



The draft Tax Code introduces a ban on consideration of royalties, license payments and some other payments received from nonresidents as gross expenses.

Ernst & Young partner: Revised Tax Code is an improvement

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The Ukrainian government during the elaboration of the draft Tax Code has considerably improved it from the point of view of taxpayers, according to Volodymyr Kotenko, a partner of Ernst&Young and head of the company's taxation legal practice in Ukraine.

"Differences are obvious: a first version of the code introduced serfdom, while the second one cancels many of those things. The government did a lot when working on mistakes," he said in Kyiv last week, speaking during the parliament discussions devoted to economic reforms, their reality and expectations of the Ukrainian business

In particular, Kotenko said that the new draft introduces a single tax on incomes of individuals for residents and nonresidents, while today Ukraine is one of the few countries in the world, where nonresidents face discrimination in the issue.

He said that the draft introduces a ban on consideration of royalties, license payments and some other payments received from nonresidents as gross expenses during the calculation of the taxed base, which worsens the present taxation regime.

Kotenko also said that the terms of the introduction of the new Tax Code should be postponed from the date proposed by the government – January 1, 2011. He said that the postponement would be better than a requirement to free taxpayers from fines in the first half of the year.

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