

# Tax authority refuses to cancel misfiled capital gains tax returns and charges tax and late fees

## 2/26/21

The power of the State Revenue Service (“SRS”) to adjust the amount of tax due is primarily laid down by section 23(1) of the Taxes and Duties Act. The period open to review is limited to three years, and it is generally accepted that a person’s tax burden cannot be revised outside this period. Yet the SRS takes the view that a person’s obligation to pay taxes is not limited in time and is not really covered by the statute of limitations. We have encountered a practice in which, on finding an incorrect tax payment for a period outside the three years, the person was given the option of voluntarily filing the relevant tax returns and paying additional taxes. To stimulate this voluntary action, the person was warned that the SRS might pass their information to the Finance Police in order to decide on starting a criminal prosecution. This practice is now developing in such a way that a taxpayer’s mistake in filing tax returns for earlier periods is interpreted as voluntary performance of their obligation and an action that cannot be rectified.

## Izlasiet visu īsziņu ne tikai virsrakstu, kļūstot par abonētāju

Kā abonētājs Jūs varat piekļūt ne tikai pilnām īsziņām, bet arī uzdot jautājumus PwC ekspertiem.

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