



## Human Capital News

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### New annual personal income tax return template introduced

On 1 January 2012 the Order of the Ministry of Finance of Ukraine "On Approval of the Personal Income Tax Return Template and Instruction for its Completion" of 7 November 2011 # 1395 came into force.

The new personal income tax return template consists of 10 sections and 9 addendums that contain calculations of different types of income (expenses).

The instruction for completing the tax return provides a detailed explanation on how to complete the template and its addendums.

According to the Order, taxpayers can ask the tax inspectorate for a free of charge clarification on how to complete the tax return before 1 March of the year following the reporting one.

The tax return has to be filed with the appropriate tax inspectorate in any of following ways, at the taxpayer's discretion:

- a) personally by the taxpayer or by an authorized person of the taxpayer;
- b) via post with delivery confirmation and a description of what is enclosed;
- c) in electronic format (if the electronic signature was previously registered according to the law).

According to the Instructions for completing the tax return, an authorized person needs a notarized power of attorney in order to submit a taxpayer's tax return to the tax authorities. The tax authorities may be expected to tighten the requirements for obtaining a power of attorney that gives the authorized person the right to represent a taxpayer's interests during the filing of a tax return. If a duly notarized power of attorney is unavailable, the tax authorities might refuse to accept a tax return that an authorized person files.

#### Contacts at Ernst & Young:

Olga Gorbanovskaya  
Tel: +380 (44) 490 3022  
Olga.Gorbanovskaya@ua.ey.com

Olena Boichenko  
Tel: +380 (44) 499 2404  
Olena.Boichenko@ua.ey.com

Oksana Lapii  
Tel: +380 (44) 492 8233  
Oksana.Lapii@ua.ey.com

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### All expatriates who became tax residents of Ukraine in the reporting year have to file annual personal income tax return

According to paragraph 170.10.4, article 170 of the Tax Code of Ukraine, if a foreign individual became a tax resident of Ukraine in the reporting year, he/she has to file an annual personal income tax return, declaring Ukrainian source income as well as foreign income. Thus, any foreign national who spent more than 183 days during 2011 in Ukraine is obligated to submit a personal income tax return declaring worldwide income received in 2011 irrespective of whether such income was duly taxed at the source and of whether that national faces additional personal income tax liability in Ukraine.