

# Flash Report

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## *Restriction of previous years' losses carrying forward*

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## *Restriction of previous years' losses carrying forward*

The State Tax Administration of Ukraine (STAU) has issued a letter\* clarifying that no losses originating in 2010 and earlier can be carried forward to 2Q 2011 and further.

Moreover, the STAU instructed regional tax authorities to control taxpayers' compliance with this interpretation of the Law.

We disagree with such interpretation of the Tax Code. In our view, all prior year losses should be available for utilisation in 2011 and later years.

A number of clients have already been the subject of assessment on this issue and we expect clarification from the courts in the coming months.

PwC will continue to monitor this issue and provide additional information as soon as it is available.

\* *The STAU's letter № 828/3/15-1212 dated 08.09.2011*