

New Public Ruling under Tax Administration Law

On 27th January 2020, the Internal Revenue Department (“IRD”) issued its public ruling (“PR”) related to tax assessments, fines, criminal actions and applicable penalties for failures to pay relevant taxes during the transitional period under the Tax Administration Law 2019 (“TAL”), which became effective retroactively since 1st October 2019.

According to the PR, the IRD will proceed with tax assessment, imposing fines/penalties and/or criminal actions against any taxpayer who fails to pay relevant taxes under the relevant tax laws.

The time limit of tax assessment is generally three years from the end of the tax assessment year under the Income Tax Law and three years from the assessment date under the Special Commodity Law. The Director General of IRD may extend the time limit of tax assessment to up to six years after end of relevant tax assessment year under TAL. However, these time limits will not apply for the assessment of the income tax and the commercial tax for the financial year ended 2019 to 2020.

The fines as prescribed under the TAL will be imposed on taxpayers who violated the TAL from 1st October 2019 by concealing facts in tax returns, failure to submit an annual tax return or a quarterly tax return, failure to maintain relevant tax documents of the previous year, wrongfully calculating tax for the previous tax assessment, etc. Criminal actions will also be taken against taxpayers for the offences under the TAL and other relevant tax laws.



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