subject to judicial appeal according to the procedure established by the Administrative Procedure Code.

(5) The local divisions of the National Employment Agency shall be obligated to provide the competent local divisions of the National Social Security Institute with the entire information regarding the persons receiving unemployment benefits and regarding the amount of such benefits on a monthly basis.

(6) The local divisions of the National Social Security Institute shall verify the data and shall transfer the amounts due for payment of unemployment benefits and for postal charges to the competent local divisions of the National Employment Agency.

(7) The local divisions of the National Employment Agency shall account to the competent local divisions of the National Social Security Institute for the payments effected not later than the end of each month.

(8) Until the 31st day of December 2003, any violations under Chapter Four "A" of the Compulsory Social Insurance Code, committed by any persons receiving unemployment benefits, shall be ascertained by written statements drawn up by officials designated by the Executive Director of the National Employment Agency, and the penalty decrees shall be issued by the director of the competent local division of the National Employment Agency or by an official authorized thereby according to the procedure established by the Administrative Violations and Sanctions Act.

§ 86. The Minister of Labour and Social Policy and the Governor of the National Social Security Institute shall determine the scope and procedure for transfer of the tangible assets and human resources from the National Employment Agency to the National Social Security Institute, together with the requisite maintenance.

§ 87. (Amended, SG No. 119/2002) (1) Until the 31st day of December 2004, social insurance contributions to the Pensions Fund shall be remitted on the cash benefit for the periods of temporary disability or pregnancy and child-birth, which count as length of employment service. In such cases, the social insurance contribution shall be at a rate equal to the portion due by the employer and shall be remitted only by the employer. The same rate of contribution shall apply to persons who insure themselves only for their own account. Supplementary compulsory retirement insurance contributions shall not be remitted on cash benefits for temporary disability or for pregnancy and child-birth.

(2) (Amended, SG No. 69/2004) For the time commencing on the 1st day of January 2000 and ending on the 31st day of December 2004, the periods of temporary disability and pregnancy and child-birth, during which cash benefits were received, on which social insurance contributions are due or have been remitted under Paragraph 1, as well as the period of leave for pregnancy and child-birth during which cash benefits were not paid, shall count as contributory service.

(3) Upon granting of pensions, if the period commencing on the 1st day of January 2000 and ending on the 31st day of December 2004 is included, and the persons have received cash benefits for temporary disability and for pregnancy and child-birth during that period, the amount of the benefit on which contributions have been remitted or are due shall be taken into consideration.

§ 88. Any amounts under orders issued in pursuance of § 10 and 11 shall be due for the period until the 31st day of December 2001.

§ 89. The Pensions of teachers, paid from the Teachers Pension Fund and granted until the 31st day of December 2001, shall be recalculated according to the procedure established by § 5 (2) of the Transitional and Final Provisions of this Act.

§ 90. Until the 31st day of December 2002, the National Social Security Institute shall perform the activity under Article 123 in respect of career servicemen, in respect of civil servants who are commissioned and non-commissioned officers and civilian employees under the Ministry of Interior Act, in respect of persons under § 19 of the Transitional and Final Provisions of the Act to Amend and Supplement the Implementation of Penal Sanctions Act (State Gazette No. 73 of 1998), and in respect of employees of the National Intelligence Service.

.....

§ 95. Until the 31st day of March 2002, granting and payment of pensions may be effected against presentation of passports issued according to the procedure established by the Decree No. 2772 on Passports and Address Registration of the Citizens of the Republic of Bulgaria (promulgated in the State Gazette No. 100 of 1980; amended in No. 11 of 1998) as superseded.

.....

Financial Supervision Commission Act

(Promulgated, SG No. 8/2003, effective 1.03.2003)

## TRANSITIONAL AND FINAL PROVISIONS

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§ 5. The statutory instruments of secondary legislation adopted on the application of the Public Offering of Securities Act , the Insurance Act , the Compulsory Social Insurance Code , the Supplementary Voluntary Retirement Insurance Act , the Health Insurance Act and the Protection in Unemployment and Employment Promotion Act shall continue in effect insofar as they do not come into conflict with this Act.

.....

§ 10. The Compulsory Social Insurance Code (promulgated in the State Gazette No. 110 of 1999; modified by Constitutional Court Judgment No. 5 of 2000, promulgated in No. 55 of 2000; amended in No. 64 of 2000, Nos. 1, 35, and 41 of 2001, Nos. 1, 10, 45, 74 and 112 of 2002) shall be amended and supplemented as follows:

.....

3. Throughout the Code, with the exception of the texts under Items 1 and 2, the designation "the State Social Insurance Supervision Agency" and the words "the Agency" and "the Chairperson of the State Social Insurance Supervision Agency" shall be replaced by "the Deputy Chairperson in charge of the Social Insurance Supervision Department of the Financial Supervision Commission".

.....

Act to Amend and Supplement the Compulsory Social Insurance Code

(Promulgated, SG No. 67/2003)

## TRANSITIONAL AND FINAL PROVISIONS

§ 108. (1) Licences issued by the State Social Insurance Supervision Agency to retirement insurance companies and to actuaries for supplementary retirement insurance prior to the entry of this Act into force shall continue in effect.

(2) The consents granted for recording at the court of supplementary compulsory retirement insurance funds shall continue in effect until the automatic issuance of a pension fund management authorization.

(3) Any proceedings before the Commission or the Deputy Chairperson of the Commission pending upon the entry of this Act into force shall continue under the terms and according to the provisions established by this Act.

§ 109. Within three months after the entry of this Act into force, the Deputy Chairperson of the Commission shall automatically issue authorizations under Article 145 and 217 to the companies under § 108 for the supplementary retirement insurance funds managed thereby, without payment of a fee.

§ 110. (1) The companies under § 108 shall be obligated, within nine months after the entry of this Act into force, to bring their activity into conformity with its provisions and to present the requisite documents to the Financial Supervision Commission.

(2) Any companies that fail to fulfil their obligation under Paragraph 1 shall forfeit the licence thereof and proceedings for their coercive dissolution shall be initiated according to the procedure established by Article 331.

(3) The Deputy Chairperson of the Commission shall revoke the licence issued automatically according to the procedure established by § 109 of any companies that fail to bring the activity of a supplementary retirement insurance fund managed

thereby into conformity with this Act.

