

FINANCE MINISTRY POLICY OBJECTIVES FOR 2016

This is to draw your attention to what the Finance Minister ("FM") replied in response to MP question no. 253 asking about the ministry's policy priorities for 2016 (reply published in January 2016). Among the priorities, FM mentioned bridging the tax gap, implementing e-government solutions in the ministry and creating a single tax administration.

The ministry plans to take a number of actions over the next months with a view to reducing the tax gap, including a tax system reform designed to enhance controls and combat tax fraud, especially in terms of VAT and income taxes, as well as an implementation of modern computer systems to improve revenue collection rates. FM also wants to introduce an anti-evasion law which will enable tax authorities to challenge transactions on grounds of them being unreasonable (if the authorities successfully prove that the sole purpose of the transaction is to obtain a tax advantage).

The ministry will continue to focus on transfer pricing as FM announces increased audit activity targeted at prices applied in related-party transactions. You may recall that a communiqué was published on ministry's website in late 2015 which encourages non-compliant businesses to file voluntary tax adjustments in this area (see our Newsletter no. 86/2015).

Another 2016 priority is to introduce e-government solutions in the ministry for the purpose of developing effective tax fraud detection tools, acquiring more data on taxable supplies more efficiently and centralising the VAT compliance system.

In addition, plans are in place to overhaul the tax administration in 2016. FM seeks to combine tax administration and customs administration into one agency called *Krajowa Administracja Skarbowa* (National Revenue Administration, or "NRA") which would be responsible for revenue collection. NRA would take over all the responsibilities related to collection of customs and tax levies, including registrations, filings, audits, etc. According to FM's plans, NRA would go live as early as 1 January 2017.

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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