

Mitigating the risk of criminal liability

I. Who can be liable for errors in the Company's tax reporting?

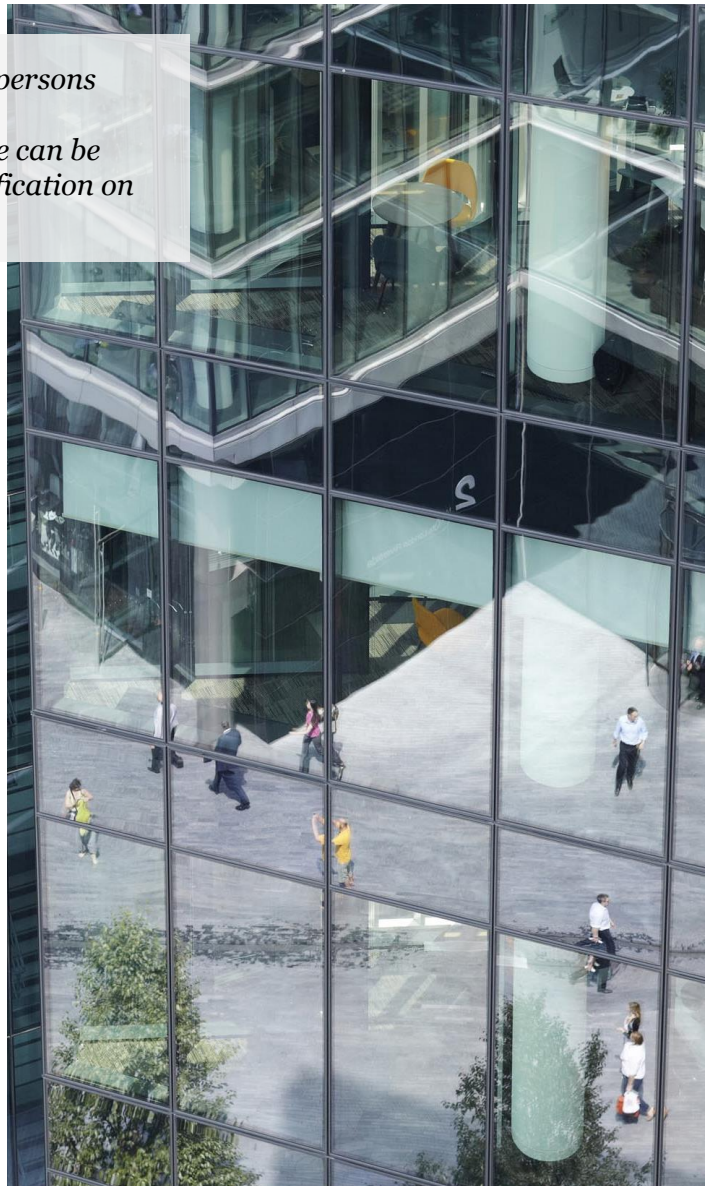
Criminal liability may be imposed on authorized persons responsible for tax accounting. In accordance with the legislation, a criminal case can be opened immediately after the issuance of the notification on accrual of additional taxes in large amounts.

Tax evasion with features of a criminal offense identified during the tax inspection may lead to extremely severe sanctions -up to 10 years of imprisonment.

Criminal liability may be imposed on:

- persons responsible for book-keeping;
- company's management (e.g. board members, financial director, etc.);
- other persons responsible for information used for tax reporting purposes.

PwC has developed a solution with aim to help reducing risk of criminal prosecution of a person(s) held liable for tax evasion in the absence of intent to commit such tax evasion. Our solution includes a comprehensive review of the tax reporting decision-making processes and further development of amendments/ changes to corporate documentation of the company on tax accounting.



II. PwC solutions

PwC offers the following solutions aimed at mitigating the risk of a criminal liability:



Review and development of amendments to the tax accounting policy from the perspective of assigning and mitigating criminal liability



Review and development of amendments to Articles of association aimed at distinguishing responsibility depending on the amount of tax liabilities



Drafting of corporate decisions on adoption of procedures on assignment of responsibility



Amendments (or development if needed) to existing job descriptions of responsible personnel

If you are interested in more detailed information, please contact our PwC tax dispute and regulatory consulting team.

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