§ 111. The companies under § 108 shall be obligated, within one year after the entry of this Act into force, to bring their capital into conformity with the requirements under Article 121c (2) and (4). Upon the lapse of this time limit, the equity capital (capital base) under Article 121c (4) may not be less than BGN 1,500,000.

§ 112. The amount of the reserve under Article 193 (8) shall be determined as a percentage of the assets of the supplementary retirement insurance funds managed by the company, and may not be less than:

1. for 2003: 0.2 per cent;
2. for 2004: 0.4 per cent;
3. for 2005: 0.6 per cent;
4. for 2006: 0.8 per cent;
5. for 2007 and thereafter: 1 per cent.

§ 113. (1) Reporting of the resources accrued on the individual accounts of the insured persons in terms of units shall apply as from the 1st day of July 2004.

(2) Until the 1st day of July 2004, the individual accounts of the insured persons shall be kept and the return shall be allocated in the manner and according to the procedure established prior to the entry of this Act into force.

§ 114. (1) As from the entry of this Act into force, the retirement insurance companies managing supplementary voluntary retirement insurance funds shall be obligated to discontinue the application of pension schemes which ensure coverage exceeding the amounts accrued on the individual account upon granting of invalidity and survivor pensions, by means of forming pooled accounts.

(2) Any pensions under pension schemes under Paragraph 1, granted until the entry of this Act into force, shall continue to be paid.

(3) In cases where, according to the rules of the retirement insurance company, invalidity or survivor pensions are paid from pooled accounts under Paragraph 1, the present value of the obligations to pensioners assumed until the entry of this Act into force shall be set aside in a separate account. The pooled account shall be reduced by the amount of resources set aside.

(4) The balance after deduction of amounts under Paragraph 3 shall be allocated to the individual accounts of persons insured under the respective scheme in direct proportion to the amount of contributions paid to the pooled accounts during the period of insurance, subject to the condition that their social insurance contracts with the respective retirement insurance company have not been terminated at the time of entry of this Act into force.

(5) The mortality table, disablement table, technical interest rate and other actuarial assumptions for the respective pension scheme, as approved by the State Social Insurance Supervision Agency prior to the entry of this Act into force, shall be used upon determination of the amount of present value of obligations to pensioners under Paragraph 3.

§ 115. Any supplementary compulsory retirement insurance contributions paid in 2002 for persons under Item 4 of Article 4 (1) shall remain as revenue to the public social insurance budget.

§ 116. Any persons who have acquired entitlement to a contributory-service and retirement-age pension under Article 69, with the exception of any persons under Article 127 (5), shall acquire entitlement to a supplementary lifelong pension from a universal pension fund upon attainment of the age required for entitlement to a contributory-service and retirement-age pension under Article 68 (1) to (3).

§ 117. Any persons, who have been granted invalidity pensions until the 31st day of December 1999 and who have not logged any contributory service after that date, may request recalculation of their pension according to the procedure established by Articles 75 to 77 and Article 79, if that is more favourable for the said persons. The pension shall be determined as from the date of application.

§ 118. Any obligations rescheduled until the 31st day of December 2003 according to the procedure established by Article 116 shall be collected with legal interest.

§ 119. (1) Not later than the 31st day of December 2004, the Financial Supervision Commission shall adopt the ordinances provided for in the Code.

(2) Until adoption of the statutory instruments of secondary legislation under Paragraph 1, the statutory instruments on application of the Compulsory Social Insurance Code and on application of the Supplementary Voluntary Retirement Insurance Act shall continue in effect insofar as they do not come into conflict with this Act.

.....

§ 126. (1) § 7, 8, 9 and 22 herein shall enter into force on the 1st day of January 2003.

(2) § 18, 20, 21, 27 and Item 2 of § 45 herein shall enter into force on the 1st day of January 2004.

(3) § 125 herein shall enter into force on the 1st day of July 2003.

Act to Supplement the 2004 Public Social Insurance Budget Act

(Promulgated, SG No. 21/2004, effective 1.01.2004)

§ 1. In the Transitional and Final Provisions, there shall be added a new § 8:

"§ 8. § 3 herein shall enter into force on the 1st day of January 2004, except for Item 12, in regard to Article 48a of the Social Insurance Code, and Item 13, in regard to Article 52a of the Social Insurance Code, which shall apply as from the 1st day of July 2004".

2005 Public Social Insurance Budget Act

(Promulgated, SG No. 112/2004, effective 1.01.2005)

TRANSITIONAL AND FINAL PROVISIONS

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§ 5. Pensions of teachers, paid from the Teachers Pension Fund and granted until the 31st day of December 2004, shall be recalculated as from the 1st day of January 2005 according to the procedure established by § 5 (2) and (3) of the Transitional and Final Provisions of the Social Insurance Code.

.....

Act to Amend and Supplement the Social Insurance Code

(Promulgated, SG No. 38/2005, amended and supplemented,

SG No. 104/2005, effective 27.12.2005, amended, SG No.68/2006)

TRANSITIONAL AND FINAL PROVISIONS

§ 7. (1) (Amended, SG No. 68/2006) All legal and natural persons, government institutions, municipalities or mayors, which or who have safe custody of payrolls of dissolved social insurance contributors which have no legal successor, shall be obligated to deliver the said payrolls to the competent local division of the National Social Security Institute within two years after the 1st day of July 2005, unless a law provides for another procedure for safe custody of the said payrolls.

(2) All mayors, who have safe custody of any documents regarding contributory service and contributory income of persons who have worked in the organizations under § 12 of the Ownership and Use of Agricultural Land Act, shall be obliged to deliver the said documents to the competent local division of the National Social Security Institute within the time limit under Paragraph 1.

(3) (New, SG No. 104/2005, effective 27.12.2005) Any social insurance contributors, who or which discontinue the activity thereof during the period from the 1st day of July and until the 31st day of December 2005 and have no legal successor, shall submit the documents referred to in Article 5 (10) of the Social Insurance Act to the competent local division of the National Social Security Institute not later than the 31st day of December 2006.



§ 8. (Amended, SG No. 104/2005, effective 27.12.2005) Until the 31st day of December 2006, the cash benefits for temporary disability, pregnancy, child-birth and child-care, as well as other benefits from public social insurance, shall be paid through the social insurance contributors within the time limit for payment of remunerations to the insured persons.

