

Legal Update – 16 August 2013

New Transfer Pricing Requirements

Further to our Legal Alert on New Transfer Pricing Requirements in Ukraine, dated 22 July 2013 and posted at http://www.rulg.com/documents/Transfer_Pricing_2013_July22.pdf, we would like to inform you that the Draft Law of Ukraine "On Introducing Changes to the Tax Code of Ukraine Regarding Transfer Pricing" (the "**Transfer Pricing Law**") was signed by the President on 31 July 2013 and will take effect as of 1 September 2013.

We note that several changes were made in the final text of the Transfer Pricing Law as compared to its draft version on which we based our previous Legal Alert.

Thus, in section A. Counterparty Component of our previous Legal Alert instead of:

3. commercial operations with non-residents registered in jurisdictions where the corporate profit tax rate is by 5 *percentage points* lower than in Ukraine (the "Lower CPT jurisdictions").

should read:

3. commercial operations with non-residents registered in jurisdictions where the corporate profit tax rate is by 5 *per cent* lower than in Ukraine (the "Lower CPT jurisdictions").

Also, the list of related parties with the purpose of application of the transfer pricing was supplemented with another category:

Legal entities - if one and the same person directly and / or indirectly owns corporate rights in such legal entities and the amount of share of the corporate rights in each legal entity is 20% or more.

Disclaimer

The content of this Legal Alert is not legal advice, but a general informational summary of the law. Resource to qualified legal counsel is always required for legal advice. Failure to make timely inquiries of legal counsel may cause important legal deadlines to be missed.

Olimpiysky Center
72, Velyka Vasylykivska
Street Suite 14, Kiev 03150
Ukraine
Phone: [380] (44) 207-1060
Fax: [380](44) 207-1064

4056 Mansion Dr., N.W.
Washington, D.C. 20007
USA
Phone: [1] (202) 338-1182
Fax: [1] (202) 338-4237