Development of the taxation of retirement products in Bulgaria

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Received: November 10, 2021 | Revised: November 28, 2021 | Accepted: December 28, 2021

JEL Classification: H24, G51, G52.

DOI: 10.38188/2534-9228.21.4.03

Abstract
Retirement products are long-term savings products. It is widespread government to encourage the saving via tax incentives. Bulgaria follows favourable taxation of saving in voluntary pension funds. The paper is searching answer whether the applied tax policy of personal retirement products in Bulgaria is efficient. The research is focused on three main areas: the nature of the tax incentives in the country; the development of the taxation of pensions across European Union and the areas for improvements of the tax policy taking into account the characteristics of the Bulgarian socio-economic environment. The efficiency of the tax advantages often is under doubt in the literature. These studies omit the fact that without tax reliefs the coverage and the efficiency of saving in personal pension plans will be low. One of the conclusions of the current research is that the tax incentives for personal retirement products have to be a part of the design of the plans and these reliefs need to be adapted to the changing economic environment. The paper reaches the conclusion that evolution of the taxation of pensions in the country is needed. The positive changes will increase the trust in the personal retirement products and will improve the adequacy and sustainability of the overall pension system in Bulgaria. This evolution can be done through set of measures that will encourage people to save and will be factor for improving the results from the saving in personal pension plans.

Keywords: personal retirement products, taxation of pensions, tax incentives for household savings.

Introduction
Retirement products are long-term savings products. It is widespread government to encourage the saving via tax incentives. Bulgaria follows favourable taxation of saving in voluntary pension funds. The favourable tax treatment is expressed in EEE (tax Exempt) scheme on the three main flows of the saving. The insurance in voluntary pension funds in the country functions since 1994. 27 years is a period that gives opportunity to analyse the tendencies and the results of the voluntary pension insurance in the country, particularly the effect of the tax incentives and potential improvements in the fiscal policy of private pensions. 645 569 are the number of the individual accounts in the Voluntary pension funds (VPF). It represents 11.52% of the people above 19 years in the country. The number of voluntary pension funds are nine that are managed by nine pension insurance companies (PIC). Tenth pension company is licensed in the middle of 2020 and tenth voluntary fund is supposed to start activity. The accumulated assets in VPF are EUR 629 mln. as of the end of 2020. It is 1.04% of the GDP which is a very low penetration ratio. The annual in-payments in the funds stand at EUR 58.8 mln. for 2020. The annual out-payments from the funds are EUR 52.4 mln. (when analysing the numbers we need to have in mind that 2020 is the first year of the COVID-19 pandemia). The annually newly insured for the last three years are approximately 28 thousand (22 thousand for 2020). The in-payments are three types in terms of the person/entity that is paying the contribution: from employer; from the insured person and from third party. The contributions

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from the insured person stand at 69.93% of the total, those at the expense of the employer represent 29.76% and third-party payments are 0.31% of the total. The monthly contributions are close to 62% and 38% are in-payments of another periodicity. The number of people who are insured in VPF under employer’s contracts are 413 360. The average monthly contribution is approximately EUR 45 which is around 6.4% from the average monthly salary. In addition to VPFs there is Voluntary pension fund with occupational schemes (VPFOS). Because the saving in VPFOS is based on collective bargaining and employer’s contract it is not included in the current study. The average charge of a contribution in VPF is 3%. The average annual investment return of VPF is 4.36% (for period of 19 years, 2002-2020). It exceeds the inflation with 0.82% annually. Tax incentives are encouraging the saving in VPF since the very beginning of the activity - 1994. The taxation of private pensions in Bulgaria has undergone some changes during these 27 years. Very important to note is that taxation of personal pensions has not changed significantly during the last 15 years. This fact raises some questions as whether it is the right policy, whether could be implemented better decisions, is there “best practice” that can be followed and others.

The study is searching answer whether the applied tax policy in Bulgaria is efficient. The research is focused on three main areas: the nature of the tax incentives in the country; the development of the taxation of pensions across European Union and directions for improvements of the tax policy taking into account the characteristics of the Bulgarian socio-economic environment. The paper reaches the conclusion that evolution of the taxation of pensions is needed. The favourable tax treatment has to be embedded in the overall social security and fiscal policy. The positive changes of the taxation can be reached through set of measures.

