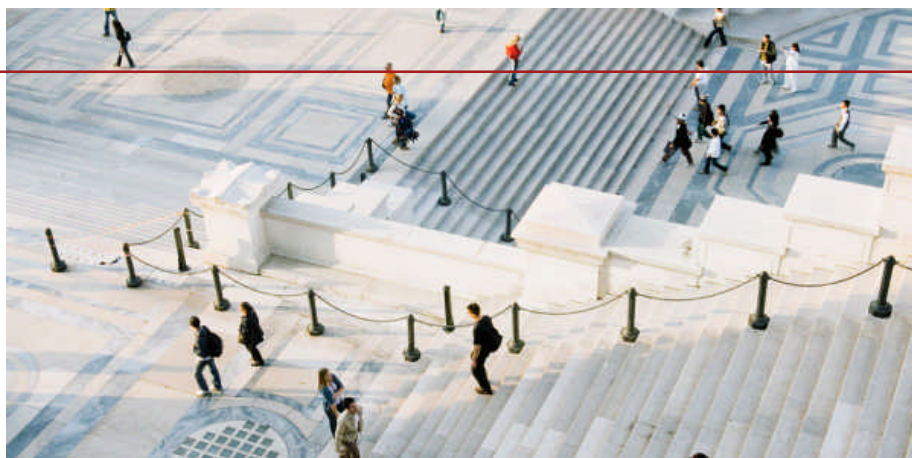


Flash Report

Ukraine • Issue#37/2015 • 11 August 2015

Transfer pricing changes



Contacts:

Camiel van der Meij

Partner & TLS Leader, Tax and Legal Services
camiel.van.der.meij@ua.pwc.com

Slava Vlasov

Partner, Tax and Legal Services
slava.vlasov@ua.pwc.com

Yaroslav Guseynov

Director
Tax and Legal Services
yaroslav.guseynov@ua.pwc.com

Olga Trifonova

Senior Manager, Transfer pricing group leader
Tax and Legal Services
olga.trifonova@ua.pwc.com

PwC Ukraine

75 Zhylyanska Street, Kyiv, 01032
Tel: +380 44 354 0404
Fax: +380 44 354 0790

www.pwc.com/ua

This flash report is produced by PricewaterhouseCoopers' tax and legal services department. The material contained in this alert is provided for general information purposes only and does not contain a comprehensive analysis of each item described. Before taking (or not taking) any action, readers should seek professional advice specific to their situation. No liability is accepted for acts or omissions taken in reliance upon the contents of this alert.

© 2015 Limited liability company «PricewaterhouseCoopers». All rights reserved. PwC refers to the Ukrainian member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.



Changes in Transfer Pricing legislation

On 13 August 2015 changes* to the Tax Code of Ukraine in respect of transfer pricing (further – “TP”) regulations come into force.

The major changes are the following:

- The threshold for controlled transactions has been increased to UAH 5 mln. with one counterparty (provided the total annual revenue of the taxpayer exceeds UAH 50 mln.);
- The criteria for recognition of controlled transactions have been removed for VAT purposes;
- The list of financial indicators used to provide conformity with the arm's length principle is reinstated;
- The provision with regard to controlled transactions performed with the involvement of intermediaries (non-related parties) is specified;
- Penalties for non-provision (late provision) of the report on controlled transactions have been changed to 300 minimum wages and for non-inclusion of controlled transactions into the TP report (1% of the amount of the undeclared controlled transactions but should not exceed 300 times the minimum wage);
- The provision on the necessity to file an annex to the corporate profit tax return if the volume of controlled transactions with one counterparty does not exceed UAH 5 mln. was removed;
- The provision which stated that the submission of a report on controlled transactions is considered a ground for performing an audit to verify the conformity of the terms of controlled transactions with the arm's length principle, was removed;
- The term for the provision of additional information upon tax authorities' request was extended to 30 calendar days (instead of 10 days);
- A report on controlled transactions and TP documentation in respect of controlled transactions, performed in 2015, should be prepared in accordance with the provisions of the Law*.

We will keep you updated on further changes to the TP legislation.

* The Law “On Changes to the Tax Code of Ukraine in respect of improvement of the tax control on transfer pricing” № 609-VIII dated 15 July 2015.