

## Value-added tax in Ukraine

1. Taxpayers
2. Rate
3. Tax base
4. VAT refund

### Taxpayers

The taxpayer is obliged to register as a VAT payer if the aggregate value of supplied goods or services exceeds UAH 1 million (approx. USD 36 thousand / EUR 30 thousand) for the last 12 months. However, if the value of taxable transactions does not exceed UAH 1 million, the voluntary registration as a VAT payer is available.

### Rate

The value-added tax (VAT) rate is 20% (standard tax rate).

14% VAT rate is applied to the import and supply of certain agricultural products.

7% VAT rate is applicable for the following:

- pharmaceutical products;
- theatrical, concert performances and other cultural and artistic events;
- exhibitions of original musical works, demonstration of exhibition projects;
- distribution and showing of films adapted in the Ukrainian version for people with visual and hearing impairments;
- provision of temporary accommodation (stay) provided by hotels and similar facilities.

It should be noted that 0% VAT rate is applied to export of goods in the customs regime from the territory of Ukraine.

Besides, 0% VAT rate is applicable also for the following:

- supply of goods for refuelling of ships, aircraft, spacecraft;
- international transportation of passenger and freights;
- services related to work with movable property previously imported into the customs territory of Ukraine to perform such work.

Temporarily, until 1 January 2035, importation transactions of equipment to be imported into the customs territory of Ukraine for the implementation of an investment project with significant investments (above EUR 20 million) under a special investment contract will be exempt from VAT. The equipment must be new and manufactured not earlier than three (3) years before the registration date of

an investment project with significant investments. The list and volume of equipment must be defined by the Government of Ukraine with a conclusion of a special investment contract.

### **Tax base**

VAT is applied to transactions on supply of goods and services on the custom territory of Ukraine, as well as to transactions related to import and export of goods in Ukraine. In addition, services on international transportation of passengers, luggage and freights by sea, river and air transport are also subject to VAT.

The following transactions are not subject to VAT, i.e., are exempt from VAT:

- issue of securities by business entities;
- transfer of property for storage (safekeeping), concession and leasing (rent), except for transfer to financial leasing;
- provision of insurance services by the licensed organizations;
- provision of services of payment systems related to transfer of funds, encashment, cash management services, attraction, placement and refund under loans, deposit and securities management agreements, management and assignment of claims to financial institutions;
- payment of salary in cash;
- provision of educational services;
- provision of administrative services;
- provision of banking services in the process of managing bank management funds, real estate funds, mortgage funds, for payments on mortgage certificates;
- import and export of goods to the amount less than EUR 150;
- payment under lease or concession agreements;
- reorganization (merger, accession, division, separation and transformation) of legal entities.

### **VAT refund**

Ukraine has a single public Register of applications for refund of budget VAT reimbursement amount.

For case of budget VAT reimbursement, the following requirements were set:

- the amount of VAT which taxpayer wishes to reimburse from the state budget must be actually paid to the taxpayer's current account or budget (for payment of the other monetary obligations or cancellation of another tax liability of the taxpayer) in previous or current reporting period;
- the right for VAT refund occurs if the tax credit amount exceeds the tax liability amount for a reporting (tax) period (a negative value of VAT occurs); a taxpayer who is entitled to a refund and has decided to claim reimbursement must submit a tax return and a refund request to the competent supervisory authority;
- the taxpayer receives a refund after the approval of the supervisory authority based on a desk or documentary audit. If the taxpayer has a tax liability, the declared amount of tax is subject to refund, reduced by the amount of that tax liability