

Flash Report

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VAT refund may be limited



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The tax authorities limit the right for VAT refund

Recently, the tax authorities issued a clarification letter* in respect of the transfer of VAT receivable/refunds accumulated as of 01 February 2015 to the electronic VAT administration system, as well as VAT compliance during the transition period.

In particular, the tax authorities outlined that if a taxpayer transfers any amount of VAT receivable/refund accumulated as of 01 February 2015 to the electronic VAT account, such amounts **cannot** be further claimed for VAT refund in cash. This means that such amounts can only be used for registration of VAT invoices and to offset against VAT liabilities in a VAT return.

We disagree with such approach as it contradicts the provisions of the Tax Code and related by-laws.

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

**Letter of the State Fiscal Service No. 7796/7/99-99-19-03-02-17 dated 06.03.2015*