.....

§ 10. Item 3 of § 1 and § 9 herein shall enter into force on the 1st day of January 2006.

§ 11. Item 1 of § 6 herein shall enter into force on the 1st day of January 2005.

#### 2006 Public Social Insurance Budget Act

(Promulgated, SG No. 104/2005, effective 1.01.2006)

#### TRANSITIONAL AND FINAL PROVISIONS

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§ 2. A general reserve of the funds under Article 18 of the Social Insurance Code shall not be allocated for 2006, but the amounts under the audit deficit deeds shall be credited in revenue to the budget of the National Social Security Institute.

.....

§ 6. In 2006 the pensions granted until the 31st day of December of the previous year shall be indexed as from the 1st day of January by a decision of the Supervisory Board of the National Social Security Institute. The amounts of the pensions shall be indexed by a percentage in accordance with the the increase of the national contributory income and the increase of the consumer price index for the preceding calendar year.

§ 7. The common disease invalidity pensions granted until the 1st day of January 2006 shall be re-calculated according to the procedure established by Article 75 (1) and (2) of the Social Insurance Code.

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#### Tax and Social-Insurance Procedure Code

(Promulgated, SG No. 105/2005, effective 1.01.2006)

#### TRANSITIONAL AND FINAL PROVISIONS

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§ 4. Any deferred or rescheduled public claims under the Tax Procedure Code as hereby superseded, the Social Insurance Code and the Health Insurance Act, whereof the time limit for payment expires after the entry of this Code into force, shall remain in effect until final settlement in accordance with the authorisation granted.

§ 5. (1) The provisions of this Code shall furthermore be applied by the authorities of the National Revenue Agency or by the authorities of the State Receivables Collection Agency, as the case may be, to the procedural actions taken in respect of administrative and enforcement proceedings under Chapter Seven of the Social Insurance Code pending at the date of entry into force of the Tax and Social-Insurance Procedure Code.

(2) Any proceedings under Chapter Eight and under Articles 349 and 350 of the Social Insurance Code, which have been instituted prior to the date of entry of this Code into force, shall be completed by the authorities of the National Social Security Institute according to the hitherto effective procedure. Any proceedings for the issuance of a directive under Article 110 (3) of the Social Insurance Code and any proceedings for an appeal of any such directive shall be completed according to the hitherto effective procedure by the authorities of the National Social Security Institute, if a deficit deed has been drawn up prior to the entry into force of the Tax and Social-Insurance Procedure Code.

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#### Act to Amend and Supplement the Social Insurance Code

(Promulgated, SG No. 17/2006, amended, SG No. 41/2009, effective 2.06.2009)

TRANSITIONAL AND FINAL PROVISIONS

§ 18. The retirement insurance companies shall be obligated to bring the activity thereof into conformity with this Act and to submit the requisite documents to the Financial Supervision Commission within twelve months after the entry of this Act into force but not later than the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union.

§ 19. Until the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, a retirement insurance company may invest no more than 15 per cent of the assets of a supplementary compulsory retirement insurance fund or, respectively, no more than 20 per cent of the assets of a supplementary voluntary retirement insurance fund, in securities referred to in Items 10, 11, 12 and 13 of Article 176 (1) of the Social Insurance Code.

§ 20. The requirement of assignment of a credit rating, referred to in Item 5 of Article 176 (1) of the Social Insurance Code, shall enter into force as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union and shall apply to bank deposit contracts concluded after the said date.

§ 21. (Amended, SG No. 41/2009, effective 2.06.2009) The provision of Item 15 of Article 176 (1) of the Social Insurance Code shall apply as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union.

§ 22. (Amended, SG No. 41/2009, effective 2.06.2009) The provision of Item 16 of Article 176 (1) of the Social Insurance Code regarding investment estates in a Member State of the European Union or in another Contracting State to the Agreement on the European Economic Area shall apply as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union.

Administrative Procedure Code

(Promulgated, SG No. 30/2006, effective 12.07.2006)

TRANSITIONAL AND FINAL PROVISIONS

§ 11. The Social Insurance Code (promulgated in the State Gazette No. 110 of 1999; modified by Constitutional Court Judgment No. 5 of 2000, promulgated in No. 55 of 2000; amended in No. 64 of 2000, Nos. 1, 35, and 41 of 2001, Nos. 1, 10, 45, 74, 112, 119 and 120 of 2002, Nos. 8, 42, 67, 95, 112 and 114 of 2003, Nos. 12, 38, 52, 53, 69, 70, 112 and 115 of 2004, Nos. 38, 39, 76, 102, 103, 104 and 105 of 2005 and No. 17 of 2006) shall be amended as follows:

4. Throughout the Code, the words "the Administrative Procedure Act" and "Article 7 (2) and Article 11 (1) of the Administrative Procedure Act" shall be replaced by "the Code of Administrative Procedure".

§ 142. This Code shall enter into force three months after the promulgation thereof in the State Gazette with the exception of:

1. Title Three, Item 1 of § 2 and Item 2 of § 2 herein (in respect of the repeal of Chapter Three, Section II "Appeal Before the Court" of the Administrative Procedure Act), Items 1 and 2 of § 9, Items 1 and 2 of § 11,

§ 15, Items 1 and 2 of § 44, Item 1 of § 51, Item 1 of § 53, Item 1 of § 61, Item 3 of § 66, Items 1 to 3 of § 76, § 78, § 79, Item 1 of § 83, Items 1 and 2 of § 84, Items 1 to 4 of § 89, Item 1 of § 101, Item 1 of § 102, § 107, Items 1 and 2 of § 117, § 125, Items 1 and 2 of § 128, Item 2 of § 132 and Item 1 of § 136, as well as § 34, Item 2 of § 35, Item 2 of § 43, Item 1 of § 62, Items 2 and 4 of § 66, Item 2 of § 97, and Item 1 of § 125 herein (in respect of the replacement of the word "district" by "administrative" and the replacement of the words "the Sofia City Court" by "the Sofia City Administrative Court"), which shall enter into force as from the 1st day of March 2007;

Act to Amend and Supplement the Social Insurance Code

(Promulgated, SG No. 56/2006, effective as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union)

#### TRANSITIONAL AND FINAL PROVISIONS

§ 65. The retirement insurance companies shall bring the technical provisions thereof into conformity with the requirements of Articles 121c, 213a, 213b and Article 234 (13) herein in respect of the activities thereof on cross-border occupational schemes from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union.

