



Tax Newsletter

Changes in the Regulation for the Implementation of the Value Added Tax Act

Summary:

On 27 June 2023, changes to the Regulation for the Implementation of the Value Added Tax Act ("**RIVATA**") were promulgated in the State Gazette No. 55.

The main change in the RIVATA is related to the expected detailed technical rules for adjusting the taxable amount of supplies for which the receivable is considered uncollectible (so called VAT bad debt rules). This option was initially introduced with the amendments to the Value Added Tax Act ("**VAT Act**") effective from 01.01.2023. Now, the RIVATA regulates more detailed rules for the exercise of this possibility.

Obligation to issue tax documents or to submit a notification to the National Revenue Agency when adjusting the taxable amount in connection with uncollectible receivables

The changes regulate additional mandatory requisites when issuing:

- credit notes under Art. 126b, para. 1 of the VAT Act; or
- protocols with a minus sign under Art. 126b, para. 2 of the VAT Act

to correct the taxable amount of the supplies, for which the receivables are considered uncollectible according to the criteria under the VAT Act.

In certain cases, it is possible for the supplier to issue a summary protocol (with a minus sign) for receivables whose non-collectibility occurs in the same month. In this case, however, the supplier will be obliged to prepare a report with detailed information on determining the total amount of the reduction.

Mandatory requisites are implemented for issuing:

- debit notes under Art. 126b para. 6 of VAT Act; or
- protocols with a plus sign under Art. 126b, para. 7 of VAT Act

for payments received after the adjustment of the tax base of the supplies for which the receivable was considered uncollectible.

The rules for the columns and codes under which the above-mentioned documents should be declared in the VAT ledgers are also regulated.

The changes in the RIVATA introduce a new template for submitting a notification to the National Revenue Agency in the cases of Art. 126b, para. 8 of the VAT Act, when the uncollectible receivable is for a taxable supply with a taxable amount of more than BGN 100,000. Evidence will have to be enclosed to the notification. According to the new rules, within the period for issuing the permit, the revenue authority should carry out a tax check for the fulfillment of the conditions for correction. Regardless of this, the declared conditions may be also subject to subsequent tax control (i.e., tax audit) even if a permit is issued.

New VAT numbers for individuals who are currently identified through their personal identification numbers for VAT purposes

The NRA will ex officio issue new VAT numbers to those individuals who are currently identified by personal identification numbers for VAT purposes (ie, individuals without UIC from the Commercial Register or Bulstat No. from the Bulstat Register).

The new VAT numbers will be valid as of 01.01.2024. NRA will ex officio notify the relevant individuals.





Contacts

If you have any questions about the changes, please, submit your inquiry through the [form in our website](#) or contact our team directly.



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