On 1 January 2018, important changes to the Tax Code of Ukraine entered into force.


The text of the Law was published in “Holos Ukrainy” (Issue No. 248 dated 30 December 2017). The text is also available on the official website of the Parliament of Ukraine.

The Law introduces inter alia the following important changes to the Tax Code of Ukraine (hereafter the “Tax Code”):

**Corporate profit tax (CPT)**

- The reporting period for annual CPT returns completed on the year to date basis is extended up to 60 days;
- Single tax payers are relieved from the duty to charge advance CPT on dividends paid to shareholders (owners). At the same time, CPT payers are no longer liable for the tax adjustment of the income derived from the dividends distributed by single tax payers; however, the tax adjustment of the income from participation in single tax payers recognized under the equity method remains;
- Single tax payers are now directly obliged to withhold and pay withholding tax on Ukraine-sourced income of non-resident legal entities;
- The 30% adjustment provided for by Article 140.5.4 of the Tax Code also applies to purchase of goods (works, services) from non-residents legal organizational form of which is included in the list approved by the Cabinet of Ministers of Ukraine under para "r" of Article 39.2.1.1 of the Tax Code;
Tax news

► Transfer pricing rules are extended to transactions between non-residents and their permanent establishments in Ukraine;
► The criteria of related parties are expanded;
► The list of payments not treated as royalty under the Tax Code is broadened (also relevant for VAT purposes);
► Individuals’ debt forgiven by the creditor is excluded from the definition of ‘bad debt’ under the Tax Code.

Value added tax (VAT)
► The blocking of VAT invoices / adjusting calculations is temporarily terminated - until the Cabinet of Ministers approves the new procedure for suspension of VAT invoices’ registration (not later than by 1 March 2018);
► The Law sets forth the procedure for renewal of registration of VAT invoices / adjusting calculations blocked (i) before 1 December 2017 and (ii) between 1 December 2017 and 1 January 2018;
► The Law specifies that VAT under Article 198.5 of the Tax Code is charged for the goods (services) purchased (produced) after 1 July 2015 provided that such goods (services) were purchased (produced) with VAT;
► The definition of program products exempt from VAT till 1 January 2023 is expanded;
► The Law introduces a temporary VAT exemption on export of soybeans (from 1 January 2018 till 31 December 2021, item 1201 under the Ukrainian Commodity Classification for Foreign Economic Activity) and rapeseeds (from 1 January 2020 till 31 December 2021, item 1205 under the Ukrainian Commodity Classification for Foreign Economic Activity);
► Until 31 December 2020, the Law introduces the right to pay VAT in installments for up to 24 months upon import of certain equipment for one’s own manufacturing purposes;
► Application of VAT exemption for the goods imported by citizens through post / express delivery and in carry-on / accompanied luggage is limited.

Other changes
► The thresholds for taxpayers’ classification as large are increased;
► The rates of excise, environmental, and resource taxes are increased.

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We will continue monitoring the developments and will inform you of further significant changes.
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