

Flash Report

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Significant changes to Tax Code



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The Law “On prevention of financial collapse and creation of prerequisites for economic growth of Ukraine” was adopted

On 27 March, the Parliament of Ukraine passed a law that makes a number of important changes to the Tax Code:

- CPT and VAT rates will be set on a permanent basis at 18% and 20%, respectively.
- Excise tax rates for alcoholic beverages (other than beer) and tobacco products are increased by 25%. Excise tax for beer is increased by 42,5%.
- VAT refund for exporters of cereal crops will be cancelled starting 1 October 2014. However, agricultural producers are not subject to VAT and will continue to enjoy special taxation regime.
- Progressive PIT taxation ladder (15%, 17%, 20% and 25%) will apply from 1 July 2014.
- PIT at the standard rates will apply to pensions exceeding UAH10,000 per year.
- A 0.5 % fee for compulsory state pension insurance will apply to the purchase of foreign currency by legal entities and individuals.
- Fees for subsoil use are increased. For example, 42% rate will apply for gas condensate.
- The tax exempt limit for the importation of goods, transferred via international mail (i.e. on-line purchases), will be decreased from EUR 300 to EUR 150.

As soon as this law becomes publicly available, we will perform an extended analysis.