



NewsFlash

Tax and Legal

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Dear Readers,

The state revenue authorities consider implementing a pilot project on horizontal monitoring (hereinafter the “Pilot Project”) for certain categories of taxpayers. The rules for conducting the Pilot Project (hereinafter the “Rules”) are currently undergoing an approval process. We offer you a short overview of some of the most important provisions of the Rules.

The Rules define:

- 1) Criteria for taxpayers to participate in the Pilot Project;
- 2) Rights and obligations of taxpayers, the state revenue authorities and other authorized state agencies during the Pilot Project;
- 3) Rules for the implementation of the Pilot Project, including the sequence of actions of the state revenue authorities and taxpayers during the implementation of the Pilot Project;
- 4) Timeframe for the implementation of the Pilot Project.

The Pilot Project will be implemented in two stages: pre-project work (up to 12 months) and pilot implementation of the horizontal monitoring.

In the pre-project work, the state revenue authorities and a taxpayer will analyze and prepare the taxpayer’s internal control and accounting information systems to enter into the horizontal monitoring. To start the pilot implementation of the horizontal monitoring upon completion of the pre-project work, the taxpayer will conclude with the state revenue authorities the Agreement on a Pilot Horizontal Monitoring Project.

The Rules establish the forms of the Agreement for the Pre-Project Work and the Agreement on a Pilot Horizontal Monitoring Project.

The Pilot Project is expected to run until 31 December 2023.

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