

## Bad debt relief

**58.** (1) subject to regulations made under this Act, any person who is or has ceased to be a taxable person may make a claim to the Director General for a relief for bad debt on the whole or any part of the tax paid by him in respect of the taxable supply if—

(a) the person has not received any payment or part of the payment in respect of the taxable supply from the debtor six months from the date of supply or the debtor has become insolvent before the period of six months has elapsed; and

(b) sufficient efforts have been made by him to recover the debt.

(2) Where the person referred to in subsection (1)—

(a) has not received any payment in respect of the taxable supply, the person may make a claim for the whole of the tax paid; or

(b) has received part of the payment in respect of the taxable supply, the person may make a claim for an amount calculated in accordance with the following formula:

$$\frac{A1}{B} \times C$$

where A1 is the payment not received in respect of the taxable supply;

B is the consideration for the taxable supply; and

C is the tax due and payable on the taxable supply.

(3) Where a relief for bad debt has been made by the Director General to a person and any payment in respect of the taxable supply for which the tax is due and payable is subsequently received by the person, the person shall repay to the Director General an amount calculated in accordance with the following formula:

$$\frac{A2}{B} \times C$$

where A2 is the payment received in respect of the taxable supply;

B is the consideration for the taxable supply; and

C is the tax due and payable on the taxable supply.