

# Flash Report

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## *Special tax on securities*

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## *Special tax on transactions with securities*

The Verkhovna Rada of Ukraine has adopted the law #11285 which introduces excise tax on sale of securities and transactions with derivatives. The changes will take effect on January 1, 2013 unless vetoed by the President of Ukraine.

Under this Law, excise tax will apply to disposal of securities and transactions with derivatives with the following criteria and tax rates:

- 0.1% for off-stock exchange transactions with listed securities
- 1.5% for off-stock exchange transactions with non-listed securities (refer below for exemptions)
- 5 tax-free allowances (currently UAH 85) for off-exchange derivatives

The following financial instruments and transactions are exempt:

- shares of private companies (LLC) and corporate rights issued in the form other than securities
- derivatives on interbank market
- deposit certificates
- securities issued by non-residents
- transactions with certificates of open-ended fund by the issuer
- transactions with securities by the issuer
- government securities or securities guaranteed by the government
- others

There are also other changes in the Law that will impact the financial sector in respect of corporate profits tax (see the Flash report #68).