

# Flash Report

Ukraine • Issue#3/2018 • 26 February 2018

## **Option to pay VAT in instalments becomes available to importers of equipment**



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## **Procedure of paying import VAT in instalments comes into effect**

On 21st February 2018, the Order on payment of VAT in installments on imports of equipment became effective.

The order regulates the VAT installment payment procedure on imports of certain equipment to be used by importers in their own production process for the period of up to 2 years. This option is laid out in the Tax Code of Ukraine and will be available for use until January 1, 2020.

In order to take advantage of the installment option a taxpayer should submit to the customs agency a documentation package that includes an application on the approved form, business plan, conclusions of state agencies, expert institutions, technical and other documents. Based on these documents, the customs authorities will issue the permit.

The first installment will be due during customs clearance of the equipment and the remaining VAT due amount to be secured with financial/bank guarantee or the equipment used as the collateral. The remaining VAT amount should be paid monthly.

The importer is then required to report monthly to the State Fiscal Service confirming the status of the equipment as being used in its own production process.

We are prepared to provide you with more details on the practical implementation of the VAT instalment procedure and will be available to assist in obtaining the permit for importation of equipment using this option.

Please contact us, if you would like to discuss this topic or any other VAT matter further.

*\*Resolution by the Cabinet of Ministers of Ukraine N 85 dated 7 February 2018*

*\*\* Tax Code of Ukraine N 2755-VI dated 2 December 2010*