



27 October 2014

Tax Alert
recent changes in the tax legislation
(20-24 October 2014)

Legislation in force

New register of cash registers approved

The State Fiscal Service of Ukraine has approved a new register of cash registers (order #190 of 14.10.2014). It consists of two parts:

1. List of models allowed for a first registration with agencies of the State Tax service.
2. List of models whose first registration (validity of conformity certificate) terminated.

Total quantity of models represented in the refreshed state register is 108 items.

The State Fiscal Service has suggested the Government to support the application of cash registers in retail trade. "We propose to include in the governmental package of laws on tax reforms the position as to the mandatory use of cash registers by all business entities in retail trade system, except for market trade and itinerant market" – informed Igor Bilous, the Head of the State Fiscal Service. It is expected that the extended use of registers for settlement transactions will prevent small businesses from "going underground".

Foreign economic activities

Clarifications of the State Fiscal Service as regards country of goods origin as at 22.10.2014. Documents evidencing the country of goods origin may be:

- Certificate of goods origin;
- Certified declaration of goods origin;
- Declaration of goods origin;
- Certificate on local name of goods.

If in the documents regarding goods origin there are inconsistencies in the data about country of origin or the body of the Fiscal Service identified other data about country of origin than the data indicated in the documents, the filer or authorised by him person has the right to provide to the Fiscal Service supplementary information about country of origin (part 4 Article 43 of the Customs Code of Ukraine).

This supplementary information may be the data in goods consignment notes, packing lists, shipping specifications, certificates of conformity, certificates of quality, phytosanitary certificate, veterinary certificate, other relevant certificates, customs declaration of country of export, passports, technical documentation, expert's reports of relevant bodies and other materials that can be used to confirm the country of origin (part 9 Article 43 of the Customs Code of Ukraine).

Military tax

The Central Administration of the State Fiscal Service in Kyiv provided clarifications of 22 October 2014 regarding the taxation of social security due to temporary incapacity for work.

The clarification document specifies that, for the purpose of deducting military tax the payments under work incapacity certificates (first five days of disability period are paid at the expense of employer and social security payment from Social Insurance Fund against temporary disability) are made equivalent to salary.

At present, the State Fiscal Service has developed a draft form for tax calculation of military tax pursuant to which a tax agent shall represent total income from which military tax for a reporting period will be deducted without indicating the personalised data of individuals.

Draft procedure for electronic VAT administration

According to Law no. 1621-VII of 31.07.2014 an electronic system for VAT administration will be introduced starting from 1 January 2015. The electronic system for VAT administration will ensure computerised accounting broken down by payers of VAT amounts.

The Cabinet of Ministers of Ukraine establishes the procedure for electronic VAT administration.

At present, the Fiscal Service has re-posted on its web-site the draft Procedure for electronic VAT administration. This document is slightly different from the one posted earlier. Particularly, in a new version, the Cabinet of Ministers defines that the State Treasury Service will be in charge of opening and servicing specific VAT accounts.

Draft amendments to the Tax Code of Ukraine regarding improvement of the administration of fixed agricultural tax

The State Fiscal Service has promulgated the Draft Law "On introducing amendments to the Tax Code of Ukraine regarding improvement of the administration of fixed agricultural tax". It is suggested to differentiate the procedures for withholding fixed agricultural tax (establish individual tax objects and tax bases) for crop producing, poultry producing and livestock producing entities and establish for them individual rates of fixed agricultural tax as a percentage of gross income.

Tax rates (percentage of tax base) are as follows:

- for agricultural producers that gain income from selling of livestock products - 3;
- for agricultural producers that gain income from selling of poultry products - 5;

The draft amendments are expected to create equal conditions for performing activities for payers of fixed agricultural tax under special privileged regime.

Draft Law of Ukraine regarding the amendments to the Tax Code of Ukraine regarding peculiarities of withholding land fees

The State Fiscal Service strives for regulating taxation of land plots without the necessity to register legal documents or even if they are non-available at all.

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This Alert issue should not be regarded as a consultation. Its single purpose is to provide update on changes to the legislation.

We recommended to apply for professional advising in each individual case.



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