

Flash Report

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Carrying forward losses

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The tax authorities propose a new regime for carrying forward losses

On 7 November 2011, the State Tax Service of Ukraine (STSU) has published on its website a draft Law for public discussion proposing changes to the rules of carrying forward losses.

The Draft proposes that, from 1 April 2011, only 25% of tax losses incurred before that date could be deducted in each year from 2011 to 2014. If this percentage of losses is not utilised during the respective year, the remainder cannot be utilised in subsequent years.

At the same time, the Draft provides for several exceptions, when companies can utilise all losses:

- Entities with taxable income in 2010 of less than UAH 1 mln;
- Entities producing welfare food products.

Although it is not an ideal solution, it will provide certainty for taxpayers and will overcome the current problem that taxpayers are facing. Nowadays, PwC is of view that all such losses should be deductible.

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