

## **Latest changes to tax law**

### **Additional import duty is not applicable to gasoline**

In its letter dated 8 April 2015, the State Fiscal Service of Ukraine provided some clarifications in relation to goods subject to additional import duty.

Thus, the State Fiscal Service stated that the additional import duty is applicable to all goods as specified in clauses 1 and 2 of part 1 of Article 277 of the Customs Code of Ukraine, except for the vitally important goods that, in accordance with the Ukrainian Classification of Foreign Economic Activity Products, include gasoline, fuel oil and diesel fuel.

Therefore, according to the State Fiscal Service, no additional import duty is applicable to import of gasoline, fuel oil and diesel fuel. Other goods, classified under position No. 2710 of the Ukrainian Classification of Foreign Economic Activity Products, are subject to 5% additional import duty.

### **Abolition of military duty for currency transactions**

On 12 May 2015 the Verkhovna Rada adopted changes to the Tax Code of Ukraine in relation to military duty. Such changes abolished application of military duty to transactions on sale and purchase of foreign currency by individuals.

Military duty in the amount of 1.5% was in force for two months. Its abolishment is aimed at unshadowing the currency market.

### **Updated offshore list**

On 14 May 2015 the Cabinet of Ministers of Ukraine approved the new list of states, trade transactions with which are subject to tax control. The list update was carried out with the aim of administration control while enforcing transfer pricing rules.

The updated list now includes Austria, Turkmenistan and Hong Kong.

Whether or not the state is added to such list is determined based on the following criteria: low income tax (at least 5 percentage points

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lower than in Ukraine), ban on disclosure of information on the ownership structure of the legal entities and absence of international agreements with Ukraine on information exchange.

### **No VAT for scrap metal import**

According to the Resolution of the Cabinet of Ministers of Ukraine No. 136 dated 25 March 2015, import of ferrous and non-ferrous scrap metal is exempted from VAT. As of 31 March 2015, the VAT-free regime for supply transactions, including import of ferrous and non-ferrous waste and scrap metal, is prolonged until 01 January 2017.

### **Exemption from taxation of income obtained by non-residents under debt obligations**

On 25 May 2015 the President of Ukraine signed the Law in relation to changes in taxation of income obtained by non-residents under debt obligations.

The adopted Law provides for tax exemption of income of legal entities and individuals that was obtained by non-residents in the form of interest on state securities and municipal bonds, or debt securities guaranteed by the state or municipalities.

The Law became effective on 27 May 2015.