.....

§ 67. This Act shall enter into force as from the date of entry into force of the Treaty concerning the Accession of the Republic of Bulgaria to the European Union, with the exception of § 6, 10 and 11, which shall enter into force three days after the promulgation of this Act in the State Gazette.

Act to Amend and Supplement the Social Insurance Code

(Promulgated, SG No. 57/2006, effective 1.07.2006)

#### TRANSITIONAL AND FINAL PROVISIONS

§ 5. The minimum amount of the contributory-service and retirement-age pension under Article 69 (1) to (3) of the Social Insurance Code for the period commencing on the 1st day of July and ending on the 31st day of December 2006 shall be determined by the Council of Minister on a motion by the Minister of Labour and Social Policy and the National Social Security Institute

§ 6. Work-contingent pensions shall be indexed once as from the 1st day of July 2006 according to a procedure and in a manner established by the Council of Ministers, in accordance with the implementation of the 2006 Public Social Insurance Budget Act and the 2006 State Budget of the Republic of Bulgaria Act.

§ 7. This Act shall enter into force on the 1st day of July 2006.

Act to Amend and Supplement the Social Insurance Code

(Promulgated, SG No. 68/2006)

#### TRANSITIONAL AND FINAL PROVISIONS

§ 8. The period until the 30th day of April 2006, during which the persons were civil servants who were commissioned and non-commissioned officers and civilian employees of the Ministry of Interior and under the Implementation of Penal Sanctions Act , shall count as contributory service under Article 69 (2) of the Social Insurance Code.

.....

§ 10. (Corrected, SG No. 76/2006) The contributory service of the persons who, until the entry of this Act into force, have worked as mine rescuers up to mine rescue service (post) chief inclusive, shall be converted under the terms established by Article 104 (3) of the Social Insurance Code.

§ 11. Item 2 of § 1 and § 6 herein shall enter into force on the 1st day of May 2006, and Item 1 of § 1, § 3 and 9 shall enter into force on the 1st day of January 2007.

(\*) Act to Amend the Commercial Register Act

(SG No. 80/2006, effective 3.10.2006)

§ 1. In § 56 of the Transitional and Final Provisions the words "1 October 2006" shall be replased by "1 July 2007"

.....

## TRANSITIONAL AND FINAL PROVISIONS

of the Income Taxes on Natural Persons Act

(SG, No. 95/2006, effective 1.01.2007)

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§ 11. Everywhere in the Social Insurance Code the words "the Personal Income Tax Act" shall be replaced by "the Income Taxes on Natural Persons Act".

Act to Amend and Supplement the Social Insurance Code

(Promulgated, State Gazette No. 41/2007)

## FINAL PROVISION

§ 13. § 4 herein shall enter into force on the 1st day of January 2008.

(\*\*) Act to Amend the Commercial Register Act

(SG No. 53/2007, effective 30.06.2007)

§ 1. In § 56 of the Transitional and Final Provisions, the words "1 July 2007" shall be replaced by "1 January 2008".

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## TRANSITIONAL AND FINAL PROVISIONS

to the 2009 Public Social Insurance Budget Act

§ 8. The Act shall enter into force on 1 January 2009, with the exception of § 4, Items 30 and 39, which shall enter into force on 1 April 2009, and § 4, Item 40, which shall enter into force on 1 July 2009.

## TRANSITIONAL AND FINAL PROVISIONS

to the Republic of Bulgaria Defence and Armed Forces Act

(SG No. 35/2009, effective 12.05.2009)

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§ 44. Within three months of the entry into force of this Act the Council of Ministers on a proposal of the Minister of Defence in coordination with the Minister of Labour and Social Policy shall submit to the National Assembly a bill on amending and supplementing the Social Insurance Code pursuant to which a military pension fund shall be established for paying supplements to servicemen's pensions.

§ 45. (1) Within six months of the entry into force of this Act the Council of Ministers shall adopt the regulation and the other secondary normative acts on its implementation and shall determine criteria for the levels of risk of participation in operations and missions outside the country pursuant to Article 104, paragraphs 7 and 8 of the Social Security Code.

(2) Within one year of the entry into force of this Act the Council of Ministers shall adopt a State Wartime Plan.

(3) Until the adoption of secondary normative acts on the Act's implementation secondary normative acts issued pursuant to the repealed Republic of Bulgaria Defence and Armed Forces Act shall apply, inasmuch as they do not contradict this Act.

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## FINAL PROVISION

to the Act for Amend and Supplement the Social Insurance Code

(SG No. 41/2009, effective 2.06.2009)

§ 8. The Act shall enter into force in the day of it's promulgation in the State Gazette

## TRANSITIONAL AND FINAL PROVISIONS

to the Act for Amend and Supplement the Health Act

(Promulgated, SG No. 41/2009, effective 2.06.2009)

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§ 96. The Act shall enter into force in the day of it's promulgation in the State Gazette, with exception of:

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2. Paragraphs 26, 36, 38, 39, 40, 41, 42, 43, 44, 65, 66, 69, 70, 73, 77, 78, 79, 80, 81, 82, 83, 88, 89 and 90, which shall enter into force on 1 July 2009.

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## TRANSITIONAL AND FINAL PROVISIONS

to the 2010 Public Social Insurance Budget Act

(SG No. 99/2009, effective 1.01.2010)

§ 1. Upon proposal of the director of the National Social Security Institute (NSSI), the Supervisory Board shall approve the necessary adjustments in respect of individual items of expenses without exceeding the total amount of expenses, as approved by virtue of this act. This shall not apply to amounts for the account of the executive budget and expenses incurred by the NSSI on the grounds of other statutory instruments and projects outside the scope of the Social Insurance Code which are funded by transfers not covered herein and which do not result in lessening the balance of public social insurance. The aforementioned expenses are accounted for and reported within the budget of the NSSI, which may be exceeded by their respective amounts

§ 2. No general reserve of the funds referred to in Article 18 of the Social Insurance Code shall be accrued for 2010. Principal amounts under audit statements of deficit for periods prior to 1 January 2006 shall be credited to the Pensions Fund, and principal amounts under audit statements of deficit drawn up by the NSSI after 31 December 2005 shall be credited to the budget of the NSSI. Interest amounts under audit statements of deficit shall be credited to the budget of the NSSI.

