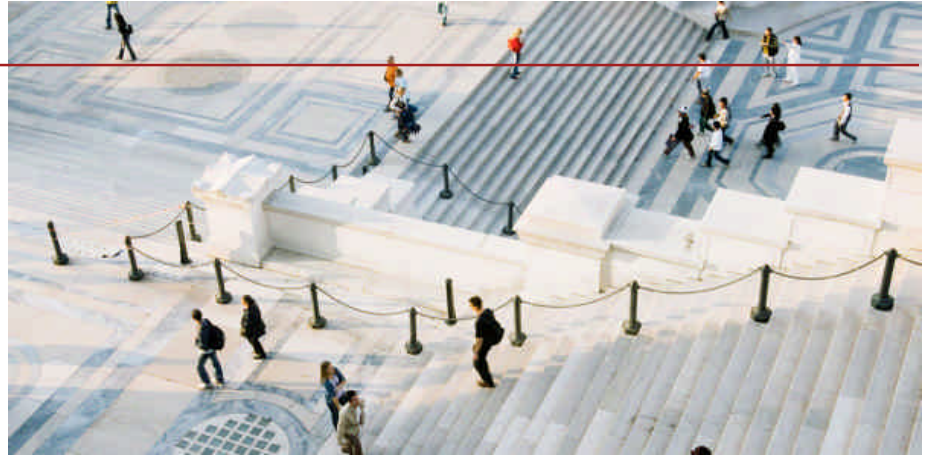


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Crimean taxation?



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Crimean taxation: guidelines issued

The Crimean State Council has issued a Decree in respect of taxation. According to the Decree taxpayers will follow the Russian Tax Code from 1 January 2015.* Until that date, the Ukrainian Tax Code will apply subject to the following adjustments:

- Russian VAT rates (18% - regular rate/10% - for groceries, goods for children, periodicals, medical goods, etc.) will take effect 1 May 2014.
- Ukrainian input VAT incurred on purchases after 1 March 2014 is not recoverable, but can be deducted for CPT purposes (2/1.5 multiplying coefficient will apply).
- Supplies to Ukraine are subject to 0% VAT. Import of goods to Crimea, including supplies from Ukraine, is subject to 18%/10% VAT from 26 March 2014.
- Refund of VAT receivables accumulated before March 2014 will not be available. Input VAT incurred in February 2014 can be offset against future VAT liabilities.
- All private individuals who had permanent residences in Crimea as of 18 March 2014 will be treated as Russian tax residents and taxed accordingly.
- All taxes are to be paid in RUB.

A number of these items contradict the Ukrainian Tax Code. The taxpayers in Crimea will have to consider how to apply these rules.

** The Decree of the State Council of the Crimean Republic No. 2010-6/14 dated 11 April 2014*