



## **Program of Incentive Discounts for Traffic Development at Sofia Airport**

**for the period 01.01.2023 - 31.12.2027**

### **1. General provisions**

- 1.1. This Incentive Programme for the traffic development at Sofia Airport in the period 01.01.2023 - 31.12.2027, hereinafter referred to as “the Programme” shall stipulate the rules for the provision of incentive discounts on airport charges under art. 120, para. 1 of the Civil Aviation Act (CAA) collected by the airport operator “SOF Connect” AD for the period 01.01.2023-31.12.2027.
- 1.2. The Programme aims to stimulate the sustainable development of the aviation sector in Bulgaria and the region, the efficient use of the infrastructure of the Sofia Airport, the improvement of the connectivity of the destination, and the development of long-term strategic partnerships with the operating airline companies.
- 1.3. The incentive discounts under the programme are provided for the period 01.01.2023-31.12.2027.
- 1.4. The Programme shall apply to flight programmes commencing in the period 01.01.2023 - 31.12.2027.
- 1.5. The incentive discounts are intended for:
  - 1.5.1. New scheduled intercontinental passenger route to/from Sofia Airport;
  - 1.5.2. New scheduled passenger route in Europe;
  - 1.5.3. New seasonal passenger route;
  - 1.5.4. Transfer passenger traffic on scheduled services through Sofia Airport;
  - 1.5.5. Volume incentive based on the annual number of departing passengers;
  - 1.5.6. Routes meeting criteria of public and general interest;
  - 1.5.7. Home-based aircraft of air carriers with scheduled flight program.

- 1.6. Incentive discounts are provided in compliance with all conditions and criteria described in this Programme.
- 1.7. Unless otherwise specified, an air carrier wishing to apply for an incentive discount under clauses 1.5.1, 1.5.2, and clause 1.5.3, shall declare in writing its wish not later than 1 calendar month before the commencement of its flight programme to/from Sofia Airport by filling in the required data in the application form which can be requested at e-mail [airport-charges@sof-connect.com](mailto:airport-charges@sof-connect.com).
- 1.8. Upon approval of the submitted application form, the airport operator shall send an official reply (Letter of Confirmation) to the air carrier that the concerned flight programme meets the criteria for applying for the relevant discount. Only air carriers that have received a Letter of Confirmation may be considered approved to apply for incentive discounts under clause 1.5.1, clause 1.5.2, and clause 1.5.3.
- 1.9. If in the flight programme on the route approved for applying for an incentive discount under clause 1.8 some permanent changes occur (for a period longer than 1 calendar month) in the period of applying the discount, the air carrier shall notify the airport operator within 1 calendar month before the introduction of the changes. In case of default, the Letter of Confirmation shall be cancelled.
- 1.10. If the air carrier suspends the flights on the route approved for obtaining an incentive discount under clause 1.5.1, clause 1.5.2, and clause 1.5.3 before the expiration of the relevant period of applying the discount, it shall not be granted.
- 1.11. Upon expiration of each relevant period of applying an incentive discount under clause 1.5.1, clause 1.5.2, and clause 1.5.3, for which a specific route has been approved and/or upon achievement of the minimum requirements for its application, the airport operator shall calculate the amount of the discount. The discount shall be paid under the conditions of clause 7.
- 1.12. The discounts under clause 1.5.1, clause 1.5.2, and clause 1.5.3 cannot be combined with the discounts under clause 1.5.5. In such cases, only the higher discount shall prevail.
- 1.13. The airport operator shall not provide incentive discounts if:
  - 1.13.1. The air carrier benefiting from an incentive discount has not maintained compliance with the criteria determined for the specific category during the entire period of applying the incentive discount or has not met the minimum requirements for granting such discount;
  - 1.13.2. The flight programme subject to an incentive discount has been replaced with a flight programme carried out by another air carrier by agreement for partnership between the carriers;

## 2. Incentive discounts for a new international route

### 2.1. New scheduled intercontinental passenger route

New scheduled intercontinental passenger route is a route to an airport outside Europe to/from which no year-round direct flights were carried out (with or without interim landing) to/from Sofia Airport in the previous 12 successive months.

Flights to North America, South America, and Asia will be considered with priority.