§ 3. For 2010, the necessary funds as childcare cash benefits laid down by Article 53 of the Social Insurance Code shall be remitted as a transfer from the Common Disease and Maternity Fund into the budget of the Ministry of Labour and Social Policy by the 10th day of the month following the relevant quarter. The transfer shall be made for each person actually employed under the Maternity Support Programme.

§ 4. (Effective 15.12.2009, SG No. 99/2009) Contingent deficit of expenses for insurance contributions, including for 2009, shall be covered by a transfer from the executive budget.

§ 5. (1) The contributions due for the Factory and Office Workers' Guaranteed Claims Fund and the Teachers' Pension Fund shall be paid through the bank accounts of the National Revenue Agency intended for collection of insurance contributions for public social insurance.

(2) The funds under Paragraph 1 for the Factory and Office Workers' Guaranteed Claims Fund and the Teachers' Pension Fund shall be transferred regularly to each fund's relevant bank account with the Bulgarian National Bank.

(3) The bank accounts of the National Revenue Agency intended for collection of revenues from contributions for the Factory and Office Workers' Guaranteed Claims Fund and the Teachers' Pension Fund shall be closed.

(4) The Minister of Finance and the Governor of the Bulgarian National Bank shall set out the procedure and method of implementation of Paragraphs 1 through 3.

.....

§ 8. (1) Pensions for the year 2010 shall not be updated as per the procedure laid down in Article 100 of the Social Insurance

Code.

(2) Indexation of pensions for 2010 may be carried out as per the procedure and method set by the Council of Ministers in accordance with the implementation of the 2010 consolidated fiscal programme.

§ 9. Registered agricultural producers and tobacco producers who perform only farming activities and are insured only against disability due to common disease, against old age as well as death may pay insurance contributions due for 2009 by 31 March 2010, with no interest due thereof.

§ 10. Preventive care and rehabilitation activities for 2010 shall be performed only in companies which have the National Social Security Institute as the sole owner of their capital.

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§ 12. This Act shall enter into force as from 1 January 2010, with the exception of § 4 which shall be enforced on the Act's promulgation date in the State Gazette.

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Act to Amend and Supplement the Social Insurance Code

(SG No. 19/2010)

SUPPLEMENTARY PROVISION

§ 12. This Act introduces the requirements of Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services.

TRANSITIONAL AND FINAL PROVISIONS

§ 13. This Act shall also apply with respect to applications for transfer of pension rights submitted prior to the Act's entry into force.

§ 14. The Council of Ministers shall adopt the ordinance under Article 343f within 6 months following the promulgation of this Act in the State Gazette.

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§ 17. (Amended, SG No. 100/2010, effective 1.01.2011) Paragraph 2 shall become effective within 6 months following the entering into force of this Act and shall also apply to posted persons, for whom the Bulgarian legislation is applied, deemed applicable pursuant to Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community, and § 16, item 2 shall become effective as of 28 February 2010.

TRANSITIONAL AND FINAL PROVISIONS

to the Act for Amend and Supplement the Medical-Treatment Facilities Act

(Promulgated, SG No. 59/2010, effective 31.07.2010)

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§ 66. In the Social Insurance Code (promulgated, SG, No. 110/1999; Decision No. 5 of the Constitutional Court of the Republic of Bulgaria of 29.06.2000 - SG No. 55/2000; amended, No. 64/2000; No. 1, 35 and 41/2001, No. 1, 10, 45, 74, 112, 119 and 120/2002, No. 8, 42, 67, 95, 112 and 114/2003, No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, No. 38, 39, 76, 102, 103, 104 and 105/2005, No. 17, 30, 34, 56, 57, 59 and 68/2006; corrected, No. 76/2006; amended, No. 80, 82, 95, 102 and 105/2006, No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, No. 33, 43, 67, 69, 89, 102 and 109/2008, No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009 and No. 16, 19, 43 and 49/2010) the following amendments and supplementments shall be made:

.....

§ 77. The Act shall become effective from the day of its promulgation thereof in the State Gazette with the exception of:

1. Paragraph 9 (regarding Article 19, paragraph 4), 53, 60 and 66 (regarding Article 98, paragraph 5 and 6), which shall enter into force from 1.01.2011;
2. Paragraph 75, which shall enter into force from 30.09.2011;

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## TRANSITIONAL AND FINAL PROVISIONS

to the Act Amending and Supplementing the Ministry of Interior Act

(SG No. 88/2010, effective 9.11.2010)

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§ 108. In the Social Insurance Code (promulgated, SG, No. 110/1999; Decision No. 5 of the Constitutional Court of the Republic of Bulgaria of 29.06.2000 - SG No. 55/2000; amended, No. 64/2000; No. 1, 35 and 41/2001, No. 1, 10, 45, 74, 112, 119 and 120/2002, No. 8, 42, 67, 95, 112 and 114/2003, No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, No. 38, 39, 76, 102, 103, 104 and 105/2005, No. 17, 30, 34, 56, 57, 59 and 68/2006; corrected, No. 76/2006; amended, No. 80, 82, 95, 102 and 105/2006, No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, No. 33, 43, 67, 69, 89, 102 and 109/2008, No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009 and No. 16, 19, 43 and 49/2010, 58/2010, 59/2010) in Article 69, Paragraph 5, the words "Fire Safety and Directorate General" shall be replaced with "Fire Safety and Protection of the Population Directorate General" and the words "Article 52e, Paragraph 2, Item 1, letters "c", "d" "e" and "f", shall be replaced with "Article 52d, Paragraph 2, Items 8 and 9"

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§ 117. The Act shall become effective from the day of its promulgation in the State Gazette, except § 1 - 23, § 25, § 27 - 30, § 32 - 34, § 40, § 41,

§ 43 - 55, § 63 - 89 and § 91 - 114, which shall become effective from 1.01.2011.

