

**DIVISION III. STATUS AND STRUCTURE OF THE TAX AUTHORITIES OF THE REPUBLIC OF  
TAXASTAN**

## **Chapter 12. The Tax Authorities**

### **Article 92. Basic functions of the tax authorities**

1. The basic functions of the tax authorities are to:
  - a. ensure the execution and enforcement of tax legislation;
  - b. participate in the preparation of draft laws and treaties (agreements) on tax-related matters with other states;
  - c. explain taxpayers' rights and liabilities to the taxpayers;
  - d. provide timely information to the taxpayers with respect to changes in tax legislation.

### **Article 93. Legal basis for operation of the Tax Authorities**

The legal basis for the operation of the tax authorities are the Constitution of the Republic of Taxastan, this Code and other laws of the Republic of Taxastan; legal acts of the Parliament, the President and the Government of the Republic of Taxastan; and international legal acts, recognized by the Republic of Taxastan.

### **Article 94. Principles of Activity of the Tax Authorities**

The activities of tax authorities of the Republic of Taxastan are conducted on the principles of:

- a. rule of law;
- b. observance of human and civil rights and freedoms;
- c. subordination and accountability to higher authorities.

Establishment and activities of political parties and other public associations pursuing political goals are not allowed in the system of tax authorities. Employees of tax authorities may not be restricted in their official activities by decisions of political parties and other public associations.

Tax authorities carry out their activities in cooperation with other state organs, public associations, and individuals as well as with tax authorities of other countries based on international treaties and commitments of the Republic of Taxastan.

## **Article 95. Status and Structure of the Tax Authorities of the Republic of Taxastan**

1. The tax authorities of the Republic of Taxastan (hereinafter -- “tax authorities”) consist of:

### **Article 96. Authority of the Chairman of the Tax Committee of the Republic**

## **Article 97. The Financing and Material-Technical Support of Tax Authorities**

1. The tax authorities shall be financed by appropriations from the republican budget.
2. The procedures and norms pertaining to the receipt of material-technical support and services by the tax authorities are established by the Government of the Republic of Taxastan.
3. Property of the tax authorities is considered state property and is not subject to privatization.
4. When state property is privatized, property used exclusively for tax authorities’ needs is isolated and entered on the tax authorities’ balance sheet or transferred to tax authorities for unlimited duration and without compensation.

## **Article 98. An Employee of the Tax Authorities**

## **Article 99. The Progression of Service**

## **Article 100. Relations between Tax Authorities and Government Bodies**

1. Tax authorities shall exercise their duties independently from central and local executive government bodies, law enforcement, financial and other state bodies, and shall interact with these bodies.
2. State government bodies shall be obliged to assist and provide information to the tax authorities upon their request for the enforcement of tax legislation and the establishment of control over the payment of taxes. These bodies are prohibited from interfering in the functions of the tax authorities.
3. The customs bodies, Social Security departments and Employment departments are required to regularly furnish to the tax authorities the information at their disposal that is necessary for the administration of the tax laws.

## **Article 101. Delegation of Authority**

The Director of a tax authority may delegate to any officer of the tax authorities any power or duty conferred or imposed on the Director by tax legislation.

## **Article 102. Annual reports**

1. The Director of the Tax Committee shall, within three months of the end of each financial year, publish a report on the operation of the tax system of the Republic of Taxastan.
2. The report shall include the following information:
  - a. amounts of tax collected by the tax authorities, categorized by reference to the tax laws under which they have been collected, and the regional (city) inspectorates where they were paid;
  - b. amounts of tax owing, similarly categorized;
  - c. expenditure incurred by the tax authorities in collecting taxes;
  - d. statistics relating to the components of tax revenue;
  - e. a description of the strengths and weaknesses of the operation of the tax system; and
  - f. a list of names of physical persons and legal persons on whom a tax has been assessed but remains unpaid for an amount exceeding 5,000 nontaxable minimum monthly wages, also indicating the amount of arrears.

