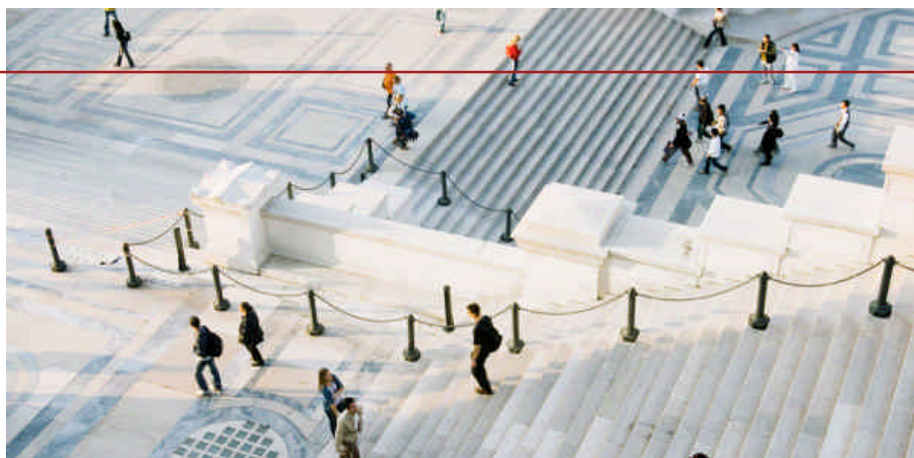


Flash Report

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Indirect tax changes



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Indirect tax changes

Yesterday, the Parliament of Ukraine passed a law introducing changes to the Tax Code. Under the edition of the Law* currently available on the Verkhovna Rada website, the key changes on indirect taxes are the following:

- The threshold for mandatory VAT registration is raised to UAH 1,000,000.
- VAT base upon taxable supplies should not be lower than the purchase price of goods/services and balance value of fixed assets.
- Special electronic VAT accounts are introduced.
- All VAT invoices should be issued in electronic form and registered in the Unified Register of Tax Invoices.
- The criteria for automatic VAT refund are changed.
- Reverse-charge VAT can be credited in the same month.
- Temporary VAT exemption for grain trade is extended until the end of 2014.
- Excise on tobacco products will increase by approximately 5% starting from 1 September 2014.

The Law* comes into force on the day following the day of its publication. The VAT provisions listed above (with the exception of grain transactions) should become effective starting from 1 November 2014.

We will continue the analyses of this legislative act and provide more detail on the issue.

**The Draft Law # 4309a dated 21 July 2014*