

Tax Inspection: a continuous challenge ...



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PricewaterhouseCoopers (www.pwc.com/md) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 employees in 153 countries work collaboratively using connected thinking to develop fresh perspectives and practical advice.

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- **Have you been asked to submit the documents required for a tax inspection?**
- **Do you disagree with the inspection findings?**
- **Have you received the decision on re-calculating your tax liabilities and do you disagree with the penalties applied?**
- **Do you know your rights and obligations as a taxpayer?**
- **Do you know the procedure for appealing against acts issued by the competent tax authorities?**

PricewaterhouseCoopers Moldova can assist you in tackling these issues.

As you may know ...

While the implementation of the fiscal amnesty was taking place, the **nil corporate income tax rate** has been applied in Moldova since 2008. Taxpayers, however, are still liable to calculate the taxable basis for CIT purposes and submit CIT returns.

For example, the Moldovan tax authorities (MTA) are entitled to apply a fine of **25% to the amount by which a taxpayer under-reported (undeclared) its taxable income.**

For some cases of non-compliance with fiscal legislation, additional penalties, as stipulated by the Contravention Code and the Penal Code, may be applied.

Even though the law on fiscal administration was improved by the enabling of tax reforms, as well as by implementing international practices, the fiscal legislation is still unclear in some specific areas and leaves room for various interpretations.

As such, the tax treatment of certain transactions, which may at first seem straight forward, could be interpreted differently during a tax inspection.

As a result, the tax authorities could recalculate the fiscal duties, with the application of fines and penalties. If a company does not take prompt action to appeal against tax inspection decisions, it may lead to the suspension of the business activity, or even, initiation of bankruptcy procedures.

It is very important to have a good knowledge of the tax framework, thus ensuring that the principle of treating doubtful tax-related questions in favour of the tax payer is applied.

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How can PricewaterhouseCoopers Moldova help you?

Our team includes local and international tax experts with considerable experience in:

- dealing with complex issues in matters related to fiscal administration, including the appeal process;
- performing independent tax reviews;
- identifying solutions that reduce and/or eliminate tax risks;
- advocating taxpayer rights in fiscal litigation;
- transforming tax challenges into opportunities.

The tax and legal team at PricewaterhouseCoopers Moldova can assist your company in:

- **performing independent tax reviews**
- **providing assistance during and after a tax inspection**
- **providing assistance in appeals against acts issued by the competent tax authorities**

A Tax Review represents an analysis of the company's operations within both, the legal and international tax frameworks. This mainly includes the following:

- identifying and estimating tax-related risks;
- offering solutions on the optimisation of taxes and cash flow;
- reviewing the fiscal treatment applied to cross-border transactions;
- corresponding with tax authorities on complex and contradictory matters;
- providing assistance in the process of VAT refund and other overpaid taxes.

Assistance during and after a tax inspection includes:

- providing prompt assistance on issues tackled during the tax inspection;
- estimating risk levels;
- drafting supporting arguments and recommending solutions;
- drafting and submitting appeals against the inspection report;
- corresponding with tax authorities during the appeal process.

Assistance in appealing against acts issued by the competent tax authorities includes:

- drafting and submitting documents appealing against the tax authority's decision;
- representing and supporting the company's position while the tax authorities examine the appeal;
- drafting and submitting claims for the annulment of tax authority decisions;
- representing and supporting the company (plaintiff) position in administrative court during the hearing and appeal processes.