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## Act Amending and Supplementing the Social Insurance Code

(SG No. 100/2010, effective 1.01.2011, amended, SG No. 60/2011, SG No. 100/2011, effective 1.01.2012, SG No. 99/2012, effective 1.01.2013)

§ 50. Throughout the Code, "Article 68, Paragraphs 1 to 3" shall be replaced by "Article 68(1)", and Article 68, Paragraphs 1 and 2.

## Transitional and Final Provisions

§ 58. The contributory service acquired under the conditions set out in the first and second sentence of Article 70(1) prior to 31 December 2010 shall be taken into account when determining the amount of the pension after 31 December 2010 as well.

§ 59. (1) Any employment relationships existing at the time of entry into force of this Act entered into with the heads of local divisions of the national Social Security Institute prior to 31 December 2009 for an unlimited term shall be retained until a competition is held in respect of the relevant position.

(2) The competitions under Paragraph 1 shall be announced within two months upon the entry into force of this Act.

§ 60. Cash benefits for temporary disability, pregnancy and child-birth, unemployment and occupational rehabilitation granted with a start date before 31 December 2010 shall continue to be paid in the amount previously determined until their expiration date.

§ 61. Cash benefits granted with a start date before 31 December 2010 under the repealed Article 54i shall continue to be paid until their expiration date.

§ 62. (1) The contributory service of the entitled persons under Article 104(7) and (8) shall be determined on the basis of certificates of contributory service (including for participation in missions and operations outside the territory of Bulgaria completed or commenced prior to 12 May 2009) issued as per the procedure laid down in the Regulations on the Criteria Concerning the Level of Risk in Operations and Missions Outside the Territory of Bulgaria (SG No. 80/2010) under § 45(1) of the Transitional and Final Provisions of the Defence and Armed Forces of the Republic of Bulgaria Act.

(2) Contributory-service and retirement-age pensions granted to persons under Article 69 who have participated in operations and missions outside the territory of Bulgaria shall be recalculated as from 12 May 2009, if the persons concerned submit a request and a certificate of contributory service to the relevant local division of the National Social Security Institute within one year after the entry into force of this Act.

§ 63. (Amended SG No. 60/2011, effective 5.08.2011, repealed, SG No. 99/2012, effective 1.01.2013).

§ 64. (Repealed, SG No. 100/2011, effective 1.01.2012).

§ 65. (Amended, SG, No. 60/2011, effective 5.08.2011) This Act shall enter into force on 1 January 2011, excluding the provisions of § 32, 33, 36 and 51 which shall enter into force on 1 January 2012.

1. § 32, § 33 and § 36, which shall take effect as of 1 January 2013;

2. § 51, which shall take effect as of 1 January 2012.

Act to Amend and Supplement the Social Insurance Code

(SG No. 60/2011, effective 5.08.2011)

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#### Transitional and Final Provisions

§ 21. (1) No interest shall be payable on established liabilities of insured or self-insured persons in relation to cash benefits received for periods prior to this Act's entry into force in breach of Article 53(4), where the child concerned was placed in a children's establishment, including a creche.

(2) Paragraph 1 shall apply provided that:

1. the persons concerned pay the full principal amount of their liability within 6 months after this Act's entry into force, if such liability has been established through an effective order by the date of this Act's entry into force, including cases where it has been rescheduled in accordance with the procedure provided for by Article 116;

2. the persons in respect whereof the order establishing the liabilities has taken effect after the date of this Act's entry into force pay their liability within 6 months after the order takes effect.

(3) Within one month after this Act's entry into force, the local divisions of the National Social Security Institute shall notify the persons referred to in Paragraph 1 whose liabilities have been rescheduled pursuant to Article 116, and such persons shall have the right to request changes in the terms and conditions of payment of the liabilities.

(4) In respect of liabilities paid until this Act's entry into force, the National Social Security Institute shall reimburse the relevant insured or self-insured persons for any interest paid.

(5) Requests for interest reimbursement under Paragraph 4 shall be submitted to the relevant local division of the National Social Security Institute within one year of this Act's entry into force. The relevant amount shall be reimbursed within two months after the request is submitted through a bank transfer to an account specified by the person concerned.

§ 22. (1) Persons who have submitted a pension request pursuant to § 4(1), (2) and (3) of the Transitional and Final Provisions shall also submit, between 18 June 2011 and this Act's entry into force, an application requesting that the funds of their individual account with the occupational pension fund be transferred to the Pensions Fund of the public social insurance system.

(2) The application referred to in Paragraph 1 shall be submitted to the relevant local division of the National Social Security Institute wherewith the pension request was submitted, within three months of this Act's entry into force.



§ 23. The relations between the National Social Security Institute and the retirement insurance companies related to transferring the funds of the persons referred to in § 4a(1) and § 4b(1) of the Transitional and Final Provisions shall be settled through a contract between the National Social Security Institute and the retirement insurance companies, such contract to be coordinated with the National Revenue Agency. Such contract shall be concluded within one month after this Act is promulgated in the State Gazette.

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§ 25. This Act shall take effect as of the date when it is promulgated in the State Gazette, except for:

1. § 2, which shall take effect as of the first day of the month following the month in which this Act takes effect;
2. § 19, Items 1 and 2 in relation to § 4b(1) - (7), which shall take effect as of 18 June 2011.

Act to Amend and Supplement the Civil Servants Act

(Promulgated, SG No. 38/2012, effective 1.07.2012)

## TRANSITIONAL AND FINAL PROVISIONS

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§ 84. (Effective 18.05.2012 - SG No. 38/2012) Within one month after the promulgation of this Act in the State Gazette:

1. the Council of Ministers shall bring the Classifier of Positions in the Administration into conformity with this Act;
2. the competent authorities shall bring the organic acts of the respective administration into conformity with this Act.

§ 85. (1) The legal relationships with the persons of the administrations under the Radio and Television Act, the Independent Financial Audit Act, the Electronic Communications Act, the Financial Supervision Commission Act, the Access to and Disclosure of the Documents and Announcing the Affiliation of Bulgarian Citizens with the State Security Service and the Intelligence Services of the Bulgarian Popular Army Act, the Criminal Assets Forfeiture Act, the Conflict of Interest Prevention and Ascertainment Act, the Social Insurance Code, the Health Insurance Act, the Agricultural Producers Support Act and the Roads Act shall be settled under the terms established by § 36 of the Transitional and Final Provisions of the Act to Amend and Supplement the Civil Servants Act (State Gazette No. 24 of 2006).

