

Tax & Legal Alert

Bulgaria • Issue 12, 29 October 2008

International assignment solutions

A new Act amending the Employment Encouragement Act was promulgated in State Gazette No 89 of 14 October 2008. One of the purposes of the amendments is to create legislative grounds for broadening the scope of the "Maternity Support" national program.



New childcare incentives

The amendments to the Employment Encouragement Act provide an opportunity for individuals having acquired early retirement rights as well as for already retired people to participate in the program along with unemployed individuals. These individuals will be able to conclude employment contracts under the Labour Code with the Social Aid Directorates and will receive monthly remuneration of BGN 220 in 2008. The employer social security and health insurance contributions due will be covered by the state budget. The funds will be provided until the child becomes 3 years old.

In practice, this means that retired grandparents will be able to raise their grandchildren and receive remuneration for that from the state.

The law also provides for amendments to the Social Security Code, according to which the maternity leave compensation payable to mothers raising their children up to the age of 2 (BGN 220 per month in 2008) and the compensation for unused additional paid leave for raising small children up to the age of 2 (50% of BGN 220 per month in 2008) will be terminated in case the child is raised by a person participating in the "Maternity Support" national program. The latter applies irrespective of whether the person raising the child is unemployed, or has acquired early retirement rights or has already retired.

Mothers can file applications for participation in the "Maternity Support" national program to the Social Aid Directorates as per their permanent or temporary address, if the latter is different from the permanent.

The amendments enter into force 3 days after their promulgation in the State Gazette, i.e. on 18 October 2008.

For the time being the "Maternity Support" national program is announced to be active until the end of 2011.

Contacts:

Irina Tsvetkova
Country Managing Partner
E-mail: irina.tsvetkova@bg.pwc.com
Tel: + 359 2 91 003

Maria Toromanova
Director
E-mail:
maria.toromanova@bg.pwc.com
Tel: + 359 2 91 003

PricewaterhouseCoopers
9-11 Maria Louisa Blvd., Sofia
Tel: + 359 2 91 003

www.pwc.com/bg

Legal Disclaimer: The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2008 PricewaterhouseCoopers Bulgaria EOOD. All rights reserved. "PricewaterhouseCoopers" refers to the Bulgarian firm of PricewaterhouseCoopers Bulgaria EOOD or, as the context requires, the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.