

PRACTICAL PROBLEMS WITH POWERS OF ATTORNEY

The Taxes Management Act has been amended, effective 1 January 2016, as regards powers of attorney (new types of authority: general, special, and for receipt of documents) and as regards service of documents between tax authorities and taxpayers or their agents.

On authority of the new law, the Finance Minister issued legislation with new power of attorney forms for special PoA (PPS-1) and for PoA for receipt of documents (PPD-1). As of 1 January 2016, these forms must be used to file relevant powers of attorney with tax authorities.

However, there are many practical difficulties with how to fill in those forms because there no clear filing instructions. For example, the field "Electronic address" was laconically defined as "an address in the tax authority's IT system".

The forms suggest that if the field "Electronic address" in the agent section is filled in, this means a request for electronic service of documents. Consequently, an error in this field can result in a an actual failure of service on the agent.

In addition, we have problems with tax administration's software platforms that are supposed to enable them to electronically exchange information and documents with taxpayers/agents.

The experience of early January shows that tax authorities are not well-prepared for implementing the new regulations. Some of them do not event know of the new law and continue to request that PoAs be sent without the new forms.

We will keep you posted on any developments as to information or instructions on how to fill in PoA forms and exchange e-correspondence with tax authorities.

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