

Single tax account and changes to income tax payment and employer reporting procedures in 2021 (3/41/20)

To ease the administrative burden, all national budget payments administered by the State Revenue Service ("SRS") will go into a new single tax account replacing the current tax accounts from 1 January 2021. The Cabinet of Ministers' [Rule No. 827](#) and the Personal Income Tax ("PIT") Act will be amended to set new deadlines for paying PIT and national social insurance ("NSI") contributions and filing employer reports. This article explores the expected changes and key amendments.

A single tax account

Taxes are paid into more than 40 different national budget revenue accounts at the Treasury. For taxpayers it takes time and effort to choose the right account, and taxpayers often find they have overpaid one tax and underpaid another.

To simplify the procedure and ease the administrative burden, taxes will be due on the same day so taxpayers can monitor them easily.

All regular domestic taxes administered by the SRS will have a single payment deadline: the 23rd day of each month. This will allow multiple tax amounts to be combined into a single outgoing bank payment.

The amount of money paid into the single tax account will be applied to settle the taxpayer's liabilities by tax type under the FIFO principle. The amount paid will be automatically allocated according to types of tax: the earlier liability (i.e. the principal tax due) will be settled first, then interest on arrears (if any), and lastly a penalty (if any).

The FIFO principle will be used for settling regular tax payments and debts to prevent a taxpayer from having both a tax debt and an overpay at the same time.

Changes to filing and completing tax returns

Several taxes will have new reporting and payment deadlines, and any individual conditions for paying NSI notified by the SRS will cease to apply.

All the tax returns that must already be filed by the 20th day of each month (e.g. VAT, CIT, natural resource tax, and excise) will keep their current deadlines. However, to ensure that taxes are reported before their payment deadline, the following changes will take effect from 1 January 2021:

- The employer report will be due by the 17th day of the month following the reporting month;
- The electricity tax return will be due by the 17th day of each month; and
- Reports on the lottery and gambling tax charge will be due by the 15th day of each month.

Some reports will be renamed, and changes will be made to the form of employer report and to the procedure for completing it. The employer report for January 2021 and later periods need not give the date of payment of employment income.

As before, the employer report must be filed in the month following the reporting month for income and NSI contributions calculated in the previous month. The employer report must detail the PIT payable into the single tax account in the month the report is filed (the month following the reporting month).

New deadlines for paying PIT

The amended PIT Act to take effect from 1 January 2021 sets a new deadline for paying PIT: the 23rd day. The current rules set different deadlines depending on the income recipient and on the procedure for calculating PIT.

Below are a few examples of the new deadline for paying PIT:

1. Under general procedure, PIT is payable into the single tax account by the 23rd day of the month of income payment.
2. PIT is payable into the single tax account by the 23rd day of the month following the month in which income is paid if the employment pay is calculated and paid after the 17th day in the following cases:
 - Employment has been terminated;
 - Vacation pay has been paid for a vacation period and employment pay has been paid for the time worked before the vacation;
 - Employment pay for a calendar month is calculated and paid in the same month.
3. When filing the annual income tax return, PIT is payable by 23 June if the annual income does not exceed the upper limit subject to NSI contributions. If it does, the deadline is 23 July. As before, PIT payments calculated through the annual income tax return and exceeding EUR 640 can be split into three equal instalments.

The SRS has issued [guidance](#) explaining the new provisions of the PIT Act.