## **Chapter 13. Powers and Responsibilities of Tax Authorities**

### **Article 103. Responsibilities of Tax Authorities**

The tax authorities shall be obliged to:

- a. Observe the Constitution, this Code, and other laws of the Republic of Taxastan, the legislative acts of the Parliament, the President, and the Government of the Republic of Taxastan, the statutory rights and interests of enterprises, institutions, and organizations as well as individuals;
- b. Participate in the implementation of the state tax policy;

- c. Provide full and timely registration of taxpayers and objects of taxation and monitoring of correct assessment and full and timely payment of taxes to the budget and state funds;
- d. Compile reports on tax receipts of the budget and state funds;
- e. Impose and enforce in a timely manner financial and other sanctions, penalties, and interest stipulated by this Code and other legislative acts of the Republic of Taxastan;
- f. Conduct audits of taxpayers in accordance with current normative acts;
- g. Issue guidelines and instructions on matters within their jurisdiction as well as manuals, brochures, and posters, publish in mass media guidance and explanations on such matters;
- h. Review according to the established procedure letters, complaints, and applications on issues within the jurisdiction of tax authorities;
- I. Submit to financial authorities on a monthly basis information on actual payments of taxes to the budget (state funds);
- j. Jointly with financial authorities monitor the execution of budget revenues;
- k. Collect and analyze information on compliance with the tax legislation, forecast adverse developments related to taxation of legal and physical persons, and provide information to the Government of the Republic of Taxastan;
- l. Carry out inventorying, appraisal, and sale of confiscated and ownerless property that has been taken over by the state;
- m. Perform foreign exchange control in cooperation with other organs authorized by the legislation of the Republic of Taxastan;
- n. In accordance with the provisions of Article 60 refund to taxpayers amounts paid in excess of the tax assessed;
- o. Maintain confidentiality of taxpayer information in accordance with the provisions of Article 108.

#### **Article 104. Rights of Tax Authorities**

Subject to the provisions of this Code, Tax Service organs shall have the power:

- a. In relation to physical and legal persons, to examine all financial documents, accounting books, reports, estimates, cash, securities and other assets on hand, settlements, returns, and other documents relating to the calculation and payment of taxes; to receive from officials and other employees of enterprises (organizations) and from physical persons information and oral and written explanations on questions arising with respect to such examinations; and to exercise monetary control in accordance with legislation in force.
- b. In accordance with this Code and the laws in force, to examine all production, storage, commercial, and other premises of enterprises and physical persons which are used to obtain income or are connected with the maintenance of objects of taxation, through chronometric methods or other methods.
- c. To issue mandatory instructions to managers and other officials of enterprises and to physical persons to remedy identified violations of tax legislation, and to verify compliance with those instructions.
- d. To apply the tax sanctions and penalties provided for in this Code and fines envisaged by legislation in effect to enterprises, officials, and physical persons for violations of tax laws.
- e. To collect, including by means of court appeal, in accordance with this Code and legislation in force, from enterprises, their officials, and physical persons taxes, penalties, and interest, as well as administrative fines that are not paid in a timely manner.
- f. In cases of violations of tax laws by officials of enterprises or physical persons, to prepare a record and issue binding orders.
- g. To make test purchases of goods (commodities), work, and services from enterprises and from physical persons who are entrepreneurs.
- h. To receive from banks and other enterprises information, references, and documents on business activities and operations and on the financial condition of accounts of enterprises and physical persons being examined, solely for official purposes.
- i. Submit according to the established procedure proposals to the Government of the Republic of Taxastan and local representative and executive authorities proposals for reversal of their decisions and those of lower level authorities that are in conflict with the current tax legislation of the republic.

#### **Article 105. Procedures for the Employment of Rights Given to the Tax Authorities**

1. The rights of tax authorities described in points a, b, f, and g of Article 104 of this Code apply to all employees of tax authorities.

2. The rights of tax authorities described in points c, d, e, h, and i of Article 104 of this Code are granted to the Chairman of the Tax Committee of the republic, his first deputy and his deputies, heads of departments and divisions of the Tax Committee of the republic, their deputies, chairmen, deputy chairmen, heads of departments of tax committees of regions, chiefs of tax inspectorates, and their deputies (including subdivisions of the tax police).

