

28 July 2016

Newsletter

Tax & Legal Newsletter

Tax Disputes Resolution

Launch of criminal investigation in tax evasion cases will be postponed until negative court ruling

On 18 July 2016, the State Fiscal Service of Ukraine by its order No. 633 has changed its guidelines for transferring the tax audits' results to tax investigators, as adopted by order No. 22 of 31 July 2014.

From now on, the tax authorities should send the tax audit's results to the investigators for initiating criminal proceedings within 20 business days after the tax assessment issued as a result of a tax audit is considered to be final.

This means that if a taxpayer appeals against the tax assessment, criminal proceeding can only be initiated **after a negative decision of the court of appeal takes effect.**

The previous version of the methodological guidelines provided for transferring the materials to the investigators earlier, upon completion of the administrative appeal procedure.

In practice, however, the tax authorities tended to transfer the materials to the investigation department upon serving the tax assessment, without waiting for the results of the administrative procedure.

This change is a positive development that should hopefully decrease the number of arbitrary criminal proceedings that used to be routinely initiated without considering the merits of the case, merely based on the volume criterion.

We continue monitoring changes to tax legislation regarding tax disputes, and will keep you posted.

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