(2) The act on appointment of the civil servant shall:

1. award the lowest rank designated in the Classifier of Positions in the Administration for occupation of the position, unless the servant holds a higher rank;

2. fix an individual monthly basic salary.

(3) The additional resources required for social and health insurance contributions of the persons referred to in Paragraph (2) shall be provided within the limits of the expenditures on salaries, remunerations and compulsory social and health insurance contributions under the budgets of the spending units concerned.

(4) The Council of Ministers shall effect the requisite modifications under the off-budget account of State Fund Agriculture arising from this Act.

(5) The governing bodies of the National Social Security Institute and of the National Health Insurance Fund shall effect the requisite modifications under the respective budgets arising from this Act.

(6) Any unused leaves under the employment relationships shall be retained and shall not be compensated by cash compensations.

§ 86. (1) Within one month after the entry into force of this Act, the individual monthly basic salary of the servant shall be fixed in such a way that the said salary, net of the tax due and the compulsory social and health insurance contributions for the account of the insured person, if they were due, would not be lower than the gross monthly salary received theretofore, net of the compulsory social and health insurance contributions for the account of the insured person, if they were due, and the tax due.

(2) The gross salary referred to in Paragraph (1) shall include:

1. the monthly basic salary or the monthly basic remuneration;
2. supplementary remunerations which are paid constantly together with the monthly basic salary or monthly basic remuneration due and which are contingent solely on the time worked.

§ 87. This Act shall enter into force as from the 1st day of July 2012 with the exception of § 84 herein, which shall enter into force as from the day of promulgation of the Act in the State Gazette.

TRANSITIONAL AND FINAL PROVISIONS to the amendment of the Ministry of the Interior

(SG No. 44/2012, effective 1.07.2012)

§ 54. (1) Established hereunder Directorate General "National Police" is the successor of the assets, liabilities, rights and obligations of the General Directorate "Criminal Police" and the General Directorate "Security Police".

(2) Legal representation in pending resolution of the General Directorate "Criminal Police" and the General Directorate "Security Police" shall be conducted by the Director of the Directorate General "National Police".

§ 55. With the entry into force of this law existing business and employment, civil servants and persons employed by the Chief Directorate "Criminal Police" and the General Directorate "Security Police" are mapped out in business and employment of civil servants and persons employed by the Directorate General "National Police".

§ 56. Regulations issued before the entry into force of this Act shall apply to the issuing of new acts, as do not conflict.

§ 57. Experience acquired under the Civil Code and the labor of employees under § 64 of the Transitional and Final Provisions of the Law amending the Law on the Ministry of Interior (SG No. 93/2009) respecting to work for the same employer, the corresponding body.

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TRANSITIONAL AND FINAL PROVISIONS to the amendment of Law on Value Added Tax

(SG No. 94/2012, effective 1.01.2013)

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§ 47. In the Social Insurance Code (promulgated, SG No. 110/1999, Judgment No. 5 of the Constitutional Court of the Republic of Bulgaria dated 29.06.2000 - SG No. 55/7.07.2000, amended, SG No. 64/2000, No. 1, 35 and 41/2001, SG No. 1, 10, 45, 74, 112, 119 and 120/2002, SG No. 8, 42, 67, 95, 112 and 114/2003, SG No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, SG No. 38, 39, 76, 102, 103, 104 and 105/2005, SG No. 17, 30, 34, 56, 57, 59 and 68/2006, corrected, SG No. 76/2006, amended SG No. 80, 82, 95, 102, 105/2006, SG No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, SG No. 33, 43, 67, 69, 89, 102 and 109/2008, SG No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009, SG No. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100/2010, Judgment No.7/31.05.2011 of the Constitutional Court of the Republic of Bulgaria - SG No. 45/14.06.2011, amended SG No. 60, 77 and 100/2011 and SG No. 7, 21, 38, 40, 44, 58, 81 and 89/2012) shall be amended as follows:

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§ 65. This Act shall enter into force on 1 January 2013, except § 61, item 2, letter "a", Items 3, 4 and 6, 7 - on article 86, paragraph 7, and item 9 and § 64, which shall enter into force on the date of promulgation of this Act, "State Gazette", § 61, item 5, item 7 - on article 86, paragraphs 5 and 6, and item 8, which come into force on April 1, 2013, and § 47, item 9, letter "c" - on article 159, paragraph 5, and item 11, which shall enter into force on 1 July 2013.

TRANSITIONAL AND FINAL PROVISIONS to the 2013 Public Social Insurance Budget Act

(SG No. 99/2012, effective 1.01.2013)

§ 1. (1) Upon proposal of the Governor of the National Social Security Institute (NSSI), the Supervisory Board shall approve the necessary adjustments in respect of individual items of expenses without exceeding the total amount of expenses, as

approved by virtue of this Act. This shall not apply to amounts at the expense of the executive budget and expenses incurred by the NSSI on the grounds of other statutory instruments and projects outside the scope of the Social Insurance Code, which are funded by transfers not covered herein and which do not result in aggravating the balance of public social insurance. The aforementioned expenses shall be accounted for and reported within the budget of the NSSI, which may be exceeded by their respective amounts.

(2) Upon proposal of the Governor of the NSSI, the Supervisory Board of the NSSI may approve compensated adjustments between the items in the NSSI budget, except for adjustments resulting in increases in the personnel costs.

§ 2. (1) The contributions due for the Teachers' Pension Fund shall be paid through the bank accounts of the National Revenue Agency intended for collection of insurance contributions for public social insurance.

(2) The contributions to the Teachers' Pension Fund referred to in Paragraph 1 shall be transferred periodically into the corresponding accounts with the Bulgarian National Bank.

§ 3. (1) Pensions, except for pensions not related to employment, shall be updated as from 1 April 2013 as follows:

1. pensions granted with a starting date until 31 December 2009 - by 9.8 percent;
2. pensions granted with a starting date between 1 January and 31 December 2010 - by 8.8 percent;
3. pensions granted with a starting date between 1 January and 31 December 2011 - by 5.7 percent;
4. pensions granted with a starting date between 1 January and 31 December 2012 - by 2.2 percent;

(2) Pensions for the year 2013 shall not be updated as per the procedure laid down in Article 100 of the Social Insurance Code.