Material and methods

The aims of the research are reached through the following methodology: analysis of the literature on the nature, effect and changes in taxation of personal pensions; description of the development of the tax advantages for saving in Voluntary pension fund in Bulgaria; review of the tax treatment in the European Union (EU); discussion of the possible improvements in the taxation of saving in personal pension products.

Numerous authors examine the problem of adopting and sustaining fiscal incentives of saving in retirement products. Particularly the condition, the effect, the impact analysis and future development is focus of (Dieleman, 2020), (Butler, 2021), (Carbonnier et al., 2014) (Hinz, 2009), (Stevens, 2019), (Kuper et al., 2016), (Marcinkiewicz, 2017), (Rutecka-Góra et al., 2018) and others.

Retirement plans are long-term products. At the same time, people tend to be short-term orientated. As a consequence, governments have to stimulate by different policy measures people to save in personal retirement products. Favourable tax treatment is one of the fiscal stimuli for participation in such insurance. Creating a “pension friendly environment” is a recommendation of the High-Level group of experts on pensions (European Commission, 2019) including social, labour, tax law and appropriate prudential framework.

People tend to be short term orientated in their decisions. Their behavior is influenced by short term results and emotions. From the behavioral economics we know that people tend to save too little for pension because of procrastination, inertia and short-sightedness. That is why long-term decisions needs bigger effort for convincing the potential savers to buy certain retirement product. In addition, pensions are not “sexy” topic. That is why personal pension products need some stimulus. This could be advice, advertisement, social nudge, fiscal stimulus or others. Tax reliefs are elements of the fiscal stimuli. Others are in form of additional payment from the state to the contributed sum. In this chapter it is not the main aim to justify the saving in personal pension products through indicating the advantages of such saving but for the purposes of the supporting the tax advantages it is needed to say again that there are many positive effects from the saving in personal retirement products such as increased personal responsibility, improved financial
discipline, better justice in social policy, improved financial literacy, developed financial markets, added value in the economic development of the country and others.

The European Commission (EC) pursue consistent policy for the taxation of the occupational pensions. As it is stated the EC is determined to remove any remaining tax obstacles to a Single Market for occupational pensions. According to the EC most Member States tax occupational pensions according to the EET system (Exempt contributions, Exempt investment income and capital gains of the pension institution, Taxed benefits) or ETT principle (Exempt contributions, Taxed investment income and capital gains of the pension institution, Taxed benefits). This means that: the contributions by both employer and employee are tax deductible, the investment results of the pension fund are usually exempt (they are taxed only in Denmark, Italy and Sweden) and the benefits are taxed.

Different taxation is applied for saving in voluntary pension plans. Too costly for the budget would be if there is no limit of the tax advantages at any stage of the saving. We have to take into a mind that in fact there could be four sources of the voluntary contributions: the employer; the employee; the state and a third party. The personal pension insurance is retail based. It is retail based because the decision to start the saving is made by the physical person. Being retail products personal pension products are considered costly ones. Often these products are sold by intermediaries. Usually, the intermediaries are paid commissions. That is why positive effects, as tax advantages are treated as such, are an important milestone of the saving in personal retirement products.

The supported by the EC policy option is the system of deferred taxation. The stated arguments of the EC are three: the contributions to pension funds diminish a person’s ability to pay taxes; it encourages citizens to save for their old age and it will help Member States to deal with the demographic time-bomb, as they will be collecting more tax revenues at a time when more elderly people may call on the State for care.

As a consequence of the fact that there is no common legislation on taxation of personal pensions in the EU double taxation agreements have to clarify some arising problems. Concerning the out-payments from personal pension products, especially the pan-European personal pension product (PEPP), (Dieleman, 2020) points out that “…PEPP retirement benefits is generally covered by tax treaties in case the saver has contributed to PEPP while residing in several Member States or if the saver does not reside in the state of residence of the provider”. However, he continues that “…the pension related provisions of tax treaties frequently deviate from the OECD Model Tax Convention”. (Butler, 2021) also expresses opinion that “…it will fall to Member States to mitigate the burden of double-taxation through the conclusion of double-taxation agreements”.