The discount shall be calculated on the applicable rate of the landing charge and shall cover 1 year from the date of the first flight on the route, as follows:

| Period of operation of the route                              | Discount rate |
|---------------------------------------------------------------|---------------|
| <b>Year 1</b><br>12 months from the first flight on the route | 99% reduction |

#### Terms and conditions and criteria:

A discount shall be granted to an air carrier that:

- 1) Performs at least 1 flight a week on the route without interruption; and
- 2) Performs at least 80% of the initially stated flight programme for the period of discount.
- 3) Where an air carrier that has already operated year-round flights on the same route applies for this discount, the discount shall be granted provided that at least 24 months have elapsed since the termination of flights on the route.

If several air carriers simultaneously state intentions to use this discount, it shall be granted to the first carrier to start actual year-round flights on the route.

If an air carrier starts scheduled flights to an airport that has not been served to/from Sofia Airport during the preceding 12 successive months, but this is due to an operational change in its schedule from Sofia Airport and is associated with suspension of flights to a neighbouring airport (serving the same settlement or catchment area), such route shall not be considered a new one.

*Air carriers shall apply for this discount following the procedure determined by the Airport Operator before the commencement of the flight programme.*

## 2.2. New scheduled passenger route in Europe

New scheduled passenger route in Europe is a route to an airport within Europe to/from which no year-round direct flights were carried out (with or without interim landing) to/from Sofia Airport in the previous 12 successive months.

The discount shall be calculated on the applicable rate of the landing charge and shall cover 1 year from the date of the first flight on the route, as follows:

| Period of operation of the route                              | Discount rate |
|---------------------------------------------------------------|---------------|
| <b>Year 1</b><br>12 months from the first flight on the route | 80% reduction |

### Terms and conditions and criteria:

A discount shall be granted to an air carrier that:

- 1) Performs at least 2 flights a week on the route all year round without interruptions;

Where an air carrier that has already operated year-round flights on the same route applies for this discount, the discount shall be granted provided that at least 24 months have elapsed since the termination of flights on the route.

If several air carriers simultaneously state intentions to use this discount, it shall be granted to the first carrier to start actual year-round flights on the route.

If an air carrier starts scheduled flights to an airport that has not been served to/from Sofia Airport during the preceding 12 successive months, but this is due to an operational change in its schedule from Sofia Airport and is associated with suspension of flights to a neighbouring airport (serving the same settlement or traffic attraction zone), such route shall not be considered a new one.

*Air carriers shall apply for the use of this discount following the procedure determined by the Airport Operator before the commencement of the flight programme.*

### 2.3 New Seasonal passenger route

A New seasonal passenger route is one to an airport located in a strategic region inside Europe or one to an airport outside the European continent where no seasonal flights have been operated (charter or scheduled) from/to Sofia Airport during the respective season of the flight schedule in the preceding year.

For seasonal flights to an airport outside Europe, priority is given to flights operated to North and South America, Asia.

The Incentive discount is calculated based on the applicable Landing Charge and it is provided for a period of one IATA season from the launch date of the route, as follows:

| Period of flight operations on the route                                             | Level of discount |
|--------------------------------------------------------------------------------------|-------------------|
| <b>Season 1</b><br>Within the first season of the flight schedule (Winter or Summer) | 60% reduction     |

#### Terms and conditions:

The Incentive discount is granted to an Air Carrier that:

- 1) operates at least 1 flight per week on the route but not less than 10 flights per IATA season; and
- 2) performed at least 80% of the flight program.

When more than one Air Carriers simultaneously apply for this Incentive, the first Air Carrier to start flight operations on the route shall be eligible.

In the event that the flight programme from Season 1 (Winter or Summer) is extended into the subsequent season (Summer or Winter), this incentive discount shall not be granted for the second season of operation.

*Air carriers shall apply for this discount following the procedure determined by the Airport Operator before the commencement of the flight programme.*

### 3. Incentive discount for transfer passenger traffic on scheduled services

This discount shall apply to all air carriers contributing to the development of transfer passenger traffic through Sofia Airport on scheduled international and domestic services.

