

The food vouchers in Bulgaria

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The quota system

- The companies using this system in their HR/compensation policies have known 2 crisis (in 2009 and in 2010) when the quota was reduced by the Ministry of Finance
- In August 2010: one global quota → free competition between the operators
- 2011: 172 Millions BGN of quota → Bulgaria is the only country in the world to keep this quota concept for food vouchers

The impacts on the State budget

- The negative impact:
 - “Missed income” for the State budget about 21 BGN each time 60 BGN of food vouchers is given

- The positive impacts:
 - 20% of VAT on the vouchers value goes to the State budget
 - Reduction of the informal economy – bleach effect of 17% to 30% of the vouchers value
 - Multiplicative effect: additional income spent in the national and formal economy → increased GDP →

job creations → additional income for the State
The Ministry of Finance does not consider ANY of the positive impacts when they build the budget

The voucher system risks again to be constrained by the Ministry of Finance

- At maturity, the average penetration rate of the voucher system is about 30%.
- Today the penetration rate in Bulgaria is around 10% → the system is growing today to reach its potential
- The quota given by the Ministry of Finance in 2011 will be reached
- Even if the food vouchers operators stop developing from January 2012, the system will require about 30% increase (+60 millions BGN) of quota. For continuous development, the system will require about 120 millions BGN additional to be on the safe side
- The most adequate solution is to remove the quota system