

## CONTRACT FACTSHEET

# Implementation of a **Horizontal Monitoring Model** by the Bulgarian National Revenue Agency

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**OBJECTIVE:** This contract will help the National Revenue Agency (NRA) to develop and implement a new approach of working with large taxpayers that will strengthen the voluntary compliance and increase the level of trust and cooperation. The horizontal monitoring model refers to the establishment of mutual trust between taxpayers and the National Revenue Agency, and to a more precise specification of responsibilities towards each other, as well as the possibilities for current application of the law and compliance with commitments made under agreements between the parties. As a result, the relationship and communication between taxpayers and the National Revenue Agency become equal (horizontal) and shift the focus of the control process from subsequent to preventive, from more subsequent control measures, to preliminary monitoring, conversations and consultations.

### MAIN ACHIVEMENTS



#### Analysis of the environment in which NRA operates

Thorough analysis of the factors impacting HMM introduction in Bulgaria including external context, large taxpayers willingness and preparedness to adopt this innovative approach and NRA internal environment towards large taxpayers.



#### Benchmarking analysis

Benchmarking study on good practices in the field of cooperative compliance programmes implemented by 5 EU Member States - Austria, Belgium, Denmark, the Netherlands and Sweden, covering experience of both tax authorities and large taxpayers.



#### Design of a tailor-made HMM for the NRA

Elaborated customized HMM framework and HMM Implementation Manual with all relevant processes and procedures in line with national legislation based on the identified best practices and the conducted analysis.



#### Pilot testing and pilot evaluation

Executed HMM Pilot Testing with 4 large taxpayers for 10 months. Positive evaluation of the progress made with the HMM implementation, no significant difficulties identified regarding HMM implementation so far.



#### Developed NRA capacities and Communication strategy

NRA Management adopted HMM Framework. Conducted training of 40 NRA experts on HMM implementation. Developed Communication strategy and materials to help promoting the HMM amongst different stakeholders.

### Outcomes achieved

- Adoption and implementation of HMM
- Enhanced knowledge and skills of the NRA's staff
- Promotion of the HMM

### Expected Impacts

- Supporting the voluntary fulfillment of tax obligations
- Reduced costs of ensuring compliance for both parties in HMM
- A higher degree of certainty for both parties in HMM
- Less litigation
- Better tax image for both parties in HMM