

VAT exemption of drugs and medical products

On 7 May 2015, the amendments to the Tax Code of Ukraine in relation to VAT exemption of drugs and medical products became effective.

The amendments introduced temporary (until 31 March 2019) VAT exemption for import and first supply of drugs and medical products, provided that such transactions are carried out on the basis of agreements with specialized organizations which perform state procurement for the Ministry of Health of Ukraine.

The Verkhovna Rada also exempted import of the abovementioned drugs and medical products from additional import duty by specifying such drugs and medical products as essential goods.

The procedure of import, supply and intended use of such drugs and medical products is planned to be approved by the resolution of the Cabinet of Ministers.

The amendments also envisaged liability of taxpayers in the event of non-intended use of benefit received through VAT exemption. Thus, in case of non-intended use of such drugs and medical products, the taxpayer is obliged to return the VAT amount which was due to be paid at the time of import.