

Tax Newsletter # 2

Changes to the Tax Code – 2017: Tax administration

10 January 2017



Changes to the Tax Code - 2017

In December 2016 Verhovna Rada of Ukraine adopted laws amending the effective Tax Code of Ukraine.*

Below is a summary of the most significant changes in tax administration that are become effective on January 1, 2017.



Tax administration

Tax consultations

- The Ministry of Finance of Ukraine will be authorised to issue summarizing tax consultations in cases of inconsistency among various tax law provisions.
- A unified database of individual tax consultations is established. It is administered by the Ministry of Finance of Ukraine with free unobstructed access to its records. From April 1, 2017, all individual tax consultations issued by the tax authorities are to be entered into the database.
- The period for review of a taxpayer's objections to a tax audit report issued by the tax authorities is increased to 7 business days instead of 5 business days prescribed by the previous revision of the Tax Code. If the taxpayer wishes to participate in a review of the objections, the tax authorities are required to send a notification about the time and place of such a review not later than 4 business days in advance thereof (instead of 2 business days).

Tax audits

- The state Fiscal Services will be required to release a schedule of planned audits for the following year on its official website by December 25 of the year preceding the year when such audits are to be conducted.
- The grounds for conducting an unscheduled documentary audit were expanded. In particular, a tax audit may be launched if the taxpayer during the counter-check fails to provide the tax office with all documents, specified in the request, within 10 business days following the date of receipt of such request.
- It is established that a desk audit of a tax return or adjusted tax return may be conducted within 30 calendar days following the deadline for its submission; if such documents have been filed after such deadline, the 30-day term will be calculated starting from the date of submission.
- The procedure for evidencing/capturing a taxpayers' refusal to allow tax officials to proceed with execution of an audit is set out in more details compared to the previous revision of the Tax Code.

Liquidation of tax police

- The tax police will be disbanded. It will be replaced by a new investigative authority, i.e. the central executive agency tasked with investigation of crimes threatening financial interests of the state or local authorities. A special law will govern the operations of the new agency.

Electronic taxpayer's cabinet

- An electronic taxpayer's cabinet is to replace the "Single window for filing electronic reporting" within six month period from the date the amendments to the Tax Code become effective. The electronic taxpayer's cabinet will feature the following functions:
 - ✓ access to the taxpayers' information, which was collected and accumulated by tax authorities;
 - ✓ ability to reconcile tax payments made to the state and local treasuries by obtaining the reconciliation statements;

* Law of Ukraine "On changes to the Tax Code of Ukraine regarding improvement of investment climate in Ukraine" # 1797-VIII dated 21.12.2016 and Law of Ukraine "On changes to the Tax Code of Ukraine regarding securing of budget revenues on 2017" # 1791-VIII dated 20.12.2016.

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- ✓ ability to manage overpaid or mistakenly paid monetary obligations and penalties;
- ✓ electronic submission of tax returns and other reporting, registration of VAT and excise invoices;
- ✓ access to the system of electronic VAT administration;
- ✓ informing taxpayers on scheduled audits, ability to file administrative appeals against decisions taken by the tax authorities;
- ✓ informing on status of counterparties using information supplied by publicly available information sources maintained by the Ministry of Finance of Ukraine, other registries and databases that are maintained according to the Tax Code of Ukraine, etc.

Miscellaneous

- The period during which a taxpayer is required to submit the information specified in the tax office's request was reduced from one month to 15 business days from the date following the date of receipt of such request (if such request is sent during the tax counter-check the said term is 10 business days).
- The minimum amount of tax debt triggering the tax office issuance of a tax demand was increased from 20 to 60 non-taxable minimum incomes.
- A tax debt arising from non-payment of monetary obligation and/or late payment interest specified in the tax return or adjusted tax return, exceeding UAH 5 mln. and not paid by the taxpayer within 90 calendar days after its payment deadline, is collected by seizing any cash or bank account funds belonging to the taxpayer based on the decision by a head (deputy head) of the tax office without court proceedings.