

# Flash Report

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## VAT on medicines



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### ***VAT for pharmaceutical industry: recent developments***

The Ministry of Revenues and Duties has issued clarifications on VAT treatment of medicines and goods of medical purpose.\*

The key provisions are the following:

- The 7% rate only applies to the supply of medicines and goods of medical purpose in Ukraine. Therefore, imports are subject to the standard 20% rate. This means that importers will be in a constant VAT refund position.
- Input VAT, including VAT paid at the 20% rate, is recoverable under the general rule. VAT receivable (if any) can be claimed for refund.
- The list of goods of medical purpose subject to 7% VAT is not defined yet. Until such list is approved, the 7 % VAT is applied to goods of medical purpose which were exempt from VAT before 1 April 2014.
- Rules of VAT invoicing, as well as maintaining a VAT invoice register, were also clarified.

*\*Letters of Ministry of Revenue and Duties # 7822/7/99-99-19-05-01-17 and # 7860/7/99-99-19-04-02-17 dated 4 April 2014*