


New CIT Act: tax returns and interim statements (1/38/17)

In this article we explore deadlines for filing corporate income tax (CIT) returns, advance payments and interim reporting requirements laid down by the new CIT Act.

Core principles for preparing tax returns

 Items subject to CIT should be included in the tax return for the tax period in which costs were incurred. The procedures for preparing the tax return and paying the tax charge are laid down by section 17 of the CIT Act.

If a tax base arises, a tax return should be filed each month on or before the 20th day of the following tax period. If a tax return is not filed with the State Revenue Service (SRS), this will mean that no tax liability arose in that month. The tax base can be adjusted for non-business expenses only in the month they were incurred. Accordingly, if an adjustment is still needed, a late fee will be charged.

If a taxpayer is allowed to book supporting documents quarterly, then his tax period is a quarter.

It is mandatory for taxpayers to file a tax return for the last month of the financial year.

Special rules for the first tax return


Under the transition rules, the first single tax return prepared according to the new calculation model can cover an extended tax period running from January to June 2018, filing it by 20 July 2018 and paying the tax due.

Based on calculations made by the SRS, advance payments equal to one-twelfth of the CIT charge for 2016/2017 will be due by the 20th day of the month for the first six months of 2018. Advance payments can cover any tax liabilities arising at the time of filing the first tax return and later.

Interim financial statements

The transition rules govern cases where a taxpayer's financial year is different from a calendar year. In that case the taxpayer should prepare interim financial statements and the CIT return following these requirements:

Filing deadline	Reporting period and calculation model
30 April 2018	For the period from the beginning of the financial year to 31 December 2017, interim statements and the CIT return should be filed according to the old calculation model.
4 months after end of financial year	For the period from 1 January 2018 to the end of the financial year, interim financial statements and the CIT return should be filed with the SRS according to the new calculation model, along with the balance sheet and the profit and loss account.

 It is important to note that the Cabinet of Ministers' Regulation No. 775, Application of the Financial Statements and Consolidated Financial Statements Act, provide that interim financial statements consist of a balance sheet, a profit and loss account and notes to the accounts according to the size of the company. Thus companies whose reporting period is different from a calendar year will have to file statements twice a year.

We encourage companies to familiarise themselves with the new CIT principles in order to properly adjust their internal procedures, improve their rules for the movement of internal documents, and adjust their financial accounting systems.