

FLASH REPORT

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This flash report is produced by
PricewaterhouseCoopers' tax and legal services
department.

Recent interpretation of losses carried-forward

The tax authorities have expressed an opinion that in fiscal year 2008, a taxpayer is entitled to decrease its taxable income only by the amount of losses recorded in its 2007 corporate profits tax (CPT) return.

This would mean that the taxpayer has no right to utilise losses incurred before 1 January 2006, due to a limitation introduced by the 2007 Budget Law.

In our view, this opinion is based on a literal interpretation of the CPT Law only, and it does not reflect the spirit of the Tax Law regarding losses carried-forward.

*(Letter of the State Tax Administration of Ukraine
#7618/7/15-0217 dated 11 April 2008)*

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