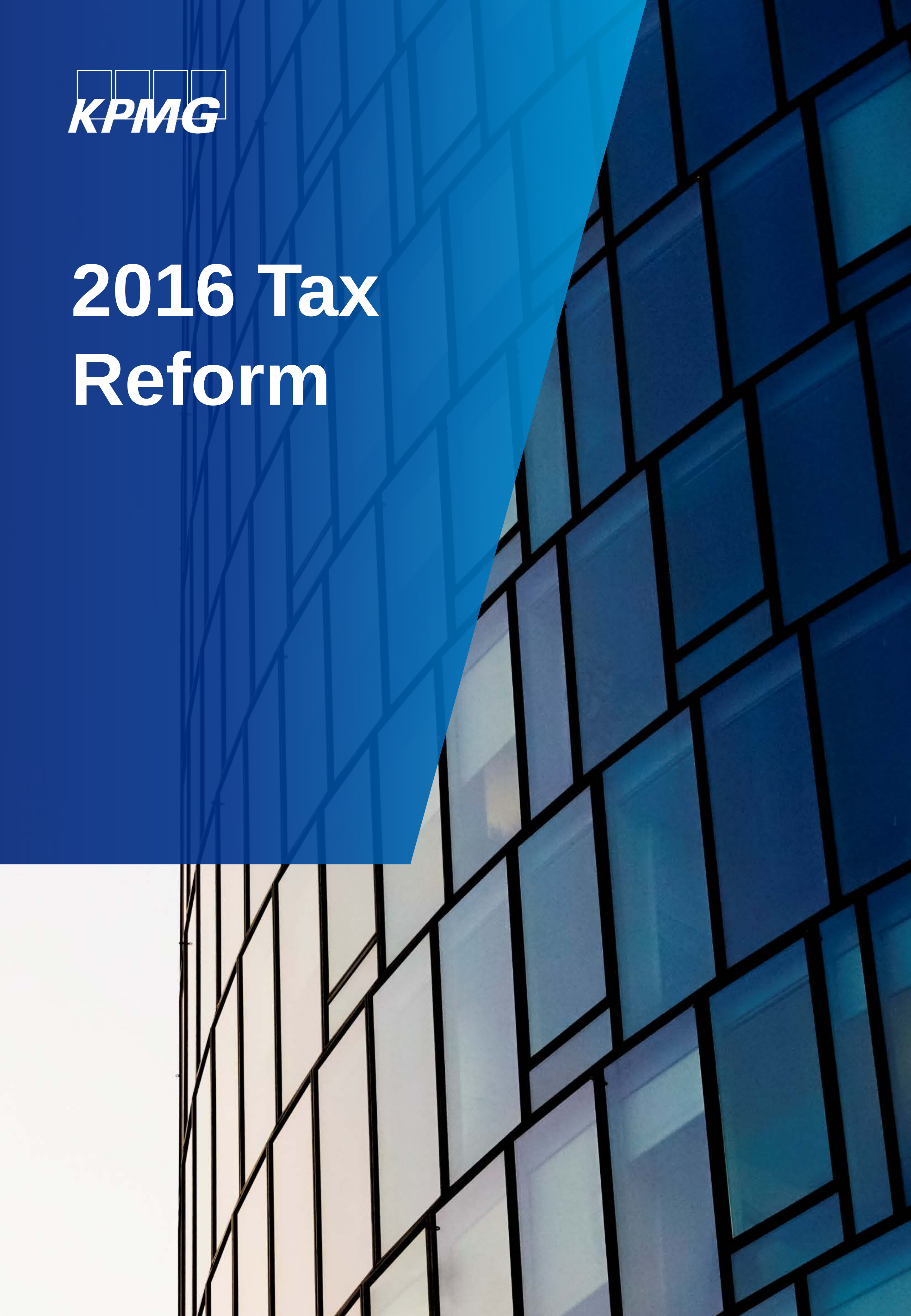
# 2016 Tax Reform



# 2016 TAX REFORM
## KEY CHANGES COMMENCING 1 JANUARY 2016

### SOCIAL SECURUTY CONTRIBUTION

RATES

36.76 - 49.72 % → 22 %

TAXABLE BASE CAP

17 → 25

MINIMUM INCOME

### PERSONAL INCOME TAX

RATES

15 / 20 % → 18 %

### SIMPLIFIED TAXATION SYSTEM

THIRD GROUP OF TAXPAYERS

REVENUE LIMIT

UAH 20M → UAH 5M

RATES

2 / 4 % → 3 / 5 %

FOURTH GROUP OF TAXPAYERS (AGRICULTURAL PRODUCERS)