On the level of the expressed opinions in the EC is that of the High-Level group of experts on pensions (European Commission, 2019). The note is related with the taxation policy option to differentiate the tax reliefs in terms of income groups. According to the High-Level group of experts on pensions “fiscal incentives together with direct subsidies aimed at making personal pension savings attractive also to middle and lower-income groups resulted in the highest increases of coverage rates in the Czech Republic and Germany (though with rather limited savings amounts)”. If high earners are in position to benefit more than others it could lead to increased inequality (distributional consequences - Whitehouse E.). Some research papers (Carbonnier et al., 2014) come to the conclusion that “… the deduction scheme is effective in boosting the demand for annuity of the richest savers whose marginal tax rate is the highest, especially for the oldest savers (aged 45 and above). In most cases, it fails to raise contributions of younger and less wealthy savers”. (Hinz, 2009) is searching answers to the three “most important questions” according to him, namely: “…does participation in voluntary pension system improve with the level of tax incentives; do they lead to an overall increase in savings on an individual or national level; and is the distribution of subsidies fair and desirable”.

It is interesting to see the expenditure for the tax reliefs. OECD is presenting figures (Pensions at a Glance 2017, p. 144). For the calculation is applied
the concept of “tax expenditures”, developed in the 1960s. The tax expenditure measures the value of the preferential tax treatment relative to a benchmark tax treatment. The value is in % from the country GDP. For the majority part of the analysed countries (more than two-thirds out of 21 OECD countries) the expenditure for tax breaks for private pensions are 0.2% of GDP or less. Only in four countries (Australia, Canada, Germany and the United Kingdom) the figure is worth 1% of GDP or more. The average is 0.4% of the GDP.

If the tax expenditure could be the perspective of the government from the view of the potential saver it is useful to measure the tax advantages. Such value is calculated by the (OECD, 2018). The value is the overall tax advantage provided to an average earner. The meaning behind the “overall tax advantage” is that it is the present value of taxes saved over a lifetime, as a percentage of the present value of contributions. The value differs vastly among the countries with 8% for Sweden and up to around 50% for Israel, Mexico, Lithuania and Netherlands. The value is between 24% and 29% for the countries with the largest private pensions markets – USA, UK, Canada, Australia, Denmark and Switzerland. Various factors influence the value of the metric. The characteristics of the tax reliefs is one of them. The second is the applied tax system and income tax rate. On even conditions, the higher the income tax rate is the higher is the overall tax advantage. This explains why Bulgaria with EEE system holds value below 20% thanks to the low-income tax rate – flat 10%.

There are different possible ways of taxation of contributions (in-payments, premiums) in personal pension plans. Three main categories of personal pension products can be formed in terms of tax treatment of contributions: taxed, partially exempt and partially exempt/taxed. For the visualization of the product categorisation we use the tree developed by a consultancy company mandated by the European Commission to perform a study on the feasibility of a European Personal Pensions Framework (E&Y, 2017).

![Figure 1. Categorisation of personal pension products in light of the tax regime for in-payment](image)

In the group “Taxed” are classified 7 products that do not have tax advantages for the contributions. These 7 products are from 6 member states (Denmark, Germany, Greece, Malta, Poland and Sweden). In such cases the contributions are made from the net income after taxes.

In the group “Partially exempt” are classified 39 products. In this group are the prevailing number of personal pension products. These products are from 24 member states. Products from four sub-groups are included in “Partially exempt” group. The sub-groups represent four types of tax reliefs related to contributions: tax reduction; reduced tax base; tax credit or other. The group with the highest number of products is from the type “tax base reduction”. This form of tax relief means reduction of the taxable base subject to personal income tax. For example, if the primary tax base is EUR 3 000 and the contribution with right of tax relief is EUR 300 then the final taxable base is EUR 2 700. This form requires taxable income.

Bulgaria is part of “reduced tax base” subgroup. The applied tax relief is of “income limitation” type. Personal contribution up to 10% from tax base benefits tax advantage. With this sum is reduced the initial tax base.

In countries with relatively high proportion of informal economy, the policy option using the base of taxable income, could be an element of the system of measures to stimulate official economy, “white” (formal) labour contracts and “white” labour income. 29 products from 19 Member States are included in the “Reduced tax base” subgroup. Four options for appliance of this tax technique are seen in the “Reduced tax base” subgroup. 12 products are classified in “Income limitation and maximum amount”. The products from this option are mainly from Member States from Western Europe – Ireland, Portugal, Spain, France. In this category are products also from Cyprus and Estonia. Another 12 products encompass the type “Maximum amount”. In this option are products from 11 Member States. So, the highest number of Member States apply the type “Maximum amount” as the preferred option within the “Reduced tax base” subgroup. 4 products are in the category “Income limitation” – from Bulgaria, Latvia and Lithuania. One product represents the option “No limitation”. This product is from Denmark – Alder product (local name Alderspension).

