

Correction of tax liabilities without tax audit



Summary

Correction of tax liabilities in cases described by Article 44, clause 6 of the Armenian Tax Code without tax audit is regulated by the Armenian Government Decree N1177-N dated 25 October 2018 (hereinafter the “Decree”), which is valid for the relations arising after 1 January 2018.

Legislative bases for the regulation

The Decree regulates relations in case of correction of tax liabilities without tax audit in cases described by the Armenian Tax Code¹.

When do the tax authorities correct tax liabilities of the tax payers?

- The tax authority has become aware of inaccuracies in tax calculations presented by the taxpayer, and those inaccuracies can not be

corrected by submitting the corrected tax return,

- taxpayer's tax liabilities shall be corrected in cases provided by the Tax Code or the Armenian Law on Payments.

Who initiates the correction of tax liabilities?

- The tax authority,
- the taxpayer.

¹ Tax Code of the RA, Article 44, Clause 6

Tax liabilities are corrected in the following cases:

- the tax authority has made an arithmetic, mechanical or technical error during the calculation of tax liabilities imposed under the administrative act, or wrong responsibility measure has been used,
- tax liabilities arise as a result of a tax audit or due to a revised tax return submitted by the taxpayer, but later tax benefits are established, the amount of the tax liability changes or the tax system changes, there are errors in the statement of the taxpayer about baseline data about patent tax, such as the place of activity or the additional coefficient,
- the taxpayer has been penalized for violating the requirements of the tax legislation two or more times during the year, subsequently the administrative act which recorded the previous violation was invalidated,
- the administrative act has been reviewed by state bodies.

Proceedings on the process of clarification of tax liabilities are initiated:

- from the day the tax authority receives the taxpayer's application,
- from the day the report about justification of the correction of tax liabilities is submitted to the tax authority by the tax officer.

Terms of the correction of tax liabilities

- The tax authority carries out data analyses during ten working days from the day of receiving taxpayer's application or the report of the tax officer, according to the results of the study, within three working days following ten working days, a protocol on the clarification of tax obligations of the taxpayer is drawn up, which is submitted to the taxpayer during three working days.

Based on the taxpayer's application, tax liabilities are not corrected in the following cases

- Tax liabilities have been calculated according to the Tax Code, the application for clarification of tax liabilities was not

- accompanied by supporting documents that are not available in the tax authority,
- the findings of the analyses do not confirm the circumstances mentioned in the application,
- the deadline set by the Tax Code for adjusting tax liabilities has expired.

The possibility of eliminating deficiencies in the filing of incomplete documents by the taxpayer

- In cases where the taxpayer's application does not contain attached or incomplete documents to verify tax liabilities correction, the tax authority informs the taxpayer of existing deficiencies and offers to eliminate them within three working days. In the case of not eliminating existing deficiencies within the specified period, the application is refused with a written justification.

Correction or refusal to correct tax liabilities

- In case of non-fulfillment of the tax liability correction at the request of the taxpayer, the tax authority must submit a corresponding act of non-performance of the correction process, indicating the basis for it within three working days after the deadline set for the correction of the tax liabilities.
- Based on the protocol on the correction of the tax liabilities, the tax authority concludes the act on the same day about corrected data which are automatically reflected in the taxpayer's personal card within three working days.

Appealing to the protocol and conclusion drawn up for tax liabilities correction

- The protocol or conclusion established by the Armenian Government Decree N 1177-N of 25 October 2018 may be appealed in the appeal procedure specified in the Armenian Tax Code (Chapter 80).

Let's talk

For a deeper discussion on how this might affect your business, please contact:

Tax and Legal Services, PwC Armenia

Hasmik Harutyunyan
+(374) 10 51 21 66
hasmik.harutyunyan@pwc.com

Michael Ahern
+7 (727) 330 32 00
michael.ahern@pwc.com