

# Taxes and Duties Act to be amended (3/14/18)

On 6 February 2018 the Cabinet of Ministers debated and endorsed proposals for amending the Taxes and Duties Act in their final reading. This article offers a summary of the proposed amendments.

The proposals aim to protect other persons' rights by making punishment inevitable and applying the principle of equality in cases involving overdue tax returns or informational reports. This will encourage taxpayers to file on time and will help the State Revenue Service (SRS) to efficiently monitor the accuracy of tax calculations to ensure the government receives all tax payments as they fall due.

The SRS will send reminders via the EDS

Following the principle of good governance and the *Advise First!* principle, which is listed by the government among the measures for improving the business environment and provides for initially explaining tax rules and requirements to the taxpayer, the proposals provide that five days before the statutory time limit for filing a tax return or an informational report, the SRS will send the taxpayer a reminder via the Electronic Declaration System (EDS) announcing that the taxpayer will be held administratively liable for missing the deadline in his absence and an administrative offence statement-decision will be made in the SRS information system.

## Proceedings

The administrative offence proceedings outlined in the proposals differ from the Administrative Offences Code and include the following steps:

1. Reminding the taxpayer about a tax return or an informational report to be filed soon;
2. Registering an administrative offence in the SRS information system;
3. Hearing the administrative offence case in the absence of the person held administratively liable for missing the deadline or failing to file;
4. Automatically generating an administrative offence statement-decision in the SRS information system, which is valid unsigned by an SRS officer;
5. Notifying the administrative offence statement-decision to the taxpayer via the SRS information system;
6. The taxpayer's right to appeal against the administrative offence statement-decision following the time limits and procedures laid down by the Administrative Offences Code;
7. Enforcing the administrative offence statement-decision following the time limits and procedures laid down by the Administrative Offences Code.

## Preconditions, fines and effective date

Since the time limit for filing a tax return or an informational report is laid down by legislation and the taxpayer will be sent a reminder five days ahead of the statutory deadline, all the necessary preconditions are in place for an honest taxpayer to fulfil the obligation laid down by section 15(1)(3) of the Taxes and Duties Act.

The new rules provide that any individual or entity whose tax return is more than 30 days overdue, or is not filed at all, will be fined €281–700.

Reminders of the due date for filing sent to the taxpayer and administrative offence statements-decisions in the SRS information system will be generated automatically and notified to the taxpayer via the EDS, with a message being sent to the taxpayer's designated email address.

Since implementing the changes to the SRS information system will take at least six months, the amendments are expected to come into force on 1 January 2019.