New forms for VAT reporting established

The State Tax Administration by its Order No. 41 of 25 January 2011 (hereinafter - “Order No. 41”) has approved new forms for VAT reporting.

Order No. 41 establishes the following forms for tax reporting:

- Value Added Tax return (full, reduced, special, of a processing enterprise);
- Adjustment calculations of VAT liabilities related to correction of mistakes identified by a taxpayer;
- Calculation of tax liabilities accrued by a services recipient not registered as a VAT payer, if these services are supplied on the customs territory of Ukraine by non-residents including their permanent establishments not registered as VAT payers in Ukraine.

Order No. 41 also establishes the rules for preparation and submitting of VAT reporting.

Order No. 41 entered into force on 4 March 2011.

Accounting Regulation “Tax Differences” approved

According to paragraph 46.2 of Article 46 of the Tax Code of Ukraine a CPT payer submits quarterly or annual financial statements (except for small enterprises) together with the relevant CPT return.

A taxpayer indicates temporary and permanent differences within its financial statements in the form established by the Ministry of Finance of Ukraine. This requirement is effective starting from 1 January 2012.

Order of the Ministry of Finance of Ukraine No. 27 of 25 January 2011 established the Accounting Regulation “Tax Differences."

This Regulation determines the methodological basis for financial accounting of tax differences and their disclosure in financial statements.

Provisions of this Regulation apply to enterprises, organizations and other legal entities which are CPT payers according to the legislation (except for banks, budget institutions and small enterprises - legal entities which apply the order of simplified financial accounting of income and expenses).

Order No. 27 enters into force on 1 January 2012.
Securities and Stock Market State Commission establishes indicators for fictitious securities and derivatives

According to the Decision of the Securities and Stock Market State Commission (hereinafter - “Commission”) No. 1942 of 22 December 2010 (hereinafter - “Decision No. 1942”), traded securities and derivatives are considered to have indicators of fictitious securities and derivatives if they meet at least four of the following criteria (provided that at the same time they meet the obligatory criterion indicated in subparagraph 1.1):

1.1 The Commission has identified that the issuer of the securities and/or derivatives is absent from its legal address.

1.2 Non-disclosure of regular information by the issuer of securities and/or derivatives according to the legislation.

1.3 No net income is reported in the Income Statement submitted to the Commission as of the end of the reporting period.

1.4 The issuer’s assets mainly consist of financial investments and/or accounts receivable according to the issuer’s balance as submitted to the Commission as of the end of the reporting period.

1.5 The number of employees of the issuer of securities and/or derivatives is less than two persons as of the end of the reporting period and/or average monthly payroll expenses are less than two minimum salaries established by the legislation.

1.6 Absence of the accountant or accounting service managed by the chief accountant as of the end of the reporting period.

The Commission notifies the tax authorities of the decision adopted regarding recognition that securities and derivatives bear indications that they are fictitious. The Commission also publishes this information in its official printed edition and makes it public on its official website within 10 days from the date of the decision’s adoption.

Securities and/or derivatives are considered to bear indications of being fictitious beginning from the date of the relevant decision’s publication in the official printed edition of the Commission.

Decision No. 1942 does not regulate the activity of issuers of securities and/or derivatives and applies exclusively to taxation of individuals (subparagraph 170.2.6 of the Tax Code - transactions with investment assets).

Decision No. 1942 does not apply to securities and derivatives the issuers of which are corporate investment funds, state holding companies, banks and non-bank financial institutions which perform licensed activity.

Decision No. 1942 enters into force on the date of its official publication.

As of the moment of this newsletter’s preparation Decision No. 1942 had not entered into force.

List of offshore zones is left unchanged

Order of the Cabinet of Ministers of Ukraine No. 143 of 23 February 2011 establishes the list of offshore zones. The list has not changed as compared to the previous version.

According to this Order, the previous legal acts that established the list of offshore zones are invalid.

The Order enters into force on 1 April 2011.