

Suspension of VAT invoice registration is now possible

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Suspension procedure of VAT invoice registration becomes fully operational

Starting from 1 July 2017, the registration of a VAT invoice in the Unified Registry of Tax Invoices is set to be suspended if the VAT invoice matches the following criteria*:

1. The amount of supply of goods/services, stated in such VAT invoice, exceeds more than 1.5 times the expected remaining stock of such goods/services (calculated as the difference between the volumes of purchases and supplies of such goods/services starting from 1 January 2017) and:
 - ✓ more than 75% of such stock are comprised of goods deemed to be risky by the State Fiscal Services of Ukraine;
 - ✓ goods/services indicated on the VAT invoice are not supplied by the taxpayer on a regular basis;
 - ✓ the amount of VAT stated in VAT invoices registered by the taxpayer in the reporting period (including the VAT invoice in question) exceeds the average monthly amount of taxes (excluding import VAT), duties and unified social contribution ("USC") paid by the taxpayer during last 12 months.
2. A license for transactions with excisable goods stated in the VAT invoice is missing.

Registration of VAT invoices should proceed unimpeded if:

- such VAT invoices are not to be provided to the customers and/or issued for VAT exempt supplies;
- monthly volume of supplies is less than UAH 500 ths. and the Chief Executive Officer of such taxpayer holds similar position in fewer than 3 operational tax paying entities;
- the amount of taxes (excluding import VAT), duties, and USC paid in 2016 by the taxpayer exceeded UAH 5 mln. (this criterion will remain in effect until 2018);
- certain criteria related to the tax burden and VAT amount for the reporting period are met.

We will continue monitoring the developments and keep you updated on the issue.

* Risk assessment criteria adopted by the Order of the Ministry of Finance N 567 dated 13 June 2017