

Taxes and Duties Act amended 3/27/22



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This article explores recent amendments to the [Taxes and Duties Act](#) that allow qualifying taxpayers to extend the time limit for paying an overdue tax liability for a total of five years.

What the amendments are about

The new arrangement is restricted to taxpayers that have already taken a tax extension but are still unable to pay their tax liability because of financial conditions. This solution has been developed in response to requests the State Revenue Service (SRS) and the Ministry of Finance have received from many taxpayers who were granted a tax extension earlier due to the Covid-19 crisis. Many taxpayers' revenues have not yet returned to pre-pandemic levels, while many businesses are facing new financial difficulties due to the Ukrainian crisis. To avoid having to set up new aid mechanisms, this solution allows taxpayers to extend their tax deadline for another two years.

The SRS will assess whether the taxpayer's business has been suffering from the consequences of force majeure circumstances, as well as the taxpayer's current financial position and the evidence they have presented to show that a repeat extension will help them stabilise their finances. The amended Act states that a tax extension is available to a taxpayer that meets the following conditions:

1. The taxpayer has presented evidence to show that splitting his overdue tax liability into instalments again will stabilise his financial position, and the taxpayer will honour the deadlines set in the decision granting the extension.
2. Paying the tax liability by the original deadline is likely to throw the taxpayer into insolvency.
3. The taxpayer's financial position warrants a repeat extension.

Please note that a reasoned application for a repeat extension and supporting documents must be filed with the SRS before the original tax deadline expires. Entities that prepare annual accounts must attach their balance sheet and the profit or loss account at the first day of the filing month, prepared according to the relevant legislation on preparation of annual accounts.

One taxpayer is allowed to use this solution only once.

The amendments are coming into force on 1 August.