The reduction in the tax base can be limited. The limit can take the form of an amount of the contribution (EUR 300 per month as an example). Another form of the limit could be as a percentage of income (example of 10%). There could be combination – maximum amount of the contribution limited to a percentage of income (up to 10% from the income but no more than EUR 300 monthly). Also, there are variants from the base of the calculation – taxable income or tax base. Generally, tax base is formed after from the taxable income are deducted compulsory payments and some other deductions. So, when the tax relief is calculated from the taxable income it is higher in absolute terms compared to calculation from the tax base in equal terms.

“Tax reduction” is the second subgroup in “Partially exempt” group. This form of tax incentive represents a decrease of the amount of income tax due. 6 products from four states (Belgium, Germany, Hungary and UK) enter in the “Tax reduction” subgroup. There are two policy options in the subgroup. The first policy option is to apply combination between income limitation and maximum amount. Two products from the UK apply this policy option. The second policy option is to define maximum amount. Four products from 3 states (Belgium, Germany and Hungary) apply this policy option.

“Tax credit” is the third subgroup in “Partially exempt” group. This form of tax incentive represents a tax amount deductible from the personal income tax due. Two products from two states (Malta and Portugal) enter in the “Tax credit” subgroup. For example, for the private pension contributions...
in Malta an individual who contributes to a qualifying personal retirement scheme is eligible for an annual tax credit equivalent to 25% of contributions made, capped at EUR 750 per annum (as of 2021). So, in the specified case, with the annual tax credit being equivalent to 25% of contributions made, or limit of EUR 750, the annual contributions which may be made into a qualifying scheme and which will be eligible for an annual tax credit stands at EUR 3,000. It is positive feature of this tax advantage that it can be carried forward. The policy option enables individuals who are not subject to income tax during a given year to benefit from the tax advantage in subsequent fiscal years.

“Other” is the fourth sub-group in “Partially exempt” group. This form of tax incentive represents other types of advantages such as financial contributions paid either by the State or the employer. Two products from two states (Austria and Croatia) enter in the “Other” sub-group. For these products the saver is not able to tax benefit directly from contributions. For example, there is a government subsidy for the members of third pillar voluntary pension funds in Croatia (Draženović, 2021). The incentive is equal to 15% of the total contribution paid over a calendar year. The maximum subsidy equals HRK 750 (approximately EUR 100) per year per fund member which is calculated from the maximum contribution base of HRK 5,000.

In the third main category “Partially exempt/taxed” are classified three products from Netherlands. The reason that is formed the category is that the tax relief is conditional. The tax benefit can be obtained under condition for certain maximum income. As a consequence, the earners above the income ceiling cannot benefit from the tax incentive.

The taxation of the investment yield (investment return) of personal pension products can be divided in two main categories: taxed and exempt.

Figure 2. Categorisation of personal pension products with regard to the taxation applicable to the yield


Products that fall in the “Exempt” category are prevailing – 37 in number. Those products are from 23 states. In the “Taxed” category are classified 12 products. These 12 products are
from 6 states. In one country (Germany) there are personal products which have different taxation on the investment yield.

In the category “Exempt” there are two sub-groups. The first sub-group is “exemption with no conditions”. In that sub-group are classified 35 out of 37 products from the main category “Exempt”. These 35 products are in 23 states. Bulgarian VPF (in the figure Bulgaria_UVPF) is part of this sub-group. The tax relief in the country is applied no matter the time of receiving by the saver of the investment return – before or after retirement. In the second sub-group there are conditions to qualify for exemption. In the second sub-group are classified two products from one country (Poland). Poland has products that are classified in both of the sub-groups – “exemption with no conditions” and “exemption with conditions”.

The following figure presents information about the distribution of personal pension products with regard to the taxation of the outpayments.

![Diagram of categorisation of personal pension products with regard to the tax regime during the decumulation phase]

**Figure 3. Categorisation of personal pension products with regard to the tax regime during the decumulation phase**


The survey shows that the retirement payment is “Taxed” in 31 products. “Exempt” are the decumulation payments in 13 products. Another 5 products have payments that are “Taxed” or “Exempt” depending on certain conditions.

