

# Flash Report

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## Crimean VAT



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### VAT in Crimea reduced to 4%

In an update to our Flash report #25 in respect of taxation in Crimea, the State Council of Crimea has now established new guidelines on taxation on the peninsula.\*

VAT taxation rules have undergone further significant changes:

- From 1 May 2014 until 1 January 2015, the following VAT rates will apply in Crimea: the regular rate will be 4%, and the reduced rate for groceries, goods for children, periodicals, medical goods, etc. will be 2%. The 20% VAT rate will apply prior to 1 May 2014.
- Also from 1 May 2014 until 1 January 2015, Crimean taxpayers will not be entitled to credit input VAT paid to Ukrainian and Russian suppliers. Ukrainian input VAT incurred before this date should be recoverable.

Effectively, this means that VAT is transformed into turnover tax in Crimea.

In addition to VAT taxation, the guidelines also affect excise taxation, taxation of individuals, and certain tax administration procedures.

*\* The Decree of the State Council of the Crimean Republic No. 2093-6/14 dated 30 April 2014*