

Amendments to Taxes and Duties Act in force (2/5/20)

Adopted by Parliament in their third reading in late 2019, amendments to the Taxes and Duties Act ("TADA") came into force on 13 January 2020. They define administrative offences in the area of taxation and the penalties they attract. This article explores key changes affecting taxpayers.

Tax offences

The amendments aim to have administrative tax offences defined by the relevant industry law, as well as specifying competent bodies to hear offence cases once the Administrative Liability Act takes effect on 1 July 2020. Tax offences were so far defined by a special chapter of the Administrative Offences Code, which is to expire on 1 July 2020. The table below summarises information about key administrative offence penalties that are different from those prescribed by the Administrative Offences Code. They are expressed in penalty units where one unit is EUR 5:

Offence	Penalty for individuals	Penalty for entities
<ul style="list-style-type: none"> • Evasion of taxes and tax equivalents • Payment of unrecorded wages • Making unauthorised transactions if the taxpayer's business has been suspended 	<ul style="list-style-type: none"> • A fine of 28-400 units (EUR 140-2,000) • A board member will be disqualified from holding certain offices for up to three years or without this 	
Failure to comply with taxpayer registration procedures	A warning or a fine of 10-42 units (EUR 50-210)	A warning or a fine of 10-70 units (EUR 50-350)
Failure to comply with rules for reporting cash transactions and restrictions on use		
<ul style="list-style-type: none"> • Transactions made with individuals not required by law to register a trade or business 	A fine of 3% of the unreported amount	
<ul style="list-style-type: none"> • Failure to report transactions other than those made by ship agency and aircraft agency companies and transactions made by international road haulage and freight forwarding companies 	A fine of 3% of the unreported amount	A fine of 5% of the unreported amount
<ul style="list-style-type: none"> • Failure to report transactions made by ship agency and aircraft agency companies as well as transactions made by international road haulage and freight forwarding companies 	-	A fine of 10% of the unreported amount
<ul style="list-style-type: none"> • Failure to file a return by the due date 	A fine of 5-40 units (EUR 25-200)	
<ul style="list-style-type: none"> • The amount of a transaction exceeds the TADA section 30 cap on the use of cash (EUR 3,000 or 7,200) 	A fine of 15% of the transaction amount	
<ul style="list-style-type: none"> • Failure to comply with statutory payment procedures 	-	A fine of 14-28 units (EUR 70-140)
Failure to comply with requirements for using electronic devices or equipment for recording taxes and other charges		
<ul style="list-style-type: none"> • Failure to install and use 	A fine of 28-170 units (EUR 140-850)	A fine of 28-280 units (EUR 140-1,400)
<ul style="list-style-type: none"> • Failure to comply with procedures for using devices or equipment and with user obligations 	A fine of 28-140 units (EUR 140-700)	

• Using devices or equipment after their set-up or software has been changed to create an opportunity for concealing or understating a taxable item	A fine of 42–400 units (EUR 210–2,000)	A fine of 280–4,000 units (EUR 1,400–20,000)
• Performing unauthorised actions to change the set-up of devices or equipment, tamper with software, and create an opportunity for concealing or understating a taxable item	A fine of 80–400 units (EUR 400–2,000)	A fine of 280–4,000 units (EUR 1,400–20,000)
• Failure to keep the control tape or recorded data of devices or equipment until the statutory time limit	A fine of 80–400 units (EUR 400–2,000)	A fine of 80–860 units (EUR 400–4,300)
Late filing of tax returns		
• 3–10 days late ¹	A fine of 5–14 units (EUR 25–70)	
• 11–20 days late	A fine of 15–30 units (EUR 75–150)	
• 21–30 days late	A fine of 31–56 units (EUR 155–280)	
• More than 30 days late	A fine of 57–140 units (EUR 285–700)	
Late filing of informational reports		
• An informational report, excluding those specified by TADA section 141(2), is more than two days late ² or not filed ³	A fine of 3–30 units (EUR 15–150)	
• The informational report on employees is late or not filed, or a statement of amounts paid to an individual is more than two days late or not filed	A fine of 28–100 units (EUR 140–500)	A fine of 70–1,420 units (EUR 350–7,100)
Failure to report a suspicious transaction	A fine of up to 10% of the amount of the suspicious transaction	

Administrative offence proceedings for all the offences listed in this table are conducted by the State Revenue Service, but offence proceedings for late filing of the informational report on employees are also conducted by the National Labour Office.

¹ Excluding cases where a monthly or quarterly return filed via the Electronic Declaration System was up to five days late once in a 12-month period

² Likewise, see 1 above

³ The administrative liability for late filing of tax returns in relation to late filing of the annual income tax return by personal income tax payers is applicable from 2022.