

Flash Report

Ukraine • Issue 48/2013 • 25 October 2013

TP legislation: low tax jurisdictions



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Definition of low tax jurisdiction amended

As anticipated, the definition of a "low tax jurisdiction" for transfer pricing purposes (identifying controlled transactions) has been changed by the Parliament of Ukraine.

A "low tax jurisdiction" will be a jurisdiction that has a corporate tax rate that is five (5) percentage points below the Ukrainian tax rate (i.e. 14% and less in 2013). This also applies if the taxpayer in a foreign jurisdiction pays corporate profit tax at a rate lower than the Ukrainian rate by five (5) percentage points.

The President is expected to sign this amendment.

We will continue monitoring this issue and keep you updated on further developments in this area.

Refer to Law No.2054a "On Changes to the Tax Code of Ukraine in respect of recording and registering taxpayers and improving certain provisions".

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