



ukrainian legal group
www.rulg.com

Legal Alert – 26 May 2011

Current Ukrainian Tax rates

CORPORATE INCOME TAX (CIT) (Податок на прибуток підприємств)

- Flat rate - 23% in 2011, 21% in 2012, 19% in 2013 and 16% in 2014.
- 0% rate applies to insurance companies' profit from long-term life and retirement insurance activity.
- 0% to 20% rate applies to foreign entities with income sourced from Ukraine, depending on income source type.
- Withholding taxes on income of foreign residents from Ukraine sources: dividends and income from sale of shares, royalties, interests, other income - 15 %, freight – 6%, incomes from interest-free bonds – 16%, interests charged on public securities – 0%, insurance fees – 0-12%, fees for the production and/or distribution of the resident's advertising – 20% (payable by the resident).
- Unlimited carry forward of losses.
- Fixed assets can be depreciated according to 1 of 5 methods depend on type of fixed assets: straight-line method, reducing balance method, accelerated reducing balance method, cumulative method, productive method.
- Taxation treaties with 50 countries.

Olimpiysky Center
72, Velyka Vasylkivska 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

VALUE ADDED TAX (VAT)

- Standard rate – 20% in 2011-2013, 17% - in 2014.
- General VAT payer registration threshold - UAH 300,000 (approx EUR 26,860).

SIMPLIFIED TAX SYSTEM

- May be chosen subject to low annual revenues and sufficiently small payrolls, stipulated by the legislation.
- If the requirements are met, one of two uniform tax rates can be chosen: 6% CIT of annual revenues, disregarding excise duties, plus 20% VAT, or 10% CIT of annual revenues, except for excise duties, and without VAT.

PROPERTY TAX (PT)

- Land tax: Tax base is cadastral value of land. Rates vary significantly depending on the functional use of land.
- Real estate tax (on real estate other than land): 1%-2,7% of minimum salary established as of 1 January the tax year subject to living area of real estate (takes effect on 1 January 2012).

REAL ESTATE TRANSFER DUTY

- 1 % of transaction value but no less than one minimal tax-free income (if transaction is notarized by a State notary). If transaction is notarized by a private notary – notary fees in the amount of not less than the State duty will be charged.

PERSONAL INCOME TAX

- General flat rate - 15%. 17% - if an individual's income exceeds 10 minimal wages.
- The same tax rate for residents and non-residents.
- Certain personal income, e.g. royalties, dividends are taxed at 5%.
- 30 % tax is levied on prizes

SOCIAL SECURITY CONTRIBUTIONS

- Employee rate: 3,6% of gross salary; employer rate: 36,76%-49,7% on top of gross salary depending of type of business activity.

CUSTOMS & EXCISE

- Excise duties are imposed on both import and manufacture of a list of goods. Customs are imposed on import; a limited number of goods are subject to export duties.

ECOLOGICAL TAX AND NATURAL RESOURCES TAX

- Ecological tax is imposed on volume of waste and emissions.
- Natural resources tax is imposed on volume of used natural resources (oil, gas, coal, peat, ores, etc.).

TAX AUDITS

- Tax audits can be performed going back 3 years from the date tax became payable.

ADVANCE (BINDING) RULINGS POSSIBLE NO CHARGE

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.