The decumulation payments are divided in two main categories based on the criterion whether there is or not mandatory option when the decumulation starts: “Mandatory option” category and “No mandatory option” category. The first category “Mandatory option” applies when there is only one payment option. In the second category “No mandatory option” are included products in which there are at least two possible payments. Nine products have mandatory unique option for outpayments. The outpayment is annuity. The payments from 6 of these products (from 5 states – France, Denmark, Finland, Germany and Sweden) are taxed. Three products from one state (Netherlands) are taxed or exempt depending on the amount of the income – there is a tax exemption if the saver’s income is above certain ceiling.

40 products are in the second main category “No mandatory option”. In the
category there are two sub-groups: with and without default option. The default option means that there is an outpayment which applies automatically when the saver does not choose another payment. Six products (from 5 states – Belgium, Croatia, Denmark, France and Malta) are with default option. The outpayment of these products are taxed. Another 34 products are in the sub-group “Without default option”. The “No default option” means that the saver has to choose the type of outpayment. In this sub-group, within the highest number of products, 19 from 12 states, are classified as “Taxed”. 13 products are “Exempt”. Bulgarian VPF is part of this group. That is why the taxation of VPF is designated as EEE.

Results and discussion

Based on the analysis reached is the conclusion that further development of the taxation of pensions is needed and can be done through set of measures. The set of measures has to take into account the tendencies in the taxation of pensions across the EU and the characteristics of the Bulgarian socio-economic environment.

The taxation of personal contributions in voluntary pension fund in Bulgaria since the start of the saving is presented in the following table.

Table 1. Taxation of personal contributions in voluntary pension fund in Bulgaria for the period 1994 – 2021

<table>
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</thead>
<tbody>
<tr>
<td>tax deduction</td>
<td>sum up to 20% of the minimum salary</td>
<td>sum up to 30% of the minimum salary</td>
<td>the full amount of the contribution</td>
<td>sum up to 10% of the tax base</td>
</tr>
</tbody>
</table>

Source: author’s analysis of the taxation of personal income

The information from the table shows that tax reliefs exist since the very beginning of the activity of VPFs. The first six years the tax advantage has a limit calculated from the minimum monthly salary for the country. Two years, 2000 – 2002, the tax advantage was generous – there was no limit of the sum that benefit the tax advantage. At the same time the personal income tax scheme was progressive, with highest tax rates up to 40%. The current tax regime was introduced 2002. It is very important to note that since 2008 the progressive taxation was substituted with flat tax of 10%. The flat tax decreases the tax that is reduced by a saver through contributions in VPF. The progressive taxation with higher tax rates than 10% leads to higher tax benefits for the savers.

The following figure represents information about the paid personal contributions in VPFs for the period 2006 – 2020.

Figure 4.
Source: Data by Financial Supervision Commission, www.fsc.bg

The information from the figure shows that there is steep decrease in the personal contributions after 2007. The main reason is the financial crisis from 2007-2008 but also very important factor is the introduction of flat tax on personal incomes since 2008. Ten years later in 2017 and 2018 there is increase in the paid personal contributions to the precrisis volumes. The main drivers for this tendency are the increase in the households’ income, the good results from
asset management for the previous years (5.25% and 7.46% for 2016 and 2017 respectively) and the more aggressive sales behaviour from the pension companies.

Regardless the increase in the personal contributions we can conclude that still the saving in VPF is not widespread. The following table displays the working people in income groups.

**Table 2. Income groups in Bulgaria by annual tax base in BGN (BGN 1.95583=EUR 1)**

<table>
<thead>
<tr>
<th>annual tax base</th>
<th>number persons</th>
<th>share persons income groups</th>
<th>due personal income tax</th>
<th>sum of the annual tax base</th>
</tr>
</thead>
<tbody>
<tr>
<td>≤ 6720</td>
<td>1,688,923</td>
<td>53.85%</td>
<td>579,836,000</td>
<td>5,798,360,000</td>
</tr>
<tr>
<td>6 720 - 12 000</td>
<td>695,261</td>
<td>22.17%</td>
<td>628,767,000</td>
<td>6,287,670,000</td>
</tr>
<tr>
<td>12 000 - 24 000</td>
<td>529,347</td>
<td>16.88%</td>
<td>860,431,000</td>
<td>8,604,310,000</td>
</tr>
<tr>
<td>24 000 - 36 000</td>
<td>111,304</td>
<td>3.55%</td>
<td>322,438,000</td>
<td>3,224,380,000</td>
</tr>
<tr>
<td>36 000 - 72 000</td>
<td>77,688</td>
<td>2.48%</td>
<td>381,236,000</td>
<td>3,812,360,000</td>
</tr>
<tr>
<td>72 000 - 108 000</td>
<td>16,237</td>
<td>0.52%</td>
<td>141,812,000</td>
<td>1,418,120,000</td>
</tr>
<tr>
<td>&gt; 108 000</td>
<td>17,763</td>
<td>0.57%</td>
<td>506,420,000</td>
<td>5,064,200,000</td>
</tr>
<tr>
<td>total</td>
<td>3,136,523</td>
<td>100.00%</td>
<td>3,420,940,000</td>
<td>34,209,400,000</td>
</tr>
</tbody>
</table>

