

Flash Report

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Procedure for suspension of VAT invoice' registration becomes effective on 22 March 2018



Contacts:

Camiel van der Meij

Partner & TLS Leader
Tax and Legal Services
camiel.van.der.meij@pwc.com

Denis Shendryk

Senior Manager
Tax and Legal Services
denis.shendryk@pwc.com

Inna Andrushchenko

Manager
Tax and Legal Services
inna.andrushchenko@pwc.com

PwC Ukraine

75 Zhylyanska Street, Kyiv, 01032
Тел.: +380 44 354 0404
Факс: +380 44 354 0790
www.pwc.com/ua

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Order on suspension of VAT invoice registration enters into force

The Procedure on suspension of VAT invoice registration* becomes effective on 22 March 2018.

In accordance with the Procedure, VAT invoices/adjusting VAT invoices (further – VAT invoices) are not subject to monitoring (i.e. suspension) if:

- such VAT invoices are not provided to customers and/or issued for VAT exempt supplies;
- the 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 ratio of paid taxes (excluding import VAT), duties and Unified Social Contribution in the amount of supplies for the last 12 months exceeds 3%; and total VAT amount per VAT invoices registered in the reporting month does not exceed by more than 40% the largest monthly VAT amount for the last 12 months.

The VAT invoices that are subject to monitoring are checked against special risk assessment criteria used to identify risky taxpayers and transactions, as well as indicators of positive taxpayer's history.

Registration of VAT invoices that match the risk assessment criteria will be suspended. However, in cases when taxpayers with positive tax history file VAT invoices that match the criteria for risk transactions, no suspension action will be taken.

The State Fiscal Service has recently developed and published a draft of the abovementioned criteria and indicators, which are yet to be approved by Ukraine's Ministry of Finance.

We will keep you updated on the developments in regard to this matter.

*The Order of the Cabinet of Ministers of Ukraine "On approval of the procedures for suspension of registration of VAT invoice/adjusting VAT invoice in the Unified Register of tax invoices" No. 117 dated 21 February 2018.