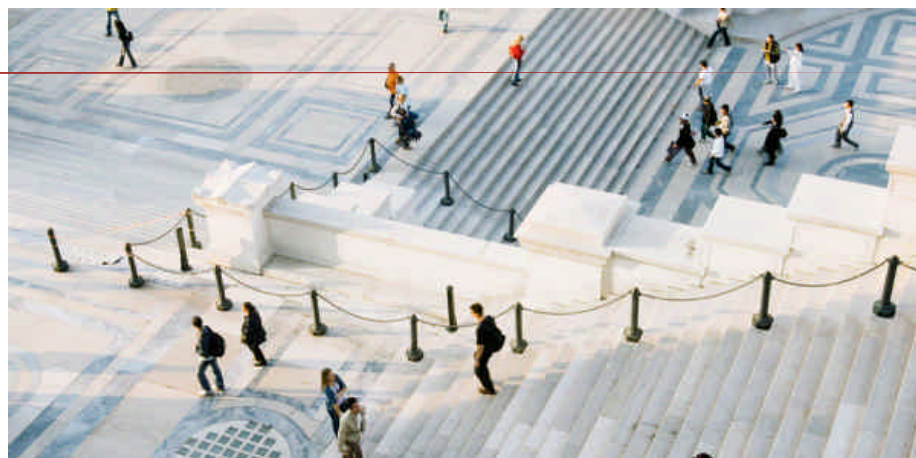


Flash Report

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New VAT rules: clarifications from the tax authorities

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The tax authorities have clarified the new VAT rules

Recently, the tax authorities clarified* some issues related to the electronic VAT administration system. In particular, according to their position:

- Registration of all VAT invoices in the Unified Register of VAT Invoices is mandatory only starting from 1 February 2015.
- Fines for late registration of VAT invoices should be applied as follows:
 - No fines should apply in January 2015;
 - Starting from 1 February 2015 till 1 July 2015 fines of 10% for a delay of up to 15 calendar days do not apply. However, fines of 20%-50% for delays over 15 calendar days are applicable during this period;
 - Fines apply only in respect of the VAT invoices which should be provided to the customer – VAT payer.
- VAT liabilities for December 2014 and January 2015 should be paid to the state budget from current bank account of the taxpayer. Afterwards, VAT liabilities should be paid to the state budget from electronic VAT account.

The analysed clarifications are not formalized as generalized tax consultation. Therefore, we do not exclude that the position of the tax authorities may change in the future.

We will continue to monitor the situation and keep you updated on the issue.

**Letter of the State Fiscal Service No. 1403/7/99-99-19-03-01-17 dated 19.01.2015*