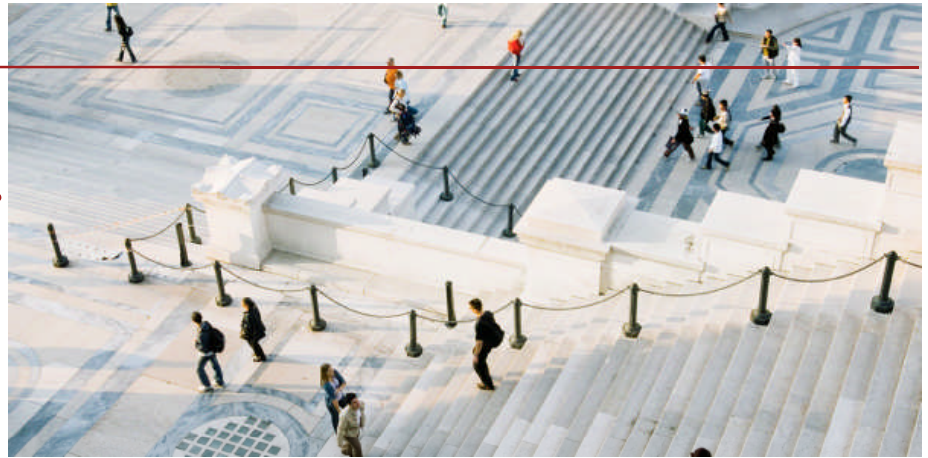


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Application of VAT incentives for IT industry



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VAT exemption does not apply to IT services

The tax office is trying to limit the availability of VAT exemption in the IT industry.

According to the Tax Code, an exemption from VAT for the supply of software products is available from 1 January 2013 till 1 January 2023.

Recently, the State Tax Service of Ukraine has issued a clarification letter regarding the application of this tax incentive* and specified that design, publishing, programming, testing, installation, implementation, and software and hardware maintenance services can not be treated as the supply of software products.

Thus, based on the tax authorities approach, VAT exemption is not applicable to IT services. Arguably this is incompliance with the Tax Code.

**STSU Letter No 3360/6/15-3115 dated 05 March 2013*