The discount shall be calculated at the applicable rate of the passenger charge and shall be valid for the period of this Programme.

| Sofia Airport passenger category                                                                        | Discount rate                                    |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| For passengers arriving on an international or domestic flight and departing on an international flight | 60% reduction on the applicable passenger charge |
| For passengers arriving on an international flight and departing on a domestic flight                   |                                                  |

#### Terms and conditions and criteria:

The discount shall be determined under the following terms and conditions:

- A transfer passenger is a passenger travelling to a final destination other than the destination from which they have arrived at Sofia Airport and who transferred from one flight number to another (of the same air carrier or different air carriers); and
- The transfer is carried out within 8 hours between the arrival and the subsequent departure from Sofia Airport (this requirement does not apply to passengers transferring from an international to a domestic flight or vice versa);
- The scope of the discount shall exclude the categories exempted from payment of passenger charge (children under the age of 2 years and transit passengers).

The discount under item 3 shall be paid to the air carrier which pays passenger charge to the airport operator provided that the carrier has granted prompt and reliable information (full PTM) with included data about the transfer passengers through Sofia Airport.

*Air carriers are not required to apply for this discount – it is granted automatically.*

#### 4. Volume incentive based on the annual number of departing passengers of the same Air Carrier

This Incentive discount is granted to all Air Carriers that transport over 300 000 departing passengers for each calendar year during the period 01.01.2023-31.12.2027.

The Incentive discount is calculated on an annual basis by multiplying the number of departing passengers by the respective amount per departing passenger from the corresponding Band. The respective Band achieved is applicable to all departing passengers in the respective year.

The amount in EUR per departing passenger is representing the respective discount from the applicable passenger charge.

| Annual volume of<br>departing passengers |           |           | 2023               |                    | 2024    | 2025    | 2026    | 2027    |
|------------------------------------------|-----------|-----------|--------------------|--------------------|---------|---------|---------|---------|
| Band                                     | From      | To        | Jan-Mar<br>EUR pdp | Apr-Dec<br>EUR pdp | EUR pdp | EUR pdp | EUR pdp | EUR pdp |
| Band 1                                   | 300 001   | 500 000   | 1.50 €             | 1.50 €             | 1.50 €  | 1.50 €  | 1.50 €  | 1.50 €  |
| Band 2                                   | 500 001   | 700 000   | 1.75 €             | 1.75 €             | 1.75 €  | 1.75 €  | 1.75 €  | 1.75 €  |
| Band 3                                   | 700 001   | 900 000   | 2.00 €             | 2.00 €             | 2.00 €  | 2.00 €  | 2.00 €  | 2.00 €  |
| Band 4                                   | 900 001   | 1 100 000 | 2.25 €             | 2.25 €             | 2.25 €  | 2.25 €  | 2.25 €  | 2.25 €  |
| Band 5                                   | 1 100 001 | 1 200 000 | 2.50 €             | 2.50 €             | 2.50 €  | 2.50 €  | 2.50 €  | 2.50 €  |
| Band 6                                   | 1 200 001 | 1 400 000 | 6.50 €             | 5.50 €             | 5.00 €  | 4.50 €  | 4.00 €  | 3.50 €  |
| Band 7                                   | 1 400 001 | 1 600 000 | 7.00 €             | 6.00 €             | 5.50 €  | 5.00 €  | 4.50 €  | 4.00 €  |
| Band 8                                   | 1 600 001 | 1 800 000 | 7.50 €             | 6.50 €             | 6.00 €  | 5.50 €  | 5.00 €  | 4.50 €  |
| Band 9                                   | 1 800 001 | >         | 8.50 €             | 7.50 €             | 7.00 €  | 6.50 €  | 6.00 €  | 5.50 €  |

#### Terms and conditions:

1. This Incentive is applicable to all departing passengers (on scheduled or charter flights) of a given Air Carrier, with the exclusion of:

- a) passengers exempted from paying Passenger Charge (infants under 2-year age, transit passengers); and
- b) transfer passengers meeting the criteria of the Incentives as per p.3 of the present Incentive Discounts Programme; and

2. Passengers between 2 years and 12 years (children), receive 50% of the discount.

*Air Carriers are not obliged to apply for this Incentive category -  
the discount is calculated automatically*

## 5. Incentive discount on routes meeting criteria of public and general interest

Eligible to this incentive are routes serving peripheral and development regions in Bulgaria meeting the criteria of public and general interest as per the Community Law\*.

