

Why is a comprehensive payroll compliance health check needed?

Challenges

Due to recent changes in legislation **enforcement of taxes is becoming tighter** and **sanctions are becoming heavier**

- ▶ Transfer of social security contribution enforcement to the tax authorities, who have vast experience in monitoring the compliance of companies with legislative requirements
- ▶ Implementation of additional reporting for personal income tax to enhance enforcement measures
- ▶ Increase in the rate used for calculation of late payment interest for salary, personal income tax and social security payment delays
- ▶ Implementation of additional internal enforcement measures by the tax authorities

EY professionals will be happy to assist you in identifying risk areas in payroll and employment taxes and drawing up a remediation plan.

We will provide recommendations to enhance compliance procedures aimed at mitigating potential risks and sanctions

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Comprehensive payroll compliance health check element

Payroll health check

Review of payroll calculations, including:

- ▶ Basic salary and bonus payments
- ▶ Business trip disbursements (average earnings, per diems)
- ▶ Vacation payments (average earnings)
- ▶ Social benefits (sick leave, maternity leave, childcare leave)
- ▶ Other payments based on the company's policies and documentation
- ▶ Income in kind
- ▶ Compensation/deductions related to expense reports
- ▶ Remuneration under civil law agreements

Employment tax health check

Review of personal income tax and social security contributions, including:

- ▶ Approach to taxation of various types of payments (monetary payments, benefits in kind, remuneration under civil law agreements)
- ▶ Applicable rates depending on tax residency and immigration status
- ▶ Applicable deductions for personal income tax and analysis of supporting documentation
- ▶ Timing of social contributions and personal income tax payments
- ▶ Ensuring that annual reports are correctly completed and submitted to the social fund and tax authorities on time