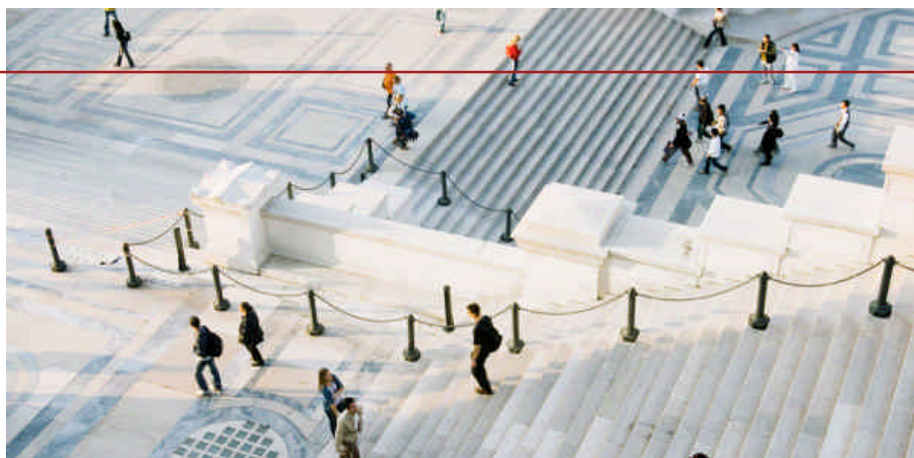


Flash Report

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Introduction of electronic VAT administration



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Parliament postpones introduction of VAT accounts until 1 February 2015 with an extended trial period

On 28 December Parliament adopted the Law* introducing numerous amendments to the Ukrainian tax legislation.

The final version of the Law has not been publicly released yet. However, based on available information, the following key VAT amendments are expected to be introduced:

- The electronic VAT administration system will be implemented starting from 1 February 2015 and will operate in a test mode till 1 July 2015. During this period:
 - All VAT invoices should be issued in electronic form and registered in the Unified Register of tax invoices;
 - The registration of VAT invoices in the Unified Register will be available even if the supplier does not have a sufficient balance in its electronic VAT account;
 - No financial penalties will apply to suppliers for non-registration of VAT invoices in the Unified Register.
- The full amount of VAT receivable accumulated by the taxpayer for the previous periods should be transferred to the VAT account balance.

We will continue to monitor the situation and keep you updated on the issue.

**Draft law "On introducing amendments to the Tax Code and other laws of Ukraine (on tax reform)" No. 1578 dated 22.12.2014*