

# New tax payment rules proposed from 2021 (3/17/18)

Proposed rules for paying taxes, duties and other government charges and for applying payments to discharge liabilities was announced at a meeting of state secretaries on 12 April 2018. This article takes a look at the main points.

The proposals lay down procedures the State Revenue Service (SRS) should use for administering taxes, duties and other government charges paid into a single tax account, as well as procedures for crediting current and late tax payments. This will help solve problems associated with making tax payments and minimise the resources it takes to make and administer tax payments.

## Procedures for paying taxes

Payments of taxes and duties are currently allocated to 49 revenue accounts of the national budget, i.e. each tax and duty has a different account. However, individuals and entities are inconvenienced by this system because a particular tax or duty may have more than one account, and you need to know the right account for making your payment so that the tax or duty is credited, and a specific purpose of payment should be stated for each tax and duty to ensure it is attributed to the right period and the right taxpayer. Substantial resources are used in the process of administering such payments.

The Finance Ministry's proposals for setting up a single tax account from 1 January 2021, for equalising the time limits for payment, and for permitting more than one payment to be made at the same time, were debated on 17 April 2018 in order to facilitate tax payments.

The following tax payments administered by the SRS are to go into the single account:

1. Personal income tax;
2. Corporate income tax;
3. Value added tax;
4. Excise;
5. Natural resource tax;
6. Lotteries and gambling tax;
7. National social insurance contributions;
8. Electricity tax; and
9. Microbusiness tax.

The single account could also be used for paying regular charges such as business risk duty, stamp duty for the right to use numbering, so-called patent fees, payments for the use of state capital, payments for requests filed by the tax authorities of EU member states and other countries for the collection of tax debts.

Quoting a payment identifier notified by the SRS will ensure that these payments do not attract the uniform condition for allocating payments received. This means that a payment received into the single account will be first applied to the most senior liability. The proposals provide for using an identifier to pay the following liabilities:

1. Payments collected as part of collection proceedings (a certified bailiff or a credit institution);
2. Amounts deposited as part of insolvency proceedings or legal protection proceedings;
3. A tax payment made as part of a guarantee (to be used for paying guaranteed liabilities only);
4. To encourage taxpayers to pay taxes and to prevent them from paying a single tax to achieve a particular purpose, the proposals define only a limited number of cases where a person is allowed to pay a contribution with an identifier and a particular amount due associated with excise, VAT or customs charges. These cases have been defined after evaluating the substance of a liability, its impact on the burden, and the likely consequences if the proposals do not provide that a payment for the liability should be made with an identifier, e.g. applying a security deposit for paying an excise debt or enabling the SRS to issue excise stamps against payments.

The order in which liabilities should be paid

Liabilities are lined up according to statutory principles and criteria, including the time limit for filing the tax return, the time limit for paying the liability arising from the SRS's decision or any document other than a tax return, and the type of charge (the principal, a late fee, or a penalty). In the line-up of liabilities the late fee and the penalty come right after the principal on which they are charged.

The proposals are expected to ease the administrative burden on businesses and reduce the number of tax payments made in error.