



03 November 2014

Tax Alert
recent changes in the tax legislation
(27-31 October 2014)

Legislation in force

NBU Resolution on currency control

[Resolution of the NBU No.685 "On Amendments to Some Legislative Acts of the National Bank of Ukraine" of 30 October 2014](#) has abolished the temporary ban on some foreign currency transactions contained in the Resolution of the Board of the NBU No. 540 dated 29 August 2014. On 22 September 2014 the NBU Board issued Resolution No. 591, which amended Resolution No. 540, which, among other things, provided for a ban on foreign currency transactions until 2 December 2014, if:

- there was a settlement under import operations without the importation of goods into the territory of Ukraine;
- payments under import contracts under which the products were imported into the territory of Ukraine and customs clearance of the products was performed on the basis of import customs declaration which date exceeds 180 days.

The Resolution No. 685 has come into force since 3 November 2014.

Letter of the NBU concerning fines and penalties for a period of ATO

The bankers are obliged to write off fines and penalties on credits accrued during the period of ATO (since 14.05.14). It also applies to people/businesses who are permanent residents /conducted business activity or were forced to move outside the ATO area. This is directly specified in [Article 2 Law of Ukraine No. 1669-VII "On Temporary Measures for the Period of the Antiterrorist Operation" dated 02.09.14](#). This is why the National Bank stressed on unconditional compliance by the bankers with all provisions of this Article.

Letter of the NBU No. 18-112/62138 of 10.27.14 "Regarding the Implementation of Law of Ukraine No. 1669-VII "On Temporary Measures for the Period of the Antiterrorist Operation" dated 02.09.2014.

Law simplifying the procedures for starting a business comes into effect

It is expected that a long anticipated law that specifies the right (nor the duty) of an entity for a common seal, will be enacted in November. Besides, it is no longer required to obtain permissive documents for fabricating a seal (Article 581 of the Economic Code of Ukraine). At present, farms, cooperatives, commodity exchanges, collective agricultural enterprises, chambers of commerce, credit unions and their associations also enjoy the right, but not the obligation, to have a common seal. Moreover the obligatory rule to affix a seal to a legal deed of a legal entity established in part 2 Article 207 of the Civil Code of Ukraine will be deleted. In addition to that, a seal of a legal entity will not be required on the following documents:

- tender bids and quotes;
- minutes of general shareholders meetings and shareholders resolution;
- promissory notes;
- report on valuation of property and other documents.

[Law of Ukraine No. 1206-VII "On Amending Certain Legislative Acts of Ukraine as to Simplifying the Procedures for Starting a Business" dated 15.04.14](#). The Law shall become effective in 6 months after the date of its publicising.

List of residential places within ATO area

The Cabinet of Ministers promulgated the list of residential areas where it has been conducting ATO.

[Order of the Cabinet of Ministers No. 1053-p "On Approval of the List of Residential Places Where Antiterrorist Operation was Conducted" dated 30.10.14](#).

Clarifications of the State Fiscal Service of Ukraine:

The Cabinet of Ministers promulgated the list of residential areas where it has been conducting ATO.

- **registration of tax invoices as of 31.10.2014**

Tax returns or calculation of adjustments may be registered from 0-00 to 23-00.

VAT payer shall register tax returns in the Unified Register of tax returns not later than 15 calendar days following the date of the VAT return. If the 15th day following the date of a VAT return is a holiday or day off the period for the registration of VAT returns in the Unified Register *is not postponed*;

- **military tax from as of 31.10.2014**

In case the funds for treatment of an employee and purchase of medicine are not paid (compensated) to the employee and the employer transfers the funds to the account of the health care institution, such income shall be deemed as a one-off special purpose charitable aid provided by the employer. Therefore, *such sums shall not be subject to military tax*.

- **procedure for calculating excise tax on goods at rates in foreign currency as of 29.10.2014**

Excise tax on goods/products at rates in foreign currency shall be paid in national currency and calculated based on the official exchange rate (hryvnya/foreign currency) established by the NBU, being effective on the first day of the quarter in which the goods/products are sold, and remains unchanged throughout the quarter.

The order of calculating excise tax is regulated by section VI of Tax Code of Ukraine #2755-VI of 02 December 2010 as amended.

Draft modifications to legislative instruments

Draft document of 29.10.2014 regarding amendments to Resolution of the Cabinet of Ministers No. 1232 "On Approval of the Procedure for Counter Reconciliations by State Tax Service" of 27 December 2010

Adoption of such regulatory act will improve the procedure of counter reconciliations by regulators and provide the possibility to document the facts under which it is impossible to perform counter reconciliation with an entity.

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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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