RATES

↑1.8 TIMES

### CORPORATE INCOME TAX

CANCELLED

MONTHLY ADVANCE CIT

HOWEVER

TAXPAYERS SHOULD PAY ADVANCE CIT
IN THE AMOUNT OF 2/9 OF TAX CHARGED
FOR THREE QUARTERS OF 2016

REPORTING PERIOD

INCOME MORE THAN UAH 20M

CALENDAR YEAR → CALENDAR QUARTER

**Source:** Tax Bill No. 3688 "On Amendments to the Tax Code of Ukraine and Certain Other Legislative Acts of Ukraine in Respect of Ensuring Balanced Fiscal Revenue in 2016"

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# 2016 TAX REFORM
## KEY CHANGES COMMENCING 1 JANUARY 2016

### VALUE ADDED TAX

**TAX EXEMPT**

OPERATIONS OF BANKS AND OTHER FINANCIAL INSTITUTIONS WITH DELIVERY PROPERTY ACQUIRED FROM THE PROPERTY AS REPAYMENT OF LIABILITIES

**REASONS FOR TAX CREDIT CANCELLING**

ERROR IN THE INDIVIDUAL TAX NUMBER

OR

TAX CREDIT FORMED BY OPERATIONS THAT ARE TAX EXEMPTION

**EXCLUDED**

TAX EXEMTION FOR AGICULTURAL PRODUCTS

**INCLUDED**

RECOGNITION OF VAT LIABILITIES WHEN THE PLACE OF SUPPLY OF GOODS/SERVICES IS DEEMED TO BE OUTSIDE OF UKRAINE

**IMPLEMENTED**

REGISTER OF VAT REFUND APPLICATIONS

!

RECONCILATION OF VAT REFUND BASED ON THE RESULTS OF A DESK AUDIT

### AGRICULTURAL PRODUCERS

TRANSFER OF POSITIVE VAT BALANCE TO THE SPECIAL ACCOUNT UPON PAYMENT:

GRAIN AND INDUSTRIAL CROPS – 15%
LIVESTOCK SECTOR – 80%
OTHER AGRICULTURAL OPERATIONS – 50%

### CRITERIA FOR AUTOMATIC VAT REFUND

- NO INVOLVEMENT IN LITIGATION FOR THE PURPOSES OF THE LAW ON DEBTOR'S SOLVENCY RESTORATION OR RECOGNITION OF ITS BANKRUPTCY
- PROPER RECORD ON TAXPAYER IN THE REGISTER OF BUSINESSES AND LACK OF RECORDS ON ISSUES LISTED BY TCU
- MEETING ONE OF THE FOLLOWING CRITERIA:
  - VALUE OF FIXED ASSETS 3 TIMES GREATER THAN AMOUNT CLAIMED FOR REFUND
  - GUARANTEE ISSUED BY AN AUTHORIZED FINANCIAL INSTITUTION
  - 40% EXPORT IN OVERALL SUPPLIES MADE IN THE PREVIOUS YEAR

**Source:** Law of Ukraine No. 909-VIII "On Amendments to the Tax Code of Ukraine and Certain Other Legislative Acts of Ukraine in Respect of Ensuring Balanced Fiscal Revenue in 2016"

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## KEY CHANGES COMMENCING 1 JANUARY 2016

### EXCISE TAX

IMPLEMENTED

INCREASED RATES

THE FUEL SALE ELECTRONIC ADMINISTRATION SYSTEM

! ANY TRANSACTIONS WITH FUEL ALLOWED ONLY VIA EXCISE WAREHOUSES

! MINIMAL PRICES ESTABLISHED FOR TOBACCO PRODUCTS

### TRANSPORT TAX

IMPLEMENTED

AVERAGE MARKET VALUE OF CAR (750 MINIMAL WAGES)

**Source:** Law of Ukraine No. 909-VIII "On Amendments to the Tax Code of Ukraine and Certain Other Legislative Acts of Ukraine in Respect of Ensuring Balanced Fiscal Revenue in 2016"

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