*Source: Data by National Revenue Agency for 2018 and author’s calculations*

The information from the figure shows that more than 50% of the people are in the group of the lowest income (around the minimum salary at that time) – more than 53%. Only 24% from the taxpayers receive more than EUR 500 monthly. The total annual tax base is BGN 34.2 billion (EUR 17.5 billion). Theoretically the maximum amount of tax benefitted contributions stands at EUR 1.3 billion (excluding the lowest income group). The paid personal contributions are around EUR 50 mln. annually or 3.8% from the maximum tax benefits. Additionally, the paid contributions include sums for which is not applied tax advantage.

The information for the market shows another evidence for the low up-take of saving in VPFs. The people who switch VPF is very low – 0.20% compared to 5.62% and 5.08% for Universal pension funds (UPF) and Professional pension funds (PPF) respectively. The last two funds constitute the second pillar of the pension system in the country. Another problematic area is the very high inequality between men and women that are insured in VPF. Women are less than men covered with voluntary pension saving – women are 43% of the insured in VPF. In addition, women have 22% lower accumulated assets in VPF compared to men. We have to point out that the average accumulated assets are very low as a whole – it is close to EUR 1 000. This sum is even 50% lower than the average accumulated capital in UPF. This leads to the conclusion that saving in VPF not attract enough young people and the in-payments are not regular.

Based on the analysis we can draw a conclusion that the taxation policy of private pensions is not efficient. Nevertheless, the applied tax scheme is EEE which is favourable the advantages are not generous. Family incentives and higher advantages for low- and middle-income earners are possible directions for improvement of the taxation. Not only direct financial incentives can improve the efficiency of the taxation of pensions. Other measures are efforts to decrease the fees on contributions, to improve the disclosed information, to develop further the payment phase in VPF, to implement integrated analysis of the three pillars of the pension system, to construct pension rights tracking service, to calculate income...
replacement ratio by the three pillars. Carry forward tax incentives is another policy option taking account the uneven career path. In order to make the pension products more accessible it is logical to introduce insurance intermediaries like insurance brokers – to have the right to distribute products of more than one pension company. A measure towards improvement of the trust in the retirement plans is to increase the tax advantage for employer’s contribution in VPF from the current 60 BGN to 200 BGN or around 30% from the minimum salary. When introduced it was more than 50% from the minimum monthly salary and now is below 10% of it.

Conclusions

Bulgaria follows favourable taxation of saving in voluntary pension funds. The accumulated assets in VPF as percent of the GDP is very low - 1.04%. The personal contributions are around 3.8% from the maximum tax benefits. The low coverage indicates problems in the social and fiscal policies. High inequality exists between men and women. Women are 43% of the insured in VPF and have 22% lower accumulated assets in VPF compared to men. Saving in VPF does not attract enough young people and the in-payments are not regular. The flat tax rate on personal incomes decreases the tax advantage that is benefitted by a saver through contributions in VPF.

Tax incentives are encouraging the saving in VPF since the very beginning of the activity – 1994. The current tax scheme is not changed during the last 15 years. The paper reaches the conclusion that evolution of the taxation of pensions is needed. Family incentives and higher advantages for low- and middle-income earners are possible directions for improvement of the taxation. Other measures are efforts to decrease the fees on contributions, to improve the disclosed information, to develop further the payment phase in VPF, to implement integrated analysis of the three pillars of the pension system, to construct pension rights tracking service, to calculate income replacement ratio by the three pillars. Carry forward tax incentives is another policy option taking account the uneven career path. The favourable tax treatment has to be embedded in the overall social security and fiscal policy.

References