### **Article 106. Liability of Officials of the Tax Authorities**

1. For failure to execute or improper execution of official duties; failure to respect the confidentiality of state, service and commercial information deemed as such by legislation and confidentiality of bank accounts; abuse of office and other unlawful actions officials of the tax authorities shall incur disciplinary, financial, or criminal liability envisaged by legislation of the Republic of Taxastan.

2. A taxpayer who has suffered a loss as a result of illegal action of employees of the tax authorities shall be compensated out of the respective budget according to procedures specified in legislation of the Republic of Taxastan.

### **Article 107. Conflict of interest**

Employees of the tax authorities shall be prohibited from conducting official duties with respect to a taxpayer:

- a. who is related to the employee; or
- b. in relation to whom the taxpayer or a relative of the taxpayer has a direct or indirect financial interest.

### **Article 108. Confidentiality of information**

1. The tax authorities and all persons who are or have been their agents or employees shall maintain secrecy regarding all information on a given taxpayer received by them in an official capacity, and may disclose such information only to the following persons:

- a. other agents or employees of the tax authorities in the course of and for the purpose of carrying out their official duties;
- b. law enforcement agencies, for the purpose of the prosecution of a person who has committed tax violations or offences;
- c. a court, in proceedings to establish a taxpayer's tax liability or responsibility for tax violations or offences or other criminal liability;

- d. the tax authorities of a foreign country in accordance with international treaties (agreements);
  - e. the financial authorities and the Fund for Social Security of the Republic of Taxastan to the extent necessary in administering the law on budget and social security laws;
  - f. the customs authorities, for purposes of administering the customs legislation, and also to authorities that have the right to administer taxes according to this Code, for purposes of administering those taxes.
2. Employees of these organs who receive information under point 1 of this Article shall maintain secrecy regarding that information under the provisions of this Article, except to the minimum extent necessary to achieve the object for which disclosure is permitted.
  3. Except in the case of information received pursuant to point 1 or 4 of this Article, a person who receives information the disclosure of which is regulated by this Article may not disclose the information and must return documents reflecting the information to the tax authorities.
  4. Information concerning a taxpayer may be disclosed to another person with the taxpayer's written consent.

## **Chapter 14. The Legal and Social Protection of Employees of the Tax Authorities of the Republic of Taxastan**

### **Article 109. The Legal Protection of Employees of the Tax Authorities**

1. Employees of the tax authorities shall be authorized representatives of the state, and shall be protected by the state. Their lawful requirements shall be mandatory for individuals and officials. No person has the right to intervene in lawful activities of tax authorities except persons so authorized by this Code.
2. The impediment of the performance of the official duties by employees of the tax authorities, offenses against their honor and dignity, threats, resistance, violence or attempts on the life, well being and property of those employees in their line of duty will entail liability stipulated by the legislation of the Republic of Taxastan.
3. The protection of life, health, honor, dignity, and property of family members of employees of the tax authorities from criminal violations in connection with performance of official duties, is provided for by this Code and other legislative and normative acts of the Republic of Taxastan.



## **Article 110. The Material and Social Support of Employees of the Tax Authorities and Members of Their Families**

1. The social protection of state tax authority employees shall be guaranteed by the state.
2. All employees of the tax authorities shall be unconditionally insured at the expense of Republic budgetary resources.
3. Damage that occurs to the property of an employee of the tax authorities in connection with his official duties shall be paid in full from Republic budgetary resources, subsequently to be recovered from the persons responsible.
4. The relation between the loss of or damage to property as well as harm to life and health of an employee of tax authorities and his/her execution of official duties shall be confirmed by a higher level tax authority.
5. In cases of death of an employee of the tax authorities or death (including after his discharge from service) resulting from a wound, contusion or illness suffered during his official period of service, by reason of performance of his official duties, a one-time subsidy in the amount of five years' earnings of the deceased shall be given to the latter's family or dependents from Republic budgetary resources, and shall subsequently be recovered from the person responsible.