§ 4. No general reserve of the funds referred to in Article 18 of the Social Insurance Code shall be accrued for 2013.

§ 5. The prophylactics and rehabilitation activities in year 2013 shall be carried out at:

1. companies whose capital is held exclusively by the National Social Security Institute;
2. specialised hospitals for rehabilitation which have obtained a licence for medical treatment activities from the Minister of Health for rehabilitation activities, as well as medical treatment institutions for hospital care specified in Article 5, Paragraph 1 of the Medical Treatment Institutions Act which perform rehabilitation activities.

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Act to Amend and Supplement the Insurance Code

(SG No. 20/2013)

.....

Final Provisions

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§ 4. Within one month of entry into force of this Act the retirement insurance companies, which offer payment of lifelong pensions from a voluntary retirement insurance fund based on biometric tables, which are different for both genders, shall submit for approval the biometric tables, which are to be used for calculation of the amounts of pensions under the pension contracts, executed after 20-the December 2012.

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TRANSITIONAL AND FINAL PROVISIONS to the 2014 Public Social Insurance Budget Act

(SG No. 106/2013, effective 1.01.2014)

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§ 7. Pensions and benefits to teachers, paid from the Teachers' Pension Fund and granted with a starting date prior to 312 December 2013, shall be restated as from 1 January 2014 in accordance with the procedure of § 5, Paragraphs 2 and 3 of the transitional and final provisions of the Social Insurance Code.

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FINAL PROVISIONS to the amendment of the Tax Procedure Code

(SG No. 109/2013, effective 1.01.2014 )

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§ 19. In the Social Insurance Code (promulgated, SG No. 110/1999, Decision № 5 of the Constitutional Court of 2000 - SG No. 55/2000, amended, SG No. 64/2000, SG No. 1, 35 and 41/ 2001, SG No. 1, 10, 45, 74, 112, 119 and 120/2002, SG No. 8, 42, 67, 95, 112 and 114/2003, SG No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, SG No. 38, 39, 76, 102, 103, 104 and 105/2005, SG No. 17, 30, 34, 56, 57, 59 and 68/2006, amended, SG No. 76/2006, amended, SG No. 80, 82, 95, 102, 105/2006, SG No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, SG No. 33, 43, 67, 69, 89, 102 and 109/2008, SG No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009, SG No. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100/2010, Decision № 7 of the Constitutional Court of 2011 - SG No. 45/2011, amended, SG No. 60, 77 and 100/2011, SG No. 7, 21, 38, 40, 44, 58, 81, 89, 94 and 99/2012, SG No. 15, 20, 70, 98, 104 and 106/2013) is amended as follows:

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§ 24. This Act shall enter into force on January 1, 2014, except § 23, which shall enter into force after the judgment of the European Commission to extend the duration of existing authorized aid scheme.

TRANSITIONAL AND FINAL PROVISIONS to the amendment of the Law on the activities of collective investment schemes and other collective investment undertakings

(SG No. 109/2013, effective 20.12.2013 )

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§ 84. In the Social Insurance Code (Promulgated, SG No. 110/1999, Decision № 5 of the Constitutional Court of 2000 - SG No. 55/2000, amended, SG No. 64/2000, SG No. 1, 35 and 41/2001, SG No. 1, 10, 45, 74, 112, 119 and 120/2002, SG No. 8, 42, 67, 95, 112 and 114/2003, SG No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, SG No. 38, 39, 76, 102, 103, 104 and 105/2005, SG No. 17, 30, 34, 56, 57, 59 and 68/2006, amended, SG No. 76/2006, amended, SG No. 80, 82, 95, 102, 105, 2006, SG No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, SG No. 33, 43, 67, 69, 89, 102 and 109/2008, SG No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009, SG No. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100/2010, Decision № 7 of the Constitutional Court of 2011 - SG No. 45/2011, amended, SG No. 60, 77 and 100/2011, SG No. 7, 21, 38, 40, 44, 58, 81, 89, 94 and 99/2012, SG No. 15, 20, 70, 98, 104 and 106/2013) in Article 122g paragraph 2 is repealed.

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§ 95. This Act shall enter into force on the day of its publication in the "State Gazette" with the exception of § 88, 89 and 90, which shall enter into force on January 1, 2014.

TRANSITIONAL AND FINAL PROVISIONS to the Social Insurance Code

(SG No. 1/2014, effective 1.01.2014)

§ 9. Insured for sickness and maternity person who has adopted a child from 2 - to 5 years of age before January 1, 2014, be entitled to financial compensation under the terms of Art. 53a for the remainder up to 365 days from the date of delivery of the child for adoption.

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## FINAL PROVISIONS

the Act on the amendment of the Labour Code

(SG No. 27/2014)

§ 13. At the Social Security Code (promulgated, SG No. 110/1999; Decision No. 5 of the Constitutional Court of 2000 - SG No. 55/2000, amended, SG No. 64/2000, SG No. 1, 35 and 41/2001, SG No. 1, 10, 45, 74, 112, 119 and 120/2002, SG No. 8, 42, 67, 95, 112 and 114/2003, SG No. 12, 21, 38, 52, 53, 69, 70, 112 and 115/2004, SG No. 38, 39, 76, 102, 103, 104 and 105/2005, SG No. 17 30, 34, 56, 57, 59 and 68/2006, amended, SG No. 76/2006, amended, SG No. 80, 82, 95, 102, 105/2006, SG No. 41, 52, 53, 64, 77, 97, 100, 109 and 113/2007, SG No. 33, 43, 67, 69, 89, 102 and 109/2008, SG No. 23, 25, 35, 41, 42, 93, 95, 99 and 103/2009, SG No. 16, 19, 43, 49, 58, 59, 88, 97, 98 and 100/2010, Decision No. 7 of the Constitutional Court of 2011 - SG No. 45/2011, amended, SG No. 60, 77 and 100/2011, SG No. 7, 21, 38, 40, 44, 58, 81, 89, 94 and 99/2012, SG No. 15, 20, 70, 98, 104, 106, 109 and 111/2013 and SG No. 1 and 18/2014) in § 5 of the Transitional and final Provisions are amended as follows:

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§ 14. Paragraph 13 shall enter into force on January 1, 2014