Its purpose is to support transport connectivity of such regions with major European airports via Sofia Airport thus contributing to their economic, social and cultural prosperity.

For the period of validity of this Programme, all air carriers performing scheduled passenger flights (year-round and seasonal) on routes to Varna Airport and Burgas Airport shall benefit from the following discount on landing charge:

| Flight category                                                     | Discount rate |
|---------------------------------------------------------------------|---------------|
| Scheduled passenger flights on routes to Varna and Burgas airports: | 80% reduction |

### Terms, conditions and criteria:

No specific requirements shall be applicable with respect to the frequency, aircraft type and time of operation on the routes of public and general interest.

This discount shall not apply to ad-hoc charter passenger flights, all-cargo flights, business aviation, and other non-commercial flights.

*\* Interpretative guidelines on Regulation (EC) No 1008/2008 of the European Parliament and of the Council – Public Service Obligations (PSO) (Commission Notice 2017/C 194/01)*

*Air carriers are not required to apply for this discount – it is granted automatically.*



## 6. Incentive discounts for air carriers contributing to the highest extent to the development of the network of direct scheduled routes from Sofia Airport

### 6.1. Home-based aircraft of air carriers with scheduled flight programme

This incentive discount applies to air carriers whose aircraft are based at Sofia Airport and take part in the performance of a scheduled flight programme with Sofia Airport as the airport of departure and thus contribute to the greatest extent to the development of the network of direct flights and the connectivity of the destination.

The discount shall be calculated on the applicable rate of the parking charge on an operational stand and shall be valid for the period of this Programme.

| Number of home-based aircraft at Sofia Airport      | Discount rate                                                    |
|-----------------------------------------------------|------------------------------------------------------------------|
| More than 3 home-based aircraft of the same carrier | 15% discount on the charge for operational stand – day and night |
| More than 6 home-based aircraft of the same carrier | 30% discount on the charge for operational stand – day and night |

#### Terms and conditions and criteria:

The discount shall be applied to air carriers that:

- through a procedure determined by the airport operator have announced scheduled year-round and/or seasonal flight programme from/to Sofia Airport for one year and the relevant number of home-based aircraft performing flights with Sofia Airport as the airport of departure; and
- meet one of the criteria above, from the moment of its achievement.

The discount shall not apply to home-based aircraft that stay for a long-term period (more than 72 hours) at Sofia Airport during which period the said aircraft do not take part in the daily performance of the scheduled flight programme stated by the carrier.

*The aviation carriers shall apply for this discount following the procedure determined by the Airport operator, initially upon achievement of the criterion for number of home-based aircraft and consequently – before the beginning of each calendar year.*

## 7. Payment of incentive discounts

- 7.1. The discounts under clause 2.1, clause 2.2, and clause 2.3, of this Programme shall be granted after the expiration of the relevant one-year period or the relevant IATA season. The amount of the discount for each air carrier shall be calculated within 3 months after the end date of the period for which it is applicable.

The discounts under clause 3, clause 4, clause 5, and clause 6 of this Programme shall be granted after the end of each year for the period 2023–2027. The discount amount for each air carrier shall be calculated within 3 months after the end date of each year for the period 2023–2027.

In case of differences between the data initially provided by the air carrier in the application form for using incentive discount and the reported statistical data of the airport operator, the discount shall be calculated according to the data of the airport operator.

The calculated amount of incentive discounts for the expired period will be deducted from the existing and subsequent obligations of the air carrier for airport charges.

By exception, deductions may be made against outstanding overdue debts of an air carrier for airport charges, regardless of the period to which they relate.

After the expiration of the last relevant period of applying a specific discount, if any air carrier suspends its flight programme subject to incentive discounts and has no debts to the airport operator, the amount of the discount shall be paid to the bank account of that carrier within 2 months after the date of its calculation.

Discounts under this programme shall not apply on the part of the relevant charge for maintenance costs for the National Supervisory Authority.

- 7.2. The rate of the discount under clause 2, clause 3, clause 4, clause 5, and clause 6 shall be reduced by 100% in respect of any air carrier that, within the 12-month period for which the relevant discount applies, has allowed for more than 3 billing periods a late payment of airport charges at Sofia Airport of more than 10 days after the invoice payment date.

The reduction shall apply for each period for which the delay in question is in place.